

ATTACHMENT A
OWNER PARTICIPATION AGREEMENT

**2009
Owner Participation Agreement
909 Embarcadero del Mar**

By and Between

**THE COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY
a public body, corporate and politic**

and

**PARADISE IVY, LLC
a California limited liability company**

[Dated as of _____, 2009 for reference purposes only]

This OWNER PARTICIPATION AGREEMENT for 909 Embarcadero del Mar ("Agreement") is dated as of _____, 2009, for reference purposes only, and is entered into by and between the County of Santa Barbara Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers, and organized and existing pursuant to the California Community Redevelopment Law, Health and Safety Code Sections 33000, et seq. ("Agency") and Paradise Ivy, LLC, a California limited liability company ("Developer"). The Agency and the Developer are sometimes referred to in this Agreement, each individually, as a "Party," or collectively, as the "Parties."

RECITALS

This Agreement is entered into with reference to the following recitals of fact ("Recitals") that Agency and Developer believe to be true as of the Effective Date of this Agreement:

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) ("CRL"), the Board of Supervisors of the County of Santa Barbara ("Board") approved and adopted a redevelopment plan ("Redevelopment Plan") for a redevelopment project area known as the "Isla Vista Project Area" on November 27, 1990, by Ordinance No. 3894 which has been amended from time to time.

B. The Agency is authorized pursuant to CRL to assist with the financing of facilities or capital equipment as part of an agreement that provides for the development or rehabilitation of property within a redevelopment project area that will be used for commercial and residential purposes.

C. In Developer informed Agency of its interest in participating in the redevelopment of the Isla Vista Project Area through the development of a property it owns located at 909 Embarcadero del Mar (the "Site") as more particularly described in the Legal Description attached hereto as Exhibit A.

C. In May, 2006, the Agency provided a letter outlining the responsibilities of the Developer and the Agency in the proposed public/private partnership to develop the "Site". Developer has developed over 20 projects as a sole investor or in partnership and currently owns and manages residential units in Isla Vista and Santa Barbara.

D. The Developer has provided the Agency with a detailed financial proforma for the development of the proposed project. The fiscal assumptions in the proforma were tested and it was determined that the proposed project has an Affordability Gap of Seven Hundred Seventeen Thousand Dollars (\$717,000) based on the cost of providing six on-site affordable housing units. Subject to continued verification of need, the Agency may allocate funds to this project from the Low/Moderate Income Housing Fund up to the \$717,000 affordability gap. These funds would be used for development of the on-site affordable housing. Use of these funds will require compliance with income and affordability restrictions in accord with the Redevelopment Plan, the County's Housing Element and Coastal Land Use Plan, and Community Redevelopment Law.

E. The only work that is to be paid for with funds under this Agreement is the construction of affordable housing units for low income persons pursuant to Section 33334.2 with moneys from the Agency's Low and Moderate Income Housing Fund.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Agency and Developer, the Parties agree as follows:

TERMS AND CONDITIONS

ARTICLE I

DEFINITIONS; PARTIES, REPRESENTATIONS AND WARRANTIES; **EFFECTIVE DATE**

1.1 DEFINITIONS. All initially capitalized terms not otherwise defined in this Agreement shall have the following meanings:

1.1.1 "Agreement" means this Owner Participation Agreement between the Agency and Developer.

1.1.2 "Affordable Housing Funds Contribution" means the sum of Seven Hundred Seventeen Thousand Dollars (\$717,000) from the Agency's Low/Moderate Income Housing Funds to be paid by the Agency to the Developer in consideration of Developer's covenants to develop, operate, and maintain the Affordable Housing in accordance with the requirements of this Agreement and the Regulatory Agreement.

1.1.3 "Affordable Rent" for each Assisted Unit total charges for monthly rent, utilities, and related services to each Low Income Household shall not exceed one-twelfth (1/12) of thirty percent (30%) of seventy-five percent (75%) of Median Income as determined by HUD.

1.1.4 "Assisted Unit" means any one of the six (6) residential units in the Project which is supported by the Affordable Housing Funds Contribution.

1.1.5 "CEQA" means the California Environmental Quality Act, Public Resources Code Sections 21000, et seq.

1.1.6 "County" means the County of Santa Barbara, California.

1.1.7 "CRL" means the California Community Redevelopment Law (Health and Safety Code Section 33000, et seq.)

1.1.8 "Deed of Trust" is that deed of trust, assignment of rents, and security agreement to be placed on the Site upon close of escrow as security for the Loan by Developer as trustor with Agency as beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust, attached hereto as Exhibit C. The terms of the Deed of Trust have been incorporated into this Agreement.

1.1.9 **“Excess Profit”** is the difference between the total actual price at which the Project is sold excluding closing costs and commissions, and the Agency Negotiated Price.

1.1.10 **"Executive Director"** means the Executive Director of the Agency or his or her designee or successor in function.

1.1.11 **"Governmental Agency"** means any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, County, or otherwise) whether now or later in existence.

1.1.12 **"Governmental Requirements"** means all codes, statutes, ordinances, laws, permits, orders, and any rules and regulations promulgated thereunder of any Governmental Agency.

1.1.13 **"Hazardous Materials"** means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," or "toxic substances," under federal or state environmental and health and safety laws and regulations, including without limitation: petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards at the time of such use.

1.1.14 **"Loan"** means the loan of funds in the amount of Seven Hundred and Seventeen Thousand Dollars (\$717,000) from the Agency to the Developer as provided in this Loan Agreement to finance construction of the Assisted Units.

1.1.15 **"Loan Documents"** are collectively this Agreement, the Note, the Deed of Trust, the Regulatory Agreement, and the Notice of Affordability Restrictions as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

1.1.16 **"Low/Moderate Income Housing Fund"** means that portion of Agency's general property tax increment allocation set aside pursuant to CRL Section 33334.2 and Section 33334.3 for the purposes of increasing, improving and preserving the community's supply of low and moderate income housing available at an affordable housing cost to persons and families of low or moderate income.

1.1.17 **"Low Income Household"** means a household with an Adjusted Income that does not exceed seventy five percent (75%) of Area Median Income, with adjustments for smaller and larger households, and as such income ceilings may be adjusted by HUD.

1.1.18 **"Note"** means the promissory note to be executed by the Developer in favor of Agency in the amount of Seven Hundred and Seventeen Thousand Dollars (\$717,000) to

evidence the Loan, substantially in the form attached hereto as Exhibit D, as well as any amendments to, modifications of, or restatements of said promissory note.

1.1.19 "Notice of Affordability Restrictions" means the notice required by Health and Safety Code Section 33334.3(f)(2)(B) to be filed against the Property in the form attached hereby as Exhibit F.

1.1.20 "Project" means the development of 909 Embarcadero del Mar including, all hardscape and all landscaping, all as specifically described in the Scope of Development, and all to be developed in accordance with plans and specifications approved by the County and any conditions imposed by the County in its approval of the Developer's development application(s) related to the Project.

1.1.21 "Project Area" means the redevelopment project area known as the "Isla Vista Project Area" adopted by the Board of Supervisors of the County of Santa Barbara on November 27, 1990, by Ordinance No. 3894, as it has been and as it may be amended from time to time.

1.1.22 "Redevelopment Plan" means the redevelopment plan for the Project Area, as it has been and as it may be amended from time to time.

1.1.23 "Regulatory Agreement" means the set of covenants, conditions and restrictions applicable to the development and operation of the Assisted Units, to be recorded against the portion of the Site containing the Assisted Units upon the Close of Escrow, in the form attached to this Agreement as Exhibit E.

1.1.24 "Schedule of Performance" means the schedule for the performance of certain actions by the Parties pursuant to this Agreement, attached to this Agreement as Exhibit G.

1.1.25 "Site" means that real property, and all current and future improvements thereon (including, without implied limitation, the Project), legally described in Exhibit A and depicted in Exhibit B.

1.1.26 "Unit" means one of the residential units in the Project.

1.2 PARTIES TO AGREEMENT.

1.2.1 Agency. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the CRL. The mailing address of Agency, for the purposes of this Agreement, is 1105 Santa Barbara Street, Santa Barbara County Courthouse East Wing, Santa Barbara, California, 93101-6065, Attention: Deputy Director.

1.2.2 Developer. Developer is a California limited liability company. The principal office and mailing address of Developer, for the purposes of this Agreement, is Paradise Ivy, LLC, PO Box 4836, Santa Barbara, CA 93140, Attention: Tim Werner.

1.3 EFFECTIVE DATE

The Effective Date of this Agreement shall be the date it is executed by the Agency.

ARTICLE II **AGENCY LOAN**

2.1 AGENCY'S LOW/MODERATE FUNDING COMMITMENT.

2.1.1 It is the intent of the Parties that the Agency loan to Developer the amount of Seven Hundred Seventeen Thousand Dollars (\$717,000) of funds from the Agency Low/Moderate Income Housing Fund. These funds would be used for development of on-site affordable housing. Use of these funds will require compliance with income and affordability restrictions in accord with Redevelopment Plan and Community Redevelopment Law and set forth in the Regulatory Agreement.

2.2 LOAN TERMS.

Subject to the conditions precedent for disbursement set forth in Section 2.3 below, the Agency shall, within thirty (30) days following the Developer's written request (other than for the Initial Affordable Housing Funds Contribution (defined below), for which no request shall be necessary), disburse a loan to Developer of the Affordable Housing Funds Contribution in the following series of periodic payments:

1. One (1) payment of One Hundred Thousand Dollars (\$100,000) as reimbursement for permitting and design costs associated with the Assisted Units at the time that the Developer obtains a Land Use Permit for construction of the Project, that approval has become final ("**Initial Affordable Housing Funds Contribution**");
2. One (1) payment of One Hundred Thousand Dollars (\$100,000) at the time that the Developer obtains a Building Permit for construction of the Project.
3. One (1) payment of One Hundred Fifty Thousand Dollars (\$150,000) upon completion of pouring of concrete foundation and second story concrete floor and receipt of written confirmation from County Building and Safety of inspection approval of the foundation and concrete work.
4. One (1) payment of Two Hundred Thousand Dollars (\$200,000) when rough framing has been completed and receipt of written confirmation from County Building and Safety of inspection approval of the rough framing.
5. One (1) payment of One Hundred Sixty Seven Thousand Dollars (\$167,000) upon issuance of certificates of occupancy for the residential component of the Project.

