RECORDING REQUESTED BY AND RETURN TO

Community Services Department
Housing and Community Development Division
County of Santa Barbara
123 E. Anapamu Street, Room 202
Santa Barbara, CA 93101

ATTN: HCD/Property Management

APN(s): 065-040-026

AGREEMENT TO PROVIDE AFFORDABLE HOUSING
AND RENTAL RESTRICTIVE COVENANT
AND PREEMPTIVE RIGHT

This Document Creates a Lien on Real Property

PROJECT NAME:
Tatum Multifamily Housing Development

COUNTY OF SANTA BARBARA PLANNING AND DEVELOPMENT
CASE NUMBER: 24ZCI-00048

This Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right ("Agreement") is entered into by and among FLT San Simeon Oaks, L.P., a Delaware limited partnership (together with its successors and/or assigns, "Affordable Developer"), RTA San Simeon, LLC, a Delaware limited liability company ("Market Rate Developer"), and the County of Santa Barbara, a political subdivision of the State of California ("County") effective as of the first date duly executed by all of the parties hereto ("Effective Date").

RECITALS

WHEREAS, as of the date of this Agreement, the Market Rate Developer is the owner of that certain real property consisting of approximately 15.65 acres comprised of Assessor's Parcel Number 065-040-026, and more particularly described on Exhibit A-1 attached hereto and made a part hereof (the "Market Rate Parcel"); and

WHEREAS, as of the date of this Agreement, 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 3.8 acres and more particularly described on Exhibit A-2 attached hereto and made a part hereof (the "Affordable Parcel", and, together with the Market Rate Parcel, the "Subject Property"); and

WHEREAS, as of the date of this Agreement, the School District has entered into that certain Ground Lease recorded in the real property records of Santa Barbara County on June [ ], 2026 as Document Number [ ] (the "Ground Lease"), pursuant to which the School District, in its capacity as lessor, has ground leased the Affordable Parcel for a term of 99 years to the Affordable Developer, in its capacity as lessee (such leasehold interest in the Affordable Parcel the "Leasehold Interest"); and

WHEREAS, during the term of the Ground Lease, the Affordable Developer will own all improvements constituting the Affordable Project (hereinafter defined); and

WHEREAS, the Market Rate Developer and the Affordable Developer have applied for County building permits to construct a residential development on the Subject Property consisting of 517 multi-family rental units as described in Project Case Number 24ZCI-00048, commonly known as the Tatum Multifamily Housing Development (the "Project"), comprised of two components: (i) a market-rate multifamily development to be constructed on the Market Rate Parcel by the Market Rate Developer (the "Market Rate Project"), and (ii) an affordable multifamily development to be constructed on the Affordable Parcel, by the Affordable Developer (the "Affordable Project"). The Market Rate Developer and the Affordable Developer are working collaboratively to complete the Project, with the Market Rate Developer to develop, own, and operate the Market Rate Project, and with the Affordable Developer to develop, own, and operate the Affordable Project; and

WHEREAS, on April 30 and May 3, 2024, the County approved the 2023-2031 Housing Element Update Rezone Amendments, selecting sufficient rezone sites, including the Subject Property known as the Tatum Site to help accommodate the County's 2023-2031 Regional Housing Needs Assessment requirements; and

WHEREAS, the County has determined that the issuance of building permits for the Project in Project Case Number 24ZCI-00048 requires, as "Project Conditions of Approval," (as defined in Section I below) that (i) the Affordable Developer, and all subsequent owners and operators of the Leasehold Interest and the Affordable Project at all times during the Term (defined below) construct, provide, and maintain a minimum of 106 affordable housing units on the Affordable Parcel with 105 of the affordable housing units being rent restricted and one (1) of the units on the Affordable Parcel available as a manager's unit (the "Affordable Restricted Units") and (ii) the Market Rate Developer and all subsequent owners and operators of the Market Rate Parcel during the Term provide and maintain a minimum of 20 units on the Market Rate Parcel that are rent restricted for moderate-income households (the "Market Rate Restricted Units; collectively with the Affordable Restricted Units, the "Restricted Units"); and

WHEREAS, the Project Conditions of Approval require the owners of the Market Rate Parcel and the Market Rate Project, and the owners of the Leasehold Interest and the Affordable Project, to enter into and record this Agreement against title to the Subject Property to memorialize such affordable housing requirements; and

WHEREAS, pursuant to State Density Bonus Law (Cal. Gov't Code Sec. 65915 et seq.) the Subject Property Developers (defined below) have received incentives in return for providing the Restricted Units (defined below): and

WHEREAS, the Project Conditions of Approval require that the Restricted Units be leased in accordance with certain affordability criteria established by the County, as set forth herein, so that the (i) Affordable Restricted Units will remain affordable for lease by Low-income Households (defined below) for a period of at least fifty-five (55) years after the first date when a Certificate of Occupancy has been issued for each and every one of the Affordable Restricted Units, and (ii) Moderate Rate Restricted Units will remain affordable for lease or ownership by Moderate-Income Households (defined below), for a period of at least fifty-five (55) years after the first date when a Certificate of Occupancy has been issued for each and every one of the Moderate Rate Restricted Units, consistent with the provisions of State Density Bonus Law, the Housing Element of the Comprehensive Plan of the County of Santa Barbara, Chapters 46 and 46A of the County Code, and the Project Conditions of Approval; and

WHEREAS, the parties hereto are entering into this Agreement to impose maximum rent restrictions on each of the Restricted Units (in accordance with the terms of this Agreement), and maximum income restrictions on Low-Income Households eligible to occupy the Affordable Restricted Units, and maximum income restrictions on Moderate-Income Households eligible to occupy the Moderate Rate Restricted Units; and

WHEREAS, this Agreement must be recorded prior to issuance of any building permit for the Project in order to satisfy zoning clearance No. 34-7; and

WHEREAS, the Subject Property Owners and the County intend that the recordation of this Agreement satisfy the requirements of zoning clearance Condition No. 34-7 for the Project.

NOW, THEREFORE, in consideration of the benefits and good and valid consideration received by the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. DEFINITIONS

A. "<u>Affordable Parcel Affordability Period</u>" means the Initial Affordable Parcel Affordability Period plus an amount of time equal to the aggregate amount of time during the Initial Affordable Parcel Affordability Period when the Affordable Parcel Owner or any part of the Affordable Parcel, is not in compliance with this Agreement.

B. "<u>Affordable Parcel Owner</u>" shall mean Affordable Developer, and each person or entity owning or claiming any interest in the Affordable Parcel or the improvements thereon, in whole or in part, including, but not limited to, all or part of the Leasehold Interest under the Ground Lease during the Affordable Parcel Affordability Period.

C. "<u>Affordable Parcel Property</u>" shall mean the Affordable Parcel and all improvements thereon at any time during the Affordable Parcel Affordability Period.

D. "Affordable Restricted Unit" means any one of the 106 Units (105 Affordable Restricted Units and one Unrestricted Manager Unit) on the Affordable Project on the Affordable Parcel restricted for occupancy by Low-Income Households at rental rates not to exceed the Maximum Monthly Rent for Affordable Restricted Units.

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

F. "Certificate of Occupancy" means a Certificate of Occupancy issued by the County of Santa Barbara Planning and Development Building and Safety Division for a Unit.

G. "Completion Date" means: (i) for the Affordable Project, the date when Certificates of Occupancy have been issued for each and every one of the Affordable Restricted Units; and (ii) for the Market Rate Project, the date when the Certificates of Occupancy have been issued for each and every one of the Market Rate Restricted Units.

H. "Initial Affordable Parcel Affordability Period" means the 55-year period commencing upon the first date as of which a Certificate of Occupancy has been issued for each and every one of the Affordable Restricted Units.

I. "Initial Moderate Rate Affordability Period" means the 55-year period commencing upon the first date as of which a Certificate of Occupancy has been issued for each and every one of the Moderate Rate Restricted Units.

J. "Low-Income Household" means a household whose annual gross income does not exceed 80% of Area Median Income.

K. "Market Rate Parcel Owner" shall mean Market Rate Developer and each person or entity who owns or claims any interest in any part of the Market Rate Parcel or the Market Rate Project, in whole or in part, directly or indirectly, by operation of law or otherwise, at any time during the Term.

L. "Market Rate Parcel Property" shall mean the Market Rate Parcel and all improvements thereon at any time during the Market Rate Parcel Affordability Period.

M. "Market Rate Unit" means any Unit comprising the Market Rate Project other than the Moderate Rate Restricted Units.

N. "Maximum Monthly Rent" means the maximum rent for each of the Restricted Units as follows, and as reduced in accordance with the County Housing Authority utility allowance for Section 8 housing which is updated annually (ee www.hasbarco.org for current figures or project specific California Utility Allowance Calculator):

1. For the Affordable Restricted Units, Maximum Monthly Rent shall not exceed one-twelfth ($1/12^{th}$) of thirty percent (30%) of eighty percent (80%) of Area Median Income, provided the overall average income does not exceed 60% AMI; provided, however, for so long as the Affordable Parcel Property is encumbered by a tax credit regulatory agreement with the California Tax Credit Allocation Committee ("CTCAC"), Maximum Monthly Rent for all Affordable Restricted Units shall be established strictly in accordance with the rent schedules published by CTCAC.

2. For the Moderate Rate Restricted Units, Maximum Monthly Rent shall not exceed one-twelfth ($1/12^{th}$) of thirty percent (30%) of one hundred and ten percent (110%) of Area Median Income.

O. "Moderate-Income Household" means a household whose annual gross income does not exceed 120% of Area Median Income.

P. "Moderate Rate Affordability Period" means the Initial Moderate Rate Affordability Period plus an amount of time equal to the aggregate amount of time during the Initial Moderate Rate Affordability Period when any of the Market Rate Developer or any part of the Market Rate Parcel, is not in compliance with this Agreement.

Q. "Moderate Rate Restricted Unit" means any of the 20 Units in the Market Rate Project on the Market Rate Parcel restricted for occupancy by Moderate Income Households at rental rates not to exceed the Maximum Monthly Rate for Moderate Rate Restricted Units.

R. "Project Conditions of Approval" means the conditions of approval set forth by the County in connection with the applications submitted by the Market Rate Developer for the Project, in connection with County Planning and Development Project Case Number 24ZCI-00048.

S. "Restricted Unit" means any of the Moderate Rate Restricted Units, or the Affordable Restricted Units.

T. "Senior Loans" means the $__________ construction loan made to Affordable Developer and assigned to U.S. Bank National Association, a national banking association, as funding lender ("U.S. Bank"), which, subject to the terms and conditions set forth in that certain Forward Purchase Agreement by and among U.S. Bank, Citibank, N.A., a national banking association ("Citibank"), and Borrower, will convert to a permanent loan made by Citibank in the maximum principal amount of $___________. The holder of the Senior Loan then outstanding is hereinafter referred to as "Senior Lender."

U. "Subject Property" means, collectively, the Affordable Parcel and the Market Rate Parcel.

V. "Subject Property Owner" shall mean each of the Market Rate Developer and the Affordable Developer and each of their respective successors, designees, assigns, transferees, representatives, agents, and any subsequent purchaser, devisee, grantee, holder, successor in interest, assignee, beneficiary, heir, legal representative, executor or trustee holding, claiming or asserting a claim of title to the Subject Property or any portion of or interest in the Subject Property.

W. "Tenant" means a tenant or occupant of a Restricted Unit.

X. "Unit" means a residential housing unit on the Subject Property.

II. TERM; ENFORCEABILITY

A. The Affordable Parcel Owner agrees to cause to be constructed on the Affordable Parcel, and the Affordable Parcel Owner agrees to maintain for the entirety of the Affordable Parcel Affordability Period, at least 105 Affordable Restricted Units for rent to Low-Income Households, at rents that shall not exceed the Maximum Monthly Rent for Affordable Restricted Units, plus one (1) unrestricted manager's unit. Nothing in this Agreement shall require the construction or provision of any Affordable Restricted Units on the Market Rate Parcel.

B. The Market Rate Parcel Owner agrees to cause to be constructed on the Market Rate Parcel, and to maintain for the entirety of the Moderate Rate Affordability Period, at least 20 Moderate Rate Restricted Units for rent to Moderate-Income Households at rents that shall not exceed the Maximum Monthly Rent for Moderate Rate Restricted Units. Nothing in this Agreement shall require the construction or provision of any Moderate Rate Restricted Units on the Affordable Parcel.

C. The term of this Agreement shall commence on the "Effective Date" and shall terminate (i) with respect to the Market Rate Parcel, on the date that is the day after the last day of the Moderate Rate Affordability Period, and (ii) with respect to the Affordable Parcel, on the date that is the day after the last day of the Affordable Parcel Affordability Period (the "Term").

D. This Agreement shall cease and be of no further force and effect without further action of any party following the expiration of the applicable Term for each of the Market Rate Parcel and the Affordable Parcel.

E. Subject Property Owners shall construct and designate the Restricted Units prior to or concurrently with the construction of any other residential housing units on the Subject Property, such that, until a Certificate of Occupancy has been issued for each of the Restricted Units, Certificate(s) of Occupancy shall be allowed for no more of the Market Rate Units than the number of Restricted Units that have then received a Certificate of Occupancy and all other necessary occupancy clearances.

F. During the respective Term for each of the Affordable Parcel and the Market Rate Parcel, this Agreement shall bind each Market Rate Parcel Owner and each Affordable Parcel Owner, and each of their respective legal representatives, executors, trustees, beneficiaries, purchasers, transferees, grantees, or successors in interest and assigns (each, a "Transferee"), regardless of how such Transferee's interest in the Subject Property was acquired, and the benefit hereof shall inure to (a) the Market Rate Parcel Owner and the Affordable Parcel Owner and their respective permitted Transferees, to the extent in accordance with the provisions of this Agreement, including, but not limited to, Section III.E, below, and (b) to the County, its successors, designees or assigns. Upon any Transfer of any part of the Subject Property, the restrictions with respect to the Subject Property under this Agreement shall run with the Subject Property.

G. The Subject Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied, at all times during the respective Term for each of the Affordable Parcel and the Market Rate Parcel, subject to the covenants, conditions, restrictions and limitations set forth herein. All of the covenants, conditions, restrictions and limitations in this Agreement are intended to constitute both equitable servitudes and covenants running with the land and binding upon the Subject Property.

H. Any Transferee of the Subject Property, or of any portion of or interest in the Subject Property, during the respective Term for each of the Affordable Parcel and the Market Rate Parcel, no matter how such interest is acquired, shall be deemed to have taken title with knowledge of this Agreement, and to have personally covenanted, consented to and accepted the covenants, conditions, restrictions and limitations set forth herein.

I. Each Tenant of a Restricted Unit shall be subject to the restrictions of this Agreement, by the execution of a rental agreement or lease or by taking possession of a Restricted Unit, whichever occurs first, and shall also be deemed to have knowledge of this Agreement, and to have personally covenanted, consented to, and accepted the covenants, conditions, restrictions, and limitations set forth herein applicable to such Restricted Unit.

J. Each Subject Property Owner, for itself and all of its successors in interest, assignees, transferees, and beneficiaries, hereby grants and assigns to the County the right to review and enforce compliance with this Agreement, and in furtherance of this right, grants to the County liquidated damages, described under Section VI.B of this Agreement, below.

K. In addition to the requirements set forth above, only Low-Income Households may be a Tenant of an Affordable Restricted Unit, and only Moderate-Income Households may be a Tenant of a Moderate Rate Restricted Unit. Eligibility of prospective Tenants shall be determined by the County's Community Services Department ("CSD"); however, CSD may choose, in CSD's sole discretion, to authorize the Affordable Parcel Owner and the Market Rate Parcel Owner, as applicable, to conduct Tenant income certifications, subject to review and monitoring by CSD, in accordance with the provisions of this Agreement, and, to the extent not inconsistent herewith, the County Affordable Housing income requirements and Administrative Guidelines in effect at the time of such lease, including, but not limited to, income certification pursuant to the terms of Section III.C below. Each Tenant of a Restricted Unit must execute, prior to occupancy of such Restricted Unit, a written agreement to occupy such Restricted Unit as such Tenant's primary residence. The amount of monthly rent for each of the Affordable Restricted Units shall not exceed the applicable Maximum Monthly Rent; provided, however, for so long as the Affordable Parcel Property is encumbered by a CTCAC tax credit regulatory agreement, maximum rental rates for all Affordable Restricted Units shall be established strictly in accordance with the rent schedules published by CTCAC, and the Affordable Parcel Owner shall provide the County with notice annually of the then-applicable maximum rental rates.

L. The parties hereto acknowledge that this Agreement is being executed and recorded prior to the Restricted Units being identified by individual mailing addresses for each Restricted Unit. The Affordable Parcel Owner and the Market Rate Parcel Owner agree to record one or more addendums to this Agreement that shall include an updated Exhibit C specifying the address of each Restricted Unit, subject to the written approval of the Director of CSD ("Director").

M. Each Restricted Unit shall be designed and constructed in compliance with the conditions of approval and functionally equivalent to the Market-Rate Units on the Market-Rate Parcel during the Term.

III. OCCUPANCY AND RENT RESTRICTIONS

A. A total of 105 Units in the Affordable Parcel shall be designated as Affordable Restricted Units, as specified on Exhibit C, attached hereto and incorporated herein by this reference. Each of the Affordable Restricted Units must be occupied by, or reserved for occupancy by, certified Low-Income Households at all times during the Affordable Parcel Affordability Period. The initial applicable maximum income level for a Low-Income Household is described in Exhibit C hereto. A total of 20 Units in the Market Rate Parcel shall be designated as Moderate Rate Restricted Units, as specified on Exhibit C, attached hereto and incorporated herein by this reference. Each of the Moderate Rate Restricted Units must be occupied by, or reserved for occupancy by, certified Moderate-Income Households at all times during the Moderate Rate Affordability Period. The initial applicable maximum income level for a Moderate-Income Household is described in Exhibit C hereto.

B. This Agreement shall bind each Affordable Parcel Owner and each Market Rate Parcel Owner and their respective Transferees. After the Completion Date, (a) the

Affordable Parcel Affordability Period shall be tolled during, and extended for an amount of time equal to, the amount of time that any of the Affordable Parcel or any of the Affordable Parcel Owners is in violation of this Agreement; and (b) the Moderate Rate Affordability Period shall be tolled during, and extended for an amount of time equal to, the amount of time that any of the Market Rate Parcel or any of the Market Rate Parcel Owners is in violation of this Agreement.

