

## ATTACHMENT D

**COUNTY INCLUSIONARY HOUSING PROGRAM IN-LIEU FEE LOAN  
AGREEMENT (\$1,100,000)**

**Between County of Santa Barbara**

**and**

**FLT San Simeon Oaks, L.P.**

**(San Simeon Oaks)**

**COUNTY LOAN AGREEMENT (San Simeon Oaks)**

This County Loan Agreement (“agreement”) is made as of this \_\_ day of June 2026, by and between the County of Santa Barbara, a political subdivision of the State of California (“Lender”), and FLT San Simeon Oaks, L.P., a Delaware limited partnership (“Borrower”).

**RECITALS**

A. These Recitals utilize certain capitalized terms that are defined in Article 1 of this Agreement. The parties hereto intend to refer to those definitions in connection with their use in these Recitals.

B. Lender wishes to promote the development of more affordable rental housing in neighborhoods in need of revitalization in the Santa Barbara County community and provide a greater choice of housing opportunities for low-income households.

C. The Santa Barbara Unified School District, a public body, corporate and politic (the “School District”) is the fee owner of that certain real property consisting of approximately 3.80 acres in unincorporated South Santa Barbara County, California, and more particularly described on Exhibit A, attached hereto and made a part hereof (the “Property”).

D. On or about the date hereof, Borrower is entering into a Ground Lease with the School District to ground lease the Property from the School District for a period of 99 years (“Ground Lease”).

E. Borrower shall construct an affordable rental housing development on the Property that includes 105 deed-restricted rental housing units affordable to, and restricted to occupancy by, households whose Annual Income (i) does not exceed eighty percent (80%) of Area Median Income and (ii) whose Annual Income, in accordance with applicable regulations including Section 42 of the Internal Revenue Code, meet the designated imputed income limitations of the units comprising the rental housing development and shall, on average, be at or below sixty percent (60%) of Area Median Income (the “Project”). The County Loan (defined below) will be used for permanent financing of the Project.

F. Borrower wishes to borrow from Lender and Lender wishes to extend to Borrower a loan of County funds in the amount of One Million, One Hundred Thousand Dollars and No Cents (\$1,100,000.00) in order to help achieve Project financial feasibility and maximize the affordability of the rental housing.

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

## ARTICLE 1. DEFINITIONS

The following terms have the meanings and content set forth in this Article I wherever used in this County Loan Agreement, attached Exhibits, or documents incorporated into this County Loan Agreement by reference.

1.1 **“ANNUAL FINANCIAL STATEMENT”** means the audited financial statement of Operating Expenses and Revenues, prepared at Borrower's expense, by an independent certified public accountant, which shall form the basis for determining Residual Receipts.

1.2 **“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.

1.3 **“BORROWER”** means FLT San Simeon Oaks, L.P., a Delaware limited partnership and its authorized representatives, assigns, transferees, and successors-in-interest.

1.4 **“CERTIFICATE OF OCCUPANCY”** means a certificate of occupancy issued by a local government agency with respect to any part of the Property.

1.5 **“CAPITAL TRANSACTION”** means any (i) financing or refinancing of the Project or the Property, (ii) refinancing of debt secured by the Project or the Property; (iii) re-syndication of low-income housing tax credits; or (iv) any other transaction the proceeds of which are deemed attributable to capital under generally accepted accounting principles.

1.6 **“CAPITAL PROCEEDS”** means the proceeds from any Capital Transaction and (i) (ii) any casualty, condemnation, or other loss affecting the Project or any portion thereof resulting in the receipt of insurance proceeds (other than rent loss or business interruption insurance) or condemnation payments, except to the extent of proceeds applied to the restoration, reconstruction, or replacement of the Project, or (iii) any other transaction the proceeds of which are deemed attributable to capital under generally accepted accounting principles.

1.7 **“CONDITIONS OF APPROVAL”** means the County of Santa Barbara Conditions of Approval for the Project in connection with County Planning and Development Project Case Number 24ZCI-00048.

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

1.9 **"COUNTY LOAN"** means the loan of County funds in the amount of One Million, One Hundred Thousand Dollars (\$1,100,000) from the Lender to the Borrower as provided in this County Loan Agreement and as evidenced by the Note to serve as a source of permanent financing for the Project.

1.10 **"COUNTY LOAN AGREEMENT"** means this Agreement entered into by and between Lender and Borrower.

1.11 **"COUNTY LOAN DOCUMENTS"** means, collectively, the County Loan Agreement, the County Loan Note, the County Loan Deed of Trust, and the County Loan Regulatory Agreement, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

1.12 **"COUNTY LOAN REGULATORY AGREEMENT"** means the agreement which regulates the operation of the Project executed by Borrower and Lender, substantially in the form attached hereto as Exhibit D, as well as any amendments to, modifications of, and restatements of the County Loan Regulatory Agreement. The terms of the recorded County Loan Regulatory Agreement are hereby incorporated into this County Loan Agreement.

1.13 **"DEED OF TRUST"** means that deed of trust, assignment of rents, and security agreement to be recorded as a lien against the Property as security for the Note that evidences the County Loan by Borrower as trustor with Lender as beneficiary, substantially in the form attached hereto as Exhibit B, as well as any amendments to, modifications of, and restatements of the County Loan Deed of Trust. The terms of the Deed of Trust are hereby incorporated into this County Loan Agreement.

1.14 **"DEFERRED DEVELOPER FEE"** means that portion of the Developer Fee remaining after payment of cash fee paid (not to exceed fifteen percent (15%) of the eligible basis of the Project in accordance with CTCAC regulations) to the Developer, that shall be paid from Project operating cash flow after the Project has completed construction, placed in service, and converted to permanent financing at final financial closing.

1.5 **"ESCROW HOLDER"** means the person or entity designated by the Borrower and approved by Lender to hold all County Loan proceeds and documents until receiving written instructions to record the documents and disburse the funds.

1.16 **"HAZARDOUS MATERIALS"** means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," or "toxic substances," under federal or state environmental and health and safety laws and regulations,

including, without limitation: petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead.

1.17 **“HUD”** means the United States Department of Housing and Urban Development.

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

1.19 **“LIMITED PARTNER”** means U.S. BANCORP COMMUNITY DEVELOPMENT CORPORATION, a Minnesota corporation, its successors and assigns

1.20 **“NOTE”** means the promissory note executed by the Borrower in favor of Lender in the amount of One Million, One Hundred Thousand Dollars, and No Cents (\$1,100,000.00) to evidence the County Loan, substantially in the form attached hereto as Exhibit C and hereby incorporated into this County Loan Agreement, as it may be amended or restated from time to time during the Term in accordance with the provisions thereof and this County Loan Agreement.