The Loan terms shall be as follows:

2.2.1 Amount. The principal amount of the Loan shall be an amount not to exceed Seven Hundred and Seventeen Thousand Dollars (\$717,000) and shall be evidenced by the Note.

2.2.2 Interest. Subject to the provisions of Section 2.2.3 below, the Note shall bear simple interest at a rate of three percent (3%) per annum on the outstanding principal balance of the Loan until paid.

2.2.3 Default Interest. In the event of a default by Developer of any of its obligations under this Owner Participation Agreement, Developer shall pay to Agency interest on the outstanding principal of the Loan, at an annual rate equal to the lesser of (i) ten percent (10%) or (ii) the highest interest allowed by law, from the date of the default until the date that the default is cured or the Loan is repaid in full.

2.2.4 Term of Loan. The principal of and all accrued interest on the Loan shall be automatically forgiven fifty five (55) years from the date that a land use permit of occupancy is issued for the Assisted Units so long as the Assisted Units are being operated in conformity with the Regulatory Agreement and Developer is not in Default of the Provisions of the Loan Documents.

2.2.5 Use of Funds. Loan proceeds shall be used only for construction of the Assisted Units.

2.2.6 Security. Developer shall secure its obligation to repay the Loan by executing a Deed of Trust, in substantially the form attached hereto as Exhibit C and recording it as a lien against the Site.

2.2.7 Repayment of the Loan. Commencing on the Closing Date, interest shall accrue on the outstanding principal balance of the Loan at a fixed rate of three percent (3%) per annum. No payments shall be due on the Loan during so long as Developer is not in default of this Agreement. If the Assisted Units have been operated in conformance with the Regulatory Agreement and this Agreement for 55 years from the date of occupancy of the Assisted Units, the Loan shall be automatically forgiven. If the Assisted Units have not been operated in conformance with the Regulatory Agreement and this Agreement for 55 years from the date of occupancy of the Assisted Units, Agency will send Developer a Notice of Default and Developer shall be granted an opportunity to cure the default and if it is not cured as provided for in Section 7.2 below all outstanding principal and interest shall be immediately due and payable.

2.2.8 Repayment Upon Default of Early Sale. The principal of and all accrued interest on the Loan shall be immediately due and payable on an Event of Default by Developer which has not been cured as provided for in this Loan Agreement. Additionally, if the Project in whole or in part is sold or transferred without written approval of Agency, which approval shall not be unreasonably withheld or delayed, all principal and interest shall be immediately due and payable. Notwithstanding the foregoing, a transfer of a minority interest in Developer shall not be deemed a transfer under this Agreement however sale or transfer of Developer without approval shall constitute a default. Repayment of the Note, shall have no impact on the Project's Affordability Restrictions.

2.2.9 Prepayment of Loan. No prepayment penalty will be charged to Developer for payment of all or any portion of the Loan amount prior to the end of the term described herein. However, prepayment of the Loan shall not affect Developer's obligations under the Regulatory Agreement.

2.2.10 Recording. Upon the Closing Date, Escrow Holder shall record the Deed of Trust, Notice of Affordability Restrictions and the Regulatory Agreement with the Recorder for the County of Santa Barbara as encumbrances against the Property, and shall deliver conformed copies of the recorded documents to the Agency and Developer.

2.3 CONDITIONS PRECEDENT TO AGENCY LOAN DISBURSEMENT

2.3.1 Payment of Property Taxes. No ad valorem property taxes or assessments assessed with respect to the Site shall be delinquent.

2.3.2 No Default. Developer shall not be in default of any of the terms or obligations of this Agreement, and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

2.3.3 Parking Agreement. Agency and the Developer shall have negotiated and executed an agreement (“**Agency Parking Lot Agreement**”) for the Developer’s use of a portion of an Agency owned parking lots in the vicinity of Developer for the purpose of providing parking for residential and commercial tenants of the Project as more particularly described in Section 3.9 below.

2.3.4 Delivery of Documents. Developer has executed and delivered to Agency all documents, instruments, and policies required under the Loan Documents, in addition to an ALTA Lender's policy of title insurance from a title insurance company approved by the Agency in a form reasonably acceptable to Agency;

2.3.5 Proof of Insurance. Developer has provided to Agency a certificate of insurance or copy of the insurance policy, which policy shall be satisfactory to the Agency;

2.3.6 Management Plan Reviewed. Agency has reviewed and approved a management plan for the on going management of the Assisted Units;

2.3.7 Reporting Requirements. Developer has complied with all reporting requirements set forth in this Loan Agreement;

2.3.8 Scope of Construction Work. Agency has reviewed and approved a scope of construction work and construction schedule for the Project;

2.3.9 Loan Proceeds Sufficient. The undisbursed Loan proceeds together with other financing commitments for the Project are not less than the amount which the Agency reasonably determines is necessary to complete the development of the Project;

2.4 ASSUMPTION OF AGENCY FUNDING. The Agency Low/Moderate Income Housing Fund Contribution is made available to Developer based upon the Developer’s

qualifications and unique operational experience and expertise, and is personal to the Paradise Ivy, LLC. It is because of those qualification that the Agency has entered into this Agreement with the Developer. Accordingly, the Developer's rights under this Agreement shall not be assignable or assumable by successors and assigns of Developer, and no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement excepts as expressly set forth and or permitted herein.

2.5 REPRESENTATIONS AND WARRANTIES. Developer represents and warrantees to Agency and Agency enters into this Agreement in material reliance upon the following representations and warranties of the Developer.

2.5.1 Authority. Developer is a duly organized and is authorized to do business in the State of California and is in good standing under the laws of the State of California. The developer has full right, power and lawful authority to undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by the Developer has been fully authorized by all requisite actions on the part of the Developer.

2.5.2 No Conflict. To the best of Developer's knowledge, Developer's execution, delivery and performance of its obligations under the Agreement will not constitute a default or a breach under any contract, agreement or order to the Developer is a party or by which it is bound.

2.5.3 No Developer Bankruptcy. Developer is not the subject of a bankruptcy proceeding.

2.5.4 Economic Feasibility. The Agency funds are necessary for the economic feasibility of the development of the project and such assistance cannot be obtained on economically feasible terms on the open market.

2.5.5 Governmental Compliance. To the best of the Developer's knowledge, Developer has not received any notice from any governmental agency or authority alleging that the Site is currently in violation of any law, ordinance, rule, regulation or requirement applicable to its use and operation. If any such notice or notices are received by Developer following the date this Agreement is signed by the Agency, Developer, within 10 days of such notice, shall notify the Agency in writing.

ARTICLE III

PROJECT DEVELOPMENT

3.1 DEVELOPER COVENANT TO UNDERTAKE PROJECT. The Developer covenants, for itself, its successors and assigns, to and for the exclusive benefit of the Agency that the Developer shall commence and complete the development of the Project on the Site within the time period for such actions set forth in the Schedule of Performance. The Developer covenants and agrees for itself, its successors, and assigns, that the Site shall be improved and developed with the Project in conformity with the terms and conditions of this Agreement, the Scope of Development, the Schedule of Performance, any and all plans, specifications and similar development documents required by this Agreement, except for such changes as may be

mutually agreed upon in writing by and among the Parties, and all applicable laws, regulations, orders and conditions of each Governmental Agency with jurisdiction over the Site or the Project. The covenants of this Section 0 shall run with the land of the Site until the date of recordation of the Final Certificate of Completion. Developer shall submit for Agency review and approval a proposed Marketing Plan for the Assisted Units. Developer shall not lease any of the Assisted Units until the Marketing Plan has been approved by the Agency staff.

3.2 CONSTRUCTION START AND COMPLETION OF PROJECT. The Developer shall commence construction of the Project in accordance with the Schedule of Performance as set forth in section 3.4 below and, thereafter, shall diligently proceed to complete the construction of the Project in a good and workmanlike manner in accordance with the approved plans, specifications, and conditions for the Project approved by the County and the Schedule of Performance. The Developer shall obtain a Final Certificate of Completion on or before the Project Completion Date. The Developer will, promptly upon completion of construction of the Project, cause the Project to be inspected by each Governmental Agency with jurisdiction over the Project, shall correct any defects and deficiencies that may be disclosed by any such inspection and shall cause to be duly issued all occupancy certificates and other licenses, permits and authorizations necessary for the operation and occupancy of the completed Project. The Developer shall do and perform all of the foregoing acts and things and cause to be issued and executed all such occupancy certificates, licenses, and authorizations for the Project on or before the date set forth therefore in the Schedule of Performance as the completion date. After commencement of the work of improvement, the Developer shall not permit the work of improvement to cease or be suspended for a time period in excess of thirty (30) consecutive calendar days, subject to Unavoidable Delays.

3.3 COMPLIANCE WITH LAWS. All work performed in connection with the development of the Project shall comply with all Governmental Requirements.

