

Recorded  
Official Records  
County of  
Santa Barbara  
Kenneth A Pettit  
Recorder  
11:28am 21-Jan-92 | PUBL BC 13  
Folio: **WB 2874**  
Project: Santa Barbara  
Community Housing Corp.  
APN: 59-140-24  
Agent: BG NO FEE PER  
GOV. CODE 6103

Date: December 20, 1991

Recording requested by and  
when recorded return to #

CLERK OF THE BOARD

Gerardo M. Hall

**0 TAX DUE**

LEASE AGREEMENT - Calle Real project - Casa Mural

This lease agreement is made by and between the  
COUNTY OF SANTA BARBARA, a political subdivision of  
the State of California, hereinafter referred to as  
"COUNTY"; and the  
SANTA BARBARA COMMUNITY HOUSING CORPORATION,  
hereinafter referred to as "LESSEE";

with reference to the following:

WHEREAS, the County is the owner of property located at **4570 Calle Real**, Santa Barbara, California, which property is a structure presently used for offices, more fully described and depicted on the attached Exhibit A, hereinafter referred to as the "leased Premises" or "Premises"; and

WHEREAS the COUNTY wishes the property to be developed as a residential project for the mentally ill persons; and,

WHEREAS, the lessee is a public benefit, nonprofit corporation with the ability to lease, rehabilitate, finance and sublease a facility for operation for adult residential services; and

WHEREAS, the parties are entering into this Agreement in order to meet requirements of the State of California for demonstrated site control pursuant to the regulations of the Permanent Housing for Handicapped program (hereinafter referred to as "PHH") and the Special User Housing Rehabilitation Program (hereinafter referred to as "SUHRP");

NOW, THEREFORE, in consideration of the premises, and the promises, covenants and conditions herein contained, COUNTY and LESSEE agree as follows:

1. ADMINISTRATION AND ENFORCEMENT: The provisions of this lease shall be administered and enforced for the COUNTY by the Director of Health Care Services/Mental Health.

2. LEASE: COUNTY leases to LESSEE and LESSEE hires from COUNTY the premises described above, comprising approximately **5,000 square feet of building space**, together with the nonexclusive right to use of no less than eight (8) parking spaces adjacent to or near the leased premises, and the nonexclusive right of access for temporary parking, construction equipment placement and other incidental use, adjacent to or near the premises, to be used in common with other users of the COUNTY premises, subject to the terms, conditions, limitations and provisions of this Agreement.

3. TERM: The term of this lease shall be for thirty one (31) years, commencing on December 1, 1988 and ending at midnight November 30, 2018, unless sooner terminated pursuant to the provisions of this Lease. However, this Lease shall not commence until approval of all loan documents, and all of the terms, conditions and reservations for the funds used to renovate the premises, by the COUNTY Director of Health Care Services/ Mental Health. Upon disapproval of such documents, terms, conditions or reservations, and the failure of LESSEE to provide acceptable provisions within 90 days, this Lease Agreement shall terminate and be of no further force or effect.

4. RENTAL: The consideration for the Lease of the premises occupied by Lessee, shall be the continuous provision of residential service for 12 homeless mentally ill persons; the rehabilitation of the premises as provided herein, the performance of the obligations of LESSEE under this Lease Agreement; and the nominal payment, in arrears, of the sum of one (\$1.00) dollar per year during the entire term hereof.

LESSEE shall complete the rehabilitation of the premises substantially to the configuration depicted on the attached Exhibits, to the standards required for a licensed adult care facility, under the provisions of the PHH and the SUHRP, in accordance with the plans, specifications and provisions approved by the COUNTY Director of Public Works and according to a budget approved by COUNTY. Such rehabilitation shall be completed on or before October 30, 1990. There shall be included in any contracts for the construction or rehabilitation of such facilities a penalty of no less than \$40 per day for each day beyond the occupancy date agreed upon between COUNTY and LESSEE, to be paid into funds available for COUNTY Mental Health programs.

LESSEE shall sublease to a licensed adult services provider contracted to the COUNTY, and provide a reservation in all subleases to sublease to such a contractor approved by COUNTY if none is immediately contracted by COUNTY, so that the premises shall be available for such COUNTY-approved contractor or sublessee throughout the term of this agreement. LESSEE shall honor and cooperate with the COUNTY selection process for a licensed adult services provider.