1.21 **“NOTICE OF COMPLETION”** means a notice of completion recorded by Borrower with respect to the Project.

1.22 **“OPERATING EXPENSES”** means (a) all costs, debts and expenses of any type incurred, on an accrual basis, incident to the ownership and operation of the Project and the Borrower, including, without limitation, all required payments of principal and interest on any loans not paid from net cash flow, the funding of reserves, compliance costs, audit expenses, any other Borrower obligations and costs of capital improvements to the Project incurred after the date of the advance of the County Loan, together with all other actual, reasonable and/or customary recurring costs, fees and expenses necessary for the operation, maintenance, and management of the Project, including painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, the Property Management Fee, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, purchase, lease, repair, servicing and installation of appliances, equipment, fixtures and furnishings, and actual and reasonable fees and expenses of accountants, attorneys, consultants and other professionals as necessary for the operation of the Project, plus (b) the annual asset management fee payable to the Limited Partner and any updated asset management fees from prior periods plus (c) the fee payable to the Housing Authority of the County of Santa Barbara or any successor management agent retained by the project plus (d) amounts payable to the Limited Partner for tax credit deficiencies or federal or state income tax liability plus (e) any Deferred Developer Fee paid in such year. The Operating Expenses shall be reported in each Annual Financial Statement, and the Operating Expenses shall be subject to prior review by Lender each year during the Term.

1.23 **“PARTNERSHIP AGREEMENT”** means Borrower’s Amended and Restated Agreement of Limited Partnership.

1.24 **“PAYMENT DATE”** means the first day of April in the first calendar year following issuance of a Certificate of Occupancy, and each April 1<sup>st</sup> thereafter until the entirety of the principal amount and all accrued interest on the County Loan is paid in full.

1.25 **“PROJECT”** means the construction, operation, management, and maintenance of the Project on the Property, in accordance with the terms of this County Loan Agreement, comprised of a total of One Hundred and Six (106) affordable rental housing units, including one hundred and five (105) units with rents and tenant incomes restricted in accordance with the terms of the County Loan Regulatory Agreement and one (1) unit designated as a manager’s unit.

1.26 **“PROPERTY”** means the real property located in unincorporated south Santa Barbara County, California, as more particularly described in Exhibit A, which is incorporated into this County Loan Agreement by this reference, and all improvements existing and constructed thereon during the Term.

1.27 **“QUALIFYING UNIT”** means any one of the 105 Units restricted hereunder for occupancy by Qualifying Households at to the Maximum Rent for a Qualifying Households.

1.28 **“RESIDUAL RECEIPTS”** means the amount of annual Revenue minus the sum of annual Operating Expenses.

1.29 **“REVENUE” or “OPERATING INCOME”** means all gross income received directly or indirectly in whole or in part in connection with the operation of the Project including, but not limited to, rent from the Units and income from laundry operations, vending machines, meeting space rental, storage, and parking, rental subsidy payments, and interest on any accounts, other than approved reserve accounts, related to the Project, but does not include any security and equipment deposits, payments to the Borrower for supportive services not included in Borrower’s operating budget, cash contributed by the Borrower, tax benefits received by the Borrower, proceeds of a Capital Transaction.

1.30 **“SENIOR LOANS”** means those certain loans in the aggregate principal amount not to exceed [\$\_\_\_\_\_] from U.S. Bank National Association, a national banking association (“U.S. Bank”), in its capacity as funding lender, which funding loans will be assigned by U.S. Bank to Citibank, N.A., a national banking association (“Citibank”), subject to the terms and conditions set forth in that certain Forward Purchase Agreement dated as of June 1, 2026, by and among U.S. Bank, Citibank and Borrower.

1.31 **“UNIT”** means any one of the 106 affordable residential housing units to be constructed on the Property in connection with the Project.

## **ARTICLE 2. TERMS OF THE LOAN**

2.1 **LOAN.** On and subject to the terms and conditions of the County Loan Documents, Lender agrees to make, and Borrower agrees to accept the County Loan with the following terms:

2.2 **AMOUNT.** The principal amount of the County Loan shall be an amount not to exceed One Million, One Hundred Thousand Dollars and No Cents (\$1,100,000.00) and shall be evidenced by the Note.

2.3 **INTEREST.** Subject to the provisions of Section 2.4, the Note shall bear simple interest at a rate of three percent (3%) per annum from the date the first disbursement of County Loan funds to Borrower under the Note. Interest is not compounding.

2.4 **DEFAULT INTEREST.** In the Event of Default by Borrower of any of its obligations under this County Loan Agreement and expiration of applicable cure periods (as described in Article 8), Borrower shall pay to Lender interest on the outstanding principal of the County Loan, at an annual rate equal to the lesser of (i) ten percent (10%) or (ii) the highest interest allowed by law, from the date of the Event of Default until the date that the default is cured, if subject to cure, or the County Loan is repaid in full.

2.5 **TERM OF LOAN.** The entire balance of the principal and all current and accrued interest of the County Loan shall be due and payable on the date that is earliest of the following (“Loan Balance Repayment Date” or “Maturity Date”): (a) fifty-five (55) years after the first date as of which a Certificate of Occupancy has been issued with respect to any part of the Property, or (b) the date the Property or any interest therein is sold or otherwise transferred, whether directly or indirectly, by operation of law or otherwise, other than leases of the Units contemplated herein, or (c) the date of an Event of Default by Borrower which has not been cured, if subject to cure, as provided for in this County Loan Agreement, or (d) or (f) the date the Borrower refinances any of the Senior Loans, or (g) the date of any Capital Transaction.

2.6 **USE OF FUNDS.** County Loan proceeds shall be used as Project permanent financing, including related closing costs.

2.7 **SECURITY.** Borrower shall secure its obligation to repay the County Loan and Note by executing the Deed of Trust in the form of the Deed of Trust attached hereto as Exhibit B and recording it as a lien against the Borrower’s leasehold interest to the Property.

**2.8 USE OF RESIDUAL RECEIPTS.** Fifty percent (50%) of Residual Receipts shall be paid to the Lender for payment of the County Loan.