3.4 SCHEDULE OF PERFORMANCE. The Schedule of Performance establishes various dates and times for the accomplishment of various tasks assigned to the Agency and the Developer. The Parties agree that time is of the essence in the performance of such tasks and the satisfaction of conditions precedent, in view of the large investment of resources that all Parties recognize will be required for assembly of the Site and the undertaking of the Project. If the date or time for the performance of a task or the satisfaction of a condition, as set forth in either the text of this Agreement or in the Schedule of Performance, may not be achieved, then prior to such date or time set forth in the text of this Agreement or the Schedule of Performance, the Parties shall consider whether a modification to the text of this Agreement or to the Schedule of Performance is indicated. Any decision to approve a modification to a time or date established in either the text of this Agreement or the Schedule of Performance shall be subject to the sole discretion of each Party. Any modification of a time or date for performance of a particular task or satisfaction of a particular condition that does not result in a change of more than one hundred eighty (180) days may be approved on behalf of the Agency by the Executive Director (or his/her designee), in writing, in his or her reasonable discretion.

3.5 DEVELOPER ATTENDANCE AT AGENCY MEETINGS. The Developer agrees to have one or more of its employees or consultants who are knowledgeable regarding this Agreement and the development of the Project, such that such person(s) can meaningfully

respond to Agency questions regarding the progress of the Project, attend meetings of the Agency's and/or County of Santa Barbara's various boards and commissions, when requested to do so by Agency staff.

3.6 AGENCY'S RIGHT TO INSPECT PROJECT AND SITE. Officers, employees, agents and representatives of the Agency shall have the right of reasonable access to the Site, without the payment of charges or fees, during normal construction hours, during the period of construction of the Project. Such officers, employees, agents or representatives of the Agency shall be those persons who are designated by the Executive Director. Any and all officers, employees, agents or representatives of the Agency who enter the Site shall identify themselves at the construction management office on the Site, upon their entrance on to the Site, and shall at all times be accompanied by a representative of the Developer, while on the Site. The Developer shall make a representative of the Developer available for this purpose at all times during normal construction hours, upon reasonable notice from the Agency. The Agency shall indemnify and hold the Developer harmless from injury, property damage or liability arising out of the exercise by the Agency of the right of access to the Site provided in this Section, other than injury, property damage or liability arising from the negligence or willful misconduct of the Developer or its officers, agents or employees. The Agency shall inspect relevant portions of the Site, prior to issuing any written statements reflecting adversely on the Developer's compliance with the terms and conditions of this Agreement pertaining to development of the Project. If in the Agency's reasonable judgment it is necessary, the Agency shall have the further right, from time to time, to retain a consultant or consultants to inspect the Project and verify compliance by the Developer with the provisions of this Agreement. The Developer acknowledges and agrees that any such inspections are for the sole purpose of protecting the Agency's rights under this Agreement, are made solely for the Agency's benefit, that the inspections may be superficial and general in nature, and are for the purposes of informing the Agency of the progress of the Project and the conformity of the Project with the terms and conditions of this Agreement, and that the Developer shall not be entitled to rely on any such inspection(s) as constituting an approval, satisfaction or acceptance of any materials, workmanship, conformity of the Project with this Agreement or otherwise. The Developer agrees to make its own regular inspections of the work of construction of the Project to determine that the quality of the Project and all other requirements of the work of construction of the Project are being performed in a manner satisfactory to the Developer. The Developer also agrees to immediately notify the Agency in writing should the Developer's inspections show any matters that will prevent the Project from being completed by the Project Completion Date. Without limiting the foregoing, the Developer shall permit the Agency upon reasonable notice to examine and copy all books and account records and other papers relating to the Site and the construction of the Project. The Developer will use commercially reasonable efforts to cause all contractors, subcontractors and material men to cooperate with the Agency to enable such examination.

3.7 COST OF CONSTRUCTION. Except as otherwise provided, the cost and expense of undertaking and completing the Project, including, without limitation, constructing all legally imposed on- and off-site improvements, and providing all utilities therefore, shall be borne by Developer at its sole cost, expense and liability. Developer shall be solely responsible for payment of all County land use, construction, inspection, plan check and development impact fees (collectively, "Development Fees") imposed by the County with respect to the development

of the Project. Developer shall bear all costs and expenses associated with the processing and obtaining of the entitlements and shall bear all costs and expenses (except to the extent expressly set forth otherwise in this Agreement), associated with any and all terms, conditions, requirements, mitigation measures and other exactions imposed on, or required in connection with, the entitlements.

3.8 AFFORDABLE HOUSING FUNDS CONTRIBUTION. In exchange for the Developer's agreement to complete and operate the Assisted Units as required by this Agreement, including the Regulatory Agreement, the Agency agrees to pay the Affordable Housing Funds Contribution to the Developer as specified in Section 2.2.

3.9 PARKING LOT AGREEMENT.

3.9.1 Parking. In the vicinity of (but not part of) the Project are certain proposed Agency-owned public parking Lots ("**Agency Parking Lots**"). The Agency Parking Lots are identified on the Site Map. The Agency and Developer shall use reasonable good faith efforts to cooperate in negotiations between for an Agency Parking Lot Agreement reserving parking spaces on one or more of the Agency Parking Lots for residential users of the Project. Nothing herein is a representation or warranty that the Agency and the Developer will be able to successfully negotiate a mutually acceptable Agency Parking Lot Agreement. Draft terms of the Agency Parking Lot Agreement may include:

3.9.1.1 Residential Parking. Fifteen (15) parking stalls in Agency parking lots will be available to residents of this project to lease on a monthly, annually or quarterly basis (as determined by the Agency) on a first come first served basis. Should those parking spaces not be leased by residents of this Project, the Agency reserves the right to lease, or donate, said parking spaces to other uses during any lease period. The Agency may to relocate said parking spaces to other Agency Parking Lots in the future.

3.9.1.2 Commercial Parking. Seventeen (17) commercial spaces for the Project may be made available in metered Agency Parking Lots. Commercial spaces will be available for use by the public, and will not be differentiated from other metered spaces in the Agency Parking Lot in any way. The Agency may relocate said parking spaces to other Agency Parking Lots in the future.

ARTICLE IV **OPERATION**

4.1 OPERATION OF PROJECT. Developer shall lease, operate and manage the Project after completion in full conformance with the terms of the Regulatory Agreement. Developer shall agree to maintain and operate the Assisted Units so as to provide decent, safe, and sanitary housing. Any optional services provided must be available to all residents under the same terms and conditions.

4.2 INCOME CERTIFICATION. Developer shall limit for the full term of the Regulatory Agreement the rental of Assisted Units to Low Income Households according to the schedule contained in the Regulatory Agreement. The income levels and other qualifications of applicants for the Assisted Units shall be certified in accordance with standards, policies and

procedures currently used by the County of Santa Barbara Housing and Community Development Department and as amended from time-to-time. Developer shall comply with the Certification Procedures and shall certify tenants of Assisted Units within ninety (90) days of the household's expected occupancy of one of the Assisted Units and at least annually thereafter.

4.3 AFFORDABILITY RESTRICTIONS. A total of six (6) Units in the Project shall be designated as Assisted Units. The Assisted Units must be occupied, or reserved for occupancy by, Low Income Households.

4.4 MAXIMUM RENTAL CHARGES. For each Assisted Unit, the total charges to be paid by each Low Income Household for rent, utilities, and related services shall not exceed thirty percent (30%) of seventy five percent (75%) of Median Income. Initial rents for each Assisted Unit shall be as set forth in the Regulatory Agreement. Annual rent increases shall be calculated by Agency based on permissible rents as determined by the County Housing and Community Development Department. For each Assisted Unit, Developer shall annually certify each tenant household's gross income and make any rent adjustment pursuant to the terms of the Regulatory Agreement.

4.5 CONFLICTS BETWEEN COVENANTS OR RESTRICTIONS AFFECTING THE PROPERTY. Any conflicts between the restrictive provisions contained in this Loan Agreement, Note, Deed of Trust, Regulatory Agreement, and any other agreements in connection with the Loan which affect the Property, are to be resolved by applying the more restrictive covenants or restrictions which affect the Property.

4.6 NONDISCRIMINATION. Developer shall not discriminate or segregate in the rehabilitation, use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Property on the basis of race, color, ancestry, national origin, religion, sex, sexual orientation, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC) acquired or perceived, or any other arbitrary basis. Developer shall otherwise comply with all applicable local, state, and federal laws concerning discrimination in housing.

4.7 RECORDS. Developer shall be accountable to Agency for all funds disbursed to Developer pursuant to the Loan Documents. Developer agrees to maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures drawn from Loan funds, and to keep all invoices, receipts, and other documents related to expenditures from said Loan funds for not less than three (3) years after completion of the Project. Records must be kept accurate and current. Agency shall notify Developer of any records it deems insufficient. Developer shall have fifteen (15) calendar days from the date of said notice to correct any deficiency in the records specified by Agency in said notice, or, if more than fifteen (15) days shall be reasonably necessary to correct the deficiency, Developer shall begin to correct the deficiency within fifteen (15) days and correct the deficiency as soon as reasonably possible. Developer shall promptly comply with all requirements or conditions of the Loan Documents relating to notices, extensions, and other events required to be reported or requested. Developer shall promptly supply, upon the request of Agency, any and all information and documentation which involves the Project and cooperate with Agency in the development of the Project.

4.8 AUDITS. Developer shall make available for examination at reasonable intervals and during normal business hours to Agency all books, accounts, reports, files, and other papers or property with respect to all matters covered by these Loan Documents, and shall permit Agency to audit, examine, and make excerpts or transcripts from such records. Agency may make audits of any conditions relating to this Loan.

