

RECORDING REQUESTED BY AND RETURN TO

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

ATTN: HCD/Property Management

APN(s): 061-070-002

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

This Document Creates a Lien on Real Property

PROJECT NAME:
SBSR LLC APARTMENTS

PLANNING AND DEVELOPMENT CASE NUMBER:
22DVP-00000-00004

This Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right ("Agreement") by and between SBSR, LLC ("Owner-Developer"), and the County of Santa Barbara, a political subdivision of the State of California ("County") entered into effective as of the first date duly executed by all of the parties hereto.

RECITALS

WHEREAS, Owner-Developer proposes to develop a residential development consisting of TWENTY-TWO (22) units as described in Project Case Number 20DVP-00000-00004 to be called the SBSR LLC (the "Project"). Owner-Developer proposes to develop the Project on property owned by the Owner-Developer and identified as Assessor Parcel Numbers 061-070-002, located at 4555 Hollister Avenue, Santa Barbara, CA 93110, Second Supervisorial District, as more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Subject Property"); and

WHEREAS, the County has determined that the granting of approval for 20DVP-00000-00004 requires as Project Conditions of Approval that Owner and Developer provide affordable housing; and

WHEREAS, the Project Conditions of Approval require Owner and Developer to enter into and record an Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right; and

WHEREAS, pursuant to State Density Bonus Law (Cal. Gov't Code Sec. 65915 et seq.) Owner has received incentives in return for providing affordable housing units; and

WHEREAS, it is the intent of Owner that three (3) units within the Subject Property be leased in accordance with certain affordability criteria established by the County so that such units will remain affordable to Tenants, consistent with the provisions of State Density Bonus Law, the Housing Element of the Comprehensive Plan of the County of Santa Barbara, and the Project Conditions of Approval; and

WHEREAS, it is the intent of the parties hereto that this Agreement will place maximum rent restrictions on the Restricted Units and maximum income restrictions on Tenants eligible for the Restricted Units; and

WHEREAS, this Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right must be recorded prior to issuance of Zoning Clearance and satisfies the Project Condition of Approval No. 15; and

WHEREAS, the Owner-Developer shall submit proof of relocation payment or a replacement unit to all tenants to County Planning & Development prior to issuance of the first grading/building permit and satisfies the Project Condition of Approval No. 16, and

WHEREAS, the purpose of this Agreement is to assure that two (2) Restricted Units within the Subject Property remain affordable and available for lease by Very Low-Income Households (with incomes of up to 50% of the Area Median Income (AMI) and one (1) Restricted Unit remain affordable for lease by Low-Income Households (with incomes of up to 60% of the area median income) for the fifty-five (55) year term of this Agreement, commencing upon the date of filing of the Certificate of Occupancy for the Subject Property.

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

I. TERMS AND ENFORCEABILITY

- A. Owner agrees to construct on the Subject Property and thereafter maintain two (2) Restricted Units for rent to Very Low Income Households, defined as those households earning up to 50% of AMI and one (1) Restricted Unit for rent to a Low- Income Household, defined as a household earning up to 60% of area median income, pursuant to the Project Conditions of Approval, including, but not limited to, Project Conditions of Approval No. 15, which is set forth in Exhibit "B" attached hereto and incorporated herein by this reference (the "Restricted Unit(s)").

- B. This Agreement shall cease and be of no further force and effect without further action of any party following the date that is 55 years after the date of the filing of a Certificate of Occupancy for the Subject Property, provided, however, that such 55-year period shall be extended by an amount equal to the sum of all periods during which any of Owner or Developer or the Property is in violation of this Agreement (such 55-year period, as extended in accordance with this Section 1.B., the "Term").
- C. Owner shall construct three (3) Restricted Units on the Subject Property, concurrent with the construction of the market-rate units on the Subject Property 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 Restricted Units for that same phase of development.
- D. This Agreement shall bind and the benefit hereof shall inure to the Owner, its heirs, legal representatives, executors, trustees, successors in interest and assigns, regardless of how their interest in the Subject Property was acquired, and to the County, its successors, designees, or assigns during the Term of this Agreement. Upon transfer of the Subject Property, the benefits and restrictions of this Agreement shall run with the land.
- E. The Subject Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied, at all times during the Term, subject to the covenants, conditions, restrictions and limitations set forth herein. All of the herein stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land.
- F. Any purchaser, beneficiary, trustee, successor in interest or assignee of the Subject Property, or of any portion of or interest in the Subject Property, 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.
- G. Each lessee 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.
- H. In order to preserve, through this Agreement, the affordability of the Restricted Units for Very Low- and Low-Income Households, Owner for itself and all 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.