**2.9 REPAYMENT OF THE COUNTY LOAN.** The balance of all accrued interest and then-unpaid principal of the County Loan shall be due and payable on the Maturity Date. Repayment is due under the County Loan on each Payment Date. Payments shall commence on the first day of April in the first calendar year following issuance of a Certificate of Occupancy for the Project by the Santa Barbara County Planning and Development Department Building Official. On or before each April 1 thereafter, Borrower shall make annual payments on the County Loan in the amount equal to fifty-percent of Residual Receipts. No later than the date that is 30 calendar days prior to each Payment Date, Borrower shall submit to Lender the Annual Financial Statement for the immediately preceding calendar year for Lender review of the Annual Financial Statement to confirm annual Revenue and annual Operating Expenses.

**2.9.1 Operating Expenses.** Thirty (30) days prior to the end of each calendar year during the Term, Borrower shall submit to Lender, for Lender's information, a proposed operating budget for the Project for the following calendar year.

**2.9.1 Repayment of the County Loan from Capital Transaction Proceeds.** In the event of a Capital Transaction, the balance of all accrued interest and then-unpaid principal of the County Loan shall be due and payable in full from such Capital Proceeds.

**2.9.3 Payments.** All payments made by Borrower to Lender under the Note shall be applied as follows: first to pay all accrued and unpaid interest; then to reduce the principal amount of the County Loan.

**2.9.4 Dispute Resolution.** In the event that Lender determines that there is an understatement in the amount and payment of Residual Receipts due to Lender as reflected on any Annual Financial Statement submitted by Borrower to Lender, Borrower shall promptly pay to Lender such understatement, but in any event, no later than within twenty (20) days of notice of such understatement. In the event that Lender determines that there has been an overpayment in the amount and payment of Residual Receipts due to Lender, Lender shall pay to Borrower the amount of overpayment promptly, but in any event, within twenty (20) days of Lender's determination of such overpayment.

**2.10. PREPAYMENT OF COUNTY LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County Loan. However, prepayment of the County Loan shall not affect Borrower's obligations under the County Loan Regulatory Agreement.

**2.11 RESERVED.**

**2.12 CAPITAL REPLACEMENT RESERVE FUNDS.** Borrower shall fund a capital replacement reserve in the amount of not less than \$500 per unit per year, with a three percent (3%) annual increase (“Replacement Reserves”); provided however, that, compliance by Borrower of a capital replacement reserve requirement under the Senior Loan shall be deemed compliance by Borrower with this Section 2.12.

**ARTICLE 3. COUNTY LOAN CONDITIONS PRECEDENT**

**3.1 CONDITIONS PRECEDENT TO LOAN AGREEMENT.** This County Loan shall be disbursed to Borrower upon ten (10) days written notice from Borrower that the following conditions precedent have been satisfied:

A. There exists no Event of Default nor any act, failure, omission or condition that with the giving of notice or passage of time would constitute an Event of Default;

B. Borrower has executed and delivered to Lender all documents, instruments, and policies required under the County Loan Documents, including, but not limited to, an ALTA Lender's policy of title insurance in the amount of the County Loan from a title insurance company approved by Lender in a form reasonably acceptable to Lender;

C. Borrower has provided evidence of insurance satisfactory to Lender as set forth in Article 6 hereof;

D. Borrower has paid all Lender imposed development impact fees imposed by Lender on the Project;

E. Borrower has provided to Lender true and correct copies of all of the Certificates of Occupancy for each of the Units; and

F. Borrower has completed construction of the Project by July 31, 2029.

G. Borrower has executed and caused to be recorded against title to the Property, in form and substance satisfactory to Lender, and is then in compliance with, the Agreement(s) to Provide Affordable Housing required in the Conditions of Approval and Chapter 46A of the Santa Barbara County Code.

**ARTICLE 4.**  
**DEVELOPMENT OF PROJECT**

4.1 **COMMENCEMENT OF CONSTRUCTION.** Borrower shall commence construction of the Project no later than thirty-six (36) months after award of Tax Credits for the Project by the California Tax Credit Allocation Committee. Commencement of construction shall mean obtaining all final permits, entitlements and approvals required by all permitting and regulatory authorities and jurisdictions and commencing work on any task associated with the Project at the Property that requires a permit, entitlement or approval. If Borrower fails to commence construction as set forth above, Lender may terminate this County Loan Agreement pursuant to Article 8, below.

4.2 **COMPLETION OF CONSTRUCTION.** Borrower shall diligently pursue construction of the Project to completion and shall complete construction of the Project no later than by July 31, 2029. Borrower shall provide proof of completion as evidenced by the recording of a Notice of Completion and providing to Lender true and correct copies of each of the Certificate(s) of Occupancy for each of the Qualifying Units as issued by the applicable governmental authority.

4.3 **FINANCING.** Borrower shall promptly inform Lender in writing of any material changes in the amount, terms, or sources of financing or funding for the Project, including, but not limited to, the Senior Loans.

4.2 **CONTRACTS AND SUBCONTRACTS.** All work and professional services for the Project shall be performed by persons or entities licensed or otherwise authorized to perform such work or service(s) in the State of California.

All costs incurred in development and operation of the Project shall be the responsibility and obligation solely of Borrower.

4.5 **INSPECTIONS.** Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Project site by Lender and by public authorities during reasonable business hours upon reasonable notice for the purposes of determining compliance with this County Loan Agreement.

4.6 **CONSTRUCTION RESPONSIBILITIES.** Borrower shall be solely responsible for all aspects of Borrower's acts and omissions, and acts and omissions on behalf of Borrower, in connection with the Project, including, but not limited to, the quality and suitability of the construction work, the supervision of construction work, and the qualifications, financial condition, and performance of all contractors, subcontractors, suppliers, consultants, and property

managers. Any review or inspection undertaken by Lender with reference to the Project is solely for the purpose of determining whether Borrower is properly discharging its obligations under the County Loan Documents, and should not be relied upon by Borrower or by any third parties as a warranty or representation by Lender as to the quality of the construction of the Project.

**4.7 BARRIERS TO THE DISABLED.** The Project shall be constructed, maintained, and operated 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 documentation of compliance with these requirements satisfactory to Lender, including, but not limited to, a certification from the Project architect documenting the unit number and type of accessibility features of each Unit.

**4.8 LEAD-BASED PAINT AND ASBESTOS REMOVAL.** Borrower and its contractors and subcontractors shall not use lead-based paint or asbestos in the construction or maintenance of the Project, and shall comply with Federal regulations set forth in 24 CFR Part 35, subparts A, B, J, K, M and R, 29 CFR, 40 CFR, the Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as Title X (42 USC, 4851, et seq.), the Lead-Based Paint Poisoning Paint Provision Act (42 USC 4821, et seq.), California OSHA, California Health and Safety Code, and all other applicable Federal, state and County laws, regulations, and standards. Borrower shall incorporate, or cause to be incorporated, this provision in all contracts and subcontracts for work performed on the Project which involves the application of paint or removal of asbestos.