ARTICLE V **HAZARDOUS MATERIALS**

5.1 CERTAIN COVENANTS AND AGREEMENTS. Following possession of the Property by the Developer, the Developer hereby covenants and agrees that:

5.1.1 The Developer shall not knowingly permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Property in violation of any applicable law;

5.1.2 The Developer shall keep and maintain the Project and each portion thereof in compliance with, and shall not cause or permit the Project or any portion thereof to be in violation of, any Hazardous Materials Laws;

5.1.3 Upon receiving actual knowledge of the same the Developer shall within ten (10) days advise the Agency in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted or threatened against the Developer or the Project pursuant to any applicable Hazardous Materials Laws; (ii) any and all claims made or threatened by any third party against the Developer or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (i) and this clause (ii) are hereinafter referred to as "Hazardous Materials Claims"); (iii) the presence of any Hazardous Materials in, on or under the Property in such quantities which require reporting to a government agency; or (iv) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Project under any Hazardous Materials Laws. If the Agency reasonably determines that the Developer is not adequately responding to a written directive or order from a regulatory body or court regarding a Hazardous Material Claim, the Agency shall have the right, upon ten (10) days' written notice to the Developer, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and, if such claim could result in any liability or damage to the Agency, to have its reasonable attorney's fees in connection therewith paid by the Developer.

As long as the Loan is outstanding, the Developer shall not take, without the Agency's prior written consent, which shall not be unreasonably withheld or delayed, any

remedial action in response to the presence of any Hazardous Materials on, under, or about the Property (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

5.2 INDEMNITY. Without limiting the generality of the indemnification set forth in Section 5.6, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Agency) the Agency, the County of Santa Barbara, their board members, officers, employees and agents from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer, its agents, employees, or contractors to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Project; (2) the presence in, on or under the Property of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Project; or (3) any activity carried on or undertaken on or off the Project, subsequent to the conveyance of the Property to the Developer, by the Developer or any employees, agents, contractors or subcontractors of the Developer at any time occupying or present on the Project, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Project (collectively "Indemnification Claims"). The foregoing indemnity shall further apply to any residual contamination on or under the Project, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials by the Developer, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws.

5.3 NO LIMITATION. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 6.2 above, are in no way limited or otherwise affected by any information the Agency may have concerning the Project and/or the presence within the Project of any Hazardous Materials, whether the Agency obtained such information from the Developer or from its own investigations.

5.4 NOTIFICATION TO AGENCY. Developer shall promptly notify Agency in writing of: (a) the discovery of any concentration or amount of Hazardous Materials of which Developer becomes aware on or under the Property requiring notice to be given to any governmental entity or agency under Hazardous Materials Laws; (b) any knowledge by Developer (after verification of the veracity of such knowledge to Developer's reasonable satisfaction) that the Property does not comply with any Hazardous Materials Laws; (c) the receipt by Developer of written notice of any Hazardous Materials Claims; and (d) the discovery by Developer of any occurrence or condition on the Property or on any real property located within 2,000 feet of the Property that could cause the Property or any part thereof to be

designated as a "hazardous waste property" or as a "border zone property" under California Health and Safety Code Sections 25220, et seq., or regulations adopted therewith.

5.5 USE AND OPERATION OF PROPERTY. Neither Developer, nor any agent, employee, or contractor of Developer, nor any authorized user of the Property shall use the Property or allow the Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. Developer shall comply and cause the Project to comply with Hazardous Materials Laws.

5.6 REMEDIAL ACTIONS. If Developer has actual knowledge of the presence of any Hazardous Materials on or under the Property, Developer shall take, at no cost or expense to Agency, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal or other remedial action, if any, required by any Hazardous Materials Laws or by any orders or requests of any governmental entity or agency or any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials Claims. The foregoing, however, shall be subject to Developer's right of contest below.

5.7 RIGHT OF CONTEST. Developer may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws if: (a) the contest is based on a material question of law or fact raised by Developer in good faith, (b) Developer promptly commences and thereafter diligently pursues the contest, (c) the contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (d) if requested by Agency, Developer deposits with Agency any funds or other forms of assurance Agency in good faith from time to time determines appropriate to protect Agency from the consequences of the contest being unsuccessful and any remedial action then reasonably necessary. No Event of Default shall be deemed to exist with respect to any claim, demand, levy or attachment being contested by Developer under the conditions of this section.

ARTICLE VI **ADDITIONAL DEVELOPER COVENANTS**

6.1 COVENANT TO MAINTAIN SITE ON TAX ROLLS. The Developer for itself, its successors and assigns to all or any part or portion of the Site and/or Project, covenants and agrees that:

6.1.1 The entire Site shall remain on the County secured real property tax rolls for the full term of this Section 6.1.

6.1.2 The Developer shall pay all property tax bills with respect to the Site and all improvements thereon on or before the last day for the timely payment of each property tax installment on each December 10 and April 10 during such time period and to timely pay all supplemental tax bills regarding the Site issued by the County. The Developer further covenants and agrees to provide to the Agency, on or before July 31 of each year, commencing in the calendar year following the calendar year in which a Certificate of Completion for the first to be completed Project Element is recorded and in each calendar year, thereafter, for the full term of this covenant: (i) a true and correct copy of all property tax assessment notices, property tax bills and property tax assessment correspondence by and between the Developer and the County regarding the Site and all improvements thereon, with respect to the preceding fiscal year of the

County, and (ii) cancelled checks issued by the Developer in payment of all property tax payments that are made to the County regarding the Site and all improvements thereon, with respect to the preceding County fiscal year.

6.1.3 The covenants of this Agreement shall run with the land of the Site until fifty five (55) years from occupancy permits for the Assisted Units shall be enforceable against the Developer and its successors and assigns not matter how their interest in the Site was acquired.

6.2 NO CONVEYANCE TO TAX EXEMPT ENTITY. The Developer for itself, its successors and assigns to all or any part or portion of the Site and/or Project, covenants and agrees that:

6.2.1 The Developer shall not use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Site, the Project, or any portion of any of the foregoing to any entity or person, or for any use of the Site, the Project, or any portion of any of the foregoing, that is partially or wholly exempt from the payment of real or personal property taxes or that would cause the exemption of the payment of all or any portion of real or personal property taxes otherwise assessable regarding the Site, the Project, or any portion of any of the foregoing, without the prior written consent of the Agency, which may be withheld in the Agency's sole and absolute discretion.

6.2.2 If the Site, or any portion of the Site, shall be conveyed, transferred or sold to any entity or person that is partially or wholly exempt from the payment of real or personal property taxes otherwise assessable against the Site, or any portion thereof, without the prior written consent of the Agency, then the Developer shall pay to the Agency a fee in lieu of payment of such taxes each year in an amount determined by the Agency to be one percent (1%) of the "full cash value" of the Site, or portion thereof, as may be subject to such exemption from payment of real or personal property taxes. The Agency's determination of "full cash value" for in-lieu payment purposes under this Section shall be established by the Agency each year, if necessary, by reference to the real or personal property tax valuation principles and practices generally applicable to a county property tax assessor under Section 1 of Article XIII A of the California Constitution. The Agency's determination of "full cash value" and that an in-lieu payment is due shall be conclusive on such matters. If the Agency determines that an amount is payable as an in-lieu payment under this Section in any tax year, then such amount shall be paid to the Agency for that tax year within forty-five (45) days following transmittal by the Agency to the Developer of an invoice for payment of the in-lieu amount.

ARTICLE VII **DEFAULT AND REMEDIES**

7.1 EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement:

7.1.1 Monetary. (1) Developer's failure to pay when due any sums payable under the Note or any advances made by Agency under the Deed of Trust or this Loan Agreement; (2) Developer's use of Loan funds for costs other than approved costs or for uses inconsistent with other terms and restrictions in the Loan Documents; (3) Developer's failure to

obtain and maintain the insurance coverage required under this Loan Agreement; (4) Developer's failure to make any other payment or assessment due under the Loan Documents; (5) Developers failure to pay taxes; (6) Developer's default under other debt secured by the Property after the applicable notice and cure periods have expired;

7.1.2 Operation. (1) Discrimination by Developer on the basis of characteristics prohibited by this Loan Agreement or applicable law or (2) the imposition of any encumbrances or liens on the Property without Agency's prior written approval that are prohibited under this Loan Agreement or that have the effect of reducing the priority of or invalidating the Deed of Trust;

7.1.3 General performance of Loan obligations. Any substantial breach by Developer beyond applicable notice and cure periods of any material obligations on Developer imposed in the Loan Documents;

7.1.4 General performance of other obligations. Any substantial or continuous breach by Developer beyond applicable notice and cure periods of any material obligations on Developer imposed by any other agreements, including any grant agreements, with respect to the financing, rehabilitation, or operation of the Project or the Property, whether or not Agency is a party to such agreement which may materially impair Agency's security;

7.1.5 Representations and warranties. A determination by Agency that its security has or will be materially impaired due to the fact that any of Developer's representations or warranties made in the Loan Documents, or any certificates, documents, or schedules supplied to Agency by Developer were untrue in any material respect when made, or that Developer concealed or failed to disclose a material fact from Agency;

7.1.6 Damage to Property. Material damage or destruction to the Property by fire or other casualty, if Developer does not take steps to reconstruct the Property as required by the Loan Documents;

7.1.7 Bankruptcy, dissolution, and insolvency. Developer's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after the filing; (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; (4) insolvency; (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

7.2 NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For all Events of Default, Agency shall give written notice to Developer of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the date of receipt of the notice or the date the notice was refused, by which such action to cure must be taken or if a cure is not possible within thirty (30) days, to begin such cure and diligently prosecute such to completion which shall, in any event, not

exceed ninety (90) days from the date of receipt of the notice to cure. The Agency has the sole discretion to determine whatever additional reasonable time is needed to cure.