- I. In addition to the requirements set forth above, the prospective Tenant(s) of the Restricted Units shall meet County income eligibility requirements for the Very Low-Income category (up to 50% AMI) and/or the Low-Income category (up to 60% AMI). Eligibility of prospective Tenants shall be determined by the County Community Services Department (CSD); however, CSD may choose to authorize the Owner to conduct income certifications at the discretion of CSD and subject to review and monitoring by CSD, according to the County Affordable Housing income requirements and Administrative Guidelines in effect at the time of lease, including, but not limited to, income certification. All prospective Tenants of the Restricted Units shall execute an agreement to occupy such Restricted Unit as their primary residence. The maximum rental rates for the Restricted Units shall not exceed the maximum levels established and updated annually by the County of Santa Barbara's Housing and Community Development Division for Low-Income Households and Very-Low-Income Households, consistent with the provisions of the County of Santa Barbara Housing Element and state law, including, but not limited to, California Government Code sections 65915 through 65918, inclusive.
- J. The parties hereto acknowledge that this Agreement is being executed and recorded prior to the Restricted Units being identified by address. The Owner agrees to record an Addendum that shall include an updated Exhibit C to specify the address of each Restricted Unit subject to the approval of the Director of CSD ("Director") or his or her designee.
- K. Each Restricted Unit shall be functionally equivalent and of similar quality to the market rate units.

II. DEFINITIONS

- A. "Developer" shall mean SBSR, LLC and its successors, designees, assigns, representatives, agents, affiliates, and subsidiaries.
- B. "Maximum Monthly Rent" means the maximum rent for the Restricted Unit as established and periodically revised by the County's Housing and Community Development division. The maximum rents are reduced in accordance with the County Housing Authority utility allowance for Section 8 housing which is updated annually, See www.hasbarco.org for current figures.
- C. "Owner" initially shall mean SBSR, LLC 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, and as set forth above, for purposes of this Agreement, shall also include Developer.
- D. "Restricted Unit" means a Unit or Units with restricted occupancy and rents pursuant to this Agreement as provided for herein. Restricted Unit may be used in a

singular or plural context and shall mean to include all of the required restricted units as identified herein.

- E. “Subject Property” means the real property located at 4555 Hollister Avenue, Santa Barbara, CA 93110, in Santa Barbara County, California, which is more fully described in Exhibit "A".
- F. “Tenant” means any tenant or occupant of a Restricted Unit in the Subject Property.
- G. “Unit” means a housing unit in the Subject Property.
- H. “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.
- I. “Very Low-Income Household” means a household whose annual gross income does not exceed the maximum income levels permitted within the Very Low-Income category as established and periodically revised by the County (at or below 50% of area median income).
- J. “Low- Income Household” means a household whose annual gross income does not exceed the maximum income levels permitted within the Low-Income category as established and periodically revised by the County (at or below 60% of area median income).
- K. “Area Median Income” means the median household income of a geographic area as established by the State of California’s Department of Housing and Community Development, pursuant to Health & Safety Code 50093(c).

III. OCCUPANCY AND RENT RESTRICTIONS

A. A total of THREE (3) Units in the Subject Property shall be designated as Restricted Units set forth on Exhibit “C” attached hereto and incorporated herein by this reference. The Restricted Unit must be occupied by, or reserved for occupancy by, certified Very-Low and/or Low-Income Households for the FIFTY-FIVE (55) year term of this Agreement commencing upon the filing of a certificate of occupancy of the Subject Property. The initial applicable income level for the Restricted Units is described in Exhibit "C", attached hereto and incorporated herein.