C. For all Restricted Units, the total rent charged, including all utilities or a utility allowance if utilities are not included in rent charged to Tenants of a Restricted Unit, cannot exceed the applicable Maximum Monthly Rent.

The income levels and other qualifications of applicants to lease as Tenants of a Restricted Unit shall be certified, prior to occupancy of a Restricted Unit by such Tenant, by the Affordable Parcel Owner or the Market Rate Parcel Owner, as applicable, depending on which parcel such Restricted Unit is located, as conforming to the applicable income restrictions for such Restricted Unit as set forth herein. The income level and other qualifications of each Tenant occupying a Restricted Unit shall be re-certified by the Market Rate Developer (with respect to the Moderate Rate Restricted Units) and the Affordable Developer (with respect to the Affordable Restricted Units) annually thereafter during the Term. Certifications and recertification shall, upon the County's request, be subject to review and approval by CSD. Notwithstanding the above, the County reserves the right to perform certifications of eligibility and re-certifications instead of the Affordable Parcel Owner and the Market Rate Parcel Owner, as applicable, if the County so elects, in which case County will provide written notice of such election to the Affordable Parcel Owner and the Market Rate Parcel Owner, as may be applicable.

D. In the event that re-certification of a Tenant occupying an Affordable Restricted Unit indicates that such Tenant no longer qualifies as a Low-Income Household, then such Tenant may nevertheless continue to reside in such Affordable Restricted Unit, and the maximum monthly rent that may be charged to such Tenant shall not exceed third percent (30%) of one-twelfth ($1/12^{th}$) of such Tenant's certified annual income, and, upon the vacancy of such Affordable Restricted Unit, the Affordable Parcel Owner must rent such Affordable Restricted Unit to an income-certified Low-Income Household for no more than the applicable Maximum Monthly Rent. In the event that re-certification of a Tenant occupying a Moderate Rate Restricted Unit no longer qualifies as a Moderate-Income Household Developer, as may be applicable, shall terminate the tenancy of such Tenant(s) of such applicable Restricted Unit upon ninety (90) days' written notice from the Affordable Developer or the Market Rate Developer, as may be applicable, to such Tenant(s).

E. Any transfer by (i) the Affordable Parcel Owner of any interest in one or more of the Affordable Restricted Units or the Affordable Parcel, or (ii) the Market Rate Parcel Owner of any interest in one or more of the Moderate Rate Restricted Units or the Market Rate Parcel, in each such case in whole or in part, whether directly or indirectly, by operation of law or otherwise, including, but not limited to, by devise, bequest, foreclosure, or as part of or in conjunction with a transfer of the entire ownership interest in the Affordable Parcel or the Market Rate Parcel, as may be applicable, must be in accordance with all of the provisions of this Agreement, and each such Transferee shall be subject to all of the provisions of this Agreement as an Affordable Parcel Owner or Market Rate Parcel Owner hereunder, as applicable, and each such Transferee must execute and deliver to the County, concurrently with such transfer, a written amendment to this Agreement duly executed by such Transferee as an "Affordable Parcel Owner" or "Market Rate Parcel Owner" hereunder. Upon the delivery to the County of an amendment to this Agreement, duly executed by each Transferee as an "Affordable Parcel Owner" or "Market Rate Parcel Owner" hereunder, as applicable, the transferring Subject Property Owner shall be released from any obligations or claims under this Agreement arising after the effective date of such amendment to the Agreement memorializing such transfer, other than obligations or claims arising from any act(s) or omission(s) by or on behalf of such transferring Subject Property Owner prior to date of such transfer.

IV. LEASING THE RESTRICTED UNITS

A. The Affordable Parcel Owner and the Market Rate Parcel Owner each agree that the Restricted Units shall be marketed in accordance with the Marketing Plan attached hereto, and shall be leased in compliance with the Tenant Selection Plan attached hereto as Exhibit D.

B. Before leasing any of the Restricted Units, the Affordable Parcel Owner and the Market Rate Parcel Owner shall submit the proposed forms of Affordable Restricted Unit lease and Moderate Rate Restricted Unit lease to the CSD Director for his or her review and approval (each a "Lease Form"). The term of each Restricted Unit lease shall be for no less than one year, unless by mutual agreement between the Tenant of such Restricted Unit and the Affordable Parcel Owner or Market Rate Parcel Owner, as applicable. Subject to the election of the County to perform income certifications as set forth in Section III.C, above, the Affordable Parcel Owner and Market Rate Parcel Owner shall have the right to enter into residential leases for the Restricted Units without prior written consent by CSD, provided that (1) the Affordable Parcel Owner or Market Rate Parcel Owner, as applicable, certifies the income and other eligibility requirements of each Tenant of a Restricted Unit as required herein, and (2) each Restricted Unit is so leased pursuant to a rental agreement in the form of the applicable Lease Form as approved by the CSD Director, without modification (each, a "Restricted Unit Lease Agreement").

C. Each Restricted Unit Lease Agreement must not contain any of the following provisions:

1. An agreement by the Tenant, to admit guilt, or to a judgment in favor of the Affordable Parcel Owner or Market Rate Parcel Owner in a lawsuit brought in connection with such lease;

2. An agreement by the Tenant that the Affordable Parcel Owner or Market Rate Parcel Owner may take, hold, or sell Tenant's personal property without notice to the Tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the Tenant concerning disposition of personal property remaining in a Restricted Unit after the Tenant has moved out of such Restricted Unit. In such a case, the Affordable Parcel Owner or Market Rate Parcel Owner, as applicable, may dispose of such personal property in accordance with the laws of the State of California;

3. An agreement by the Tenant not to hold the Affordable Parcel Owner or Market Rate Parcel Owner, or the agent of the Affordable Parcel Owner or Market Rate Parcel Owner legally responsible for any action or failure to act, whether intentional or negligent;

4. An agreement of the Tenant that the Affordable Parcel Owner or Market Rate Parcel Owner may institute a lawsuit without notice to Tenant;

5. An agreement by the Tenant to waive any right to a trial by jury;

6. An agreement by the Tenant to waive the Tenant's right to appeal, or otherwise challenge in court, a court decision in connection with the lease; or

7. An agreement by the Tenant to pay attorney's fees, except if the Tenant has provided false or misleading household income information that the Affordable Parcel Owner or Market Rate Parcel Owner could not have discovered despite such Subject Property Owner's due diligence and good faith in reviewing, investigating and confirming such information.

D. The Affordable Parcel Owner and Market Rate Parcel Owner shall include in each Restricted Unit Lease Agreement provisions which provide that the Tenant's household income is subject to recertification annually, and that the tenancy of such Tenant shall be immediately terminated, subject to applicable law, should one or more of the Tenants of such Restricted Unit misrepresent any material fact regarding such Tenant's qualification as a qualifying Low-Income Household or Moderate-Income Household, as applicable, or refuse or fail to cooperate in the recertification process.

E. The Affordable Parcel Owner and Market Rate Parcel Owner shall comply with all applicable State and local laws in terminating or refusing to renew a Tenant's lease.

F. Prior to tenancy, each prospective Tenant of a Restricted Unit must complete, execute and deliver to Affordable Parcel Owner or Market Rate Parcel Owner, as applicable, an Application for Certification on a form approved by the CSD Director. Such Subject Property Owner may request additional information to supplement the application as necessary and shall consult with the CSD Director if questions are raised regarding a prospective Tenant's eligibility. Notwithstanding the above, the CSD Director may elect to take over certifications of eligibility of applicants during the Term of this Agreement as provided for in Section III.C, above.

G. To be eligible to lease a Restricted Unit, a Tenant must not own any residential real estate. (a) The Affordable Parcel Owner may only lease an Affordable Restricted Unit to Tenants whose eligibility has been certified to qualify as Low-Income Households, and (b) The Market Rate Parcel Owner may only lease a Moderate Rate Restricted Unit to Tenants whose eligibility has been certified to qualify as Moderate-Income Households.

H. In addition to executing a Restricted Unit Lease Agreement, the leasing Subject Property Owner shall require that each Tenant leasing a Restricted Unit execute an agreement to occupy which shall require the Tenant to occupy such Restricted Unit as the Tenant's primary residence ("Intent to Reside"). Failure of a Subject Property Owner to enforce this requirement shall constitute a material violation of this Agreement.

I. Each Affordable Parcel Owner and Market Rate Parcel Owner hereby agrees to abide by the Tenant Selection Plan at all times during their respective Affordability Period. Modification of the Tenant Selection Plan can be made only pursuant to a written amendment of Exhibit D of this Agreement duly executed by all Subject Property Owners and the CSD Director.

J. The Subject Property Owners shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease or rental of the Restricted Units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome ("AIDS") or any other basis prohibited by law; provided, however, that Affordable Parcel Owners may provide a preference for the Affordable Restricted Units based on a Tenant's status as an employee of the School District in accordance with the terms of the Teacher Housing Act of 2016, as amended, as more particularly set forth in the Tenant Selection Plan set forth on Exhibit D and as otherwise permitted under applicable law.

K. The Subject Property Owners agree that each Restricted Unit shall be leased, at a minimum, in compliance with the marketing plan attached hereto as Exhibit E and incorporated herein ("Marketing Plan"). The Subject Property Owners agree to comply with the Marketing Plan in marketing the Restricted Units. Subject Property Owners each agree to comply with the Lottery Plan attached hereto as Exhibit F ("Lottery Plan") and by reference made a part of this Agreement as though set forth in full herein. The Lottery Plan shall only apply to the initial rental of each Restricted Unit.

V. MANAGEMENT OF PROJECT

A. The Subject Property Owners shall be responsible for the selection of Tenants, evictions, collection of rents and deposits concerning rental of each Restricted Unit in the manner set forth herein. Such management functions over the Restricted Units may be performed by or on behalf of Subject Property Owners only by an experienced, professional management company or organization which must be approved in writing in advance by the CSD Director ("Property Manager"). The County shall have no responsibility over management of the Restricted Units. The Subject Property Owners shall submit to the CSD Director for the CSD Director's prior written approval each Subject Property Owner's proposed designation of a Property Manager pertaining to the Restricted Units, which approval shall not be unreasonably withheld. Subject to prior written approval by the CSD Director, which approval shall not be unreasonably withheld, the Subject Property Owners may replace such Property Manager(s) at any time with a qualified professional management company. The County accepts the Affordable Developer's initial Property Manager, the ***Housing Authority of the County of Santa Barbara***.

B. Each Subject Property Owner shall submit its written management policies with respect to the Restricted Units, and all changes thereto, to the CSD Director for the Director's review and approval, which approval shall not be unreasonably withheld, and shall amend such policies as directed by the CSD Director as necessary to ensure that such policies comply with the provisions of this Agreement.

C. Each Affordable Parcel Owner at all times during the Affordable Parcel Affordability Period and Market Rate Parcel Owner at all times during the Moderate Rate Affordability Period, shall maintain records that clearly document such party's performance of its obligations hereunder. Each Affordable Parcel Owner and Market Rate Parcel Owner shall each submit to the CSD Director all such records requested by the CSD Director within thirty (30) days of such request. The Subject Property Owners shall permit the County or its designee to enter and inspect the Restricted Units for compliance with such Subject Property Owner's obligations under this Agreement upon forty-eight (48) hours' advance notice of such visit by the County to the Affordable Parcel Owner or Market Rate Parcel Owner, as applicable, and such Subject Property Owner shall provide written notice to each Tenant regarding same.

D. The Affordable Parcel Owner and the Market Rate Parcel Owner shall each submit to the CSD Director, (i) not later than March 1st of each year during the Term, a report for the preceding period of January 1st through December 31st, showing the necessary information to allow the County to determine the Affordable Parcel Owner's and Market Rate Parcel Owner's compliance with this Agreement, and (ii) within thirty (30) days after receipt of a written request, any other information or completed forms requested by the County to demonstrate the Affordable Parcel Owner's and Market Rate Parcel Owner's compliance with this Agreement. In no event shall the Market Rate Parcel Owner be responsible for providing information or forms to the County with respect to requests related to the Affordable Parcel, and in no event shall the Affordable Parcel Owner be responsible for providing information or forms to the County with respect to requests related to the Market Rate Parcel.

VI. ENFORCEMENT

A. Upon any violation of the provisions of this Agreement, or if any false or misleading statements are made in any document or certification submitted to the County, the County may apply to a court of competent jurisdiction for specific performance of this Agreement, for an injunction prohibiting a proposed letting, sale, or transfer in violation of this Agreement, or for any such other equitable relief as may be appropriate. Notwithstanding the foregoing, neither the (i) Affordable Developer or the County shall hold or attempt to hold the Market Rate Developer responsible for the breach of this Agreement, other than breaches relating to or arising out of any act(s) or omission(s) by or on behalf of any Market Rate Developer and (ii) Market Rate Developer or the County shall hold or attempt to hold the Affordable Developer responsible for the breach of this Agreement, other than breaches relating to or arising out of any act(s) or omission(s) by or on behalf of the Affordable Developer. Any enforcement rights the County has related to violations of this Agreement that relate to or arise from the Affordable Rate Project and the Affordable Parcel, other than breaches, claims, or violations relating to or arising out of any act(s) or omission(s) by or on behalf of the Market Rate Developer, shall be the Affordable Developer's sole responsibility. Any enforcement rights the County has related to violations of this Agreement that relate to or arise from the Market Rate Project and the Market Rate Parcel, other than breaches, claims, or violations relating to or arising out of any act(s) or omission(s) by or on behalf of the Affordable Developer, shall be the Market Rate Developer's sole responsibility.

B. The running of the Market Rate Parcel Affordability Period shall be tolled solely with respect to the Market Rate Parcel during any period in which the Market Rate Parcel Owner or any part of the Market Rate Parcel or any Moderate Income Restricted Unit is in violation of this Agreement.

C. The running of the Affordable Parcel Affordability Period shall be tolled solely with respect to the Affordable Parcel during any period in which the Affordable Parcel Owner or any part of the Affordable Parcel or any Affordable Restricted Unit is in violation of this Agreement.

D. Affordable Parcel Owner and Market Rate Parcel Owner understand that the County's objective in requiring this Agreement is to ensure that each of the Restricted Units remain affordable to Low-Income Households and Moderate-Income Households for the entirety of the applicable Term for each of the Affordable Project and the Market Rate Project, and that should any Restricted Unit(s) be leased or occupied or sold in violation of the requirements set forth herein, the public interest would be prejudiced and the County would thereby be damaged. The parties hereto agree that it is impracticable and extremely difficult to fix the extent of actual damages to County from such a breach. However, the parties hereto have made reasonable efforts to establish fairly the amount of compensation for certain types of breach described below and agree that a fair and reasonable amount owing to the County for such types of breach as liquidated damages would be as follows:

1. If an Affordable Restricted Unit is rented or leased for an amount in excess of the Maximum Monthly Rent applicable to Low-Income Households, the Affordable Parcel Owners shall be jointly and severally liable to the County for liquidated damages in an amount equal to twice (2x) the difference between (a) the actual monthly rent charged by or on behalf of any Affordable Parcel Owner for such Affordable Restricted Unit and (b) the Maximum Monthly Rent, multiplied by the number of months that such Restricted Unit has been leased in violation of this Agreement, or during which rent in an amount exceeding the Maximum Monthly Rent has been charged or collected for such Restricted Unit.

2. If a Moderate Income Restricted Unit is rented or leased for an amount in excess of the Maximum Monthly Rent applicable to Moderate-Income Households, the Market Rate Parcel Owners shall be jointly and severally liable to the County for liquidated damages in an amount equal to twice (2x) the difference between (a) the actual monthly rent charged by or on behalf of any Market Rate Parcel Owner for such Moderate Income Restricted Unit and (b) the Maximum Monthly Rent, multiplied by the number of months that such Restricted Unit has been leased in violation of this Agreement, or during which rent in an amount exceeding the Maximum Monthly Rent has been charged or collected for such Restricted Unit.

3. If a Restricted Unit is rented or leased to a Tenant whose household income and other qualifications have not been certified as provided for herein, the required income certification set forth in Section III above, must be completed within thirty (30) days of such non-compliance. If such Tenant's household income does not qualify for letting of the Restricted Unit as required by this Agreement, then in addition to Subject Property Owner obligations under Section III above, the Affordable Parcel Owners or Market Rate Parcel Owners of such Restricted Unit shall be assessed liquidated damages in an amount equal to [three times (3x) the difference between such Tenant's gross monthly household income and maximum gross monthly income allowed for such Restricted Unit and household size for such Restricted Unit, multiplied by the number of months that the Restricted Unit has been so leased]. Conversely, if any Tenant of a Restricted Unit is initially certified as a qualifying Low-Income Household or Moderate Income Household, as applicable for such Restricted Unit, and a subsequent recertification reveals that such Tenant no longer qualifies as a Low-Income Household or a Moderate Income Household, as applicable, then neither Affordable Parcel Owner nor Market Rate Parcel Owner shall be subject to any penalty under this Section V.D.3, so long as such

Affordable Parcel Owner or Market Rate Parcel Owner, as applicable, complies with the requirements of Section III above.

4. If a Restricted Unit is left vacant for more than six (6) months without sufficient efforts made to lease such Restricted Unit in accordance with this Agreement and the Marketing Plan, Lottery Plan, and Tenant Selection Plan, the Affordable Parcel Owners or Market Rate Parcel Owners, as applicable, of such Restricted Unit shall be liable to the County for damages in an amount equal to twice (2x) the Maximum Monthly Rent for such Restricted Unit, multiplied by the number of months of such vacancy.

5. Subject Property Owners each hereby agree to the above liquidated damages provisions (Affordable Parcel Owner's duly authorized representative's initials: RW) (Market Rate Parcel Owner's duly authorized representative's initials: RW)

6. The remedies set forth in this Section VI shall be cumulative to all other rights and remedies the County may have.

E. In addition to any other remedies the County may have, subject to the senior rights of Senior Lender, each Subject Property Owner hereby grants, transfers and assigns to the County the right to receive the rents due or collected during the entire period that a Restricted Unit on such Subject Property Owner's property is rented, leased, Transferred or occupied in violation of this Agreement. Subject to the senior rights of Senior Lender, each Subject Property Owner also assigns to the County the right to collect and/or compromise such rents, in whole or in part, and/or to enforce the payment of all or any part thereof as the County may deem proper.