LESSEE shall charge nothing for such sublease to the COUNTY or to a COUNTY-approved contractor, except as provided herein.

LESSEE shall honor a preference for COUNTY-referred homeless mentally ill (including COUNTY-referred mentally ill persons who are at risk of becoming homeless) individuals and COUNTY-approved contractors to provide for such persons.

LESSEE shall submit annual financial reports of the transactions of the corporation during the term of the Lease Agreement.

5. ADVANCE OF PRECONSTRUCTION COSTS: County agrees to provide an advance, for payment of preconstruction costs for rehabilitation of the premises, of up to \$50,000 from those mental health funds (budgeted to secure repayment of the building rehabilitation loan from the California Department of Housing and

Community Development), to pay, as incurred, those preconstruction rehab costs which will be reimbursed upon close of the escrow from such rehabilitation loan and grant. Upon close of escrow, the repayment of these funds shall be used to establish a security fund for the repayment, as necessary, of the loan for rehabilitation costs. LESSEE agrees to proceed with rehabilitation planning, design and preparation, in advance of close of escrow for the state and federal rehabilitation funds, and to conform in all respects to the grant and loan conditions and the administrative regulations in order to assure the repayment of such preconstruction costs. Payments for reimbursable preconstruction costs shall be made on claims, on standard forms, made for identified costs as approved by the County Director of Health Care Services/Mental Health. LESSEE shall prepare and maintain records of all time and expenses associated with such costs in accordance with generally accepted accounting procedures. LESSEE shall provide for the maintenance of such records of such preconstruction costs including all work done by subcontractors, architects, engineers and other agents. All such records shall be available to COUNTY during the term of this Agreement and for a period of five years following completion or termination of this agreement.

The COUNTY fund shall be repaid and reimbursed for all such costs and expenditures directly out of the escrow established for the control of the rehabilitation grant and loan administered by the State.

6. LOAN OBLIGATIONS: Except as provided above nothing contained in this Lease Agreement shall relieve LESSEE of its obligations and responsibilities under any loans to the extent specified in those agreements.

7. LIENS AND ENCUMBRANCES AGAINST LESSEE'S INTEREST IN THE LEASEHOLD ESTATE: (a) LESSEE shall have the right to encumber without the consent of COUNTY the leasehold estate created by this Lease with an assignment, deeds of trust, or other security securing repayment of the following loans to LESSEE:

(1) A loan from the State of California, Department of Housing and Community Development (the "State") in the original principal amount not to exceed \$200,000 secured by a first deed of trust;

(2) A loan from HUD, a federal agency, administered through the State in the original principal amount not to exceed \$200,000 and to be secured by approved agreements or by a similar deed of trust;

(b) Except as provided in subparagraphs (a) and (b), above, LESSEE shall not have the right, without COUNTY's consent, to encumber the estate created by this Lease by Leasehold mortgages.

(c) Until such time as the lien securing the loan has been extinguished:

(1) COUNTY shall not agree to any mutual termination or accept any surrender of this Lease, nor shall COUNTY consent to any amendment or modification of this Lease agreement without prior written notice to and approval from the State.

(2) Notwithstanding any default by LESSEE under this

Lease, COUNTY shall have no right to terminate this Lease unless COUNTY shall have given the STATE written notice of such Default and the State shall have failed to remedy such default or acquire Lessee's leasehold estate created by this Lease or commence foreclosure or other appropriate proceedings as set forth in and within the time specified by this Section.

(3) The State shall have the right, but not the obligation, at any time, to pay any of all of the rent due pursuant to this terms of this Lease, and do any other act or thing required of LESSEE by the terms of this Lease, to prevent termination of this Lease. All payments so made and all things so done shall be as effective to prevent a termination of the Lease as the same would have been if made and performed by LESSEE instead of by the STATE.

(4) Upon any default under this lease, the State shall have ninety (90) days after receipt of notice from COUNTY describing such default, and if the default is such that possession of the premises may be reasonably necessary to remedy the default, a reasonable time after the expiration of such ninety (90) day period within which to remedy such default, provided that (i) the State shall have fully cured any default in the payment of any monetary obligations when the same are due; and (ii) the State shall have acquired LESSEE's leasehold estate hereunder or commenced foreclosure or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same.