- B. For the Restricted Units, 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 by Owner to Tenants, cannot exceed the Maximum Monthly Rent.
- C. The income levels and other qualifications of applicants to lease as Tenants of a Restricted Unit shall be certified by Owner as conforming to the income restrictions on that Restricted Unit prior to initial occupancy. The income level and other qualifications of each Tenant occupying a Restricted Unit shall be re-certified by Owner annually thereafter. Certifications and recertification may at County's option be subject to review and approval by the County's Community Services Department. Notwithstanding the above, the County reserves the right to perform certifications of eligibility and re-certifications instead of the Owner if the County elects, in which case County will provide written notice of such election to Owner.
- D. In the event that re-certification of a Tenant occupying the Restricted Unit indicates that the household income exceeds the County's maximum income limit for a Very-Low Income Household (up to 50% AMI) or a Low-Income Household (up to 60% AMI), then upon the ninety (90) day notice from Owner to the Tenant, Owner shall terminate the tenancy of the Tenants of the Restricted Unit. Upon the vacancy of the Restricted Unit, Owner shall rent the Restricted Unit to a qualified Very Low-Income or Low-Income Household at no more than the Maximum Monthly Rent as provided for herein.
- E. Owner may transfer ownership of the Restricted Unit to another person(s) or entity(s) as part of and in conjunction with the transfer of the entire Subject Property or transfer the Restricted Unit to any person(s) or entity(s), provided that such transferee(s) shall be subject to all of the terms of this Agreement.

IV. LEASING THE RESTRICTED UNITS

- A. Owner agrees that the Restricted Units shall be leased in compliance with the Tenant Selection Plan that has been approved by the Director of Community Services Department (hereinafter "Director") or his or her designee.
- B. Before leasing the Restricted Units, Owner shall submit its proposed lease form to the Director of Community Services Department or his or her designee for his or her review and approval. The term of the lease shall be for no less than one year unless by mutual agreement between the Tenant and Owner. Subject to the election of the County to perform income certifications as set forth in Section III.C above, Owner shall have the right to enter into residential leases without prior written consent by the Community Services Department so long as Owner certified the income and other eligibility requirements of the Tenant(s) and so long as each residential lease is on the standard form lease that has been approved by Community Services Department without modification.

C. 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 Owner in a lawsuit brought in connection with the lease;

2. An agreement by the Tenant that 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 the Restricted Unit after the Tenant has moved out of the Restricted Unit. In such a case, Owner may dispose of this personal property in accordance with the laws of the State of California;

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

4. An agreement of the Tenant that 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 Owner could not have discovered despite the Owner's due diligence and good faith in reviewing, investigating and confirming such information.

D. Owner shall include in leases for the Restricted Units provisions which provide that the Tenant's household income is subject to recertification annually and that the tenancy of the Tenant shall be immediately terminated should one or more of the Tenants misrepresent any material fact regarding the Tenant's qualification as a qualifying Low-Income Household or refuse or fail to cooperate in the recertification process.

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

F. Prior to tenancy, prospective Tenants of the Restricted Units must complete, execute and deliver to Owner an Application for Certification on a form approved by County. Owner may request additional information to supplement the application as necessary and shall consult with the County if questions are raised regarding a prospective Tenant's eligibility. Notwithstanding the above, the County 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, Tenants cannot own any improved residential real estate.
- H. Owner may only lease the Restricted Units to Tenants whose eligibility has been certified to be qualified as Very-Low or Low-Income Households.
- I. In addition to executing a lease for a Restricted Unit, Owner shall require that each Tenant leasing a Restricted Unit execute an agreement to occupy which shall require the Tenant to occupy the Restricted Unit as the Tenant's primary residence ("Intent to Reside"). Failure of Owner to enforce this requirement shall constitute a material violation of this Agreement.
- J. Owner hereby agrees to abide by the Tenant Selection Plan that must be approved by the Director of the County Community Services Department or his or her designee. Modifications of the Tenant Selection Plan can be made only upon the written approval of Owner and the Director of the County Community Services Department or his or her designee.
- K. Owner 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.
- L. Owner agrees that the Restricted Unit shall be leased, at a minimum, in compliance with the marketing plan that has been approved by the Director of Community Services Department, or his or her designee. This approved marketing plan for the advertising and lease of the Restricted Units is attached hereto as Exhibit "D" and by reference made a part of this Agreement as though set forth herein. The marketing plan shall represent the minimum effort used by Owner to market the Restricted Unit. Owner agrees to abide by the Lottery Plan attached hereto as Exhibit "E" 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 the Restricted Unit.