F. A violation of this Agreement constitutes a violation of the Project Conditions of Approval, and in addition to the remedies provided for herein, a violation of this Agreement may be enforced as a violation of the Project Conditions of Approval.

G. County hereby agrees that any cure made or tendered by Affordable Developer's Limited Partner identified in Section VII(F), below, and in accordance with Affordable Developer's then-current limited partnership agreement, shall be deemed to be a cure by the Affordable Developer, and shall be accepted or rejected on the same basis as if made or tendered by the Affordable Developer, provided that Affordable Developer has first provided to the County a true and correct copy of Affordable Developer's then-current limited partnership agreement. Affordable Parcel Owner represents and warrants that (i) Affordable Parcel Owner has provided to the County a true and correct copy of Affordable Parcel Owner's limited partnership agreement as of the Effective Date, and that Affordable Parcel Owner shall promptly deliver to the County a true and correct copy of the then-current limited partnership agreement of Affordable Parcel Owner within five (5) days after each amendment, restatement, or other change to the limited partnership agreement of Affordable Parcel Owner.

H. Notwithstanding any other term in this Agreement, the Parties acknowledge that nothing in this Agreement imposes any responsibilities or obligations on the Market Rate Developer or the Market Rate Parcel to ensure compliance with the affordability restrictions and management of the Affordable Restricted Units, and that nothing in this Agreement imposes any responsibility or obligations on the Affordable Developer or the Affordable Parcel to ensure compliance with the affordability restrictions and management of the Market Rate Restricted Units and that any enforcement of such terms herein shall be against the Affordable Developer with respect to a compliance issue on the Affordable Parcel, or against the Market Rate Developer with respect to a compliance issue on the Market Rate Parcel. Neither the Market Rate Developer or the Market Rate Parcel shall be liable in any way for the Affordable Developer's breach of the terms of this Agreement and neither the Affordable Developer nor the Affordable Parcel shall be liable in any way for the Market Rate Developer's breach of the terms of this Agreement.

I. During any period in which a mortgage or deed of trust encumbers the Affordable Parcel Property, the County shall not seek any money damages under this Agreement until the expiration of a 120-day period (the "Money Damages Stand Still Period") following Affordable Parcel Owner's and the holders' of record of any mortgages or deeds of trust Affordable Parcel Property, or portion thereof ("Mortgagee") receipt from the County of a notice of default under this diligently pursuing remedies for an Event of Default under Mortgagee's loan documents secured by the Affordable Parcel Property, or portion thereof. During the Money Damages Stand Still Period, however, the County shall be entitled to pursue specific performance and/or injunctive relief against Affordable Parcel Owner for those rights and remedies under this Agreement relating to income, rent, or affordability restrictions. Mortgagee shall have the right, but not the obligation, to cure a default under this Agreement during the Money Damages Stand Still Period.

VII. ADDITIONAL PROVISIONS

A. The County may assign its rights and delegate its duties hereunder without the consent of any other party. Upon such assignment or delegation, the County shall notify the Affordable Developer and the Market Rate Developer.

B. Each of the Subject Property Owners hereby covenant that such party has not and will not execute any other agreement or covenant with provisions contradictory to or in opposition to the provisions hereof, and that, in any event, this Agreement is controlling as to the rights and obligations between the Subject Property Owners, the County, and their respective successors, transferees and assigns, without regard to whether such other agreement or covenant is executed before or after this Agreement.

C. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision(s) had never been contained herein.

D. This Agreement shall be interpreted under the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

E. This Agreement shall be interpreted in a manner that is consistent with the County Housing Element and Housing Element Implementation Guidelines which were in effect when the County Board of Supervisors approved the Project and the Project Conditions of Approval.

F. All notices to a party hereto shall be sent by certified mail, return receipt requested, to the address set forth for such party below, or such other address as such party may subsequently designate in writing in accordance with this Section VII.F:

To the County at:
Community Services Department
Housing and Community Development Division
123 E. Anapamu St. #202
Santa Barbara, CA 93101
Attn: Housing Programs Manager

To Affordable Parcel Owners at:
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

With copy to:
Nancy Dubonnet, APC
2082 Michelson Drive, Suite 400
Irvine, CA 92612
Attn: Nancy Dubonnet
Email: nancy@dubonnet.law

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

And to:
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

With copy to: Price, Postel & Parma LLP
200 East Carrillo Street, Suite 400
Santa Barbara, CA 93101
Attn: Mark S. Manion
Email: msm@ppplaw.com

With copy to the Limited Partner of Affordable Parcel Developer:
U.S. Bancorp Community Development Corporation
505 N. 7th Street
Mail Code: SL-MO-T10M
St. Louis, MO 63101

and:

Buchalter
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017
Attn: Mercedes Martin (U0146-0027)

To Market Rate Parcel Owners at:
RTA San Simeon, LLC
2082 Michelson Drive, Suite 400
Irvine, CA 92612
Attn : Ron Wu
Email : rwu@rtacq.com

With a copy to: Nancy Dubonnet, APC
2082 Michelson Drive, 4th Floor
Irvine, California 92612
Attn: Nancy Dubonnet; Annika Lee
Email: nancy@dubonnet.law; alee@fpamf.com

or such other addresses that such parties may subsequently provide in writing.

G. In the event of any Transfer of any interest in the Affordable Parcel, in whole or in part, whether directly or indirectly, by operation of law or otherwise, including, but not limited to, by devise, bequest, or foreclosure such Transferee(s) shall be bound by the provisions of this Agreement as an Affordable Parcel Owner hereunder. In the event of any transfer of any interest in the Market Rate Parcel, in whole or in part, whether directly or indirectly, by operation of law or otherwise, including, but not limited to, by devise, bequest, or foreclosure such Transferee(s) shall be bound by the provisions of this Agreement as a Market Rate Parcel Owner hereunder.

H. Each of the Affordable Parcel Owners and the Market Rate Parcel Owners covenant to cause to be filed for record in the office of the County Recorder of Santa Barbara County a Request for a copy of any Notice of Default and a copy of any Notice of Sale be recorded with the original and all subsequent deeds of trust or mortgage with power of sale encumbering any part of any of the Affordable Parcel or the Market Rate Parcel, as may be applicable, pursuant to Section 2924b of the Civil Code of the State of California. The request shall specify that any notice shall also be mailed to the address for the County set forth in Section VII.F, above.

I. In addition, in the event of any Transfer of any Restricted Unit, including, but not limited to, pursuant to a condominium conversion of the Affordable Rate Project or the Market Rate Project, as may be applicable, a Grant of Preemptive Right and Resale Restrictive Covenant, in the form attached hereto and incorporated herein by reference as Exhibit G, shall be recorded with the original and all subsequent deeds at the time of each Transfer of such Restricted Unit, but only as to that specific Restricted Unit. The foregoing shall not apply to any Transfer of the Affordable Project as a whole; it shall only apply in the event of a Transfer (other than pursuant to a residential lease) of a Restricted Unit, separate from the remainder of the Affordable Project.

J. Each Subject Property Owner shall defend, indemnify and save harmless the County and its officers, officials, agents and employees from any and all claims, demands, damages, losses, costs, expenses (including attorney fees), judgments or liabilities arising out of, related to, or in connection with this Agreement or occasioned by its own performance or non-performance or attempted performance of the provisions hereof, including, but not limited to, its own act or omission by or on behalf of itself or any of its agents, officers, representatives, or employees, except those claims, demands, damages, costs, expenses (including attorney fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the County.

K. Each signatory and party to this Agreement warrants and represents that such signatory has the power and authority to enter into this Agreement in the name(s), title(s) and capacities herein stated and on behalf of the entity represented or purported to be represented by such signatory, and that all formal requirements necessary or required by applicable law, or by any Partnership Agreement or Limited Liability Company Agreement or Operating Agreement in order to enter into this Agreement, and for this Agreement to be legally binding with respect to such party, have been fully complied with.

L. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together form one single document.

(Signatures appear on the following page. No further text appears on this page.)

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the Effective Date.

Dated: June 9, 2026

COUNTY:

County of Santa Barbara,
a political subdivision of the State of California

By: ______________________
Name: Bob Nelson
Its: Chair of the Board of Supervisors

ATTEST:

MONA MIYASATO
COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

By: Sheila De La Guerra
Name: Sheila De La Guerra
Its: Deputy Clerk

APPROVED AS TO FORM:

RACHEL VAN MULLEM
COUNTY COUNSEL

Signed by:
By: Lauren Wideman
8F464D822C84458...
Name: Lauren Wideman
Its: Deputy County Counsel

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

State of California

County of SANTA BARBARA

On, June 9, 2026 before me, Sheila de la Guerra, a Deputy Clerk, personally appeared SUPERVISOR BOB NELSON, CHAIR OF THE BOARD OF SUPERVISORS, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Sheila dela Guerra

Signature Sheila de la Guerra

(Seal)

CLERK OF THE BOARD
SANTA BARBARA COUNTY
CALIFORNIA

California Civil Code section 1189

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the Effective Date.

Dated: ________________________, 2026

AFFORDABLE DEVELOPER:

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

By: FLT San Simeon Oaks AGP, LLC,
a Delaware limited liability company
Its: Administrative General Partner

By: ___________________________
Name: Ron Wu
Its: Vice President

By: Surf Development Company,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: ____________________
Name: Robert P. Havlicek Jr
Its: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the Effective Date.

Dated: ______________________, 2026

AFFORDABLE DEVELOPER:

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

By: FLT San Simeon Oaks AGP, LLC,
a Delaware limited liability company
Its: Administrative General Partner

By: ________________________
Name: Ron Wu
Its: Vice President

By: Surf Development Company,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: Robert P Havlicek Jr
Name: Robert P. Havlicek Jr
Its: Chief Executive Officer

California All Purpose Acknowledgment

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

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On June 2, 2026, before me, A. Harvey, Notary Public, personally appeared Ron Wu, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. (Seal)

(Seal)

A. Harvey
Signature
My Commission expires: 9.19.29

A. HARVEY
Notary Public - California
Orange County
Commission # 2531831
My Comm. Expires Sep 19, 2029

ACKNOWLEDGMENT

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

State of California
County of Santa Barbara)

On May 30, 2026 before me, Kelsie Angela Shroll, Notary Public
(insert name and title of the officer)

personally appeared Robert P. Havlicek Jr.,
who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

KELSIE ANGELA SHROLL
Notary Public - California
Santa Barbara County
Commission # 2484679
My Comm. Expires Mar 18, 2028

THE GREAT SEAL OF THE STATE OF CALIFORNIA

NNA1

Signature K Angela Shroll **(Seal)**

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the Effective Date.

Dated: ________________________, 2026

MARKET RATE DEVELOPER:

RTA San Simeon, LLC,
a Delaware limited liability company

By: ___________________________
Name: Ron Wu
Its: Vice President

California All Purpose Acknowledgment

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

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On June 2, 2026, before me, A. Harvey, Notary Public, personally appeared Ron Wu, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

A. Harvey

Signature

My Commission expires: 9-19-29

A. HARVEY
Notary Public - California
Orange County
Commission # 2531831
My Comm. Expires Sep 19, 2029

EXHIBIT A
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT

LEGAL DESCRIPTION OF SUBJECT PROPERTY

"Market Rate Parcel" A-1

Being a portion of La Goleta Rancho in the County of Santa Barbara, State of California, described as follows:

Commencing at the Northeast corner (P.O.C.) of the tract of land described in the deed from Nelson W. Willard to Donn B. Tatum, recorded March 8, 1961, in Book 1832, Page 966 of Official Records of said County, being the Northwest corner of a 17.57-acre parcel of land shown on a map of a portion of Rancho La Goleta, filed in Book 66, Page 77, Record of Surveys of said County, and also being a point on the Southerly right-of-way line of the Southern Pacific Railroad Company;

Thence, Easterly along said Southerly right-of-way line, North 88°10'00" East, 166.22 feet to the **True Point of Beginning;**

Thence, continuing along said Southerly right-of-way line, North 88°10'00" East, 403.85 feet;

Thence, leaving said Southerly right-of-way line, South 00°32'33" West, 957.35 feet to a point on the Southerly boundary of the Land described in the deed from Don B. Tatum to Santa Barbara High School District, recorded January 8, 1965, in Book 2086, Page 1295 of Official Records of said County;

Thence, along said Southerly boundary, North 89°04'03" West, 98.94 feet to the beginning of a curve to the right, said curve having a delta angle of 29°02'21" and a radius of 435.00 feet;

Thence, Westerly along the arc of said curve and along said Southerly boundary, 220.47 feet to a point;

Thence, Westerly along said Southerly boundary, North 60°01'43" West, 107.68 feet;

Thence, leaving said Southerly boundary, North 0°32'33" East, 830.91 to the **True Point of Beginning**.

Containing approximately 371,043 Sq. Ft., or 8.52 acres.

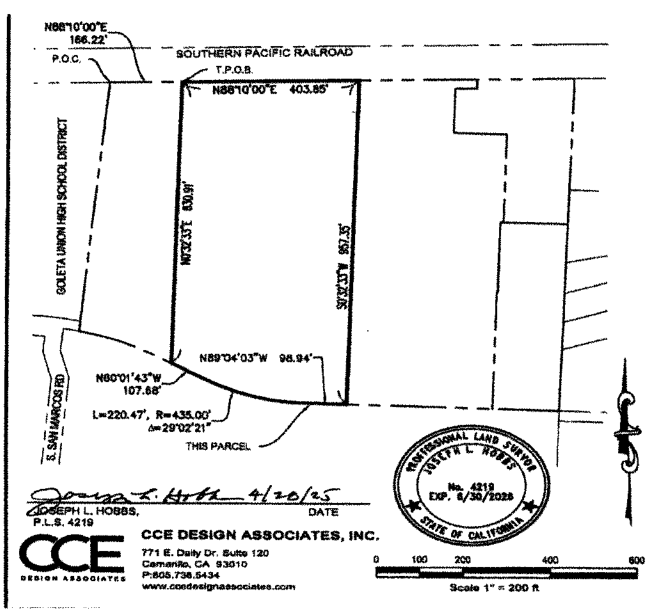

EXHIBIT A
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT
(continued)

LEGAL DESCRIPTION OF SUBJECT PROPERTY

"Market Rate Parcel" A-1 (continued)

Being a portion of La Goleta Rancho in the County of Santa Barbara, State of California, described as follows:

Commencing at the Northeast corner (P.O.C.) of the tract of land described in the deed from Nelson W. Willard to Donn B. Tatum, recorded March 8, 1961, in Book 1832, Page 966 of Official Records of said County, being the Northwest corner of a 17.57-acre parcel of land shown on a map of a portion of Rancho La Goleta, filed in Book 66, Page 77, Record of Surveys of said County, and also being a point on the Southerly right-of-way line of the Southern Pacific Railroad Company;

Thence, Easterly along said Southerly right-of-way line, North 88°10'00" East, 570.06 feet to the **True Point of Beginning;**

Thence, continuing along said Southerly right-of-way line, North 88°10'00" East, 271.45 feet;

Thence, leaving said Southerly right-of-way line, South 01°49'14" East, 26.34' feet;

Thence, South 88°09'02" West, 49.60 feet;

Thence, South 0°32'33" West, 127.98 feet;

Thence, South 89°04'58" East; 122.28 feet;

Thence, South 0°32'33" West; 262.25 feet;

Thence, North 89°04'58" West; 7.29 feet;

Thence, South 0°44'59" West 551.52 feet to a point on the Southerly boundary of the Land described in the deed from Don B. Tatum to Santa Barbara High School District, recorded January 8, 1965, in Book 2086, Page 1295 of Official Records of said County;

Thence, along said Southerly boundary, North 89°04'03" West, 335.76 feet;

Thence, leaving said Southerly boundary, North 0°32'33" East, 957.35 to the **True Point of Beginning.**

Containing approximately 310,680 Sq. Ft., or 7.13 acres.

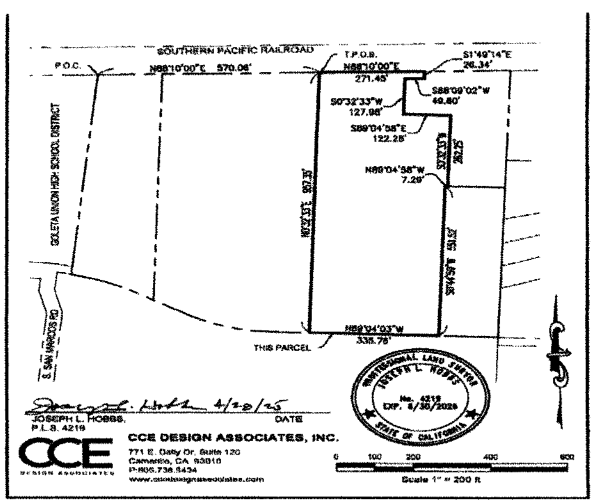

EXHIBIT A

TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT
(continued)

LEGAL DESCRIPTION OF SUBJECT PROPERTY

"Affordable Parcel" A-2

Being a portion of La Goleta Rancho in the County of Santa Barbara, State of California, described as follows:

Commencing at the Northeast corner (P.O.C.) of the tract of land described in the deed from Nelson W. Willard to Donn B. Tatum, recorded March 8, 1961, in Book 1832, Page 966 of Official Records of said County, being the Northwest corner of a 17.57-acre parcel of land shown on a map of a portion of Rancho La Goleta, filed in Book 66, Page 77, Record of Surveys of said County, and also being a point on the Southerly right-of-way line of the Southern Pacific Railroad Company;

Thence, Easterly along said Southerly right-of-way line, North 88°10'00" East, 841.52 feet to the **True Point of Beginning;**

Thence, continuing along said Southerly right-of-way line, North 88°10'00" East, 223.78 feet to the Northeast corner of the Land described in the deed from Don B. Tatum to Santa Barbara High School District, recorded January 8, 1965, in Book 2086, Page 1295 of Official Records of said County;

Thence, along said Easterly boundary, South 00°55'02" West, 429.86 feet;

Thence, leaving said Easterly boundary, North 89°04'58" West, 146.97 feet;

Thence, North 00°32'33" East, 262.25 feet;

Thence, North 89°04'58" West, 122.28 feet;

Thence, North 00°32'33" East, 127.98 feet;

Thence, North 88°09'02" East, 49.60 feet;

Thence, North 01°49'14" West, 26.34 feet to the **True Point of Beginning.**

Containing approximately 81,153 Sq. Ft., or 1.86 acres.