7.3 AGENCY'S REMEDIES. Upon the happening of an Event of Default by Developer and a failure to cure said Event of Default within the time specified in Section 8.2 above, Agency's obligation to disburse Loan proceeds shall terminate, and Agency may also, in addition to other rights and remedies permitted by the Loan Documents or applicable law, proceed with any or all of the following remedies in any order or combination Agency may choose in its sole discretion:

7.3.1 Terminate this Loan Agreement, in which event the entire principal amount outstanding and all accrued interest under the Note, as well as any other monies advanced to Developer by Agency under the Loan Documents including administrative costs, shall immediately become due and payable at the option of Agency;

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

7.3.3 Accelerate the Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the Note, as well as any other monies advanced to Developer by Agency under the Loan Documents;

7.3.4 Seek appointment from a court of competent jurisdiction of a receiver with the authority to complete rehabilitation as needed to preserve Agency's interest in seeing the Project developed in a timely manner (including the authority to take any remedial actions with respect to Hazardous Materials that Agency or the receiver deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy);

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

7.3.6 With respect to defaults under Hazardous Materials provisions herein, pursue the rights and remedies permitted under California Civil Code Section 2929.5, and California Code of Civil Procedure Sections 564, 726.5, and 736; or

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

ARTICLE VIII **TERMINATION**

8.1 TERMINATION BY THE DEVELOPER.

8.1.1 In the event that the Conditions Precedent to Agency Funds Disbursement are timely met and the Agency does not make the required Agency disbursement in the amount and by the date provided in this agreement, then the Developer may seek specific performance of this Agreement. From the date of the Notice of Termination of this Agreement by the Developer to the Agency and thereafter this Agreement shall be deemed terminated and there shall be no further rights or obligations between the parties.

8.2 TERMINATION BY THE AGENCY.

8.2.1 In the event that the Developers is in default of this Agreement or fails to satisfy the Conditions Precedent to Agency Funds Disbursement, and fails to cure such default or satisfy such Conditions Precedent within the time set forth, the this Agreement and any rights of the Developer or an assignee or transferee with respect to or arising out of this Agreement, shall, at the option of the Agency, be terminated by the Agency by written notice thereof to the Developer. From the date of the Notice of Termination of this Agreement by the Agency to the Developer and thereafter there shall be not further rights or obligations between the parties.

ARTICLE IX **GENERAL PROVISIONS.**

9.1 INCORPORATION OF RECITALS. The Recitals of fact set forth preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

9.2 DEVELOPER INDEMNITY AND INSURANCE. Developer hereby agrees to comply with the indemnity and insurance requirements set forth in Exhibit B attached to the Regulatory Agreement and incorporated by this reference.

9.3 RESTRICTIONS ON TRANSFERS.

9.3.1 In addition to the restrictions set forth in Section 6.2 above entitled No Conveyance to Tax Exempt Entity, the Developer acknowledges that the qualifications and identity of the Developer are of particular importance to the Agency. The Developer further recognizes and acknowledges that the Agency has relied and is relying on the specific qualifications and identity of the Developer in entering into this Agreement with the Developer and, as a consequence, Transfers are permitted only as expressly provided in this Agreement. The Developer shall promptly notify the Agency in writing of any and all changes whatsoever in the identity of the business entities or individuals either comprising or in control of the Developer, as well as any and all changes in the interest or the degree of control of the Developer by any such person, of which information the Developer or any of its partners, members or officers are notified or may otherwise have knowledge or information.

9.3.2 The Developer shall not sell or transfer any interest in the Project prior to the issuance of occupancy permits for the Project except with the prior written approval of Agency.

9.4 NOTICES, DEMANDS AND COMMUNICATIONS BETWEEN THE PARTIES.

9.4.1 Any and all notices, demands or communications submitted by any Party to another Party pursuant to or as required by this Agreement shall be proper, if in writing and dispatched by messenger for immediate personal delivery, by a nationally recognized overnight courier service or by registered or certified United States Mail, postage prepaid, return receipt requested, to the principal office of the Agency or the Developer, as applicable. Such written notices, demands or communications may be sent in the same manner to such other addresses as either Party may from time to time designate. Any such notice, demand or communication shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is delivered by personal delivery, on the date of delivery by a nationally recognized overnight courier service or three (3) calendar days after it is placed in the United States Mail.

9.4.2 The following are the authorized addresses for the submission of notices, demands or communications to the Parties:

To the Developer: Paradise Ivy, LLC
P.O. Box 4836
Santa Barbara, California 93140
Attn: Tim Werner

To the Agency: Redevelopment Agency of the
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Executive Director

9.5 UNAVOIDABLE DELAY; EXTENSION OF TIME OF PERFORMANCE.

9.5.1 Subject to specific provisions of this Agreement, performance by any Party under this Agreement shall not be deemed, or considered to be, in default where any such default is due to an Unavoidable Delay that is not attributable to the fault of the Party claiming an extension of time to perform. An extension of time for any Unavoidable Delay shall be for the period of the Unavoidable Delay and shall commence to run from the date of occurrence of the Unavoidable Delay, if the Party asserting the existence of the Unavoidable Delay provides the other Parties with written notice of the occurrence of the Unavoidable Delay, within ten (10) days of the commencement of such asserted Unavoidable Delay. Otherwise, the extension of time for an Unavoidable Delay shall commence on the date of receipt of written notice of the occurrence of the Unavoidable Delay by the Parties not requesting an extension of time to perform due to such Unavoidable Delay.

9.5.2 The Parties expressly acknowledge and agree that changes in either general economic conditions or changes in the economic assumptions of either of them that may have provided a basis for entering into this Agreement and that occur at any time after the execution of this Agreement, do not constitute an Unavoidable Delay and do not provide any Party with grounds for asserting the existence of an Unavoidable Delay in the performance of any covenant or undertaking arising under this Agreement. Each Party expressly assumes the

risk that changes in general economic conditions or changes in such economic assumptions relating to the terms and covenants of this Agreement could impose an inconvenience or hardship on the continued performance of such Party under this Agreement.

9.6 BINDING ON SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

9.7 CONFLICTS OF INTEREST.

Developer covenants that:

9.7.1 Except for approved eligible administrative or personnel costs, no person described in subsection (B) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Loan Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. The Developer shall exercise due diligence to ensure that the prohibition in this Section 8.3(A) is followed.

9.7.2 The conflict of interest provisions of Section 8.3(A) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the County, or any person related within the third (3rd) degree of such person.

9.8 POLITICAL ACTIVITY. None of the funds, materials, property or services contributed by Agency or Developer under this Loan Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

9.9 PUBLICITY. Any publicity produced by Developer for the Project during the term of this Loan and for one (1) year thereafter shall make reference to the contribution of Agency in making the Project possible. The words "County of Santa Barbara Redevelopment Agency" will be prominently displayed in any and all pieces of publicity, including but not limited to flyers, press releases, posters, signs, brochures, public service announcements, interviews, and newspaper articles. Developer further agrees to reasonably cooperate with authorized staff and officials of Agency in any Agency-generated publicity or promotional activities undertaken with respect to the Project.

9.10 ENTIRE AGREEMENT.

9.10.1 This Agreement shall be executed in three (3) duplicate originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

9.10.2 None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with any deed conveying title to the Site and this Agreement shall continue in full force and effect before and after such conveyances.

9.10.3 All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representative(s) of all Parties.

9.11 EXECUTION OF THIS AGREEMENT. Following execution of three (3) originals of this Agreement by the authorized representative(s) of the Developer and prompt delivery of such originals, thereafter, to the Agency, accompanied by an official action of the governing body of the Developer authorizing the individuals executing this Agreement on behalf of the Developer to execute and perform this Agreement, in form and substance acceptable to the Agency, this Agreement shall be subject to the review and approval by the governing body of the Agency, in their sole and absolute discretion.

9.12 SURVIVAL OF INDEMNITY OBLIGATIONS. All general and specific indemnity and defense obligations of the Parties set forth in this Agreement shall survive the expiration or termination of this Agreement, and the issuance and recordation of any Certificate of Completion.

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

9.14 FAIR MEANING. This Agreement has been reviewed by legal counsel for both Parties. This Agreement shall be construed in accordance with its fair meaning, and not strictly for or against either party hereto.

9.15 ASSIGNMENT AND ASSUMPTION. Developer shall not assign any of its interests under this Loan Agreement or the Loan Documents to any other party, except as specifically permitted under the terms of the Loan Documents, without the prior written consent of Agency which consent shall not be unreasonably withheld. Any unauthorized assignment shall be void.

9.16 WAIVER. Any waiver by Agency of any obligation in these Loan Documents must be in writing. No waiver will be implied from any delay or failure by Agency to take action on any breach or default of Developer or to pursue any remedy allowed under the Loan Documents or applicable law. Any extension of time granted to Developer to perform any obligation under the Loan Documents shall not operate as a waiver or release from any of its obligations under the Loan Documents. Consent by Agency to any act or omission by Developer.

9.17 NO THIRD PARTY BENEFICIARIES. This is an agreement solely between Agency and Developer. There are no third party beneficiaries to this Agreement.

9.18 TIME DECLARED TO BE OF THE ESSENCE. As to the performance of any obligation hereunder as to which time is a component thereof, the performance of such obligation within the time provided is of the essence.

[Signatures on Following Pages]

SIGNATURE PAGE
TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

AGENCY:

COUNTY OF SANTA BARBARA
REDEVELOPMENT AGENCY
a public body, corporate and politic

Dated: _____, 2009

By: _____
Joseph Centeno
Chairman of Board of Directors

ATTEST:
Michael F. Brown

By: _____
Agency Secretary

APPROVED AS TO LEGAL FORM:
DENNIS A. MARSHALL
AGENCY COUNSEL

By: _____
Deputy Agency Counsel

SIGNATURE PAGE
TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

DEVELOPER:

PARADISE IVY, LLC
a California limited liability company

Dated: _____

By: _____
Tim Werner

Dated: _____

By: _____
Richard Gilman

EXHIBIT A
TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

Legal Description of the Site

Legal Description of Property

PARCEL ONE:

PARCEL "C" IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID PARCEL SHOWN AS DESIGNATED ON PARCEL MAP NO. 10651 FILED IN BOOK 2, PAGE 69 OF PARCEL MAPS, IN THE OFFICIAL RECORDS OF SAID COUNTY.