V. MANAGEMENT

- A. Owner is responsible for the selection of Tenants, evictions, collection of rents and deposits concerning rental of the Restricted Unit in the manner set forth herein. Such management functions over the Restricted Units may be performed by or on behalf of Owner 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 Restricted Units. Owner shall submit to the County for County's approval Owner's proposed designation of a

property manager pertaining to the Restricted Units, which approval shall not be unreasonably withheld. Subject to approval by the Director of the Community Services Department or his or her designee, Owner may replace the property manager at any time with a qualifying professional management company, the approval of which shall not be unreasonably withheld by the County.

- B. Owner shall submit its written management policies with respect to the Restricted Units to the Director of the County's Community Services Department or his or her designee for his or her review and approval, which approval 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.
- C. Owner shall maintain records that clearly document Owner's performance of its obligations under the terms of this Agreement. Owner shall submit all records to the County's Community Services Department within thirty (30) days of the County's request. Owner shall permit the County or its designee to enter and inspect the Restricted Unit for compliance with Owner's obligations under this Agreement upon twenty-four (24) hours advance notice of such visit by the County to Owner and to Tenants of the Restricted Unit(s).
- D. Owner shall submit to the County's 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 Owner'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 that demonstrate Owner's compliance with the Agreement.

VI. ENFORCEMENT

A. Upon any material violation of the provisions of this Agreement or if any materially 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 the Agreement, for an injunction prohibiting a proposed letting, sale, or transfer in violation of this Agreement, or for any such other relief as may be appropriate.

B. Owner understands that County's objective in requiring this Agreement is to ensure that the Restricted Unit remain affordable to eligible Very Low-Income and Low-Income Households and that should Owner lease or should a Tenant occupy a Restricted Unit(s) in violation of the requirements set forth herein the public interest would be prejudiced and the County would thereby be damaged. The parties agree that it is impracticable and extremely difficult to fix the extent of actual damages to County from such a breach. However, the parties 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 by the Owner as liquidated damages would be as follows:

1. **If a Restricted Unit in the Subject Property is rented or leased for an amount in excess of the Maximum Monthly Rent permitted under this Agreement, Owner shall be liable to the County for damages in an amount equal to twice the difference between the actual monthly rent and the allowable Maximum Monthly Rent multiplied by the number of months that the Restricted Unit has been leased in violation of the Agreement.**
2. **If a Restricted Unit is rented or leased to a Tenant whose household income and other qualifications has not been certified as provided for herein, the required certification set forth in Section III shall be completed within thirty (30) days of notification of non-compliance. If the Tenant's household income does not qualify for letting of the Restricted Unit as required by this Agreement, then in addition to Owner's obligation under Section III.(D) herein, Owner shall be assessed liquidated damages in the amount of three times the difference between the Tenant's gross monthly household income and one twelfth of the County's maximum annual household income level for Very Low Income households that is allowed for rent or lease of the Restricted Unit in effect at the time the Restricted is rented or leased 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 and a subsequent recertification reveals that such Tenant no longer qualifies as a Very-Low or Low-Income Household, then Owner shall not be subject to any penalty under this Section VI(B)(2) so long as Owner complies with the requirements of Section III(D) above. Notwithstanding the foregoing, liquidated damages for Owner shall not apply if it is the Tenant that has provided false or misleading household income information and the Owner and property manager have conducted due diligence and acted in good faith in reviewing such information.**
3. **If a Restricted Unit in the Subject Property is left vacant without efforts made to lease the unit, Owner shall be liable to the County for damages in an amount equal to twice the allowable Maximum Monthly Rent multiplied by the number of months that the Restricted Unit has been left vacant in violation of the Agreement.**

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

4. **These remedies shall be cumulative to all other rights and remedies the County may have.**

- C. In addition to any other remedies the County may have, Owner hereby grants, transfers and assigns to the County the right to receive the rents due or collected during the entire period a Restricted Unit is rented in violation of this Agreement. 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.
- D. The running of the term of this Agreement shall be tolled during any period in which Owner is in violation of this Agreement.
- E. The remedies stated herein shall not be exclusive, but shall be cumulative to all other remedies and rights the parties may lawfully exercise.
- F. A violation of this Agreement constitutes a violation of the Project Conditions of Approval placed upon the Subject Property by the County, 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.

VII. ADDITIONAL PROVISIONS

- A. The County may assign its rights and delegate its duties thereunder without the consent of Owner. Upon such assignment the County shall notify Owner.
- B. Owner and County covenant that they have 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 Owner, the County, and their respective successors 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 in any respect, 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 had never been contained herein.
- D. The terms of 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. The terms of 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 required herein shall be sent by certified mail, return receipt requested, to the addresses listed below.