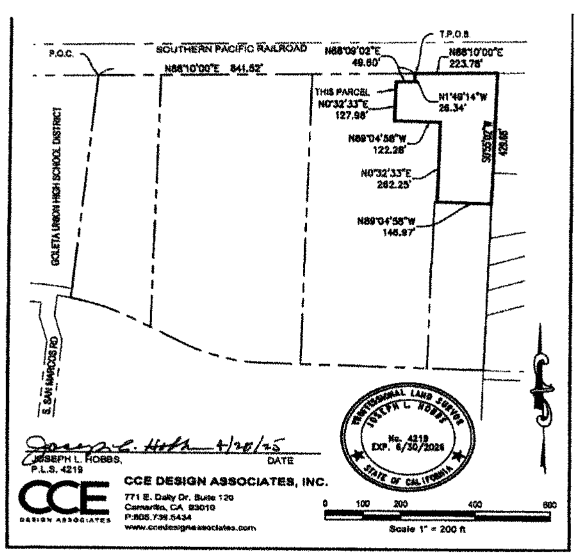

EXHIBIT A

TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT
(continued)

LEGAL DESCRIPTION OF SUBJECT PROPERTY

"Affordable Parcel" A-2 (continued)

Being a portion of La Goleta Rancho in the County of Santa Barbara, State of California, described as follows:

Commencing at the Northeast corner (P.O.C.) of the tract of land described in the deed from Nelson W. Willard to Donn B. Tatum, recorded March 8, 1961, in Book 1832, Page 966 of Official Records of said County, being the Northwest corner of a 17.57-acre parcel of land shown on a map of a portion of Rancho La Goleta, filed in Book 66, Page 77, Record of Surveys of said County, and also being a point on the Southerly right-of-way line of the Southern Pacific Railroad Company;

Thence, Easterly along said Southerly right-of-way line, North 88°10'00" East, 1065.29 feet to a point on the Easterly boundary of the Land described in the deed from Don B. Tatum to Santa Barbara High School District, recorded January 8, 1965, in Book 2086, Page 1295 of Official Records of said County;

Thence, Southerly along said Easterly boundary, South 00°55'02" West, 429.66 feet to the **True Point of Beginning;**

Thence, continuing along said Easterly boundary, South 00°55'02" West, 551.56 feet to the Southeast corner of said land;

Thence, Westerly along the Southerly boundary of said land, North 89°04'03" West, 152.64 feet;

Thence, leaving said Southerly boundary, North 00°44'59" West, 551.52 feet;

Thence, South 89°04'58" East, 154.26 feet to the **True Point of Beginning.**

Containing approximately 84,634 Sq. Ft., or 1.94 acres.

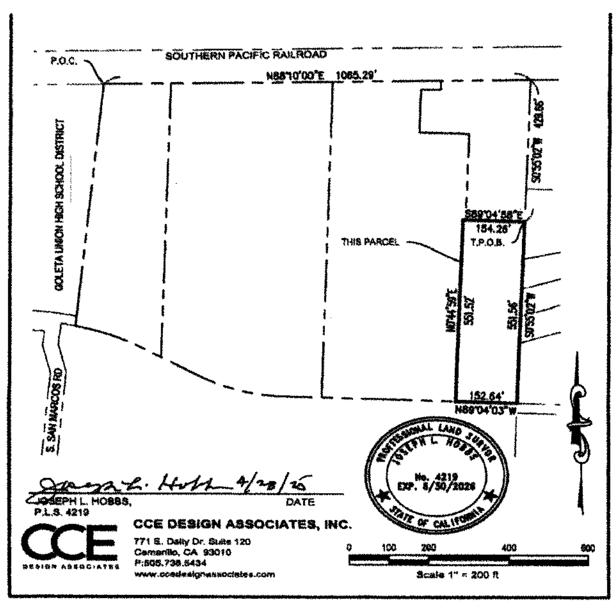

EXHIBIT B
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT

AFFORDABLE HOUSING CONDITION(S)
FOR
Tatum Multifamily Housing Development

PLANNING AND DEVELOPMENT CASE NUMBER: 24ZCI-00048

34.7- Rules-29 Other Dept Conditions:

Prior to building permit issuance, the applicant shall record an Agreement to Provide Affordable Housing, which shall include a model Restrictive Covenant and Preemptive Right. The Covenant shall be executed and recorded by and for each owner occupant of an affordable unit. The Agreement and Covenant shall be based on the county's model documents, as they may be amended from time to time, and subject to the review and approval of P&D, CSD and County Counsel. These shall specify affordability terms described in the Affordable Housing Condition of Approval. In addition, the Agreement and Covenant shall include provision describing marketing and lottery requirements for the initial sale or rental of the affordable unit; requiring income eligibility of prospective buyers/renter to be determined by the county or its designee; requiring prospective buyers/renter of the affordable unit to sign an Intent to Reside statement or requiring a Notice of Default and Notice of Sale, as well as the Covenant, be recorded with the original and all subsequent deeds, and stating that the maximum sales/rental rate for the affordable unit shall not exceed the maximum levels established by the CSD, consistent with the provision of the Housing Element and State law.

Affordable units shall be constructed prior to, or concurrently with the construction of the market rate units in each phase of development. Occupancy clearance for no more than 50% of the market rate units in a given phase shall be allowed prior to occupancy clearance for the affordable unit for that same phase of development. **Plan Requirements & Timing**: Prior to building permit issuance, this requirement shall be included in the Agreement to Provide Affordable Housing and shall be printed on all grading and building plans. Monitoring: Planning and Development Staff shall ensure compliance during construction.

The applicant shall provide one hundred and six (106) Low-income dwelling units available for sale or rent at prices affordable to households earning 80% of Area Median Income (AMI) consistent with the provisions of Government code §65915-65918 (Density Bonus). Plan Requirements and Timing: **Prior to building permit issuance**, the applicant shall enter into and record an Agreement to Provide Affordable Housing, which shall include a model Restrictive Covenant and Preemptive Right. The Covenant shall be executed and recorded by each owner occupant of an affordable unit. The Agreement and Covenant shall be based on the review and approval of P&D, CSD and County Counsel. The units shall remain affordable for a period of ninety (90) years or longer if required by the financing, insurance or rental subsidy program used. In addition, the running of the covenant shall toll during any period of violation. If future amendments to the County Housing Element allow developers to satisfy the affordable housing requirements in an alternate way, and such amendments are consistent with State Density Bonus Law, the developer shall be able to utilize those amendments.

EXHIBIT C
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT

ADDRESS LIST OF AFFORDABLE HOUSING UNITS

FOR
Tatum Multifamily Housing Development;

PLANNING AND DEVELOPMENT CASE NUMBER:
24ZCI-00048

TOTAL NUMBER OF RESIDENTIAL UNITS IN THE PROJECT:	517
TOTAL NUMBER OF RESTRICTED UNITS IN THE PROJECT:	126
NUMBER OF AFFORDABLE LOW-INCOME RESTRICTED UNITS:	106
NUMBER OF MODERATE-INCOME RESTRICTED UNITS:	20

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT

TENANT SELECTION PLAN FOR AFFORDABLE PARCEL AND MARKET RATE PARCEL

PROJECT NAME: San Simeon Oaks/Affordable Parcel

PROJECT ADDRESS: San Marcos Rd. and San Simeon Dr.

OWNER/MANAGEMENT AGENT: Housing Authority of the County of Santa Barbara ("HASBARCO")

Introduction:

San Simeon Oaks (the Project) is a proposed 4% Low Income Housing Tax Credit development for low income households, reserved for Santa Barbara Unified School District (SB Unified School District) personnel. The Project will adhere to California Tax Credit Allocation Committee (CTCAC) Regulations requiring that *"all projects shall adopt the following policies and procedures in furtherance of the Fair Housing Laws and Housing and Accessibility Requirements in compliance with Section 10322(h)(1)(F): "agree to comply with local, state, and federal laws, constitutions, codes, standards, rules, guidelines, and regulations, including, without limitation, those that pertain to accessibility, construction, health and safety, labor, fair housing, fair employment practices, affirmatively furthering fair housing, nondiscrimination, and equal opportunity, including the Fair Housing and Non-Discrimination Laws and Housing and Accessibility Requirements."*

Except with respect to the 8 units set aside for veterans, the Project will provide affordable rental housing opportunities for Santa Barbara Unified School District employees, which will be a requirement for occupancy in accordance with the Teacher Housing Act of 2016, codified in Health & Safety Code section 53570 et seq. (the "Act"). The Project will require applicants for tenancy to be active Santa Barbara Unified School District employees or otherwise comply with the leasing priorities set forth below.

The Act establishes the leasing priorities that *"authorizes a school district to establish and implement programs, as provided, that address the housing needs of teachers and school district employees who face challenges in securing affordable housing. The act restricts programs established under its provisions to teachers and school district employees, with certain exceptions. The act defines the term teacher or school district employee for these purposes to mean any person employed by a unified school district maintaining prekindergarten, transitional kindergarten, and grades 1 to 12, inclusive, an elementary school district maintaining prekindergarten, transitional kindergarten, and grades 1 to 8, inclusive, or a high school district maintaining grades 9 to 12, inclusive, including, but not limited to, certificated and classified staff. The act creates a state policy supporting housing for teachers and school district employees and permits school districts and developers in receipt of local*

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

or state funds or tax credits designated for affordable rental housing to restrict occupancy to teachers and school district employees, as specified".

The Act includes programs that "*address the housing needs of nonprofit organization employees who face challenges in securing affordable housing. The Act defines nonprofit organization employee for these purposes to include employees of a nonprofit organization operating early childhood, prekindergarten, or school age childcare, classrooms, or programs, or expanded learning classrooms and programs, on school district property with funding from the State Department of Education, the federal Head Start program, or other public funding targeted to children from families of low and moderate income."*

The Act provides teachers, school district employees, and nonprofit organization employees with a right of first refusal to occupy housing acquired, constructed, rehabilitated, or preserved under the act. And further requires teachers or school district employees to be prioritized before nonprofit organization employees.

This tenant selection plan is a summary of the full plan, which only includes excerpts from HASBARCO's Admissions and Continued Occupancy Policy (ACOP).

San Simeon Oaks will have a property profile added to the referenced ACOP chapters to highlight specific tenant eligibility requirements including the requirement of SB Unified School District employees. Where applicable, all other requirements and applicable regulations will be applied (e.g. Tax Credit household compliance) in addition to how and where applications can be submitted, and appeal procedures if needed. HABARCO staff will process all applications for eligibility including eligibility for the Section 8 Project Based Voucher program, which may apply to 100% of the units.

Fair Housing and Equal Opportunity:
The Project will comply with fair housing and equal opportunity laws and HUD regulations requiring HASBARCO to affirmatively further civil rights and fair housing in housing programs. The letter and spirit of these laws are implemented through consistent policy and procedures. Exhibit A, attached hereto, and the excerpt below of Chapter 2 within the ACOP:

This chapter describes HUD regulations and HACSB policies related to these topics in three parts:

Part I: Nondiscrimination. This part presents the body of laws and regulations governing the responsibilities of PHA regarding nondiscrimination.

Part II: Policies Related to Persons with Disabilities. This part discusses the rules and policies of the public housing program related to reasonable accommodation for persons with

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING
AND RENTAL RESTRICTIVE COVENANT
AND PREEMPTIVE RIGHT (continued)

disabilities. These rules and policies are based on the Fair Housing Act (42.U.S.C.) and Section 504 of the Rehabilitation Act of 1973 and incorporate guidance from the Joint Statement of The Department of Housing and Urban Development and the Department of Justice (DOJ), issued May 17, 2004.

Part III: Prohibition of Discrimination Against Limited English Proficiency Persons. This part details the obligations of the PHA to ensure meaningful access to the public housing program and its activities by persons with limited English proficiency (LEP). This part incorporates the Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition against National Origin Discrimination Affecting Limited English Proficient Persons published January 22, 2007, in the Federal Register.

Eligibility:
The Project will comply with the LIHTC program and HASBARCO's eligibility requirements as delineated in Chapter 3 of HASBARCO's ACOP policy.

This chapter contains three parts:

Part I: Definitions of Family and Household Members. This part contains HUD and PHA definitions of family and household members and explains initial and ongoing eligibility issues related to these members.

Part II: Basic Eligibility Criteria. This part discusses income eligibility, and rules regarding citizenship, social security numbers, and family consent.

Part III: Denial of Admission. This part covers factors related to an applicant's past or current conduct (e.g. criminal activity) that can cause the PHA to deny admission as well as the asset limitation for public housing.

Tenancy will be offered to current SB Unified School District employees in a one-year lease term, to be renewed annually upon tenant recertification processing.

Applications, Waiting List and Tenant Selection:

Priority Pathway
In accordance with the Act, the Project will prioritize leasing efforts utilizing the following methodology:

Priority 1: SB Unified School District personnel will have first priority as applicant and will have the right of first refusal during the initial lease-up and subsequent leasing operations.

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

Priority 2: In no particular order, to personnel who are employed within the Santa Barbara County jurisdiction, outside of the SB Unified School District at the following School Districts: Adelante Charter School, Peabody Charter School, Santa Barbara Charter School, and to employees of any other school district located in Santa Barbara County including, without limitation, any employee of (i) Goleta Union School District, (ii) Hope School District, (iii) Carpinteria Unified School District, (iv) Montecito Union School District, and (v) Cold Springs Elementary School District.

Priority 3: Other nonprofit organization employees operating early childhood, prekindergarten, or school age childcare, classrooms, or programs, or expanded learning classrooms and programs, on school district property with funding from the State Department of Education, the federal Head Start program, or other public funding targeted to children from families of low and moderate income including, without limitation CommUnify, United Way, Good Samaritan Shelters, CASA of Santa Barbara County, Children's Resource and Referral and LEAP.

Priority 4: It is expected that all units will be leased within 30 days of the placed in service date upon initial lease up, and within 30 days of vacancy in ongoing operations. Upon the occurrence of unit vacancy duration exceeding 30 days and given HASBARCO has made good faith effort to fill units with qualifying tier 1 â€“ 3 priority applicants, HASBARCO reserves the right to fill units with members of the general public using a combination of online and print advertisements to achieve 100% occupancy.

All applications, waiting list and tenant selection for San Simeon Oaks will otherwise follow HASBARCO's Chapter 4 of the ACOP, attached as Exhibit C; provided, however, in the event of any conflict between the terms of HASBARCO's Chapter 4 of the ACOP, and the terms of this Tenant Selection Plan, the terms of this Tenant Selection Plan shall control.

The policies outlined in this chapter are organized into three sections, as follows:

Part I: The Application Process. This part provides an overview of the application process and discusses how applicants can obtain and submit applications. It also specifies how the PHA will handle the applications it receives.

Part II: Managing the Waiting List. This part presents the policies that govern how the PHA's waiting list is structured, when it is opened and closed, and how the public is notified of the opportunity to apply for public housing. It also discusses the process the PHA will use to keep the waiting list current.

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

Part III: Tenant Selection. This part describes the policies that guide the PHA in selecting families from the waiting list as units become available. It also specifies how in-person interviews will be used to ensure that the PHA has the information needed to make a final eligibility determination.

Occupancy:

All advertisement and promotion for San Simeon Oaks will indicate that it is operated in accordance with HASBARCO's ACOP and incorporate applicable HUD Fair Housing logos.

Note: San Simeon Oaks will have a property profile added to the referenced ACOP chapter to highlight specific tenant eligibility requirements including but not limited to the requirement to be a SBUSD employee, have household income limit of 70% AMI, all Tax Credit and Section Eligibility requirements, and occupancy standards referenced in the table below:

BEDROOM SIZE	MINIMUM NUMBER OF PERSONS	MAXIMUM NUMBER OF PERSONS
0	1	2
1	1	3
2	2	5
3	3	7
4	4	9

Note: **Eight (8) of the units will be subsidized by Section 8 Project Housing Choice Voucher rental assistance for veterans** and not subject to School District and Non profit employment eligibility criteria.

Income and Subsidy Determinations:

At least 8 of the units will be subsidized by Section 8 Project Housing Choice Voucher rental assistance for tenants who are veterans. The remaining units may be subsidized by Section 8 Project Based Vouchers and as may be applicable, Section 8 Tenant-Based Voucher holders. The Project will utilize HASBARCO's payment standards below, effective 1/1/2025. These will be the maximum contract rents charged:

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

Unit Size	Amount
1 BR	$2,900
2 BR	$3,290
3 BR	$4,395

Note: Payment Standards are updated annually. The amounts shown above are subject to change.

Payment standards in effect at time-of lease-up will be used and subject to annual rent adjustments pursuant to annual updates and with a minimum 30-day Written Notice to tenant household of such increase.

Households will be subject to CTCAC's Maximum Income and Maximum Rent Limits (published annually). CTCAC rent limits are only applicable in the event the rental subsidy is removed. The project will be subject to those in effect at the time the project is placed in service and then as published in subsequent years.

Policies in this chapter are organized in two parts.

Part I: Occupancy Standards. This part contains the PHA's standards for determining the appropriate unit size for families of different sizes, compositions, and types.

Part II: Unit Offers. This part contains the PHA's policies for making unit offers and describes actions to be taken when unit offers are refused.

Lease Terminations:

[In the event a tenant's employment status with the SB Unified School District changes to that of no longer employed by the District, the tenant will cease to qualify for occupancy at the Project.] HASBARCO will utilize best efforts to locate suitable replacement housing in one of its other housing developments for the tenant household. Lease termination policies will follow HASBARCO's ACOP Chapter 13 Lease Terminations, which is included as Exhibit E. For tenant households receiving Section 8 Rental Assistance, these households may be provided with 90-day advance written notification of such lease termination, absent just-cause.

Tenant household grievance and appeals procedures may be found in the ACOP.