PARCEL TWO:

THE EASTERLY 10 FEET OF LOT 2, BLOCK "J" IN THE OCEAN TERRACE TRACT IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15, PAGES 101, 102, AND 103 OF MAPS, RECORDS OF SAID COUNTY, AND THAT PORTION OF THE NORTHERLY 30 FEET OF SAID LOT 2 LYING EASTERLY OF THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF PARCEL ONE ABOVE DESCRIBED.

END OF LEGAL DESCRIPTION

EXHIBIT B
TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

Site Map



EXHIBIT C
TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

Deed of Trust

NO FEE DOCUMENT

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

Redevelopment Agency of the
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Executive Director

NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 6103

**PERMANENT DEED OF TRUST, ASSIGNMENT OF
RENTS, AND SECURITY AGREEMENT**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT ("Deed of Trust") is made as of this _____ day of July 2009, by Paradise Ivy, LLC, a California limited liability company ("Trustor"), to _____ Title Company, as trustee ("Trustee"), for the benefit of the County of Santa Barbara Redevelopment Agency, a public body corporate and politic ("Beneficiary").

GRANT IN TRUST

1. **GRANT.** Trustor, in consideration of the indebtedness referred to below, 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 real property located at 909 Embarcadero del Mar, which is located in Santa Barbara County, California, as more particularly described in Exhibit A (the "Property") incorporated herein by this reference;

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, including all equipment and machinery used for supplying or distributing heating, cooling, electricity, gas, water, air, and light, all kitchen and laundry appliances such as washers, dryers, refrigerators, garbage disposals, ovens, ranges, dishwashers, all plumbing and bathroom fixtures, all security and access control equipment, fire prevention and extinguishment equipment, elevators, floor coverings, window coverings, paneling, cabinets, (provided, however, that Trustor shall have the right to remove, if necessary, such fixtures, furnishings, and equipment for the purpose of replacement with similar items of the same quality performing the same functions, which replacements shall themselves become part of this grant); all building material and equipment either now or hereafter delivered to the Property and intended to be installed

therein or any such material and equipment purchased with the Loans' proceeds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to development on the Property; all rents and income generated by the Property or improvements thereon (subject however to the assignment of rents to Lender contained herein); all leases, subleases and rental agreements covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, or payments of similar nature with respect to such leases, subleases, or rental agreements; all easements and rights-of-way appurtenant to the Property, including parking and recreational easements, and all interests of Trustor in any land lying within the right-of-way of any street, sidewalks, and areas of land adjacent to or used in connection with the Property; all development rights and credits, air rights, water rights, and oil, gas or mineral rights with respect to the Property; all claims or demands with respect to insurance proceeds, and all awards made for a taking by eminent domain; all interests and rights in any private or government grants, subsidies, loans, or other financing with respect to development on the Property; all interests in personal property used in and about the Property (except furniture and other personal property of occupants of dwelling units on the Property); all intangible property and rights relating to the Property or operations on the Property, including trade names, goodwill, trademarks, and service marks; all government permits, approvals, and map rights related to construction on the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction of improvements on the Property; all environmental tests, studies and reports with respect to the Property; all current and future claims and rights of action of Trustor against prior owners and operators of the Property, neighboring property owners and operators, tenants and former tenants, consultants, advisors, and other third parties with respect to environmental or Hazardous Materials contamination and cleanup of the Property under any federal, state, or local ordinances, statutes, regulations, or administrative decisions or common law.

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. Repayment of the indebtedness of Trustor to Beneficiary in the principal sum of Seven Hundred and Seventeen Thousand Dollars (\$717,000), with interest thereon, evidenced by a promissory note executed by Trustor on file at the offices of Beneficiary and hereby incorporated by reference into this Deed of Trust (the "Note"), or as much as has been disbursed to Trustor therewith; and

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

C. Performance of every obligation, covenant or agreement of Trustor contained in this Deed of Trust, the Note, the Owner Participation Agreement, and the regulatory agreement

executed between Trustor and Beneficiary of even date herewith (the "Regulatory Agreement"), including all modifications, extensions and renewals of these obligations; and

D. Performance of any other obligation or repayment of any other indebtedness of Trustor to Beneficiary, where such evidence of obligation or indebtedness specifically recites that it is secured by this Deed of Trust; and

E. Performance of any obligations of Trustor in any other agreements with respect to financing of the Project or the Security the absence of which would adversely affect Beneficiary, whether or not Beneficiary is a party to such agreements.

ABSOLUTE ASSIGNMENT OF RENTS AND RIGHT TO POSSESSION

3. **ASSIGNMENT.** As additional security, Trustor hereby assigns to Beneficiary: (a) all of the rents, revenues, profits, and income from the Security, any deposits now or hereafter in Trustor's possession which have been collected with respect to the Security, and any reserve or capital funds now or hereafter held by Trustor with respect to construction or operation of the Security (collectively, the "Rents"); and (b) the right to enter, take possession of, and manage the Security; provided however that Trustor shall have, before an Event of Default, as defined herein, the exclusive right to possess the Security and to collect Rents and use them in accordance with the documents described in Section 2.C. above (collectively, the "Loan Documents"). This assignment is intended to be an absolute and present transfer of Trustor's interest in existing and future Rents, effective as of the date of this Deed of Trust.

4. **ENFORCEMENT.** Upon the happening of an Event of Default which remains uncured after expiration of the applicable cure period pursuant to the terms of the Owner Participation Agreement or other Loan Documents, Beneficiary may, in addition to other rights and remedies permitted by the Owner Participation Agreement, 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 and/or (c) Beneficiary may make, cancel, enforce, and modify leases and rental agreements, obtain and evict tenants, set and modify rent terms, sue for rents due, enter into, modify, or terminate any contracts or agreements, or take any legal action, as it deems necessary with respect to the Rents or to development or operation of the Security, subject to the rent restrictions imposed against the Property.

5. **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 and the right to complete construction of improvements.

6. **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.

COMMERCIAL CODE SECURITY AGREEMENT

7. **GRANT.** This Deed of Trust is intended to be a security agreement and financing statement pursuant to the California Commercial Code for any of the items specified above as part of the Security which under applicable law may be subject to a security interest pursuant to the Commercial Code, and Trustor hereby grants Beneficiary a security interest in said items. Beneficiary may file a copy of this Deed of Trust in the real estate records or other appropriate index as a financing statement for any of the items specified as part of the Security. Trustor shall execute and deliver to Beneficiary at Beneficiary's request any financing statements, as well as extensions, renewals, and amendments thereof, and copies of this instrument in such form as Beneficiary may require to perfect a security interest with respect to said items. Trustor shall pay all costs of filing such financing statements and shall pay all reasonable costs of any record searches for financing statements and releases. Without the prior written consent of Beneficiary, Trustor shall not create or permit any other security interest in said items. This Deed of Trust constitutes a fixture filing under Sections 9313 and 9402(6) of the California Commercial Code.

8. **REMEDIES.** Upon Trustor's breach of any obligation or agreement in the Loan Documents, after expiration of any applicable cure period, Beneficiary shall have the remedies of a secured party under the Commercial Code and at Beneficiary's option may also invoke the remedies provided for elsewhere in this Deed of Trust with respect to said items. Beneficiary may proceed against the items of real property and personal property specified above separately or together and in any order whatsoever.

RIGHTS AND OBLIGATIONS OF TRUSTOR

9. **PERFORMANCE OF SECURED OBLIGATION.** Trustor shall promptly perform each obligation secured by this Deed of Trust in accordance with the Loan Documents.

10. **PAYMENT OF PRINCIPAL AND INTEREST.** Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note.

11. **MAINTENANCE OF THE SECURITY.** 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. In the event Trustor fails to maintain the Security in accordance with the standards in this Deed of Trust, the Owner Participation Agreement, or the Regulatory Agreements, Beneficiary and after any applicable cure periods, may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof. 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.

12. **INSPECTION OF THE SECURITY.** Trustor shall permit Beneficiary to enter and inspect the Security during normal business hours for compliance with these obligations upon at least 24 hours advance notice of such visit by Beneficiary to Trustor or Trustor's management agent.

13. **LIENS, ENCUMBRANCES, AND CHARGES.** Trustor shall discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over this Deed of Trust, as provided for in the Owner Participation Agreement.

14. **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.

15. **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.

16. **DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. If any building or improvements erected on the Property is damaged or destroyed by an insurable cause, Trustor shall, at its cost and expense, repair or restore said buildings and improvements consistent with the original plans and specifications if Trustor reasonably determines that such restoration or repair is economically feasible. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be complete within one (1) year thereafter. Subject to Trustor's election to rebuild, all insurance proceeds collected for such damage or destruction

shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Trustor shall make up the deficiency.

17. **TITLE.** Trustor warrants that Trustor lawfully has legal title to the Security without any limitation on the right to encumber other than those limitations set forth in the Loan Documents or other financing documents approved by Lender.

18. **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.

19. **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 (7) 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.

20. **INSURANCE.** Trustor shall provide such insurance as required under the Owner Participation Agreement and the Regulatory Agreement. In the event Trustor fails to maintain the full insurance coverage required by this Deed of Trust, Beneficiary, after at least seven (7) business days prior notice to Trustor, may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness 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.

21. **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") 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. Trustor shall have the right to rebuild the Project, and to use all available condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loans in balance and rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loans or, if such proceeds are insufficient or such security is inadequate, then Trustor shall have funded any deficiency and/or provided additional security; (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement; and (c) no material default then exists under the Loan Documents other than any default which is a direct result of the condemnation.

22. **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. This option shall not apply in case of:

A. The grant of a leasehold interest to qualifying households who will occupy units in the Project as provided for under the Loan Documents and the Regulatory Agreements; or

B. Sale or transfer of fixtures or personal property pursuant to the grant provisions in this Deed of Trust. Consent to one (1) sale or transfer shall not be deemed to be a waiver of the right to require such consent to future or successive transactions.