(5) Any default under this Lease which by its nature cannot be remedied if (i) within ninety (90) days after receiving written notice form COUNTY describing the default, or prior thereto, the State shall have acquired LESSEE's leasehold estate or commenced foreclosure or other appropriate proceedings; (ii) the State shall diligently prosecute any such proceedings to completion; (iii) the State shall have fully cured any default in the payment of any monetary obligations of LESSEE hereunder which does not require possession of the premises; and (iv) after gaining possession of the premises, the State shall perform all other obligations of Lessee hereunder capable of performance by Lender when the obligations are due.

(6) If the State is prohibited by any bankruptcy, insolvency, or other judicial proceedings involving LESSEE from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that the State shall have fully cured any default in the payment of any monetary obligations of LESSEE under this lease and shall continue to pay currently such monetary obligations when the same fall due; provided further, that the State shall not interfere with COUNTY's efforts to seek compliance by LESSEE with any non-monetary obligation under his Lease.

(7) COUNTY shall mail or deliver to the State a duplicate copy of all notices which COUNTY may from time to time give to LESSEE pursuant to this Lease. No notice by COUNTY to LESSEE hereunder shall be effective unless and until a copy of the notice

shall have been mailed or delivered to the State as set forth in this section.

(8) In the event the State becomes LESSEE under this Lease by means of foreclosure or deed in lieu of foreclosure or pursuant to any new lease obtained under subsection (9) below, the State shall be liable under this Lease or such new lease only for the period of time that the State remains LESSEE thereunder, and that the State's right to assign this Lease or such new lease shall be subject to the restrictions set forth in this Lease, Nothing in this Section shall be construed to obligate the State to remedy any default of LESSEE, and any failure of the state to complete any such cure after commencing the same shall not give rise to any liability of the State to COUNTY or LESSEE.

(9) In the event the State or HUD, or a designee or other purchaser in foreclosure proceedings becomes the legal owner of the leasehold estate, and upon written request by the State given within sixty (60) days after becoming the legal owner of the leasehold estate, COUNTY shall enter into a new lease with the State, or its nominee, purchaser, assignee or transferee for the remainder of the lease term with the same agreements, covenants and conditions (except for any requirements which have been fulfilled prior to termination) as are contained in this Lease and with priority equal to this Lease; provided, however, that the State shall promptly cure any defaults by Lessee susceptible to cure by the State.

(d) Any leasehold mortgage created pursuant to subsection (a) of this Section shall be subject to the provisions of this Lease and all rights of COUNTY under this lease.

(e) LESSEE shall not have the right, without COUNTY's consent, to encumber COUNTY's interest in the premises. If COUNTY so consents, COUNTY's liability under such loan shall be limited to LESSEE'S property which is security for the loan, and COUNTY shall not be personally liable for repayment of such loan.

8. COSTS OF LOANS TO BE PAID BY LESSEE: The LESSEE affirms that it shall bear all of the costs and expenses in connection with (i) the preparation and securing of the Loan, (ii) the delivery of any instruments and documents and their filing and recording, if required, and (iii) all taxes and charges, if any, payable in connection with the Loan.

9. PROCEEDS OF LOANS: It is expressly understood and agreed that all Loan proceeds shall be paid to and become the premises of LESSEE, and that the COUNTY shall have no right to receive any such loan proceeds.

10. NOTICE AND RIGHT TO CURE DEFAULTS UNDER LOANS: Upon the recording of a Memorandum of Lease or this lease, LESSEE, on behalf of COUNTY, shall cause to be recorded in the office of the County Recorder of Santa Barbara County, requests for copies of any notice of default or notice of sale under the Loan. In the event of default by LESSEE under the Loan, COUNTY shall have the right, but not the obligation, to cure the default. Any payments made by COUNTY to cure a default shall be treated as rent due from LESSEE which shall be paid within thirty (30) days of the date on which

the payment was made by the COUNTY.