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

This chapter presents the policies that govern voluntary termination of the lease by the family and the mandatory and voluntary termination of the lease by the PHA. It is presented in four parts:

Part I: Termination by Tenant. This part discusses the PHA requirements for voluntary termination of the lease by the family.

Part II: Termination by PHA - Mandatory. This part describes circumstances when termination of the lease by the PHA is mandatory. This part also explains nonrenewal of the lease for noncompliance with community service requirements and families that have been over the income limit for 24 consecutive months.

Part III: Termination by PHA – Other Authorized Reasons. This part describes the PHA's options for lease termination that are not mandated by HUD regulation but for which HUD authorizes PHAs to terminate. For some of these options HUD requires the PHA to establish policies and lease provisions for termination, but termination is not mandatory. For other options the PHA has full discretion whether to consider the options as just cause to terminate as long as the PHA policies are reasonable, nondiscriminatory, and do not violate state or local landlord-tenant law. This part also discusses the alternatives that the PHA may consider in lieu of termination, and the criteria the PHA will use when deciding what actions to take.

Part IV: Notification Requirements. This part presents the federal requirements for disclosure of criminal records to the family prior to termination, the HUD requirements and PHA policies regarding the timing and content of written notices for lease termination and eviction, and notification of the post office when eviction is due to criminal activity. This part also discusses record keeping related to lease termination.

The County Housing Authority shall ensure applicant confidentiality through it's policies and procedures related to Protection of Personal Information (PII).

PROJECT NAME: San Simeon Oaks/Market Rate Parcel

PROJECT ADDRESS: San Marcos Rd. and San Simeon Dr.

OWNER/MANAGEMENT AGENT: RTA San Simeon, LLC

APPLICATION

The Rental Application is very important. The selection of residents is based upon a careful review and confirmation of the information supplied by the Applicant with respect to past rental

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

history, employment, financial references and the like. A careful and thorough screening of all Applicants is vital to the successful operation and management of any given property on a long-term basis.

After each Applicant over 18 years of age has fully completed and signed the Application, Landlord shall review the application to make certain the information on the application meets the following criteria prior to verifying income, employment and landlord references and credit, etc. Applications not signed in the site management office shall be notarized:

1. AGE. Primary Applicant(s) must be over 18 years old.

2. INCOME. "Moderate-Income Household" means a household annual gross income does not exceed the maximum income levels permitted within the Moderate-income category (at or under 120% of area median income) established by the County. The County's income categories shall be as defined in the Housing Element of the Comprehensive Plan of Santa Barbara County and County Code Chapter 46A, as periodically revised by the County.

3. EMPLOYMENT. If the Applicant is self-employed, landlord will review copies of the two most recent years' tax returns (IRS form 1040). Otherwise, contact the employer and verify employment, type of job, salary and prospects for continued employment. If this information does not approximate that shown on the application, deny the application. If Landlord has any doubt of the validity of the employment reference, Landlord shall call the company and ask for the Personnel Department, get the name and title of the person spoken with, and proceed to request the information mentioned earlier.

Landlord will need to know the Applicant's employment history for at least two years. If this includes more than three jobs in the past two-year period, Landlord shall determine the reason. It could be quite legitimate - a skilled craftsman could have two or three employers in a year with little loss of salaried time. Gaps in employment can be more relevant than job change. If there is no satisfactory explanation, Landlord may have a potential rent collection problem or other problems (Check to see if there is also a frequent moving history.) Landlord may reject the Applicant if there are no satisfactory explanations. If an employer refuses to give Landlord information on the phone, Landlord must contact the Applicant(s) and ask the Applicant to have the employer mail you written confirmation of the length and type of employment. Landlord shall inform the Applicant that the application will receive no further consideration until that information is received.

If the Applicant does not meet the criteria, the Applicant is to be told and sent a denial letter. All denied applications must be kept in the file marked: "Rental Applications - Not Accepted" for 6 months and then sent to the corporate office. If the Applicant does meet all the criteria, the

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

Applicant will either be placed on a waiting list or, if there is no other Applicant ahead of this Applicant, the Applicant may rent the available unit. Once the application is approved, notify the Applicant immediately.

LEASING

• For each Moderate Rate Restricted Unit, the total rent charged inclusive of all fees and charges including utilities, or a utility allowance if utilities are not included in rent, and including all services charged to tenants, cannot exceed the Maximum Monthly Rent.

• In the event that re-certification of a household occupying a Moderate Rate Restricted Unit indicates that the income of that household exceeds the maximum income for a Low-Income Household, then upon the ninety (90) days' notice from Landlord to the Tenant, Landlord shall terminate the tenancy of the occupants of the Moderate Rate Restricted Unit. Upon the vacancy of the Moderate Rate Restricted Unit, Landlord shall rent the Moderate Rate Restricted Unit to a qualified Moderate-Income Household at no more than the Maximum Monthly Rent as provided for herein.

The lease may not contain any of the following provisions:

1. An agreement by the Tenant to be sued, to admit guilt or to a judgment in favor of the Lessor in a lawsuit brought in connection with the lease;

2. An agreement by the Tenant that Lessor may take, hold, or sell personal property of household members without notice to the Tenant and a court decision on the rights of the parties. This prohibition however, does not apply to an agreement by the Tenant concerning disposition of personal property remaining in the Unit after the Tenant has moved out of the Unit. In such a case, Lessor may dispose of this personal property in accordance with State law;

3. An agreement by the Tenant not to hold Lessor or Lessor's agent legally responsible for any action or failure to act, whether intentional or negligent;

4. An agreement of the Tenant that Lessor may institute a lawsuit without notice to Tenant;

5. An agreement by the Tenant to waive any right to a trial by jury;

6. An agreement by the Tenant to waive the Tenant's right to appeal, or otherwise challenge in court, a court decision in connection with the lease; or

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

7. An agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding by Lessor against the Tenant. The Tenant however may be obligated to pay costs if the Tenant loses.

• Landlord shall include in leases for all Moderate Rate Restricted Units provisions which provide that the household is subject to recertification annually and that the tenancy of the household shall be immediately terminated should one or more of the household's members misrepresent any material fact regarding the household's qualification as a qualifying Moderate-Income Household or repeatedly refuse or fail to cooperate in the recertification process.

• To terminate or refuse to renew a tenancy, Landlord must serve written notice upon the Tenant specifying the grounds for the action at least 60 days before the Notice of termination of tenancy.

• Prior to tenancy, applicants for Moderate Rate Restricted Units must complete, execute and deliver to Landlord an Application for Certification on a form approved by County. The Landlord may request additional information to supplement the application as necessary and shall consult with the County if questions are raised regarding a household's eligibility.

• To be eligible to lease a Moderate Rate Restricted Unit, tenants cannot own any improved residential real estate.

• Landlord may only lease Moderate Rate Restricted Units to Tenants whose eligibility has been certified to be qualified Tenants.

• In addition to executing a lease for a Moderate Rate Restricted Unit, Landlord shall require that each household leasing a Moderate Rate Restricted Unit execute an agreement to occupy which shall require the household to occupy the Moderate Rate Restricted Unit as the household's primary residence. Failure of Landlord to enforce this requirement shall constitute a material violation of this Agreement.

• Landlord shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease or rental of the Restricted Units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, marital status, family status, and source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or any other arbitrary basis.

EXHIBIT D
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

MANAGEMENT

• Landlord is responsible for the selection of tenants, evictions, collection of rents and deposits concerning rental of the Moderate Rate Restricted Units in the manner set forth herein. Such management functions over the Moderate Rate Restricted Units may be performed by or on behalf of Landlord by an experienced, professional management company or organization which must be approved by the County's Community Services Department. The County shall have no responsibility over management of the Subject Property including the Moderate Rate Restricted Units. Landlord shall submit to the County for its approval its proposed property manager pertaining to the Moderate Rate Restricted Units, which shall not be unreasonably withheld. Landlord may only remove and/or replace the property manager for the Moderate Rate Restricted Units with the prior written consent of the County which shall not be unreasonably withheld.

• Landlord shall submit its written management policies with respect to the Moderate Rate Restricted Units to the County's Community Services Department for its review and approval which shall not be unreasonably withheld, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.

• Landlord shall maintain records that clearly document Landlord's performance of its obligations to operate the Subject Property under the terms of this Agreement. Landlord shall submit any records to the County's Community Services Department within ten (10) business days of the County's request. Landlord shall permit the County or its designee to enter and inspect the Moderate Rate Restricted Units for compliance with obligations under this Agreement on twenty-four (24) hours advance notice of such visit by the County to Landlord and to Tenants of any Moderate Rate Restricted Units.

• Landlord shall submit to the County' Community Services Department (i) not later than March 1st of each year, a report for the preceding period of January 1st through December 31st, showing the necessary information to allow the County to determine Landlord's compliance with the Agreement, and (ii) within thirty (30) days after receipt of a written request, any other information or completed forms requested by the County in order to comply with reporting requirements of the County.

EXHIBIT E

TO

AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT

MARKETING PLAN FOR MODERATE INCOME UNITS
FOR
TATUM MULTIFAMILY HOUSING DVELOPMENT;

PLANNING AND DEVELOPMENT CASE NUMBER:
24ZCI-00048

A. After the Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right has been recorded for the Project, the Housing and Community Development Division will make the Restricted Unit publicly available to the interested persons on the Affordable Housing notification lists by including the Project's name, location, number of Restricted Units, qualifying income, other qualifications and the Owner or his/her/its representative's phone number.

B. Owner will advertise the Project in, at least, one newspaper of general circulation and, at least, one Spanish-language newspaper or radio station which circulates or broadcasts in the area of this Project. Each newspaper must include the official "Equal Housing Opportunity" logo and each radio advertisement must incorporate the statement "Equal housing opportunity". The Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right binds the Owner to this Marketing Plan. If the Owner determines that changes may be necessary after the Agreement has been recorded, Owner must contact Housing and Community Development regarding these changes and must receive approval of the revised Marketing Plan from the Director of Community Services, or his or her designee.

C. Project advertising shall conform to the requirements of the California Fair Housing and Employment Act (FEHA) California Government Code sections 12900 - 12996. Advertisements for the Project shall state that a lottery will be conducted if the number of interested persons exceeds the number of Restricted Units available. The name and telephone number of the person to contact to obtain additional information regarding income requirements and rental restrictions shall also be provided in the advertisement. Owner shall provide Housing and Community Development with a copy of the publicized advertisement.

D. Owner shall do the following minimum marketing for the identified Restricted Unit:

1. Owner shall run at least one advertisement in the real estate section of the Santa Barbara Independent and one Spanish language newspaper or radio station which circulates or broadcasts in the area of this Project at least one time per week for six weeks or such additional time as specified in paragraph C of Exhibit D. At a minimum, the advertisement shall be placed in the Sunday Real Estate section.

2. Owner will have a phone number identified at which inquiries concerning the Restricted Unit can be made. A phone-recording device will be included on the phone when it is not being directly answered.

EXHIBIT E
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING AND RENTAL RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT (continued)

3. Information sheets will be available to prospective Tenants of the Restricted Unit identifying the level of affordability for the Restricted Unit, qualifying income levels, an explanation of the income certification process, rental restrictions, floor plans, a site plan indicating the location of available Restricted Unit, and time within which each person must be qualified as a Tenant.

4. The Restricted Unit will be leased to the parties identified and certified according to County Affordable Housing income requirements and Administrative Guidelines currently in effect at the time of lease.

EXHIBIT F

TO

AGREEMENT TO PROVIDE AFFORDABLE HOUSING
LOTTERY PLAN FOR INITIAL RENTAL OF MODERATE UNITS

FOR

TATUM MULTIFAMILY HOUSING DVELOPMENT;

PLANNING AND DEVELOPMENT CASE NUMBER:
24ZCI-00048

A. Owner shall publish an advertisement consistent with the terms of the Marketing Plan in a newspaper of general circulation in the County. At the time a prospect expresses interest in renting a Restricted Unit, Owner or the Owner's representative shall provide an informational packet describing income qualifications, the lottery process and expected timing, County Income and Price Guidelines, County Income Certification Guidelines and Application, and rental restrictions. (This information packet shall be developed in conjunction with Housing and Community Development or its designee.)

B. Consistent with the California Fair Housing and Employment Act (FEHA) – California Government Code sections 12900 - 12996, the Owner shall not restrict applicants on the basis of race, color, religion, national origin, gender, age, familial status, or handicap, or any other basis prohibited by law.

C. Owner shall provide a dated receipt to prospective Tenants who have completed a Lottery Application. This receipt shall correspond to the number of the applicant on the lottery list.

D. During the marketing period, Owner shall maintain a list of prospective Tenants. The following information should be included on the list:

1. Name
2. Receipt Number and Date Issued

E. Owner shall accept completed Lottery Applications from applicants for a minimum of 15 days or until the number of applicants is at least three times the number of Restricted Units available, whichever occurs later. However, the acceptance of names shall not be required to continue for more than 90 days.

F. All names of applicants with completed Lottery Applications shall be included in the lottery except for exceptions outlined in the HCD administration manual.

EXHIBIT F
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING
(continued)

G. Housing and Community Development (HCD) shall conduct the lottery by randomly computer-ranking the names on the initial list which includes all applicants with completed Lottery Applications. Lottery results shall be made publicly available at the Owner's sales office, the office of the Community Services Department and on the Housing and Community Development website.

H. Owner will contact the top lottery ranked applicants ("lottery selected applicants") equal to the number of Restricted Units available, who will be required to complete an Income Certification application. Owner will instruct applicants to return the Income Certification applications within three weeks of Lottery. Late Income Certification applications will not be accepted and Owner will continue contacting the next Lottery ranked applicant in the ranked order.

I. Owner will certify Lottery applicants in the order of their Lottery standing. When applicants are deemed certified they are eligible to rent the Restricted Unit. Thereafter as any of those applicants drop out or are unable to qualify, Owner will continue contacting other Lottery ranked applicants in the ranked order.

J. Owner will notify certified applicants of their income certification by mail. A copy of the Income Certification will be provided to HCD. Owner's sales staff shall contact the income certified applicant to enter into a lease contract.

K. Certified applicants shall then be eligible to lease the Restricted Unit, as follows: Within five working days after the lottery results are posted, lottery selected applicants shall confirm an appointment with the Owner to lease the Restricted Unit which appointments shall begin on the day following the fifth working day. The Owner shall set up consecutive appointment slots ("initial slots") for the lottery selected applicants in order of their lottery ranking. If the lottery selected applicant is unable to attend his/her initial slot appointment, then the Owner may make the slot available to any other lottery selected applicant, and the party who is unable to attend his/her initial slot appointment shall have the opportunity to fill the next available initial slot appointment. If the Restricted Unit is available at the end of the time period for all initial lottery slot appointments, then the Owner may proceed down the list of ranked applicants and offer appointment slots to them in order of their ranking. Any lottery selected applicant who fails to fill an initial slot by the time of the last initial slot shall not be disqualified, but shall have the opportunity to fill the next available appointment slot.

L. Failure to meet the time lines described in Section K will not disqualify an applicant, but the Owner may then allow the next ranked applicant to lease the Restricted Unit.

EXHIBIT F
TO
AGREEMENT TO PROVIDE AFFORDABLE HOUSING
(continued)

M. If an applicant has not completed a lease agreement for the Restricted Unit within 90 days of income certification, a new certification application must be submitted.

N. If an applicant declares that he or she is no longer interested in leasing the Restricted Unit, the next ranked applicant shall become eligible.

O. If the list of ranked applicants is exhausted, Owner may thereafter negotiate with subsequent prospects on a first come-first served basis.

EXHIBIT G
GRANT OF PREEMPTIVE RIGHT:
RESALE RESTRICTION COVENANT
AND OPTION TO PURCHASE
SECURED BY DEED OF TRUST

FOR
TATUM MULTIFAMILY HOUSING PROJECT

PLANNING AND DEVELOPMENT CASE NUMBER:
24ZCI-00048

(To be used in the event of Transfer of a Restricted Unit to an Owner resident)

RECORDING REQUESTED BY AND RETURN TO:

Community Services Department
Housing and Community Development Division
County of Santa Barbara
123 East Anapamu Street, Room 202
Santa Barbara, CA 93101-2062

Attn: Property Management

No fee per Government Code Sec. 6103

APN: xxx-xxx-xxx

GRANT OF PREEMPTIVE RIGHT:
RESALE RESTRICTIVE COVENANT
AND OPTION TO PURCHASE
SECURED BY DEED OF TRUST

This document creates a lien on real property and grants the County an option to purchase the real property

Project Name
Unit Address

This Grant of Preemptive Right: Resale Restriction Covenant and Option to Purchase Secured by Deed of Trust dated **MM/DD/YYYY** (this "Covenant") rescinds and supersedes in its entirety the previous affordability control document recorded with respect to that certain real property located at ________________ ("Property") which is entitled "Grant of Preemptive Right: Resale

Restriction Covenant and Option to Purchase Secured by Deed of Trust" recorded as instrument number **xxxx-xxxxxx** in the Official Records of Santa Barbara County on **MM/DD/YYYY**.

RECITALS:

WHEREAS, the County of Santa Barbara ("County") has provided development incentives to this project (such as allowing development at greater density than County zoning allows in the absence of a special permit, or other incentives); and,

WHEREAS, ________________ ("_____" and together with the County, collectively, the "Parties") has benefited from these development incentives; and

WHEREAS, the intent of the County in providing these development incentives is to preserve the affordability of the Property for persons with incomes within a specified range; and

WHEREAS, subsequent Owners will benefit from the limitation on the purchase price of the Property which this Covenant requires; and,

WHEREAS, the intent of the Parties is to preserve through this Covenant the affordability of the Property for persons with incomes within a specified range, and to grant the County the right to enforce compliance with this Covenant;

NOW, THEREFORE, in consideration of the benefits received by the Parties, the Parties agree as follows:

I. DEFINITIONS

A. "Owner": (i) _______________ (ii) any subsequent purchaser (whether an occupant purchaser or non-occupant titleholder), devisee, successor trustee, transferee, or grantee of an owner or subsequent purchaser, or (iii) any other holder of title to the Property, or any portion thereof, or interest therein, other than the Institutional Lender holding the Institutional Lender First Deed of Trust or easement holders.