**4.9 QUALITY OF WORK AND PROPERTY STANDARDS.** Borrower shall construct the Project in conformance with all Applicable Laws, including, but not limited to:

- A. All applicable Federal, state, and local statutes and regulations;
- B. All applicable Federal, state, and local building codes and zoning ordinances;
- C. All permits, entitlements, and approvals for the Project; and
- D. Applicable Federal, state, and local energy conservation codes.

**4.10 MECHANICS LIENS AND STOP NOTICES.** If any claim of lien is filed against the Property, or a stop notice affecting the County Loan is served on Lender or any other lender or other third party in connection with the Project, Borrower shall, within sixty (60) days of such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Lender a surety bond in sufficient form and amount, provide

Lender with a lien-free endorsement, or provide Lender with other assurance reasonably satisfactory to Lender that the claim of lien or stop notice shall be promptly paid or discharged.

If Borrower fails to discharge any lien, encumbrance, charge, or claim referred to herein, then, in addition to any other right or remedy, Lender may, but shall be under no obligation to, discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternatively, Lender may require Borrower to immediately deposit with Lender the amount necessary to satisfy such lien or claim and any costs pending resolution thereof. Lender may use such deposit to satisfy any claim or lien that is adverse to or against Borrower or the Property.

Borrower shall record a valid notice of cessation or Notice of Completion upon cessation of construction work on the Project for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes Lender, but without any obligation on the part of Lender, to record any notices of completion or cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interest in the Project and Property.

## **ARTICLE 5. OPERATION**

**5.1 OPERATION OF PROJECT.** Borrower shall operate, manage, and maintain the Project in full conformance with the terms of the County Loan Regulatory Agreement, which, among other provisions, include restrictions on the Property and the Project regarding Qualifying Unit rents and tenant income, leases, and property standards. Any breach of the terms of the County Loan Regulatory Agreement and any of the other County Loan Documents shall constitute an Event of Default under this County Loan Agreement.

**5.2 Reserved.**

**5.3 NONDISCRIMINATION.** Borrower shall not discriminate or segregate in the development, construction, use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Property on the basis of race, color, ancestry, national origin, religion, sex, gender, gender identity or expression, sexual preference or orientation, age, marital status, family status, source of income, physical or mental disability, medical condition, genetic information, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any basis prohibited by law; provided, however, that in accordance with the plans for the Project, the Owner may provide a preference for the Units on the basis of employment by a school district or a non-profit in accordance with the terms of the Teacher Housing Act of 2016. Borrower shall include a statement in all advertisements, notices and signs for the availability of Qualifying Units for rent to the effect that Borrower is an Equal Housing Opportunity Provider. Borrower shall comply with all applicable local, state, and federal laws concerning discrimination and equal opportunity in

housing.

**5.4 RECORDS AND REPORTS.** Borrower shall be accountable to Lender for all County Loan funds disbursed to Borrower pursuant to the County Loan Documents. Borrower shall maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures of County Loan funds until five (5) years after the term of the County Loan Regulatory Agreement. Borrower shall comply with the tenant reporting requirements set forth in the County Regulatory Agreement. Commencing on the first day of April following issuance of a Certificate of Occupancy, Borrower shall submit reports annually to Lender with information regarding tenant income, rent and inspection information for all Assisted Units. Such information and all records related to any revenue received relating to, arising out of, or in connection with the Project must be kept until five years after the term of the Regulatory Agreement. Records must be kept accurate and current. Borrower shall promptly comply with all requirements and conditions of this County Loan Agreement relating to notices, extensions, and other events required to be reported or requested. Borrower shall promptly supply, upon the request of Lender, any and all information and documentation which involves the Project or the County Loan. Records of all permits, entitlements and approvals, inspections and sign-offs required by all permitting and regulatory authorities and jurisdictions shall be submitted by Borrower to Lender within 30 days following the recordation of the Notice of Completion. Copies of each Certificate of Occupancy shall be submitted by Borrower to Lender upon issuance of same by the applicable government agency.

**5.5 AUDITS.** Borrower shall conduct annual audits and submit to Lender an Annual Financial Statement. Borrower shall make available to Lender for examination at reasonable intervals and during normal business hours all books, accounts, reports, files, and other papers or property with respect to all matters covered by this County Loan Agreement, and shall permit Lender to audit, examine, and make excerpts or transcripts from such records. Lender may audit any transaction, record, or document relating to the County Loan at any time during and up to five (5) years after the expiration or termination of the County Loan Regulatory Agreement.

Lender shall notify Borrower of any records it deems insufficient. Borrower shall immediately begin to correct any deficiency in the records specified by Lender in said notice as soon as reasonably possible. Borrower shall have fifteen (15) calendar days from the date of said notice to correct any deficiency. If more than fifteen (15) days shall be reasonably necessary to correct the deficiency, Borrower shall submit a written request to Lender for an extension. Lender shall respond to an extension request within fifteen (15) days.

**5.6 ENCUMBRANCE OF PROPERTY.** Borrower shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property, whether by express agreement or operation of law or otherwise, or allow any encumbrance or lien

to be made on or attached to the Property, except with the prior written consent of Lender in each instance, which consent shall be effective only if duly executed by an authorized representative of Lender. Borrower shall notify Lender in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Project or Property, and shall immediately notify Lender in writing of any encumbrance or lien that has been created on or attached to the Property, whether by voluntary act of or on behalf of Borrower or otherwise

**5.7 TRANSFER OF PROPERTY.** Borrower warrants and represents that it has not made, permitted, allowed, acquiesced in or created, and Borrower shall not, make, permit, acquiesce in or create, any sale, assignment, conveyance, lease (other than the leasing of Units in the Project pursuant to an approved lease), or other transfer, in whole or in part, directly or indirectly, by operation of law or otherwise, of the Property, or any interest therein, without the prior written consent of Lender in each instance duly executed by an authorized representative of Lender, except the granting of easements or permits necessary for construction, maintenance, or repair of the Project. Borrower shall obtain the prior written consent of Lender duly executed by an authorized representative of Lender prior to and as a condition of assigning the County Loan or any of Borrower's obligations or interests hereunder.