11. NON-ASSIGNABILITY: This Lease is not transferable or assignable by LESSEE except to a nonprofit organization qualifying under PHH and SUHRP. This Lease is not transferable or assignable without the express prior written consent of the Board of Supervisors of the County of Santa Barbara. Any such assignment or subletting shall be void and shall, at the option of the COUNTY, terminate this Lease.

12. UTILITIES AND JANITORIAL SERVICES: LESSEE shall pay all charges for all utilities and janitorial services to the leased premises. COUNTY shall provide and maintain the necessary mains, wires, and cables to ring the aforementioned utilities to the premises, including telephone, sewerage and other plumbing facilities. LESSEE shall provide and maintain the heating, air-conditioning system, ventilation, and lighting facilities. LESSEE shall keep and maintain the leased premises in a clean, orderly and sanitary condition at all times, and upon the termination of the lease, shall surrender the leased premises to COUNTY in good condition, ordinary wear and tear and damage by the elements excepted.

13. MAINTENANCE AND REPAIR: Lessee agrees to maintain and repair the premises and the equipment and fixtures associated with the premises at its own expense during the entire term of this Lease. All maintenance and repair will be done in a competent and workmanlike manner, in full compliance with the licensing requirements as amended from time to time. COUNTY agrees to maintain and repair the property and appurtenances not associated with the premises at its own expense, during the entire term of the Lease Agreement.

14. IMPROVEMENTS/ALTERATIONS: No improvements shall be constructed or installed on the leased premises unless and until plans therefore and the locations thereof have been submitted in writing by LESSEE to, and have been expressly approved in writing by, the COUNTY Director of Public Works. LESSEE shall keep the leased area free from any liens arising out of any work performed, material furnished, or obligations incurred by LESSEE.

15. TITLE TO IMPROVEMENTS: All improvements constructed or installed on the leased premises shall, upon termination of the lease agreements as provided herein, be and become the property of the COUNTY, provided, however, that upon termination of this lease agreement, for any reason whatsoever, COUNTY may require that LESSEE remove any of such improvements at LESSEE's own expense.

16. PURPOSE: It is a material consideration for the lease of the premises that they be used for the provision of residential services to homeless mentally ill persons, including such persons at risk of becoming homeless, under circumstances which reduce the costs for the provision of such services as they may require, and with a preference to COUNTY referrals and contractors as provided herein, uses incidental thereto, and for no other purpose.

17. ACCEPTANCE OF PREMISES: LESSEE has inspected the leased premises and has determined that the leased premises are suitable for the needs and operations of LESSEE. LESSEE acknowledges that

the COUNTY makes no representation or warranty about the condition of the leased premises or the suitability of the leased premises for the uses intended by LESSEE. The parties acknowledge that the rehabilitation proposed by LESSEE for the premises is a material part of the consideration for this Lease.

18. WAIVER: The waiver by the COUNTY of a breach of any term of this lease agreement shall not be construed to be a waiver of any future breach of the same or any other requirement contained in this agreement. The acceptance of charges by COUNTY shall not be treated as a waiver of any breach by LESSEE of any term of this Agreement, other than the failure of LESSEE to pay the particular charges so accepted, regardless of COUNTY's knowledge of a previous breach at the time of acceptance thereof.

19. COMPLIANCE WITH THE LAW: LESSEE shall comply with all local, county, state and federal laws, rules and regulations affecting the leased premises, now or hereafter in effect, during all occupation, use and rehabilitation, and with the rules applicable to the PHH and SUHRP and all California licensing requirements. All provisions required by law to be included in this agreement shall be deemed incorporated by reference.

20. UNLAWFUL DISCRIMINATION IN EMPLOYMENT: The provisions required by section 2-95 of the Santa Barbara County Code, prohibiting unlawful discrimination, are incorporated herein by reference, and lessee shall satisfy all obligations of a contractor under such provisions.

21. BREACH: In the event LESSEE violates any of the provisions of this Lease Agreement and does not terminate or remedy such violation or violations within thirty (30) days after written notification of such violation, then, in addition to any other rights COUNTY may have by law, at its option, terminated this lease agreement and all right of LESSEE hereunder and remove LESSEE from the leased premises.