B. "Encumber" or "Encumbrance": any mortgage, deed of trust, lien, security agreement or other instrument with respect to the Property intended to secure an obligation or indebtedness.

C. "First Deed of Trust": A deed of trust which is recorded in first position, senior to any other deeds of trust against the Property, and which is made by Owner as trustor as security for purchase money financing or for other financing, and which has been approved by the County in advance in writing.

D. "Institutional Lender": Any FDIC-insured bank or any other lender which is licensed by the State of California or the United States Department of Housing and Urban Development ("HUD") to engage in the business of providing mortgage financing (purchase money or refinancing) for residential real property.

E. "Institutional Lender First Deed of Trust": A First Deed of Trust made by an Institutional Lender.

F. "Household": All those persons – related or unrelated – who occupy a single housing unit.

G. "Maximum Sales Price": The highest price for which an Owner is allowed to sell the Property, inclusive of real estate commissions and closing costs.

The Maximum Sales Price shall be calculated through the following formulas, assuming a thirty-year fixed interest rate mortgage and assuming that all payments are to be monthly:

Maximum Sales Price = 0.8 x (Affordable Mortgage Amount + 5% Down Payment [rounded to the nearest hundred dollars]).

"Affordable Mortgage Amount" =

Affordable Monthly Mortgage Payment × ((1 +R value) 360 payments - 1)÷ ((R value)× (1+R value) 360 payments).

"R value" = Annual Mortgage Interest Rate ÷ 12 months.

"Affordable Monthly Mortgage Payment" =

(30% × (Target Household Income ÷ 12 months)) - (Insurance Payment + Property Tax Payment + HOA Dues). "Target Household Income" = 80% of AMI.

H. "Maximum Monthly Rent": The maximum monthly rent for the Property, in accordance with the maximum monthly rental rates established, periodically revised, and published annually by the County's Community Services Department ("CSD") , determined as described in the Housing Element, Implementation Guidelines, or as otherwise dictated by applicable State or federal programs.

Maximum Monthly Rent is only applicable when the Owner has met the hardship requirements for rental of the Property as set forth in Section IV.C of this Covenant, and when the Property is being leased as provided therein.

I. "Area Median Income" or "AMI": The median family income of a geographic area of the State, as defined in California Health & Safety Code Section 50093, as may be amended or renumbered, adjusted for family size. The AMI for a household of four is updated and released annually by HUD. The State of California Housing and Community Development Department ("State HCD") adopts AMI for each county in California after applying an adjustment factor to calculate the AMI for different household sizes.

J. "Principal place of residence": The place where a person or persons reside(s) on a full-time basis.

K. "Residential Real Estate": Real property including developed or undeveloped residentially zoned land and improvements thereon, including, but not limited to, mobile homes or manufactured homes when owned by the owner of such real property.

L. "Transfer": Any sale, conveyance, assignment, or transfer, directly or indirectly, whether voluntary or involuntary, by operation of law or otherwise, whether by deed, contract of sale, gift, devise, bequest, trustee's sale, deed in lieu of foreclosure, or otherwise, of any interest in the Property, including but not limited to, a fee simple interest, joint tenancy, life estate, leasehold, or an interest evidenced by a contract pursuant to which possession of the Property is transferred and Owner retains title to the Property.

M. "Qualified Transferee": A person to whom the Property is transferred in accordance with Sections VII, VIII, and IX of this Covenant.

N. "Effective Date": The first date as of which this Covenant is duly executed by all of the parties hereto.

O. "Eligible Household": A Low-income household whose income does not exceed 80% of AMI.

P. "Low-Income Household" means a household whose annual gross income does not exceed 60% of Area Median Income, adjusted annually and for family size by County HCD.

II. TERM AND ENFORCEABILITY

A. Term

Effective as of the Effective Date, this Covenant shall bind the Owner and Owner's heirs, legal representatives, executors, successors in interest and assigns, and the benefit hereof shall inure to the County, its successors, designees, and assigns until the date that is **55 years** after the Effective Date of this Covenant, subject to tolling and extension as set forth in this Covenant ("Term").

B. Covenants Running With the Land; Equitable Servitude

The Property is held, and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to all of the covenants, conditions, restrictions and limitations contained herein and in that document entitled "Agreement to Provide Affordable Housing" executed by the parties on [MM/DD/YYYY] and recorded on [MM/DD/YYYY], as Instrument No. [xxxx-xxxxxxx], in the office of the Recorder of Santa Barbara County, California ("Agreement to Provide").

The covenants and restrictions set forth herein shall be covenants running with the land, which shall pass to and be binding upon all parties having any interest in the Property throughout the Term. Each and every contract, deed, lease, or other instrument covering, conveying, or otherwise transferring the Property or any interest therein, as the case may be ("Contract"), shall conclusively be held to have been executed, delivered, and accepted subject to this Covenant, regardless of whether the parties to such Contract have actual knowledge of this Covenant.

The Owner and the County hereby agree and declare their further understanding and intent that: (i) the covenants and restrictions contained in this Covenant shall be construed as covenants running with the land pursuant to California Civil Code section 1468, and not as conditions which might result in forfeiture of title by Owner; (ii) the burden of the covenants and restrictions set forth in this Covenant touch and concern the Property in that the Owner's legal interest in the Property may be rendered less valuable thereby; and (iii) the benefit of the covenants and restrictions set forth in this Covenant touch and concern the land by enhancing and increasing the enjoyment and use of the Property by Eligible Households who may purchase the Property, the intended beneficiaries of such covenants and restrictions.

All covenants and restrictions contained herein without regard to technical classification or designation shall be binding upon Owner for the benefit of the County, and such covenants and restrictions shall run in favor of such parties for the entirety of the Term, without regard to whether the County is an owner of any land or interest therein to which such covenants and restrictions relate. In the event of a conflict between the terms of the Agreement to Provide and the terms of this Covenant, the terms of this Covenant shall prevail unless specifically indicated otherwise.

C. Binding Effect

Any purchaser or transferee of the Property or of any portion of or interest in the Property, by the acceptance of a deed therefore, whether from Owner or from any subsequent owner of the Property, or by the signing of a contract or agreement to purchase the same, shall, by the acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to, accepted, and agreed to be bound by all of the covenants, conditions, restrictions and limitations set forth herein and in the Agreement to Provide.

D. Enforceability

In order to preserve through this Covenant the affordability of the Property for persons of **Low-income (up to 80% AMI)**, the Owner for itself and all successors and assigns, hereby grants and assigns to the County the right to review and enforce compliance with this Covenant and Chapter 46 of the Santa Barbara County Code, and in furtherance of this right, grants to the County an Assignment of Rents, described under Section XIII of this Covenant, and an Option to Purchase the Property, described under Sections III and XIV of this Covenant, the right to collect liquidated damages for certain violations as described in Section XIII of this Covenant, and assigns to the County any and all proceeds payable to the Owner from a foreclosure or deed in lieu of foreclosure in excess of the Maximum Sales Price, as described in Section XII.B of this Covenant.

In the event of any violation of any of the provisions of this Covenant, or the submission to the County of any document or certification in connection with this Covenant that contains false or misleading statements, the County may apply to a court of competent jurisdiction for specific performance of this Covenant, for an injunction prohibiting a proposed letting or Transfer of the Property in violation of this Covenant, to void an executed Transfer, and for penalties, remedies and enforcement pursuant to the Santa Barbara County Code, including, but not limited to, Section 46-10, or for any such other relief as may be appropriate.

III. DEED OF TRUST: SUBORDINATION; DEFAULT; NOTICE TO COUNTY; RIGHT TO CURE

A. Subordination

This Covenant shall be subject, and subordinate solely, to the lien of a County-approved Institutional Lender First Deed of Trust ("Approved Institutional Lender First Deed of Trust" and such Institutional Lender the "Approved Institutional Lender"), subject to the following conditions and limitations:

1. Limit on Amount

The amount secured by the Institutional Lender First Deed of Trust shall not exceed 95% of the Property purchase price paid by the Owner (the "Loan to Value amount"), plus any late fees and charges as may be permitted under the Institutional Lender First Deed of Trust; provided, however, that if the loan secured by the Institutional First Deed of Trust is made through a State or Federal loan or loan insurance program, the Loan to Value amount may be increased in conformity with the loan to value limits established by such State or Federal program. This Covenant shall not be subordinate to any Institutional Lender First Deed of Trust that exceeds such Loan to Value amount.

2. Default; Right to Cure

In the event of default under any deed of trust secured by the Property, including, but not limited to, an Approved Institutional Lender First Deed of Trust, the County shall have the same right as the Owner to cure the default and redeem the Property prior to foreclosure sale. Such redemption shall be subject to the same fees, charges and penalties which would otherwise be assessed against the Owner. Nothing herein shall be construed as creating an obligation on the part of the County to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of any underlying deed of trust or mortgage. Owner consents to the County executing a promissory note and deed of trust to secure the amount necessary to cure the default which will become a lien on the Property in favor of the County.

3. Right to Exercise Option

Any default under any deed of trust or mortgage with a power of sale encumbering the Property, including, but not limited to, the Approved Institutional Lender First Deed of Trust, shall trigger the County's right to exercise its option to purchase the Property, as described more fully in Section XIV, below ("Option").

4. Request for Notice of Default

The holder of the Approved Institutional Lender First Deed of Trust shall be under no obligation to provide notice of default to the County other than a duly filed request for notice of default under Section 2924b of the California Civil Code. In the event the County elects to exercise its Option, and notwithstanding anything herein to the contrary with regard to the rights of the County, the County must complete such purchase no later than the end of the period established by Section 2924c of the California Civil Code for the reinstatement of a monetary default under such deed of trust. In the event of the recordation of a notice of default, then the County shall be deemed to be Owner's successor in interest under California Civil Code Section 2924c (or successor section) solely for purposes of reinstatement of any mortgage on the Property that has led to the recordation of the notice of default. As Owner's deemed successor in interest, the County shall be entitled to pay all amounts of principal, interest, taxes, assessments, homeowners' association fees, insurance premiums, advances, costs, attorneys' fees, and expenses required to cure the default. If the County exercises the Option, then any and all amounts paid by the County pursuant to this section shall be deducted from the Option Sale Price.

B. Rights Under Approved Institutional Lender First Deed of Trusts

Subject to the conditions and limitations set forth herein, this Covenant shall not impair the rights of an Approved Institutional Lender, under an Approved Institutional Lender First Deed of Trust, to foreclose or take title to the Property pursuant to the remedies of the Approved Institutional Lender First Deed of Trust, or accept a deed in lieu of foreclosure in the event of default by a trustor under the Approved Institutional Lender First Deed of Trust. Subsequent to the Approved Institutional Lender, or its successors and assigns, acquiring title through foreclosure sale or accepting a deed in lieu of foreclosure under such Approved Institutional Lender First Deed of Trust, and payment to County of any excess proceeds as set forth in Section XII.B, below, (i) this Covenant shall terminate and be of no further force or effect as an encumbrance against the Property (or any owners, tenants or encumbrancers in the chain of title), and (ii) the Approved Institutional Lender or subsequent transferee may sell the Property to any purchaser at any price, or lease the Property to any tenant at any rental amount, without thereafter being subject to this Covenant, and (iii) at the request of such Approved Institutional Lender or its title insurer, County will execute a recordable instrument to confirm the termination of this Covenant.

C. Covenant Not Subordinate to Any Other Deeds of Trust

This Covenant shall be subordinate solely to an Approved Institutional Lender First Deed of Trust. All other deeds of trust recorded against the Property shall be subject to all of the terms and limitations of this Covenant including, but not limited to, the County's Option to purchase the Property for the Option Sales Price.

D. Notice to County by Owner

Owner shall provide the County with advance written notice of each deed of trust, financing instrument, mortgage, or other Encumbrance on or to be recorded against the Property, and shall provide the County with the information requested by the County to record a Request for Notice of Default. Owner shall not finance, refinance, or otherwise Encumber the Property without the County's prior written approval in each instance in accordance with Sections V, IX and XI, below.

IV. OCCUPANCY, LEASING AND OWNERSHIP OF OTHER REAL PROPERTY

A. Property Must be Used as Owner's Principal Residence

Owner shall occupy the Property as Owner's principal place of residence; provided, however, that Owner may lease the Property solely in accordance with Sections IV.B and C below. Owner's failure to comply with the owner occupancy requirement set forth in this Section IV.A ("Owner Occupancy Requirement") shall constitute a material violation of this Covenant. If County determines, in County's sole discretion, that Owner is in violation of this Owner Occupancy Requirement, County may exercise its Option to purchase the Property as set forth in Section XIV, below, so that the County may resell the Property to an Eligible Household and fulfill the purpose of the County's affordable housing program.

B. Rental of Property

Owner shall not rent or lease the Property, or otherwise Transfer any interest in the Property, without the prior written approval of the County in each instance. All requests for such consent must be in writing and delivered to County in accordance with the notice provisions set forth herein. The Director of CSD ("Director") may only approve a request to rent or lease the Property to the extent that (i) the Owner has met the hardship requirements for rental of the Property as set forth in Section IV.C of this Covenant, below, (ii) the Property is leased in accordance with the provisions of this Covenant, and (iii) such approval is consistent with the County's goal of creating, preserving, maintaining, and protecting the County's supply of affordable housing.

C. Personal Hardship Exemption

The Director may approve a Personal Hardship Exception to the Owner Occupancy Requirement if the Owner demonstrates Personal Hardship by submitting a written request to CSD (i) describing the cause of the Personal Hardship in accordance with Section IV.C.1, below, and (i) including supporting documentation that substantiates such request ("Personal Hardship Request").

1. Definition

The Director may grant a Personal Hardship Exception to the Owner Occupancy Requirement if the Director determines, in the Director's sole discretion, that one or more of the circumstances listed below will result in an economic hardship to the Owner ("Personal Hardship"): 1) An emergency or a long-term illness or injury of the Owner or a member of Owner's immediate family requiring medical attention; 2) the death of a member of the Owner's immediate family; 3) an involuntary transfer of Owner's primary place of employment to a geographic location more than 50 miles away from the Property, or termination of Owner's employment, other than for cause; 4) the Property is rendered uninhabitable due to casualty that is in no way attributable to any act or omission on or behalf of Owner; or 5) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of, and in no way attributable to any act or omission on or behalf of the Owner, as a result of which retention of the Property would result in a substantial and irrevocable loss of the Owner's investment in the Property. CSD's Personal Hardship determinations may depend upon the facts of each case.

2. Determination

Within 30 days of receiving a Personal Hardship Request, the Director's will make a Personal Hardship Exception determination either granting or denying such Personal Hardship Request. A Personal Hardship Exception may not be made to the extent that such hardship is or may be relieved by:

a. Liquidation of the Owner's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or

b. Reimbursement or compensation via insurance or otherwise.

3. Remedies

Upon determination by the County that a Personal Hardship exists, the Director may provide for the following in its written notice to Owner regarding such Personal Hardship Exception determination ("Personal Hardship Exception Determination Notice"):

a. Owner may market the Property for sale to Eligible Households. The Owner may rent the Property while it is for sale, provided that (i) the monthly amount of such rent does not exceed the Maximum Monthly Rent and (ii) the Owner continues to actively market the Property for sale.

b. If the Owner submits documentation to the County evidencing Owner's good faith effort to sell the Property for three consecutive months, despite which the Property has not sold, Owner may offer the Property for sale to households other than Eligible Households which are in the next-highest income category (e.g., a restricted upper-moderate unit may be marketed to both upper-moderate and middle median income households); provided, however, that the Property shall continue to be subject to all of the restrictions, terms and conditions of this Covenant, and the Property shall not be marketed or sold for more than the Maximum Sales Price.

4. Submittal of Approved Rental Agreement to County

In the event that Owner desires to lease the Property while the Property is for sale, in accordance with a Personal Hardship Exception Determination Notice, Owner shall first obtain the Director's written approval of the form of lease agreement for the Property with a month-to-month lease term, including the amount of monthly rent to be charged thereunder ("Form of Lease Agreement"). Following the Director's written approval of the Form of Lease Agreement, Owner may enter into a lease agreement for the Property using the Form of Lease Agreement ("Lease Agreement"), and shall, within 3 business days of executing such a Lease Agreement, provide a true and correct copy of the Lease Agreement, the names of the tenant(s), the amount of monthly rent being charged, and the new temporary address of the Owner. Owner shall not amend any Lease Agreement without the Director's prior written approval in each instance. Owner shall notify CSD within three (3) days of the termination of any Lease Agreement, and within three (3) days of Owner's re-occupation of the Property. Owner shall not rent or lease the Property other than in accordance with this Section IV.C.4, and Section IV.C.3, above.

D. No Ownership of Other Residential Real Estate

Owner shall NOT, without County's prior written consent in each instance, have any form of ownership or ownership interest, whether direct or indirect, in whole or in part (including, but not limited to, long-term leasehold, or via partnership, limited partnership, corporate, or limited liability company interest(s)) in or to any Residential Real Estate other than the Property while Owner retains any interest in the Property. Violation of the foregoing provisions of this Section IV.D. shall constitute a material breach of this Covenant and default hereunder, for which the County may pursue any and all available remedies at law and in equity.

V. REQUIREMENTS FOR COUNTY APPROVAL OF TRANSFER, REFINANCE, OR OTHER ENCUMBRANCE

A. Approval of All Proposed Transfers, Financing, Refinancing Required

Except as provided in Section III, above, and Section V.B below, the Property shall not be Transferred, financed, refinanced, or otherwise Encumbered in any way without the prior written approval of HCD in each instance. A Transfer in violation of section V shall be voidable and may subject the Owner to cumulative remedies as set forth in Section XIII below. In addition, the running of the Term of this Covenant shall be tolled during any period when the Property has been Transferred, or purportedly Transferred, in violation of this Covenant.

In the event that the Property is Transferred by inheritance or devise to a person or person not meeting the requirements contained in this Covenant, including but not limited to the income, household size and asset requirements contained in the County's eligibility certification guidelines and owner occupancy requirements, the devisee or beneficiary shall sell the Property subject to the terms of this Covenant, including, but not limited to, Section VI.C. and Section XIV.A. regarding the County's Option to Purchase rights, as soon as practicable.