23. **RECONVEYANCE BY TRUSTEE.** This trust is intended to continue for the entire term of the Loan. Upon written request of Beneficiary stating that all sums secured by this Deed of Trust have been paid and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee' reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

DEFAULT AND REMEDIES

24. **EVENTS OF DEFAULT.** Any of the events listed in the Owner Participation Agreement as an Event of Default shall also constitute an Event of Default under this Deed of Trust.

25. **ACCELERATION OF MATURITY.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Owner

Participation Agreement, Beneficiary may declare all sums advanced to Trustor under the Note and this Deed of Trust immediately due and payable.

26. **BENEFICIARY'S REMEDIES.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Owner Participation Agreement, Beneficiary may, in addition to other rights and remedies permitted by the Owner Participation Agreement, the Note, or applicable law, proceed with any or all of the following remedies:

A. 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;

B. Enter the Security and take any actions necessary in its judgment to complete construction on the Security, either in person or through a receiver appointed by a court;

C. Disburse from the Loans' proceeds any amount necessary to cure any Monetary Default under this Deed of Trust, the Owner Participation Agreement, or the Note;

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, including the authority to complete construction of improvements;

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.

27. **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 (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the Notes are immediately due and payable), and such receipts and evidence of any expenditures made 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, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as they may determine unless specified otherwise by Trustor, 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.

28. **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.

29. **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.

GENERAL PROVISIONS

30. **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.

31. **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.

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

33. **TIME.** Time is of the essence in this Deed of Trust.

34. **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: Redevelopment Agency of the
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Executive Director

TRUSTOR: Paradise Ivy, LLC
P.O. Box 4836
Santa Barbara, California 93140
Attn: Tim Werner

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 34. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

35. **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.

36. **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.

37. **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.

38. **OWNER PARTICIPATION AGREEMENT CONTROLS.** If there is any contradiction between this instrument and the Owner Participation Agreement, the terms of the Owner Participation Agreement shall control, except that Trustor shall have no defense or claim that this instrument does not establish a valid lien on the Property or the Security.

39. **DEFINITIONS.** Capitalized terms not otherwise defined in this Deed of Trust shall have the same meaning as defined terms in the Owner Participation Agreement.

40. **PROOFS OF CLAIM.** In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, recomposition 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.

41. **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. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt and all payments made on the debt (whether voluntary or under foreclosure or other enforcement action or procedure) shall be considered to have been first paid or applied to the payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

42. **SUBSTITUTION OF TRUSTEE.** 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.

43. **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 are 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.

44. **NONRECOURSE OBLIGATION.** Except as expressly provided in the second paragraph of this section, the Trustor, and the Trustor's officers, directors, employees and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Note or the performance of the covenants of the Trustor under the Deed of Trust securing the Note. The sole recourse of the Beneficiary with respect to the principal of, or interest on, the Note shall be to the property securing the indebtedness evidenced by the Note. However, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Beneficiary, or (b) be deemed in any way to impair the right of the Beneficiary to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note, except as hereafter set forth; nothing contained herein is intended to relieve the Trustor of personal liability for (a) fraud or willful misrepresentation; (b) the failure to pay taxes, assessments or other charges (which are not contested by Trustor in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (c) the fair market value of any personal property or fixtures removed or disposed of by Trustor other than in accordance with the Deed of Trust; (d) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or

destruction to any portion of the Property; (e) the Trustor's indemnification obligations under Article 6 and Article 7 of the Owner Participation Agreement; and (f) payment to the Beneficiary of any rental income or other income arising with respect to the Property received by the Trustor after the Beneficiary has given notice to the Trustor of the occurrence of an Event of Default, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the Deed of Trust.

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

TRUSTOR:

PARADISE IVY, LLC
a California limited liability company

Dated: _____

By: _____
Tim Werner

Dated: _____

By: _____
Richard Gilman

Signatures must be notarized

EXHIBIT A
Legal Description of the Property
Legal Description of Property

PARCEL ONE:

PARCEL "C" IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID PARCEL SHOWN AS DESIGNATED ON PARCEL MAP NO. 10651 FILED IN BOOK 2, PAGE 69 OF PARCEL MAPS, IN THE OFFICIAL RECORDS OF SAID COUNTY.

PARCEL TWO:

THE EASTERLY 10 FEET OF LOT 2, BLOCK "J" IN THE OCEAN TERRACE TRACT IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15, PAGES 101, 102, AND 103 OF MAPS, RECORDS OF SAID COUNTY, AND THAT PORTION OF THE NORTHERLY 30 FEET OF SAID LOT 2 LYING EASTERLY OF THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF PARCEL ONE ABOVE DESCRIBED.

*****END OF LEGAL DESCRIPTION*****

EXHIBIT D
TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

Promissory Note

PROMISSORY NOTE

Santa Barbara, California

\$717,000

_____, 2009

FOR VALUE RECEIVED, Paradise Ivy, LLC, a California limited liability company (the "Borrower"), whose address is P.O. Box 4836, Santa Barbara, CA 93140, hereby promises to pay to the order of the County of Santa Barbara Redevelopment Agency, a public body corporate and politic (the "Lender"), whose address is 105 E Anapamu Street, Santa Barbara, CA 93101, the principal amount of up to Seven Hundred Seventeen Thousand Dollars (\$717,000), together with interest thereon, as set forth below.

1. **BORROWER'S OBLIGATION.** This promissory note (the "Note") evidences the Borrower's obligation to pay the Lender the principal amount of Seven Hundred Seventeen Thousand Dollars (\$717,000) for the funds loaned to the Borrower by the Lender (the "Loan") for permanent financing for the certain real property located at 909 Embarcadero del Mar in Isla Vista, Santa Barbara County, California (the "Property").

2. **INTEREST.** Subject to Section 3 of this Note, the Note shall bear simple interest at a rate of three percent (3%) per annum on the outstanding principal balance of the Loan until paid.

3. **DEFAULT INTEREST.** In the event of a default by Borrower of any of its obligations under this Note, Borrower shall pay to Lender interest on the outstanding principal of the Loan, at an annual rate equal to the lesser of (i) ten percent (10%) or (ii) the highest interest allowed by law, from the date of the default until the date that the default is cured or the Loan is repaid in full.

4. **AMOUNT AND TIME OF PAYMENT.** The principal and all current and accrued interest of the Loan shall be due and payable on the earlier of: (a) fifty-five (55) years from the date of the Note (b) the date the Property is sold if it is sold or transferred without the written approval of Agency, which approval shall not be unreasonably withheld, or (c) an Event of Default by Borrower which has not been cured as provided for in the Owner Participation Agreement.

5. **DEFINITIONS.** All terms not defined in this Note shall have the meaning set forth in the Owner Participation Agreement.

6. PAYMENTS. No payments shall be due on the Loan during so long as Borrower is not in default of the Owner Participation Agreement and the Regulatory Agreement executed by Borrower and Lender and recorded in the Official Records of Santa Barbara County as Document Number _____.

7. PLACE AND MANNER OF PAYMENT. All amounts due and payable under this Note are payable at the office of the Lender at the address set forth above, or at such other place as the Lender may designate to the Borrower in writing from time to time, in any coin or currency of the United States which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

8. DEFAULT AND ACCELERATION. This Note is secured by a Deed of Trust of even date herewith. All covenants, conditions and agreements contained in the Deed of Trust and the Owner Participation Agreement are hereby made a part of this Note. The following shall constitute an "Event of Default" under this Note: a) Borrower's failure to pay when due any sums payable under this Note which has not been cured within thirty (30) days following written notice from Lender to Borrower of such failure; b) Borrower's failure to observe or to perform any of its other covenants, agreements or obligations under the Deed of Trust or Owner Participation Agreement after the expiration of applicable cure periods, if any; and c) any other Event of Default (or Borrower Event of Default) as defined in the Owner Participation Agreement or Deed of Trust which has not been cured pursuant to the Owner Participation Agreement or Deed of Trust. Borrower agrees that the unpaid balance of the then principal amount of this Note, shall, at the option of the Lender, become immediately due and payable upon any Event of Default. Upon any Event of Default, the Lender may exercise any other right or remedy permitted under the Owner Participation Agreement, this Note and the Deed of Trust.

9. AUTOMATIC FORGIVENESS. If the Assisted Units have been operated in conformance with the Regulatory Agreement and the Owner Participation Agreement for 55 years from the date of occupancy of the Assisted Units, the Loan shall be automatically forgiven.

10. APPLICATION OF PAYMENTS. Payments by Borrower pursuant to this Note shall be applied first to accrued interest then to current interest, then to other charges, if any, then to reduce the principal.

11. NO OFFSET. Borrower hereby waives any rights of offset it now has or may hereafter have against the Lender, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

12. WAIVERS. Presentment, notice of dishonor, and protest are waived by all makers, sureties, guarantors, and endorsers of this Note, if any.

13. CONSENTS AND APPROVALS. Any consent or approval of the Lender required under this Note shall not be unreasonably withheld or delayed.

14. NOTICES. Except as may be otherwise specifically provided herein, any approval, notice, direction, consent request or other action by the Lender shall be in writing and may be communicated to the Borrower at the principal office of the Borrower set forth above, or

at such other place or places as the Borrower shall designate in writing, from time to time, for the receipt of communications from Lender.

15. **BINDING UPON SUCCESSORS.** All provisions of this Note shall be binding upon and inure to the benefit of the successors-in-interest, transferees, and assigns of the Borrower and the Lender.

16. **GOVERNING LAW.** This Note 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.

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

18. **TIME.** Time is of the essence in this Note.