To the County at: Community Services Department

Housing and Community Development Division
123 E. Anapamu St. #202
Santa Barbara, CA 93101

To Developer at: SBSR, LLC
831 Cliff Drive Suite 100
Santa Barbara, CA 93109
ATTN: Edward St. George

To Owner at: SBSR, LLC
831 Cliff Drive Suite 100
Santa Barbara, CA 93109
Attn: Edward St. George

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

- H. In the event of a transfer of the Subject Property by operation of law, including, but not limited to, by devise, bequest, or foreclosure on any financing, the transferee or the estate of the decedent shall be bound by the provisions of this Agreement.
- I. Owner covenants 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 the Subject Property, pursuant to Section 2924b of the Civil Code of the State of California. The request shall specify that any notice shall be mailed to the address for the County set forth above.
- J. In addition, in the event of any transfer of ownership of a Restricted Unit, a Grant of Preemptive Right and Resale Restrictive Covenant attached hereto and incorporated herein by reference as Exhibit "F" shall be recorded with the original and all subsequent deeds at the time of each transfer of the Restrictive Unit.
- K. Owner shall defend, indemnify and save harmless the County, 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 the performance or non-performance or attempted performance of the provisions hereof, including, but not limited to, any act or omission to act on the part of the Owner or 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.
- L. All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons or firms represented or purported to be represented by such entities, persons or firms, and that all formal requirements

necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with.

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

IN WITNESS WHEREOF, the parties have entered into this Agreement on the date appearing below.

COUNTY OF SANTA BARBARA

Dated: _____

By: _____

Laura Capps, Chair
BOARD OF SUPERVISORS
(Signature must be notarized)

ATTEST:
MONA MIYASATO
COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

DEVELOPER

By: _____

Name: _____

Title: _____

(Developer Signature must be notarized)

By: _____
Deputy Clerk

Dated: _____

OWNER

APPROVED AS TO FORM:

By: _____

Name: Edward St. George

Title: Authorized Member of SBSR, LLC

(Owner Signature must be notarized)

RACHEL VAN MULLEM
COUNTY COUNSEL

Signed by:
By: Lauren Wideman
8F464D922C84458
Lauren Wideman, Deputy County Counsel

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

REAL PROPERTY IN THE UNINCORPORATED AREA OF THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 29 MAP OF TRACT NO. 1 LA CUMBRE ESTATES BEING A SUBDIVISION OF A PORTION OF HOPE RANCH, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF, RECORDED IN MAP BOOK 15, AT PAGES 117 TO 126 INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF HOLLISTER AVENUE, NOW THE CALIFORNIA STATE HIGHWAY, SAID POINT BEING ON THE NORTHWESTERLY LINE OF SAID LOT 29, DISTANT THEREON SOUTH 77° 21' WEST 206 FEET FROM THE NORTHEASTERLY CORNER THEREOF; THENCE SOUTH 77° 21' WEST ALONG SAID LINE 208 FEET TO A POINT; THENCE SOUTH 3° 45' 30" EAST 209.15 FEET TO A POINT; THENCE NORTH 85° 51' 30" EAST 208 FEET TO A POINT; THENCE NORTHERLY 242 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXHIBIT “B”

AFFORDABLE HOUSING CONDITION(S)
FOR
SBSR LLC APARTMENTS;
22DVP-00004
(PROJECT NAME AND CASE NUMBER)

15. Hous-02 Agreement to Provide Affordable Housing Under IHO:

The Owner/Applicant shall enter into and record with the County Clerk-Recorder an Agreement to Provide Affordable Housing with the County of Santa Barbara. This Agreement shall specify affordability terms described in project description.

The Agreement to Provide shall be prepared by the Community Services Department. Recorded agreements shall bind the property owners to maximum sales price requirements for the time period required by law and/or County policy, and shall include the number of affordable housing units, their size, their affordability level, and the income level at which they must be sold. Affordable units shall be constructed in proportionate timing with the construction of the market-rate units based on the ratio of price restricted affordable housing units to proposed market-rate units.