B. Exceptions

The following transfers are exceptions to the requirements of Section V.A, above, and do not require HCD's prior written approval; provided, however, that Owner is required to notify HCD in writing upon any of the following transfers, and such transfers may trigger resale obligations as set forth in Sections IX.D and XII.A., below:

1. Death

A transfer resulting from the death of an Owner where the Property is transferred to the spouse, who was a co-owner prior to the transfer.

2. Marriage

A transfer by an Owner where the Owner's spouse becomes the co-owner of the Property.

3. Divorce

A transfer resulting from a decree of dissolution of a marriage or legal separation from a property settlement agreement incidental to such a decree by which a spouse who is an Owner become the sole Owner of the Property.

VI. COUNTY OPTION TO PURCHASE UPON PROPOSED TRANSFER

A. Grant of Option and Right of First Refusal

In consideration of the benefits received by Owner, Owner hereby grants to the County, and the County hereby accepts an Option to purchase the Property, which the County may exercise anytime Owner lists, offers, or otherwise makes the Property, or any interest in the Property, available for a potential Transfer.

B. Notice to County

Anytime during the Term of this Covenant when Owner intends to offer to Transfer the Property or any portion thereof or any interest therein, Owner shall give to the County written notice at the address and in the manner specified in Section XVI.E, below, of Owner's intent to Transfer the Property ("Transfer Notice"). The Transfer Notice shall specify the proposed price for such Transfer with respect to the Property, which proposed price shall not exceed the Maximum Sales Price, or equal an amount less than the total amount of all liens encumbering the Property. After the County's receipt of such Transfer Notice, the County's Housing and Community Development Division ("HCD") staff or designee shall be granted access within 7 days to inspect the Property for damage and to determine whether any repair(s) and/or deferred maintenance ("Deferred Maintenance and Repairs") is required to put the Property in a good and salable condition, as reasonably determined by HCD staff, prior to any sale or other Transfer of the Property. Prior to any sale or Transfer of the Property, other than to the County, Owner shall undertake all such Deferred Maintenance and Repairs to the satisfaction of County.

The Maximum Sales Price has been set to include allowance for a real estate sales commission and closing costs, and Owner may not require subsequent Owners of the Property to pay any commissions or other costs of sale typically paid by sellers of residential real property.

To help assure continued affordability to subsequent Owners, no increase in the Maximum Sales Price will be allowed for Property improvements made by or on behalf of the Owner, or at Owner's direction, or subject to Owner's control. The Owner may make legal and permitted improvements (with the exception of adding bedrooms), but will not be compensated, whether upon the sale of the Property or otherwise, for any improvements on or to the Property. At any given time, the Maximum Sales Price may be greater than the fair market value of the Property, and there is no guarantee or assurance that the Owner will be able to sell the Property for the Maximum Sales Price. The County does not guarantee any minimum price with respect to any Transfer of the Property by Owner.

C. Exercise of County Option

The Option may be exercised by County at the times and in the manner set forth below:

1. The County shall have 90 days after receipt of a Transfer Notice from Owner to provide Owner with written notice of the County's intent to exercise its Option to purchase the Property ("Notice of Intent").

2. Should the County be required by law to request approval from the County Board of Supervisors before exercising the Option to purchase the Property, such 30-day time limit may be extended by HCD in order to receive such approval from the County Board of Supervisors. Once HCD provides to Owner a Notice of Intent to exercise the Option to purchase the Property, the County shall then have an additional 90 days to execute a purchase agreement for the Property for the following Option Sale Price:

   The lesser of:

   a. The Maximum Sales Price *less* an amount equal to the sum of (i) six percent (6%) of the Maximum Sales Price, to cover the County's resale costs, plus (ii) the amount of all Deferred Maintenance and Repairs, if any; or,

   b. The appraised value of the Property as determined by a California State-licensed appraiser approved by Owner and County Housing and Community Development Division, *less* an amount equal to the sum of (i) six percent (6%) of such appraised value, to cover the County's resale costs, plus (ii) the amount of all Deferred Maintenance and Repairs, if any.

   Provided, however, that in no event shall the Option Sale Price be less than:

   c. The amount necessary to pay the balance then-due on the outstanding County-approved First Deed of Trust, or any refinancing with respect to the Property that was approved by HCD.

D. Term of Option

The County may exercise the Option in accordance with the provisions of this Covenant at any time during the Term.

VII. <u>TRANSFER OF PROPERTY TO PRIVATE PARTY</u>

A. County Option to Select Purchaser

HCD may adopt a program whereby the County selects purchasers of affordable units whose owners have notified County of their intent to transfer their affordable unit ("Affordable Unit Purchaser Program"). If the County has not exercised its Option to purchase the Property during the Term of this Covenant pursuant to Sections III, VI and/or XIV, and if County has adopted such an Affordable Unit Purchaser Program, Owner shall be required to transfer the Property to such

County-selected purchaser for the Maximum Sales Price in accordance with the terms of such Affordable Unit Purchaser Program, this Section VII, and Sections VIII, IX and X, below.

B. Owner's Right to Transfer

If the County has not adopted an Affordable Unit Purchaser Program, and County has not exercised its Option to purchase the Property pursuant to Sections III, VI and/or XIV, this section VII.B shall apply, and Owner shall have the right to Transfer the Property to a Qualified Transferee, subject to the terms and conditions of this Section VII, and Sections VIII and IX below.

C. Approval of Transfer by County

1. HCD shall oversee any sale or other Transfer of the Property to a Qualified Transferee. No sale or other Transfer of the Property shall occur under this Section VII without the prior written approval of the Director in each instance.

2. The Director may approve a proposed Transfer of the Property, provided that (i) Owner is not in breach of or default under this Covenant, (ii) the County does not elect to exercise its Option under Sections III, VI and/or XIV, and (iii) the County has determined that each of Owner and Owner's proposed Qualified Transferee(s) have complied with all of the requirements and provisions of this Covenant and then-current County affordable housing policies.

3. Each proposed Qualified Transferee of the Property shall complete, execute and deliver to HCD an Application for Eligibility Certification, in the form approved by HCD. Such proposed Qualified Transferee applicant ("Qualified Transferee Applicant") shall provide to the County all additional information requested by HCD to supplement such Application for Eligibility Certification, to verify such proposed Qualified Transferee's income.

Each Qualified Transferee Applicant shall be held liable for the accuracy of information provided. HCD will review each complete Application for Eligibility Certification and determine whether the Qualified Transferee Applicant(s) meet the County's eligibility standards.

4. In connection with such Application for Eligibility Certification, Owner shall submit to HCD the proposed sales contract, escrow Instructions, and all other related documents that set forth the terms of proposed Transfer of the Property to the Qualified Transferee Applicant ("Proposed Transfer Documents"). The proposed sales contract shall incorporate information including, but not limited to, all of the following:

a. Sales price;

b. The down payment to be paid by the Qualified Transferee;

c. All other amounts of money and other consideration, if any, to be paid by the Qualified Transferee to the Owner, or any other person or entity, in connection with the Property or the proposed Transfer, and the reason for such payment(s);

d. Financing terms of the new First Deed of Trust to be executed by the Qualified Transferee as the new Owner;

e. The monthly payments to be paid by the Qualified Transferee in connection with the proposed Transfer and ownership of the Property, itemized to reflect taxes, insurance, and homeowner's association fees.

5. In connection with its Application for Eligibility Certification, each Qualified Transferee Applicant shall submit to HCD information including, but not limited to, all of the following, to enable HCD to determine the eligibility of such Qualified Transferee Applicant:

a. Documents evidencing such Qualified Transferee Applicant's identity;

b. Documents evidencing such Qualified Transferee Applicant's residency;

c. Documents evidencing such Qualified Transferee Applicant's income and assets;

d. Documents evidencing such Qualified Transferee Applicant's savings and recent bank activity;

e. Documents evidencing all of such Qualified Transferee Applicant's current debts;

f. All documents evidencing all terms, conditions, and provisions of such Qualified Transferee Applicant's loans in connection with the Transfer.

6. The County reserves the right to collect a reasonable fee to cover HCD's costs of verifying such information and administering its rights and obligations under this Covenant.

7. No goods or services shall be sold by Owner to the Qualified Transferee in connection with the transfer of the Property.

VIII. <u>ELIGIBILITY OF QUALIFIED TRANSFEREE TO PURCHASE</u>

Owner shall not Transfer the Property to any proposed Qualified Transferee without County's prior written approval of such Qualified Transferee, or in violation of any of the following requirements:

A. Each Qualified Transferee shall meet the County's then-current qualification guidelines for the income category of the Property including those pertaining to household size and income.

B. Each Qualified Transferee shall certify such Qualified Transferee's intent to occupy the Property as such Qualified Transferee's principal place of residence.

C. No Qualified Transferee Applicant shall own any other Residential Real Estate at the time of such Qualified Transferee Applicant's Application for Eligibility Certification, or at any time during the three-year period immediately preceding such Qualified Transferee's purchase of the Property. The prohibition set forth in the first sentence of this Section VIII.C. may only be waived by HCD in writing prior to any Transfer of the Property to such Qualified Transferee Applicant for good cause on a case-by-case basis.

IX. REQUIREMENTS FOR APPROVED TRANSFER TRANSACTION

A. Price

The Transfer price shall not exceed the Maximum Sales Price.

B. Recordation of Replacement Covenant

Upon Transfer of the Property, each Owner and Qualified Transferee shall execute and cause the recordation of a new Grant of Preemptive Right Resale Restriction Covenant and Option to Purchase secured by Deed of Trust ("Replacement Covenant") in form approved by HCD and substantially similar to this Covenant and the Deed of Trust securing this Covenant, as may be revised to reflect changes to the County's adopted affordability policies, and which shall supersede this Covenant and the Deed of Trust securing this Covenant.

C. Escrow Documents

Each Owner and Qualified Transferee shall approve and sign the HCD's instructions to the escrow agent regarding the requirements of this Covenant and County financing, if any. At least 10 business days prior to the scheduled close of escrow for the Transfer of the Property, Owner and Qualified Transferee shall provide to HCD a true and correct copy of the final sales contract, estimated final settlement statement, signed escrow instructions, and any other document that HCD may reasonably request.

D. Unapproved or Fraudulent Transfer

In the event any Transfer of the Property is made in violation of this Covenant, or false or misleading statements are made in any documents or application submitted to HCD for its approval of any Transfer or proposed Transfer, the County may declare a default under this Covenant. The County shall also have the right to file actions at law or in equity to force the parties to terminate and rescind any such Transfer contract and declare the purported Transfer void, notwithstanding the fact that the Transfer may have closed and become final as between the Owner and such transferee. In any event, all costs, liabilities, and obligations incurred by the Owner and Qualified Transferee for the return of any moneys paid or received in violation of this Covenant, and for all costs and legal expenses incurred by County in the enforcement of this Covenant, shall be borne by the Owner, and not by the County.

E. County Review

As soon as possible after the County has received all completed executed documents set forth above and any additional information requested by the County, the Director, shall notify escrow in writing that the County consents to the Transfer of the Property to the Qualified Transferee. Any Transfer of the Property without such County approval shall constitute a breach of this Covenant, and shall subject the Owner to the County's cumulative remedies as set forth in Section XIII of this Covenant.

X. [INTENTIONALLY OMITTED]

XI. REQUIREMENTS FOR COUNTY APPROVAL OF FINANCING OR REFINANCING

A. Approval by County

The terms of all financing secured by the Property must be approved by the Director in writing in advance. Purchase financing and refinancing may only be provided by licensed institutional lenders.

B. Requirements for Approval of Refinancing

1. The Owner is in full compliance with this Covenant.

2. The terms of the new loan are more favorable than the old loan.

3. Owner's total secured loans-to-value ratio does not exceed the amount allowed under section III.A.1, above.

4. The debt payment-to-income ratio will not be higher than it was upon Owner's purchase of the Property.

5. the refinance does not result in Owner receiving any cash from the refinance other than as approved in advance by the County in writing.

6. Financing which may result in balloon payments or negative amortization including "reverse mortgages" will not be approved.

7. The total outstanding balance of principal and all accrued interest on all loans secured by the Property does not exceed the Maximum Sales Price

C. Modification of Financing Requirements

Section XI.B above may not be waived or amended other than by the Director, in the Director's sole discretion, in the event that Owner demonstrates need or other good cause.

D. Unapproved Financing

Securing any financing against the Property that has not been approved in writing in advance by the Director shall constitute a material default of this Covenant which will trigger the County's option to purchase the Property as set forth in Section XIV, below.

XII. BEQUEST OR FORECLOSURE, INSURANCE AND CONDEMNATION

A. Transfers by Operation of Law

In the event of a Transfer of the Property by operation of law such as by devise or bequest not exempted under Section V.B above, to any transferee who is not a Qualified Transferee, the transferee or the estate of the decedent shall be bound by the provisions of this Covenant; provided, however, that HCD may allow such a transferee a reasonable period of time to transfer the Property to a Qualified Transferee in conformance with all of the provisions of this Covenant, including the Maximum Sales Price.

B. Excess Foreclosure Funds Payable to County

In the event that the Property is Transferred through foreclosure, a deed in lieu of foreclosure or a trustee's deed upon sale, a default in a contract of sale, or through any other means, for the purpose of curing or preventing the default by Owner on a loan or obligation, all compensation therefore in excess of the Maximum Sales Price shall be due and owing to the County. However, this Covenant will continue in full force and effect to bind the Property and subsequent owners other than pursuant to foreclosure by Approved Institutional Lender under the Approved Institutional Lender First Deed of Trust.

C. Insurance Proceeds

All hazard insurance proceeds received by the Owner which are not used to repair or rebuild the Property, and any condemnation award collected by the Owner, shall be distributed as follows:

1. First, to an Institutional Lender claiming under an Institutional Lender First Deed of Trust.

2. Second to any other Lenders and to Owner but only up to a combined amount (including a loan of an Institutional Lender First Deed of Trust) of the Maximum Sales Price, all as according to the recording priority of their deeds of trust against the Property and as otherwise provided by law.

3. If any funds remain after the Owner has been paid in accordance with the provisions of this Covenant, the remainder shall be paid to the County.

XIII. DEFAULTS AND REMEDIES: ASSIGNMENT OF RENTS

A. Notice of Default

Upon any violation of the provisions of this Covenant, the County may declare a default under this Covenant by delivering written notice thereof to the Owner. Upon the declaration of a default, the County may purchase the Property as set forth in Section XIV, or apply to a court of competent jurisdiction for specific performance of the Covenant, for an injunction prohibiting a proposed sale or other Transfer in violation of this Covenant, for a declaration that the prohibited Transfer violates this Covenant and is, therefore, void, to assess liquidated damages as set forth in Section XIII.D, and/or for any such other relief as may be appropriate.

B. Assignment of Rents

Owner hereby assigns to County the right to receive the rents due or collected during the entire period the Property is occupied in violation of any of the terms of this Covenant.

C. Remedies Not Exclusive

The remedies stated herein shall not be exclusive, but shall be cumulative to all other remedies and rights the parties hereto may lawfully exercise.

D. Liquidated Damages

Owner understands that the County's objective in requiring this Covenant is to ensure that the Property remains affordable for a period of at least fifty-five (55) years, or longer in the event of unapproved or fraudulent Transfers or in the case of a violation of this Covenant, and that should Owner Transfer the Property in violation of the requirements set forth herein, the public interest would be prejudiced and the County would thereby be damaged. The parties hereto agree that it is impracticable and extremely difficult to fix the extent of actual damages to County from such a breach. However, the parties hereto have made reasonable efforts to establish fairly the amount of compensation, and agree that a fair and reasonable amount owing to the County for such a breach by the Owner as liquidated damages would be as follows:

Note: Liquidated damages for multiple violations are cumulative.

1. **If Property is rented in violation of this Covenant, the Owner shall be liable to the County for damages in an amount equal to the total amount of rent collected.**

2. **If it is determined that false or misleading information was supplied by the Owner to HCD, a Transfer may be voided or County may require that the Owner transfer the Property to a Qualified Transferee in compliance with the terms of this Covenant. In addition, Owner shall be liable to the County for an amount equal to the Maximum Monthly Rent for the Property for each month (and fraction of a month, if applicable) of the period(s) during which the Owner is in violation of this Covenant.**

3. **If Owner does not truthfully respond to any County surveys of property owners within 30 days of receiving such survey, Owner shall be liable to County in the amount of $5.00 per day for each day following the thirty first (31st) day after Owner received such survey until such survey is completed and returned to the County or the County's authorized agent, as directed by County in connection with such survey. This amount represents the County's reasonable additional costs of administering the survey.**

4. **The amounts stated above shall be in addition to any fines and penalties that may be owed under applicable County ordinances.**

Owner hereby agrees to the above liquidated damages provisions ______________
(Owner's initials)

XIV. PURCHASE OPTION UPON DEFAULT

A. Option to Purchase Upon Default

In addition to the remedies provided the County elsewhere in this Covenant, Owner hereby grants to the County the option to purchase the Property effective upon an event of default hereunder ("Default Option").

The Default Option may be exercised upon a default under this Covenant or upon default under any notes Owner has executed in favor of the County, or any deed of trust, or any other lien, including, but not limited to, a judgment, tax or homeowner's association lien, recorded against the Property. The County shall have thirty (30) days after declaring a default or receiving notice that a default is declared on any other obligation secured by this Property to notify the Owner of its decision to exercise its Default Option ("Default Option Notice"). Not later than sixty (60) days after the certified mailing of such Default Option Notice, the County or its assignee may purchase the Property for the Option Sale Price.

XV. COUNTY REQUIREMENTS AND AUTHORIZATIONS FROM OWNER

A. County Requirements from Owner Regarding Compliance Monitoring

1. Annual Surveys

a. Upon written request by HCD, Owner shall submit an Annual Survey, signed by Owner, truthfully certifying information requested by HCD therein, which may include, but is not limited to: (i) Owner's statement that Owner has at all times since the immediately preceding Annual Survey, occupied the Property and complied with all provisions of this Covenant, and (ii) Owner's disclosure and explanation of any violation of any provision of this Covenant.

b. Owner shall mail or deliver the Annual Survey required under this Section XV.A to the County as follows:

Housing and Community Development
County of Santa Barbara
123 East Anapamu Street #202
Santa Barbara, CA 93101-2062

or to such other person or address as may be designated by the County.

c. Failure to provide the Annual Survey or any other report required hereunder within 30 days of the date specified by the County for the delivery of such Annual Survey or other report, or any misrepresentations in such Annual Survey or other report, shall constitute a material default under this Covenant subject to the enforcement provisions of this Covenant.