**5.8 TRANSFER OF PARTNERSHIP INTEREST.** Borrower warrants and represents that it has not made, permitted, allowed, acquiesced in or created, and Borrower shall not, without the prior written consent of Lender in each instance, which consent shall not be unreasonably withheld, make, permit, acquiesce in, or create any sale, assignment, conveyance, or other transfer, whether directly or indirectly, in whole or in part any of the following (each a "GP Transfer"): (a) any general partnership interest(s) of Borrower, or (b) of any partnership interest(s) of Borrower which have the power to cause, directly or indirectly, (i) the removal or replacement of any General Partner of Borrower, or (ii) the sale, transfer, exchange or other disposal of any interest in the Property. Any GP Transfer without Lender's prior written approval shall constitute an Event of Default hereunder and under the other County Loan Documents, cause the acceleration of the County Loan, and entitle Lender to exercise its other remedies under the County Loan Documents and under applicable law. Lender's approval of a GP Transfer shall not be unreasonably withheld or delayed. A transfer of a limited partnership interest in Borrower shall not be deemed a GP Transfer under this County Loan Agreement, provided that such limited partner or limited partnership interest does not have any right or power to do any of the following: exercise control over, or remove or replace or substitute, any general partner of Borrower; exercise control over the Property; or encumber or transfer, in whole or in part, directly or indirectly, by operation of law or otherwise, the Property or any part thereof.

Borrower shall promptly, and, in any event, within five (5) days, notify Lender in writing of any changes to, modification of, amendment to, or restatement of the limited partnership agreement of Borrower, which written notice shall include a copy of the then-current limited partnership agreement of Borrower, as so amended or restated.

**5.9 FEES, TAXES, AND OTHER LEVIES.** Borrower shall be responsible for

payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to any of the Property and the Project and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by Lender, Borrower deposits with Lender any funds or other forms of assurance Lender in good faith from time to time determines appropriate to protect Lender from the consequences of the contest being unsuccessful.

**5.10 DAMAGE TO PROPERTY.** Subject to the rights of any senior mortgagee, if the Property or any building or other improvement on the Property is damaged or destroyed, Borrower shall, at its sole cost and expense, promptly and diligently undertake to repair or restore said buildings and improvements, unless Lender reasonably determines that such restoration or repair is not economically feasible. Such work or repair shall commence within one hundred twenty (120) days after the damage or loss occurs and shall be complete within one (1) year thereafter, subject to any extensions of time as may be granted by Lender, in Lender's sole discretion. All insurance proceeds in connection with such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Borrower shall pay the balance of such costs.

If Lender determines that restoration or repair is not economically feasible, then Lender may declare an Event of Default, such that the unpaid principal and all accrued and unpaid interest on the County Loan shall then be immediately due and payable, and Borrower shall apply all insurance proceeds thereto.

**5.11 EQUAL EMPLOYMENT OPPORTUNITY.** Borrower and all contractors, subcontractors, and professional service providers performing services on the Property or otherwise in connection with the Project shall comply with all Federal, state and local requirements concerning equal employment opportunity, including, but not limited to, equal opportunities for businesses and lower-income persons (referred to as a Section 3 clause, of the Housing and Urban Development Act of 1968, 12 U.S.C.).

## **ARTICLE 6. INDEMNITY AND INSURANCE**

**6.1 INSURANCE.** Borrower shall, at all times, include in Borrower's insurance coverage endorsements naming the Lender as an additional insured for liability arising out of this Agreement or any operation related to this Agreement.

**6.2 NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** No official, employee or agent of Lender shall be personally liable to Borrower for any obligation created under the terms of these County Loan Documents.

## ARTICLE 7. HAZARDOUS MATERIALS

**7.1 REPRESENTATIONS AND WARRANTIES.** After reasonable investigation and inquiry, Borrower hereby represents and warrants, as of the date of this County Loan Agreement and except as previously disclosed and acknowledged in writing by Lender or as disclosed by the reports based on environmental audit(s) performed on the Property and submitted to Lender, that (a) the Property is not and has not been a site for the use, generation, manufacture, transportation, storage, or disposal of Hazardous Materials in violation of federal or state law; (b) the Property is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, administrative decisions, common law decisions (whether federal, state, or local) with respect to Hazardous Materials, including those relating to soil and groundwater conditions ("Hazardous Materials Laws"); (c) there are no claims or actions pending or threatened with respect to the Property by any governmental entity or agency or any other person relating to Hazardous Materials; and (d) there has been no release or threatened release of any Hazardous Materials on, under, or near the Property (including in the soil, surface water, or groundwater under the Property) or any other occurrences or conditions on the Property or on any other real property that could cause the Property or any part thereof to be classified as a "hazardous waste facility" or as a "buffer zone" under California Health and Safety Code Sections 25100, et seq.

**7.2 NOTIFICATION TO LENDER.** Borrower shall promptly notify Lender in writing of any of the following: (a) the discovery of any concentration or amount of Hazardous Materials of which Borrower becomes aware or of which Borrower has direct or constructive knowledge on, under, or near the Property requiring notice to be given to any governmental entity or agency under Hazardous Materials Laws; (b) any knowledge, whether direct or constructive, by Borrower that the Property does not comply with any Hazardous Materials Laws; (c) the receipt by Borrower of notice of any claims or actions pending or threatened in writing with respect to the Property relating to Hazardous Materials Laws by any governmental entity, agency, corporation or person; or (d) the discovery by Borrower of any occurrence or condition on the Property or on any real property located within 2,000 feet of the Property that could cause the Property or any part thereof to be designated as a "hazardous waste property" or as a "buffer zone" under California Health and Safety Code Sections 25100, et seq., or regulations adopted in connection therewith.

**7.3 USE AND OPERATION OF PROPERTY.** None of Borrower or any of Borrower's agents, employees, contractors, subcontractors, tenants, guests, and permittees shall use the Property or allow the Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials except with respect to items such as household cleaning materials used in the normal course of operating a multifamily project and in accordance with all applicable Hazardous Materials Laws. Borrower shall comply and cause the Project and use thereof to comply with all Hazardous Materials Laws.

**7.4 REMEDIAL ACTIONS.** If at any time Borrower has actual or constructive

knowledge of the presence of any Hazardous Materials on, under, or near the Property, Borrower shall promptly undertake, at no cost or expense to Lender and without any liability on the part of or attributable to Lender, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal and other remedial actions, if any, required by any Hazardous Materials Laws or by any orders or requests of any governmental entity or agency or any judgment, consent decree, settlement or compromise with respect to any claims or actions related to Hazardous Materials Laws. The foregoing, however, shall be subject to Borrower's right of contest below.