22. AMENDMENTS: This Lease Agreement may be amended or extended by written consent or both parties.

23. INDEMNIFICATION: LESSEE shall defend, indemnify and save harmless the COUNTY, its officers, agents and employees, from any and all claims, demands, damages, costs, expenses (including Attorney's fees), judgments or liabilities arising out of this Lease Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to any act or omission to act on the part of LESSEE or his agents or employees, or other independent contractors directly responsible to LESSEE; except those claims, demands, damages, costs, expenses, judgments or liabilities resulting solely from the negligence or willful misconduct of the COUNTY.

24. INSURANCE: LESSEE shall procure and maintain the following required insurance coverages within thirty (30) days after the execution of this Lease Agreement:

a. Workers' Compensation Insurance with an insurance company acceptable to COUNTY. Workers' Compensation and Employer's Liability Insurance, to full statutory limits, shall cover all LESSEE's staff while performing any work required or

incidental to the performance of this Agreement.

b. Comprehensive General and Automobile Liability Insurance with insurance company or companies acceptable to the COUNTY. General Liability Insurance shall include personal injury liability for perils A, B & C, shall afford coverage for all premises and operations of LESSEE, and shall include contractual liability for the Agreement between COUNTY and LESSEE. Automobile Liability Insurance shall cover all owned, non-owned and hired motor vehicles which are operated on behalf of the LESSEE pursuant to LESSEE's activities hereunder. COUNTY, its officer, agents and employees shall be named as additional insured. The limit of liability of said policy or policies for general and automobile liability insurance shall be at least ONE MILLION DOLLARS (\$1,000,000) per occurrence combined single limit for bodily injury and property damage. Personal injury coverage shall also be in the amount of ONE MILLION DOLLARS (\$1,000,000) per person and aggregate. Said policy or policies shall contain a provision that such insurance as is afforded by the policy shall be primary and contributory to the full limits stated in the declarations, and if the COUNTY has other valid and collectible insurance for a loss covered by the policy, that other insurance shall be excess only.

Current certificates of insurance for required insurance shall be maintained at all times in the office of the County Public Works Department as a condition precedent to any payment by COUNTY under this Agreement. Failure to comply with the insurance requirements shall place LESSEE in default. Upon request by COUNTY, LESSEE shall provide certified copies of any insurance policies to the COUNTY within ten (10) days. The policy or policies provided shall provide that COUNTY shall be given THIRTY (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

LESSEE may satisfy the insurance requirement during terms in which LESSEE is not in immediate possession by requiring a policy or policies providing the required coverage from sublessees or contractors, naming LESSEE and COUNTY as additional insured.

COUNTY reserves the right to review this Agreement, no more frequently than once every five years, upon COUNTY's demand, and to revise this Agreement to make provision for such prudent standards for insurance coverage, including additions to the amount of coverage to be required herein, as the COUNTY may require of other leases of COUNTY property.

25. NOTICES: Any notice to be given to either party, by the other party, shall be in writing and shall be served, either personally or by registered or certified mail to the following:

TO COUNTY: County of Santa Barbara  
Real Property Division  
P.O. Box 91610  
Santa Barbara, California 93190

TO LESSEE: Santa Barbara Community Housing Corp.  
11 East Haley Street  
Santa Barbara, California, 93101

26. TERMINATION: This Lease Agreement and all rights of LESSEE hereunder shall terminate and LESSEE shall quietly and peaceably deliver to COUNTY possession of the leased premises:

(a) at the expiration of the term as provided for in Section 3, hereof;

(b) thirty (30) days after failure of LESSEE to comply with any of the terms or conditions of this Lease Agreement;

(c) at an earlier date upon and after written notice of termination by the COUNTY by reason of the failure to have adult residential services provided upon the premises in compliance with this Agreement and in conformity with all regulations and provisions applicable to such services under the California Administrative Code, as amended from time to time; or upon a material change in the manner, amount, provider or program for the provision of assistance to the mentally disabled from that existing in 1988.

27. POSSESSORY INTEREST: LESSEE hereby acknowledges that the use or occupancy of the premises by LESSEE may constitute a possessory interest which may be subject to taxation. LESSEE shall pay and discharge all taxes and assessments, including special and/or possessory interest taxes, if any, levied upon said property based on its use or occupancy by LESSEE.