PLAN REQUIREMENTS: The Owner/Applicant shall note on applicable construction plan pages that affordable units shall be constructed in proportionate timing with the construction of the market-rate units based on the ratio of price restricted affordable housing units to proposed market-rate units as approved by P&D and County Housing and Community Development.

TIMING: The Owner/Applicant shall submit the Agreement to P&D, County Counsel, and County HCD for review, approval, and execution prior to issuance of Zoning Clearance. P&D processing staff shall obtain written HCD approval and confirmation of the executed and recorded Agreement, using the HCD Project Approval Form prior to issuance of Zoning Clearance.

MONITORING: The Owner/Applicant shall demonstrate to P&D compliance monitoring staff that all affordable units are constructed in proportionate timing with the construction of the market rate units as stipulated in the Agreement to Comply before P&D will issue Final Building Inspection Clearance. P&D staff shall obtain written clearance from HCD prior to issuance of permits for additional units.

16. Hous-11 Tenant Relocation Payment:

The Owner/Applicant shall provide existing tenants with an amount of money equivalent to three months of the fair market rent for the area as determined by the Department of Housing and Urban Development pursuant to Section 1427f(c)(1) of Title 42 of the United States Code, or \$7,000, whichever is greater, or a replacement rental unit of comparable size and appurtenances to the resident household. The replacement rental unit must be located within a five-mile radius of the original rental unit unless waived, in writing, by the resident household.

TIMING: The Owner/Applicant shall submit proof of relocation payment to all tenants or occupation of replacement rental unit to P&D prior to issuance of the first grading/building permit

EXHIBIT "C"

ADDRESS LIST OF AFFORDABLE HOUSING UNITS

For

SBSR LLC APARTMENTS

Case No. 22DVP-00004

TOTAL NUMBER OF RESIDENTIAL UNITS IN THE PROJECT: 22

TOTAL NUMBER OF RESTRICTED UNITS IN THE PROJECT: 3

NUMBER OF AFFORDABLE UNITS FOR 50% AMI HOUSEHOLDS: 2

NUMBER OF AFFORDABLE UNITS FOR 60% AMI HOUSEHOLDS 1

	<u>Address</u>	<u>Unit #</u>	<u>Bedrooms</u>	<u>Income Level</u>
1)	<u>4555 Hollister</u>	<u>21</u>	<u>1</u>	<u>50% AMI</u>
2)	<u>4555 Hollister</u>	<u>22</u>	<u>1</u>	<u>50% AMI</u>
3)	<u>4555 Hollister</u>	<u>8</u>	<u>1</u>	<u>60% AMI</u>

EXHIBIT D
MARKETING PLAN FOR
SBSR LLC APARTMENTS
Project Case No. 22VP-00004

- 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.
 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 E

LOTTERY PLAN FOR INITIAL RENTAL FOR **SBSR LLC APARTMENTS** **Project Case No. 22VP-00004**

- 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.
- 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.
- 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 F
GRANT OF PREEMPTIVE RIGHT
RESALE RESTRICTION COVENANT
AND OPTION TO PURCHASE
SECURED BY DEED OF TRUST**

(To be used in the event Restricted Unit is transferred to 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: 061-070-002

**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

SBSR LLC APARTMENTS
Project Case No. 22VP-00004

4555 HOLLISTER AVENUE, SANTA BARBARA, CA 93110

This Grant of Preemptive Right, Resale Restrictive Covenant and Option to Purchase Secured by Deed of Trust (hereinafter "Covenant") by and between **SBSR, LLC** (hereinafter "Owner") and the County of Santa Barbara, a political subdivision of the State of California (hereinafter "County"), is entered into as of this ____ day of _____, 20__.

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 Owner (collectively referred to together with the County as the "Parties") have benefited from these development incentives through the opportunity to purchase the Property at a price substantially below fair market value; 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 on the purchase price of the Property which this Covenant requires; and

WHEREAS, the intent of Parties is to preserve through this Covenant the affordability of the Property for persons with incomes within a specified range and to assign to 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 in the Property. Owner does not include the Institutional Lender holding the Institutional Lender First Deed of Trust or easement holders.

B. "Encumber" or "Encumbrance": Shall include any mortgage, deed of trust, lien, security agreement or other instrument 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 writing.

D. "Institutional Lender": Any FDIC-insured bank which is licensed to engage in the business of providing mortgage financing (purchase money or refinance) for residential real property 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 = $0.9 \times (\text{Affordable Mortgage Amount} + 5\% \text{ Down Payment [rounded to the nearest hundred dollars]})$.