**7.5 RIGHT OF CONTEST.** Borrower may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws if: (a) the contest is based on a material question of law or fact raised by Borrower in good faith, (b) Borrower promptly commences and thereafter diligently pursues the contest, (c) the contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (d) if requested by Lender, Borrower deposits with Lender all funds and other forms of assurance and security Lender in good faith from time to time determines appropriate to protect Lender from liability and other consequences of such contest being unsuccessful, and any remedial action then reasonably necessary. No Event of Default shall be deemed to exist with respect to any claim, demand, levy or attachment being contested by Borrower under this Section 7.5, provided that Borrower does so in full compliance herewith and with the other Loan Documents and all applicable laws.

**7.6 ENVIRONMENTAL INDEMNITY.** Without limiting or otherwise affecting the indemnity and insurance provisions set forth in Article 6, above, and in Exhibit E, Borrower shall defend, indemnify, and hold Lender free and harmless against any and all claims, demands, administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including, but not limited to, all costs of legal proceedings and reasonable attorney's fees, that Lender may directly or indirectly incur, sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this County Loan Agreement with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not Borrower knew of same) of any Hazardous Materials occurring prior to or during Borrower's use or occupancy of the Property.

## **ARTICLE 8. DEFAULT AND REMEDIES**

**8.1 EVENTS OF DEFAULT.** The occurrence of any of the following events shall constitute an "Event of Default" under this County Loan Agreement. Borrower shall provide immediate written notice to Lender of any occurrence, or if Borrower has reason to anticipate the occurrence, of any of the following events:

A. Monetary. (1) Borrower's failure to pay when due any sums payable under the County Loan Agreement and Note or any advances made by Lender under the Deed of Trust or

this County Loan Agreement; (2) Borrower's use of County Loan funds for uses inconsistent with any term or restriction in any of the County Loan Documents; (3) Borrower's failure to obtain and maintain the insurance coverage required under any of the County Loan Documents; (4) Borrower's failure to make any other payment due under any of the County Loan Documents; (5) Borrower's failure to timely pay taxes; (6) Borrower's default, after applicable notice and cure periods have expired, under any other agreement related to, in connection with, or arising out of debt secured by, the Property.

B. Operation. (1) Discrimination by Borrower on the basis of characteristics prohibited by this County Loan Agreement or applicable law, or (2) the imposition of any encumbrances or liens on the Property without Lender's prior written approval which are not otherwise permitted under this County Loan Agreement, or (3) any invalidation or reduction of the priority of the Deed of Trust or County Loan Regulatory Agreement arising out of any act or omission by or on behalf of Borrower without Lender's written approval;

C. General performance of County Loan Documents obligations. Any breach by Borrower beyond applicable notice and cure periods, if any, of any of Borrower's obligations under any of the County Loan Documents;

D. General performance of other obligations. Any event of default by Borrower beyond applicable notice and cure periods, if any, of Borrower under any other agreements, including any grant agreements, with respect to the financing, rehabilitation, or operation of the Project or the Property (collectively, "Other Project Agreement"), whether or not Lender is a party to such agreement, which event of default under any such Other Project Agreement is, in Lender's reasonable discretion, is likely to materially impair Lender's security under the Deed of Trust;

E. Representations and warranties. A determination by Lender that its security under the Deed of Trust has been or will be materially impaired due to the fact that any of Borrower's representations or warranties made in any of the County Loan Documents, or any certificates, documents, or schedules supplied to Lender by or on behalf of Borrower, were untrue in any material respect when made, or that Borrower concealed or failed to disclose a material fact from Lender;

F. Damage to or failure to maintain Property. Material damage or destruction to the Property by fire or other casualty, if Borrower does not take steps to reconstruct the Project as required by the County Loan Documents, or if Borrower fails to maintain the Property in good, safe, and habitable condition;

G. Bankruptcy, dissolution, and insolvency. Borrower's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing

brought by another party before the earlier of final relief or ninety (90) days after the filing; (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; (4) insolvency; (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

H. Construction. (1) use of defective or unauthorized materials or defective workmanship in constructing the Project; (2) Borrower's failure to commence or timely complete construction in accordance with this County Loan Agreement; (3) the cessation of construction prior to issuance of Certificates of Occupancy for each of the Assisted Units for a period of more than thirty (30) consecutive calendar days without prior written approval from Lender; (4) Borrower's failure to remedy any deficiencies in recordkeeping or failure to provide records to Lender upon Lender's reasonable request; (5) Borrower's failure to substantially comply with any Applicable Laws or Lender policies pertaining to construction, including, but not limited to, provisions of this County Loan Agreement pertaining to affirmative action and equal employment opportunity, minority and women-owned business enterprises, disabled access, lead-based paint, Hazardous Materials, and provision or relocation benefits and assistance.

## **8.2 NOTICE OF DEFAULT AND OPPORTUNITY TO CURE.**

A. In the event of an Event of Default, Lender shall give written notice to Borrower of such Event of Default (each, a "Default Notice") which specifies:

- i. the nature of the event or deficiency giving rise to the Event of Default,
- ii. whether, in Lender's reasonable discretion, such Event of Default is subject to cure, and
- iii. if the Default Notice indicates that such Event of Default is subject to cure, the action(s) required to cure such Event of Default, and the date(s) by which such action(s) to cure, as specified therein, must be completed.

B. Notwithstanding anything to the contrary contained in the County Loan Agreement, Lender hereby agrees that any cure of any Event of Default made or tendered by Borrower's Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower under the terms of this County Loan Agreement shall also be sent to Borrower's Limited Partner at the address designated for the Limited Partner herein.

C. In the event of a monetary Event of Default Borrower shall have a period of seven (7) days after such Default Notice within which to cure such monetary Event of Default prior to

exercise of remedies by the Lender hereunder, or such longer period of time as may be specified in the Default Notice.

D. If the event of a non-monetary Event of Default, if the default is reasonably capable of being cured within thirty (30) days, as determined by the Lender in its reasonable discretion, Borrower shall have thirty (30) days from the date of the Default Notice to effect a cure prior to exercise of remedies by the Lender, or such longer period of time as may be specified in the Default Notice. Notwithstanding the foregoing, in no event shall the Lender be precluded from exercising remedies in the event of any of the following: (i) the default is not cured within thirty (30) days after the date of the Default Notice, or such other period of time as may be specified by Lender in writing duly executed by Lender with respect to such Event of Default during such 30-day period; or (ii) Lender's security, in Lender's sole discretion, becomes or is about to become jeopardized by any Event of Default.