2. Audits

By signing this Covenant, Owner covenants for itself and all of Owner's heirs, legal representatives, executors, successors and assigns that, for the Term, the County may audit Owner's household for the purpose of evaluating or re-evaluating Owner's eligibility for purchase and occupancy of the Property and for compliance with the terms of this Covenant, including, but not limited to, the Owner Occupancy and income requirements and refinancing restrictions set forth herein. Owner for itself and all of Owner's heirs, legal representatives, executors, successors, and assigns, agrees to assist and cooperate with the County in any such audit. Such assistance and cooperation shall include, but not be limited to, promptly supplying any and all information reasonably requested by County including, but not limited to, tax returns, utility bills, bank statements and employment records, and signing any reasonably requested release of information forms. Owner hereby consents to and grants County the right to conduct financial background investigations, including, but not limited to, credit checks during the Term of the Covenant. If upon such audit it is determined that Owner supplied false or misleading information to the County, Owner's purchase of the Property may be voided in County's sole discretion and Owner shall be subject to the enforcement provisions set forth in this Covenant.

B. Owner's Continuing Authorizations to County

1. Right of County Housing and Community Development Division to Inspect Property.

Owner shall permit HCD the right to enter and inspect the Property during normal business hours upon at least 72-hours' advance notice to Owner. An Owner's refusal to permit inspection shall constitute a default under this Covenant.

2. Right of County Housing and Community Development Division to obtain status of Owner's loans.

Owner authorizes HCD to contact Owner's lender or lenders to obtain current loan status and loan information at any time without further written authorization from Owner.

XVI. ADDITIONAL PROVISIONS

A. Assignment

Owner shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise, this Covenant, or any of Owner's interest, rights, or obligations hereunder, without the prior written consent of County in each instance. The County may assign any or all of its rights and delegate any or all of its duties hereunder without the consent of Owner. Upon any such assignment, the County shall notify the Owner.

B. Purchase of Other Residential Real Estate

The Owner covenants that Owner has not and will not purchase, or execute any agreement to purchase, any other residential real property during the Term, including, but not limited to, in trust or any other form of ownership. HCD may, but shall in no event be required to, waive or modify the prohibition set forth in the immediately preceding sentence of this Section XVI.B in writing in advance in the event that Owner first demonstrates need or other good cause therefore, as determined by the HCD in HCD's sole discretion.

C. Severability

If any one or more of the provisions contained in this Covenant shall for any reason be held to be invalid, illegal or unenforceable by a court of competent jurisdiction, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Covenant, and this Covenant shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

D. Choice of Law; Venue

This Covenant shall in all respects be governed by and construed in accordance with the laws of the State of California.

E. Notices

All notices required herein shall be sent by certified mail, return receipt requested, (i) to the Owner at the address of the Property, and (ii) to the County at: Community Services Department, Housing and Community Development Division, Attn: Housing Programs, County of Santa Barbara, 123 E. Anapamu Street, #202, Santa Barbara, CA 93101, or such other address that the County may subsequently provide in writing to the Owner.

F. Recordation of Request for Notice of Default, Request for Notice of Delinquency

Owner agrees to permit the HCD to record a Request for Notice of Default and a Request for Notice of Delinquency at any time.

G. Entire Agreement

This Covenant, together with the Deed of Trust executed by Owner in favor of County and secured by the Property, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes any and all other prior negotiations, correspondence, understandings, and agreements with respect thereto. There are no representations, promises, agreements, or other understandings between the parties hereto relating to the subject matter of this Covenant that are not expressed herein. This Covenant may be modified only by an instrument in writing executed by all of the parties hereto.

H. Survival; No Merger

All of the terms, provisions, representations, warranties, and covenants of the Parties under this Covenant shall survive the close of escrow of any sale of the Property and shall not be merged in any deed transferring the Property.

I. Authority and Execution

Each Party represents and warrants that it has full power and authority to enter into this Covenant and to undertake all its obligations hereunder, that each person executing this Covenant on its behalf is duly and validly authorized to do so.

J. Waiver; Modification

No waiver or modification of this Covenant or any provision, condition, or limitation herein contained shall be valid unless in writing and duly executed by the Party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the Parties arising out of or affecting this Agreement or the rights or obligations of any Party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid. The provisions of this section may not be waived except as herein set forth. A waiver or breach of any covenant, condition or provision of this Covenant shall not be deemed a waiver of any other covenant, condition, or provision hereof.

K. Time of the Essence

Time is of the essence in this Covenant as to each provision in which time is an element of performance.

L. Further Assurances

Each Party will, upon reasonable request of the other Party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such further instruments and documents as may be reasonably necessary to fulfill the purposes of this Covenant.

M. Counterparts

This Covenant may be executed in counterparts, each of which shall be deemed an original, and all which together shall constitute one and the same instrument.

XVII. DECLARATION OF EACH OWNER

Each Owner hereby declares, certifies, and warrants that:

A. All of the financial and other information provided by such Owner in connection herewith is true and complete in all respects.

B. Such Owner has received a copy of this Covenant and agrees to comply with the all of the provisions of this Covenant.

C. No persons or entity will be on title to the Property other than as listed below as Occupant Purchasers or Non-Occupant Title-holders. Owner understands that no other person or entity shall be listed on the title to the Property without the prior written consent of HCD in each instance.

D. Owner has not paid and shall not pay any consideration to anyone, or any real estate commissions, or any costs normally paid by sellers, except as already disclosed in the purchase contract and escrow instructions which have been delivered to and approved by the County Housing and Community Development Division.

E. Owner understands and agrees that any false statements or misrepresentations to the County in connection with this Covenant will constitute a default under this Covenant, and may constitute fraud.

(Signatures appear on the following page. No further text appears on this page.)

IN WITNESS WHEREOF, the Parties have executed this Covenant as of the date written below.

DATED:________________

OWNERS/OCCUPANTS:

[TBD]

By:______________________________
Name: ______________________________
Its: ______________________________

NOTE: This Covenant will be recorded; a notary must acknowledge the signature of the above parties.

California All Purpose Acknowledgment

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

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On ______________________, 2026, before me, ______________________________, Notary Public, personally appeared ________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

____
Signature
My Commission expires: ____________________

IN WITNESS WHEREOF, the Parties have executed this Covenant as of the date written above.

COUNTY:

County of Santa Barbara Community Services Department, Housing and Community Development Division

By:________________________________
Name: ______________________________
Its: Affordable Housing Programs Manager

NOTE: This Covenant will be recorded; a notary must acknowledge the signature of the above parties.

APPROVED AS TO FORM:

COUNTY COUNSEL

By: ______________________
Name: Rachel Van Mullem
Its: Deputy County Counsel

California All Purpose Acknowledgment

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

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On ________________________, 2026, before me, ______________________________, Notary Public, personally appeared ________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

____
Signature
My Commission expires: ____________________

EXHIBIT A
TO
GRANT OF PREEMPTIVE RIGHT:
RESALE RESTRICTION COVENANT
AND OPTION TO PURCHASE
SECURED BY DEED OF TRUST

Legal Description

EXHIBIT B
TO
GRANT OF PREEMPTIVE RIGHT:
RESALE RESTRICTION COVENANT
AND OPTION TO PURCHASE
SECURED BY DEED OF TRUST

Deed of Trust with Assignment of Rents

RECORDING REQUESTED BY AND RETURN TO:

Community Services Department
Housing and Community Development Division
Attn: Property Management
County of Santa Barbara
123 East Anapamu St, #202
Santa Barbara, CA 93101-2062

NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 27383

APN: **xxx-xx-xxx**

DEED OF TRUST WITH
ASSIGNMENT OF RENTS

THIS DEED OF TRUST, ASSIGNMENT OF ("Deed of Trust") is made as of this ____ day of ____, 2021 by **OWNER VESTING** ("Trustor"), to __________ **Title Company**, as trustee ("Trustee"), for the benefit of the County of Santa Barbara, a public body corporate and politic ("Beneficiary").

GRANT IN TRUST

1. GRANT. Trustor, hereby irrevocably grants and conveys to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, all of Trustor's interest in the property located at **SUBJECT PROPERTY ADDRESS** in an unincorporated area of Santa Barbara County, California, as more particularly described in Exhibit A, incorporated herein by this reference (the "Property"); the Property is a condominium unit in that certain common interest development commonly known as the **PROJECT NAME**.

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures, improvements, signs, and landscaping now or hereafter erected or located on the Property, together with rents, issues and profits.

All of the foregoing, together with the Property, is herein referred to as the "Security."

OBLIGATIONS SECURED

2. OBLIGATIONS. Trustor makes this grant for the purpose of securing the following obligations:

A. That certain RESALE RESTRICTIVE COVENANT AND PREEMPTIVE RIGHT ("Covenant") made by Trustor, to order of Beneficiary and extensions and renewals *thereof;* and

B. Payment of any sums advanced by Beneficiary to protect the security and priority of ________________ this Deed of Trust; and

C. Any liquidated damages accruing to Beneficiary under Covenant.

3. ENFORCEMENT. Upon the happening of a default under the Resale Restrictive Covenant and Preemptive Right recorded ***DATE OF COVENANT RECORDATION*** as instrument number ***INSTRUMENT NO.,*** in the Official Records of Santa Barbara County, Beneficiary may, in addition to OTHER rights and remedies permitted by the Covenant, this Deed of Trust, or applicable law: (a) enter upon, take possession of, and manage the Security, either in person as a mortgagee-in-possession, by agent, or by a receiver appointed by a court, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Security, (b) collect all Rents, including those past due and unpaid, and apply the same to pay for the costs and expenses of operation of the Security, including attorneys' fees, and pay off any indebtedness secured by this Deed of Trust, all in such order as Beneficiary may determine.

4. APPOINTMENT OF A RECEIVER. In any action to enforce this assignment, Beneficiary may apply for the appointment of a receiver to take possession of the Security and take whatever measures are necessary to preserve and manage the Security for the benefit of Beneficiary and the public interest. Trustor hereby consents to the appointment of a receiver. The receiver shall have all of the authority over the Security that Beneficiary would have if Beneficiary took possession of the Security under this assignment as a mortgagee-in-possession, including the right to collect and apply Rents.

5. NO WAIVER OF POWER OF SALE. The entering upon and taking possession of the Security and the collection of Rents shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or notice of default and, notwithstanding the continuance in possession of the Security or the collection and application of Rents, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

RIGHTS AND OBLIGATIONS OF TRUSTOR

6. PERFORMANCE OF SECURED OBLIGATION. Trustor shall promptly perform each obligation secured by this Deed of Trust in accordance with the Covenant.

7. FORECLOSURE BY INSTITUTIONAL LENDER. If the Security is foreclosed upon by an Institutional Lender which is the maker of a loan secured by a First Deed of Trust; and the Security is transferred through a trustee's sale, judicial *foreclosure* or deed in *lieu of* foreclosure by an Institutional Lender on a First Deed of Trust, Trustor shall promptly pay to Beneficiary the amount of surplus to which Beneficiary is entitled pursuant to **Section ____ of the Covenant**.

8. MAINTENANCE OF THE SECURITY. The Declaration of Covenants, Conditions and Restrictions ("CC&Rs"), recorded against the Security in the Official Records of Santa Barbara County, California provides that the Owners' Association ("Association") shall among other things provide exterior maintenance and repair of all condominiums in the common interest development. To the extent that the Association is not obligated to, or does not, maintain the Security under the CC&Rs, Trustor shall, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor shall not commit or permit waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security.

9. LIENS, ENCUMBRANCES, AND CHARGES. Except for purchase money loans, Trustor shall discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over *this* Deed of Trust.

10. DEFENSE AND NOTICE OF CLAIMS AND ACTIONS. Trustor shall appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security upon Trustor's receipt of notice thereof.

11. SUITS TO PROTECT THE SECURITY. Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or the rights of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain the enforcement of or compliance with any governmental legislation, regulation, or order, if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or be prejudicial to the interest of Beneficiary.

12. DAMAGE TO SECURITY. Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. Beneficiary acknowledges that Section 10.1 of the CC&Rs provides the mechanism by which a decision shall be made to repair or rebuild a damaged condominium unit and for payment of the expense of such rebuilding and repair.

13. TITLE. Trustor warrants that Trustor lawfully has legal title to the Security.

14. GRANTING OF EASEMENTS. Trustor may not grant easements, licenses, rights- of-way or other rights or privileges in the nature of easements **with** respect to the Security except those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or those required by law. Beneficiary acknowledges that certain easements have been granted with respect to the Security to other condominium owners in the Project and to the Association.

15. TAXES AND LEVIES. Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien *affecting* the Security. However, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven business days after receipt of such notice. *Any* amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of interest as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

16. CONDEMNATION. Subject to the rights of any senior lienholders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of taking all or any part of or interest in the Security under assertion of the power of eminent domain ("Funds") distributed to Trustor pursuant to **Article** ____ of the CC&Rs are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as Beneficiary shall determine at its sole option. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

Notwithstanding anything to the contrary set forth herein, Beneficiary shall, prior to the application of the Funds or any portion thereof to the indebtedness or other obligations, apply such portion of the funds as is reasonable and necessary to repair and preserve the value, marketability and rentability of the Security.

17. ACCELERATION ON TRANSFER OF SECURITY; ASSUMPTION. In the event that Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof or interest therein, Beneficiary may at its option declare all sums secured by this Deed of Trust to be immediately due and payable.

18. RECONVEYANCE BY TRUSTEE. This trust is intended to continue for the entire term of the Covenant. At the end of the term of the Covenant, upon written request of Beneficiary and upon payment by Trustor of Trustee's reasonable fees, Trustee shall re-convey the Security to Trustor, or to the person or persons legally entitled thereto.

DEFAULT AND REMEDIES

19. EVENTS OF DEFAULT. A default of a material term of the Covenant shall also constitute an Event of Default under this Deed of Trust.

20. ACCELERATION OF MATURITY. Upon the happening of an Event of Default Beneficiary may declare this Deed of Trust immediately due and payable.

21. BENEFICIARY'S REMEDIES. Upon the happening of an Event of Default Beneficiary may proceed with any or all of the following remedies:

A. Declare any and all sums advanced by Beneficiary to protect the security and priority of this Deed of Trust immediately due and payable by Trustor;

B. Enforce the assignment of rents and right to possession as provided for in this Deed of Trust, and/or seek appointment of a receiver to take over possession of the Security and collect Rents;

C. Cure any Monetary Default secured by the Property and add the amount of such payment to the amount owing to beneficiary;

D. Commence an action to foreclose this Deed of Trust pursuant to California Code of Civil Procedure Section 725(a) et seq. as amended, and/or seek appointment of a receiver from a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security;

E. Deliver to Trustee a written declaration of Default and demand for sale, and a written Notice of Default and election to cause Trustor's interest in the Security to be sold and exercise its power of sale as provided for below; or

F. Pursue any other rights and remedies allowed at law or in equity.

22. FORECLOSURE BY POWER OF SALE. Should Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust, and such receipts and evidence of any expenditures made or of liquidated damages accruing in favor of Beneficiary under the Covenant that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to the purchaser its deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at the sale.

Trustee may postpone the sale of all or any portion of the property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

23. APPLICATION OF SALE PROCEEDS. After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale as follows: first, to the payment of all sums then secured by this Deed of Trust, in such order and amounts as Beneficiary in its sole discretion determines; and second, the remainder, if any, to the person or persons legally entitled thereto.

24. REMEDIES CUMULATIVE. No right, power or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other rights, powers or remedies, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

25. SUBORDINATION. The terms and conditions of this Deed of Trust are and shall be subordinate to the terms and conditions of the CC&Rs. In addition, the terms and conditions of this Deed of Trust are and shall be subordinate to the liens, rights, duties and obligations of an Institutional Lender which is the maker of a purchase money loan secured by a deed of trust recorded in first position or a loan for refinancing of the Property that has been approved by the County and that is secured by a deed of trust recorded in first position.

The provisions of this Deed of Trust shall not impair the rights of an Institutional Lender with a loan on the Property meeting the requirements set forth above, to:

1. Foreclose or take title to the Property pursuant to the remedies in the Institutional Lender's deed of trust; or

2. Accept a deed or assignment in lieu of foreclosure in the event of default by a trustor; or

3. Sell or lease the Property to any person at any price, subsequent to exercising its rights under the Institutional Lender's deed of trust.

GENERAL PROVISIONS

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

27. STATEMENT OF OBLIGATION. Beneficiary may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

28. CONSENTS AND APPROVALS. Any consent or approval of Beneficiary required under this Deed of Trust shall not be unreasonably withheld.

29. TIME. Time is of the essence in this Deed of Trust.

30. NOTICES, DEMANDS AND COMMUNICATIONS. Formal notices, demands and communications between Trustor and Beneficiary 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 Trustor and Beneficiary as follows:

BENEFICIARY: County of Santa Barbara
123 E. Anapamu Street #202
Santa Barbara, CA 93101
Attn: PROGRAM MANAGER

TRUSTOR: [TBD]
____
____

31. BINDING UPON SUCCESSORS. All provisions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.

32. WAIVER. Any waiver by Beneficiary of any obligation of Trustor in this Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation under this Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

33. AMENDMENTS AND MODIFICATIONS. No amendment or modification to this Deed of Trust shall be effective unless in writing and duly executed by each of Beneficiary and Trustor.

34. PROOFS OF CLAIM. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, re-composition or other proceedings affecting Trustor, its creditors or its property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

35. SEVERABILITY. Every provision of this Deed of Trust *is* intended to be severable. If any term or provision of this Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected.

36. SUBSTITUTION OF TRUSTEES. Beneficiary may from time to time appoint another trustee to act in the place and stead of Trustee or any successor. Upon such appointment and without conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee.

37. ACCEPTANCE BY TRUSTEE. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written

TRUSTOR:

[TBD]

By: ______________________________
Name: ____________________________
Its: ______________________________

California All Purpose Acknowledgment

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

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On ________________________, 2026, before me, ________________________________, Notary Public, personally appeared _________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

____
Signature
My Commission expires: ____________________