"Affordable Mortgage Amount" =

$\text{Affordable Monthly Mortgage Payment} \times ((1 + R \text{ value})^{360 \text{ payments}} - 1) \div ((R \text{ value}) \times (1 + R \text{ value})^{360 \text{ payments}})$.

"R value" = $\text{Annual Mortgage Interest Rate} \div 12 \text{ months}$.

"Affordable Monthly Mortgage Payment" =

$(30\% \times (\text{Target Household Income} \div 12 \text{ months})) - (\text{Insurance Payment} + \text{Property Tax Payment} + \text{HOA Dues})$.

“Target Household Income” = 50% AMI for Very-low income households, and 60% of AMI for Low-income households.

To help assure continued affordability to subsequent Owners, no price increase will be allowed for property improvements made by the Owner. The Owner is of course free to make legal improvements, but will not be compensated for any improvements made upon the sale of the Property.

No increase whatsoever shall be allowed for the period during such time, if any, that Owner was in violation of this Covenant.

H. “Maximum Monthly Rent”: The maximum rent that may be charged for the Property as a unit reserved for Low Income households as established and periodically revised by the County’s Community Services Department (CSD). These monthly rates are 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 on a full-time basis.

K. “Residential Real Estate”: Real property including developed or undeveloped residentially-zoned land, mobile homes and manufactured housing when owned by the owner of such real property.

L. “Transfer”: Any sale, conveyance, assignment, or transfer, 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 who receives property being Transferred pursuant to Sections VII, VIII, and IX of this Covenant.

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

O. “Eligible Household”: A Very Low-income household whose income does not exceed 50% of AMI, or a Low-income household whose income does not exceed 80% AMI..

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 45 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, Transferred, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to the covenants, conditions, restrictions and limitations contained herein and in that document entitled "[Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right](#)" recorded on _____, as Instrument No. _____, in the office of the Recorder of Santa Barbara County, California (collectively the "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 **Very Low-income (0-50% AMI) or Low-income (50-80% 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. TRANSFER OF PROPERTY TO PRIVATE PARTY

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. ELIGIBILITY OF QUALIFIED TRANSFEE TO PURCHASE

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 forty-five (45) years, and up to a maximum of ninety (90) 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.

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

OWNERS/OCCUPANTS:

DATED: _____

BY: _____

DATED: _____

BY: _____

(Signature(s) must be notarized)

COUNTY OF SANTA BARBARA
COMMUNITY SERVICES DEPARTMENT
HOUSING AND COMMUNITY DEVELOPMENT DIVISION

DATED: _____

BY: _____

Lucille Boss, Affordable Housing Programs Manager
(Signature must be notarized)

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

Approved as to form:
RACHEL VAN MULLEM
COUNTY COUNSEL

DATED: _____

BY: _____

Lauren Wideman, Deputy County Counsel

EXHIBIT A
Legal Description

Legal Description

REAL PROPERTY IN THE UNINCORPORATED AREA OF THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 29 MAP OF TRACT NO. 1 LA CUMBRE ESTATES BEING A SUBDIVISION OF A PORTION OF HOPE RANCH, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF, RECORDED IN MAP BOOK 15, AT PAGES 117 TO 126 INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF HOLLISTER AVENUE, NOW THE CALIFORNIA STATE HIGHWAY, SAID POINT BEING ON THE NORTHWESTERLY LINE OF SAID LOT 29, DISTANT THEREON SOUTH 77° 21' WEST 206 FEET FROM THE NORTHEASTERLY CORNER THEREOF; THENCE SOUTH 77° 21' WEST ALONG SAID LINE 208 FEET TO A POINT; THENCE SOUTH 3° 45' 30" EAST 209.15 FEET TO A POINT; THENCE NORTH 85° 51' 30" EAST 208 FEET TO A POINT; THENCE NORTHERLY 242 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

APN: 061-070-002

EXHIBIT B
(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:

[OWNER](#)
[SUBJECT PROPERTY STREET ADDRESS](#)
[SITUS CITY, CA 9XXXX](#)

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. Any amendments or modifications to this Deed of Trust must be in writing, and shall be made only if mutually agreed upon by 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:

BY: _____
OWNER

(Signature(s) must be notarized)