**8.3 LENDER'S REMEDIES.** Upon the occurrence of an Event of Default and, if applicable, a failure to cure said Event of Default in accordance with the applicable Default Notice, Lender may, in addition to other rights and remedies permitted by the County Loan Documents or applicable law, proceed with any or all of the following remedies in any order or combination Lender may choose in Lender's sole discretion:

A. Terminate this County Loan Agreement, in which event the entire principal amount outstanding and all accrued interest under the County Loan Agreement and Note, as well as any other monies advanced to Borrower by Lender under the County Loan Documents, including, but not limited to, administrative costs, shall immediately become due and payable;

B. Bring an action in equitable relief (1) seeking the specific performance by Borrower of the terms and conditions of the County Loan Documents, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;

C. Accelerate the County Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the County Loan Agreement and Note, as well as any other monies advanced to Borrower by Lender under the County Loan Documents, plus associated amounts due;

D. Enter the Property and take any actions Lender deems necessary in its judgment to complete construction of the Project (subject to Lender's right at any time to discontinue work without liability), including without limitation (1) making changes in the scope of work or other work or materials with respect to the Project, (2) entering into, modifying, or terminating any contractual arrangements (subject to Lender's right at any time to discontinue work without liability), and (3) taking any remedial actions with respect to Hazardous Materials that Lender deems necessary to comply with Hazardous Materials Laws or to otherwise render the Property

suitable for occupancy;

E. Seek appointment from a court of competent jurisdiction of a receiver with the authority to complete construction as needed to preserve Lender's interest in seeing the Project developed in a timely manner (including the authority to take any remedial actions with respect to Hazardous Materials that Lender or the receiver deems necessary to comply with Hazardous Materials Laws or to otherwise render the Property suitable for occupancy) and to operate, manage, and maintain the Project;

F. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the Deed of Trust;

G. With respect to defaults under Hazardous Materials provisions herein, pursue the rights and remedies permitted under applicable law, including, but not limited to California Civil Code Section 2929.5, and California Code of Civil Procedure Sections 564, 726.5, and 736;

H. Order immediate stoppage of construction work and demand that any condition resulting in an Event of Default be corrected before construction work may continue;

I. Enter upon, take possession of, and manage the Property, either in person, via agent, or by a receiver appointed by a court, and collect rents and other amounts specified in the assignment of rents in the Deed of Trust and apply them to operate the Property or to pay off the County Loan and/or any advances made under the County Loan Documents, as provided for by the County Loan Deed of Trust; or

J. Pursue any other remedy allowed at law or in equity. Nothing in this section is intended or shall be construed as precluding Lender from proceeding with a non-judicial foreclosure under the power of sale contained in the Deed of Trust in the Event of Default by Borrower.

## **ARTICLE 9. GENERAL PROVISIONS**

**9.1 BORROWER'S WARRANTIES.** Borrower represents and warrants: (1) that it is duly organized, validly existing and in good standing under the laws of the State of Delaware and authorized to do business in the State of California, (2) that it has the full power and authority to carry out the Project and to execute this County Loan Agreement, (3) that the persons executing and delivering this County Loan Agreement on behalf of Borrower are authorized to execute and deliver this County Loan Agreement and all such other reasonable or necessary documents on behalf of Borrower, (4) that there has been no substantial adverse change in Borrower's financial condition including, but not limited to, judgment liens, tax liens, mechanic's liens, or bankruptcy, (5) that Borrower has access to professional advice and support to the extent necessary to enable

Borrower to fully comply with the terms of each of the County Loan Documents and to otherwise carry out the Project in a good and workmanlike and professional manner, and (5) that all representations of Borrower regarding this County Loan (including all supplementary submissions of documents) are true, correct and complete in all respects and are offered to induce Lender to make this County Loan.

**9.2 MONITORING AND EVALUATION.** Except as otherwise provided for in this County Loan Agreement, Borrower shall maintain and submit records to Lender within ten (10) business days of Lender's request which document Borrower's performance of each requirement of this County Loan Agreement.

**9.3 CONFLICTS OF INTEREST.** Borrower covenants that:

A. Except for approved eligible administrative or personnel costs, no person described in subsection (B) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this contract or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. The Borrower shall exercise due diligence to ensure that the prohibition in this Section is followed.

B. The conflict of interest provisions of Section 9.3(A), above, apply to any person who is an employee, agent, consultant, officer, partner, representative, or independent contractor of Borrower, or any immediate family member of such person, or any person related within the third (3rd) degree of such person. No employee, agent, consultant, officer, partner, representative, or independent contractor of Borrower, or any immediate family member of such person, or any person related within the third (3rd) degree of such person, is an elected or appointed official of the County.

**9.4 POLITICAL ACTIVITY.** None of the funds, materials, property or services contributed by Lender or Borrower under this County Loan Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office or of any measures or initiatives.

**9.5 PUBLICITY.** Any publicity produced by Borrower for the Project during the term of this County Loan Agreement and for one (1) year thereafter shall make reference to the contribution of Lender in making the Project possible. The words "County of Santa Barbara" will be prominently displayed in any and all pieces of publicity, including but not limited to flyers,

press releases, posters, signs, brochures, public service announcements, interviews, and newspaper articles. Borrower further agrees to cooperate with authorized staff and officials of Lender in any Lender-generated publicity or promotional activities undertaken with respect to the Project.

**9.6 TERM OF THIS AGREEMENT.** This County Loan Agreement shall commence effective as of the first date duly executed by all of the parties hereto (“Effective Date”), and shall remain in full force and effect until the County Loan is repaid in full (“Term”).

**9.7 GOVERNING LAW.** This County Loan 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 or those provisions preempted by federal law.

**9.8 STATUTORY REFERENCES.** All references in this County Loan Agreement to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the County of Santa Barbara shall be deemed to include the same statute, regulation, ordinance, or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject as the provision to which specific reference was made.

**9.9 TIME.** Time is of the essence in this County Loan Agreement.

**9.10 CONSENTS AND APPROVALS.** Any consent or approval of Lender or Borrower required under this County Loan Agreement shall not be unreasonably withheld. Any approval required under this County Loan Agreement shall be in writing and executed by an authorized representative of the party granting the approval.