28. CHARGES: The LESSEE shall have the right to impose insurance, utility, janitorial and administrative charges on sublessees or contractors as provided herein for the actual costs reasonably incurred in the operation of the premises, according to a schedule of charges approved by COUNTY each year. LESSEE shall submit such schedule of charges and obtain approval before imposing such charges pursuant to this Agreement. LESSEE shall, in addition, have the right to establish and maintain through charges upon sublessees or subcontractors, a replacement and operating reserve as required under said PHH and SUHRP agreements, at a rate not to exceed the minimum required under such programs without such prior written approval of COUNTY.

29. FINANCIAL RECORDS: LESSEE shall maintain records of all financial transactions of the Corporation during the term of this Lease in accordance with generally accepted accounting procedures. LESSEE shall provide for the maintenance of such records during all phases of rehabilitation and operation, including work done by subcontractors and other agents. All such records shall be

ACKNOWLEDGMENT OF SIGNATURE

STATE OF CALIFORNIA        )  
                                  ) ss.  
COUNTY OF SANTA BARBARA )

On December 5, 1989, before me, the undersigned, a Deputy Clerk in and for said County and State, personally appeared Toru Miyoshi, personally known to me to be the Chair of the Santa Barbara County Board of Supervisors, State of California, and that she acknowledged to me that she executed the foregoing Lease Agreement on behalf of the County of Santa Barbara.

Witness my hand and official seal this 20th day of December,  
1991.

ZANDRA CHOLMONDELEY  
Clerk of the Board of Supervisors

By *Granddy N. Hall*  
Deputy Clerk

available to the COUNTY during the term of this Lease and for five years following its termination, for review and audit, during reasonable business hour.

IN WITNESS WHEREOF, LESSEE and COUNTY have signed this Lease Agreement on this December 5, 1989.

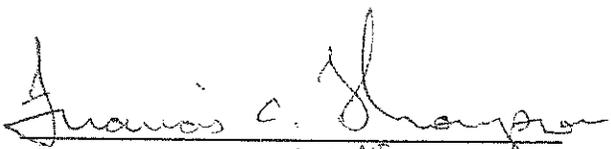
The County of Santa Barbara

by   
Toru Miyoshi, Chairman,  
Board of Supervisors of  
The County of Santa Barbara

Attest:  
Kenneth A. Pettit,  
County Clerk-Recorder,

Santa Barbara Community  
Housing Corporation

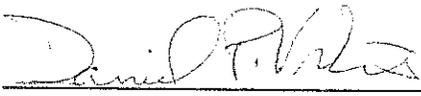
by   
Deputy Clerk

by   
VICE PRESIDENT

Approved as to form:  
Marvin Levine,  
Acting County Counsel

Approved as to accounting form:  
Kristi M. Johnson  
Auditor-Controller

by   
Robert W. Pike,  
Deputy County Counsel  
5250\kchekrp.11

by 

Approved:  
Charles Mitchell  
County Risk Manager

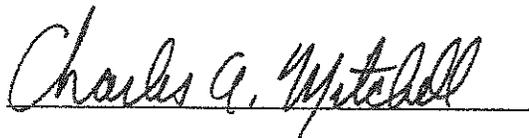


Exhibit A  
Legal Description

The land referred to is situated in the State of California, County of Santa Barbara and is known as 4570 Calle Real, Santa Barbara, CA located on the the following described property:

That portion of Lots 8 and 9 of the Santa Barbara Outside Pueblo Lands, according to the map thereof filed in Book 5, Page 75 of Maps and Surveys, in the office of the County Recorder of Santa Barbara County, lying Northerly of the Northerly line of the property conveyed to the State of California by deed recorded March 24, 1959 as Instrument No. 8997, in Book 1608, Page 176 of Official Records, and Relinquishment of Highway Right of Way (Calle Real) to the County of Santa Barbara, recorded November 2, 1967 as Instrument No. 32139, in Book 2210, Page 653 of Official Records; lying Westerly of the Westerly line of Camino Del Remedio, as dedicated to the County of Santa Barbara by Resolution of the Board of Supervisors recorded August 27, 1986 as Instrument No. 86-054438 of Official Records; and lying Southerly of the Southerly line of Tentative Tract Map No. 13,557 (Priority Homes Oak Grove Condominiums).