**9.11 NOTICES, DEMANDS AND COMMUNICATIONS.** All notices, demands and communications between Borrower and 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 Borrower and Lender as follows:

**LENDER:** County of Santa Barbara  
Housing and Community Development  
123 E. Anapamu Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101-2065  
Attn: Community Services, Deputy Director

**With a copy to:** Office of the County Counsel  
105 E Anapamu Street, Room 201  
Santa Barbara, CA 93101-2065

**BORROWER:** FLT San Simeon Oaks, L.P.  
c/o Red Tail Multifamily Land Development, LLC  
2082 Michelson Dr., 3rd Floor  
Irvine, CA 92612  
Attn: Ron Wu  
Email: [rwu@rtacq.com](mailto:rwu@rtacq.com)

**With a copy to:** Nancy Dubonnet, APC  
2082 Michelson Drive, Suite 400  
Irvine, CA 92612  
Attn: Nancy Dubonnet  
Email: [nancy@dubonnet.law](mailto:nancy@dubonnet.law)

Stoel Rives LLP  
760 SW Ninth Avenue, Suite 3000  
Portland, OR 97205  
Attn: Scott Rosenthal; Kate Mathews  
Email: [scott.rosenthal@stoel.com](mailto:scott.rosenthal@stoel.com); [kate.mathews@stoel.com](mailto:kate.mathews@stoel.com)

FLT San Simeon Oaks, L.P.  
c/o Surf Development Company  
815 West Ocean Avenue  
Lompoc, CA 93436  
Attn: Robert P. Havlicek Jr  
Email: [bobhavlicek@hasbarco.org](mailto:bobhavlicek@hasbarco.org)

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

**With a copy to  
Limited Partner:** U.S. Bancorp Community Development Corporation  
505 North Seventh Street  
Mailcode: SL-MO-T10F  
St. Louis, MO 63101  
Attn: Director of Asset Management

**With a copy to:** Buchalter LLP  
1000 Wilshire Blvd., Suite 1500  
Los Angeles, CA 90017

Attn: Mercedes Martin

**9.12 BINDING UPON SUCCESSORS.** All provisions of this County Loan Agreement shall be binding upon the successors-in-interest, transferees, and assigns of each of the parties hereto; provided, however, that the benefits hereof shall only inure to the permitted successors-in-interest, transferees, and assigns of Borrower to the extent in accordance with Section 9.14, below.

**9.13 RELATIONSHIP OF PARTIES.** The relationship of Borrower and Lender under this County Loan Agreement is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Lender neither undertakes nor assumes any responsibility or duty to Borrower (except as provided for herein) or any third party with respect to the Project, the Property, the County Loan, or the County Loan Documents.

**9.14 ASSIGNMENT AND ASSUMPTION.** Borrower shall not assign or otherwise transfer, in whole or in part, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this County Loan Agreement, or any of the other County Loan Documents, or any of its interests herein or therein, or any of its rights or obligations hereunder or thereunder, except to the extent specifically permitted hereunder, without the prior written consent of Lender in each instance, which must be duly executed by an authorized representative of Lender. Any purported Transfer in violation of this Section 9.14 shall be void *ab initio* and shall constitute an Event of Default and a breach of this County Loan Agreement, which shall not be subject to the cure provisions in Section 8.2.D, above.

**9.15 WAIVER.** Any waiver by Lender of any Borrower obligation or Lender right or remedy in this County Loan Agreement or any waiver by Lender of any term of the County Loan Documents must be in writing and shall be made only if duly executed by an authorized representative of Lender. No waiver will be implied from any delay or failure by Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under this County Loan Agreement, the County Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation under this County Loan Agreement shall not operate as a waiver or release from any of its obligations under this County Loan Agreement or any term of the County Loan Documents. Consent by Lender to any act or omission by Borrower shall not be construed as a waiver to any other or subsequent act or omission or to waive the requirement for Lender's written consent to future waivers.

**9.16 INTEGRATION.** This County Loan Agreement and the other County Loan Documents, together with the Agreement to Provide Affordable Housing by and among the parties hereto and RTA San Simeon, LLC, a Delaware limited liability company pertaining to the Project and to be recorded against title to the Property, contain the entire agreement of the parties hereto and thereto with respect to the subject matter hereof and thereof, and supersede any and all prior

negotiations and agreements with respect to the subject matter hereof and thereof.

**9.17 OTHER AGREEMENTS.** Borrower represents that it has not entered into any agreements that are inconsistent or in conflict with the terms of this County Loan Agreement or the County Loan Documents. Borrower shall not enter into any agreements that are inconsistent or in conflict with the terms of the County Loan Documents without an express waiver by Lender in writing.

**9.18 AMENDMENTS AND MODIFICATIONS.** No changes, modifications, or amendments to this County Loan Agreement shall be effective unless set forth in a written amendment to this County Loan Agreement executed by a duly authorized representative of each of the parties hereto; provided, however, that only the Santa Barbara County Board of Supervisors is authorized to approve and execute amendments to this County Loan Agreement on behalf of Lender. Borrower agrees to not unreasonably withhold its approval of any amendments proposed by Lender that are necessary in order to conform with Applicable Laws.

**9.19 SEVERABILITY.** Every provision of this County Loan Agreement is intended to be severable. If any provision of this County Loan 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.

**9.20 COUNTERPARTS.** This County Loan Agreement may be executed electronically and in any number of counterparts, each of which is an original and all of which taken together form one single document.

**9.31 INVESTOR RIDER.** The Rider attached hereto as Exhibit E is made a part of this County Loan Agreement.

*Remainder of Page Left Intentionally Blank*

IN WITNESS WHEREOF, Lender and Borrower have caused this County Loan Agreement to be executed by their respective duly authorized representatives, as set forth below, effective as of the first date duly executed by all of the parties hereto ("Effective Date").

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

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD

By: \_\_\_\_\_  
Bob Nelson, Chair  
Board of Supervisors

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

Date: \_\_\_\_\_

APPROVED AS TO FORM:  
RACHEL VAN MULLEN  
COUNTY COUNSEL

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

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

Signed by:  
By: James Munro  
James Munro  
Deputy Auditor-Controller

APPROVED AS TO FORM:  
CEO/RISK MANAGEMENT

Signed by:  
By: Marisa Kahn  
Marisa Kahn  
Risk Manager

BORROWER SIGNATURES ON FOLLOWING PAGE

“BORROWER”:

FLT San Simeon Oaks, L.P.,  
a Delaware 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

By: FLT San Simeon Oaks AGP, LLC,  
a Delaware limited liability corporation,  
its administrative general partner

By: \_\_\_\_\_  
Ron Wu  
Vice President

“BORROWER”:

FLT San Simeon Oaks, L.P.,  
a Delaware limited Partnership

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

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

By: FLT San Simeon Oaks AGP, LLC,  
a Delaware limited liability corporation,  
its administrative general partner

By: \_\_\_\_\_  
Ron Wu  
Vice President