19. **ATTORNEYS' FEES AND COSTS.** In the event any legal action is commenced to interpret or to enforce the terms of this Note, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

20. **WAIVER.** Any waiver by the Lender of any obligation in this Note must be in writing. No waiver shall be implied from any failure of the Lender to take, or any delay or failure by Lender to take action on any breach or default by the Borrower or to pursue any remedy allowed under this Note or applicable law. Any extension of time granted to the Borrower to perform any obligation under this Note shall not operate as a waiver or release from any of its obligations under this Note.

21. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Note must be in writing, and shall be made only if executed by both the Borrower and the Lender.

22. **NONRECOURSE.** Except as expressly provided in the second paragraph of this Section 22 the Borrower, and the Borrower's partners, officers, directors, employees and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, this Note. The sole recourse of the Lender with respect to the principal of, or interest on, the Note shall be to the property securing the indebtedness evidenced by the Note. However, nothing contained in the foregoing limitation of liability shall (i) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Lender, or (ii) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of personal liability to the extent of actual damages for (i) Borrower's fraud or willful misrepresentation; (ii) the failure to pay taxes,

assessments or other charges (which are not contested by the Borrower in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (iv) the material misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property; (v) the Borrower's indemnification obligations under the Owner Participation Agreement; and (vi) payment to the Lender of any rental income or other income arising with respect to the Property received by the Borrower after the Lender has given notice to the Borrower of the occurrence of an Event of Default and after the expiration of all applicable notice and cure periods, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the Deed of Trust.

23. OWNER PARTICIPATION AGREEMENT CONTROLS. In the event that any provisions of this Note and the Owner Participation Agreement conflict, the terms of the Owner Participation Agreement shall control.

BORROWER

PARADISE IVY, LLC

a California limited liability company

Dated: _____

By: _____

Tim Werner

AND

Dated: _____

By: _____

Richard Gilman

EXHIBIT E
TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

Regulatory Agreement

NO FEE DOCUMENT

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

Redevelopment Agency of the
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Executive Director

NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 6103

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

This Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is made and entered into as of _____, 2009, by and between the County of Santa Barbara Redevelopment Agency, a public body, corporate and politic ("Agency") and the Developer, Paradise Ivy, LLC ("Developer").

RECITALS

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

B. Pursuant to authority granted under the California Community Redevelopment Law, the Agency is charged with administration and enforcement of the Redevelopment Plan for the Isla Vista Project Area adopted by the Board of Supervisors of the County of Santa Barbara by Ordinance No. 3894 on November 27, 1990 (the "Plan"). The Plan affects the development and use of real property located within the Isla Vista Redevelopment Project Area (the "Project Area"). The area which is the subject of this Agreement is within the Project Area. This Agreement is subject to the terms and conditions of the Plan.

C. The Agency wishes to promote the development of more affordable rental housing in the Project Area and provide a greater choice of housing opportunities for persons and families of low income.

D. Developer proposes to construct twenty four (24) residential studio units and 6,350 square feet of commercial space in a new four story mixed use building located at 909

Emarcadero del Mar in Isla Vista, Santa Barbara County, California, as more particularly described in Exhibit A.

E. When the County approved the development of the Property pursuant to 05DVP-00000-00027 and 07CUP-00000-00036 the County placed upon the Project the requirement that 6 of the 24 housing units would be available for rent by low income residents for 55 years.

F. The Agency has agreed to loan funds to Developer on the condition that the Development be maintained and operated in accordance with Health and Safety Sections 33334.2 *et seq.*, and in accordance with additional restrictions concerning affordability, operation, and maintenance of the Development, as specified in this Agreement.

G. In consideration of receipt of the Loan and other assistance granted to the Development by the Agency and Developer have further agreed to observe all the terms and conditions set forth below.

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

ARTICLE 1. DEFINITIONS

1.1 Definitions. When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "Adjusted Income" shall mean the total anticipated annual income of all persons in a household, as calculated by the County of Santa Barbara Housing and Community Development Department.

(b) "Agency" shall mean the County of Santa Barbara Redevelopment Agency, a public body, corporate and politic.

(c) "Agreement" shall mean this Regulatory Agreement and Declaration of Restrictive Covenants.

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

(e) "County" shall mean the County of Santa Barbara, political subdivision of the State of California.

(f) "Deed of Trust" shall mean the deed of trust executed by the Developer in favor of the Agency and recorded against the Developer's interest in the Property which secures repayment of the Loan and performance of this Agreement.

(g) "Developer" shall mean Paradise Ivy, a California limited liability company, and its authorized representatives, assigns, transferees, or successors-in-interest thereto.

(h) "Insurance Requirements" means the insurance coverage which must be in full force and effect during the construction work and during the term of this regulatory agreement set forth in Exhibit B.

(i) "Loan" shall mean all funds loaned to Developer by the Agency pursuant to the Loan Agreement.

(j) "Low Income Household" shall mean a household with an Adjusted Income that does not exceed seventy-five percent (75%) of the Area Median Income.

(k) "Note" shall mean the promissory note from the Developer to the Agency evidencing all or any part of the Loan.

(l) "Project" shall mean means the construction of a residential and commercial mixed use building at 909 Embarcadero del Mar in Isla Vista, Santa Barbara County, California.

(m) "Property" shall mean that certain real property and improvements consisting of construction of a new building at 909 Embarcadero del Mar in Isla Vista, Santa Barbara County, California, as more particularly described in Exhibit A, which is incorporated into this Loan Agreement by this reference.

(n) "Qualifying Household" means a household that qualifies as a Low Income household.

(o) "Rent" shall mean the total of monthly payments by the tenants of a Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits; the cost of an adequate level of service for utilities paid by the tenant, including (to the extent paid for by the tenant) garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not cable or telephone service.

(p) "Restricted Unit" shall mean any of the six Units which, pursuant to Section 2.1(a) below, are required to be occupied by Low Income Households.

(q) "Tenant" shall mean a household occupying a Unit.

(r) "Term" shall mean the period of time beginning on the date that a final certificate of occupancy is recorded for the Project and ending fifty-five (55) years following that date.

- (s) "Unit" shall mean any of the twenty four (24) rental units on the Property.

ARTICLE 2.
AFFORDABILITY COVENANTS

2.1 Occupancy Requirements.

(a) Restricted Units. Six (6) Units in the Property shall be rented to and occupied by or, if vacant, available for occupancy by Low Income Households.

2.2 Allowable Rent.

Low Income Rent. Subject to the provisions of Section 2.3 below, for each Restricted Unit, the total charges for monthly rent, utilities, and related services to each Low Income Household shall not exceed one-twelfth (1/12) of thirty percent (30%) of seventy-five percent (75%) of Median Income as determined by HUD. Maximum rents for each Assisted Unit shall be set by the Agency at the time of initial occupancy of the Project. Allowable annual rent increases shall be calculated by Agency. Households occupying Assisted Units shall be given at least sixty (60) days written notice prior to any rent increase.

2.3 Increased Income of Low Income Households Occupying Restricted Units.

Non-Qualifying Low Household. In the event that recertification of a household occupying a Restricted Unit indicates that the household's Adjusted Income exceeds the qualifying income for a Restricted Unit, then the next Unit in the Property that becomes vacant ("Next Available Unit") shall be marketed and rented to a Low Income Household at a Low Income Rent. Upon rental of the next available unit to a Low Income Household, the rent restrictions of this subsection 3.3.B. shall no longer apply with respect to the Assisted Unit that experienced the increase in income.

2.4 Lease Provisions. Developer shall include in leases for all Restricted Units provisions which authorize Developer to immediately terminate the tenancy of any household one or more of whose members misrepresented any fact material to the household's qualification as a Low Income Household. The Developer shall include in all leases for Restricted Units provisions which prohibit the household from subleasing the Restricted Unit. In addition, the Developer shall require that each household leasing a Restricted Unit execute a declaration of intent to occupy which shall require the household to occupy the Restricted Unit as the household's primary residence. Each lease of Restricted Units shall also provide that the household is subject to annual certification, and that, if the household's income increases above the limits for a Low Income Household, such household's Rent may be subject to increase.

2.5 Prohibited Lease Provisions. Leases of Restricted Units 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 Developer in a lawsuit brought in connection with the lease;

2. An agreement by the tenant that Developer may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the Unit after the tenant has moved out of the Unit. In such a case, Developer may dispose of this personal property in accordance with State law;
3. An agreement by the tenant not to hold Developer or Developer's agent legally responsible for any action or failure to act, whether intentional or negligent;
4. An agreement of the tenant that Developer 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 or other legal costs even if the tenant wins in a court proceeding by Developer against the tenant. The tenant however may be obligated to pay costs if the tenant loses.

2.6 Tenant Certification. Developer may only lease Restricted Units to tenants who have been income certified by the Agency.

2.7 Condominium Conversion. The Developer shall not convert Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Property during the Term of this Agreement.

2.8 Marketing Plan Developer shall comply with the terms of the Marketing Plan which is attached to the Owner Participation Agreement entered into by and between Developer and Agency concerning the Property.

ARTICLE 3 INCOME CERTIFICATION AND REPORTING

3.1 Income Certification. The income levels and other qualifications of applicants for the Assisted Units shall be certified in accordance with standards, policies and procedures currently used by the County of Santa Barbara Housing and Community Development Department and as amended from time-to-time. Developer shall comply with the Certification Procedures and shall certify tenants of Assisted Units within ninety (90) days of the household's expected occupancy of one of the Assisted Units and at least annually thereafter.

3.2 Annual Report to Agency. Each year Developer shall submit an annual report to the Agency, in a form approved by the Agency. The annual report shall include for each Restricted Unit, the Rent and the income and household size of the household occupying the restricted Unit. The report shall also state the date the tenancy commenced for each rental Restricted Unit and such other information as the Agency may require.

3.3 Additional Information. Developer shall provide any additional information reasonably requested by the Agency with respect to the Developer's compliance with the terms of this Agreement. The Agency shall have the right to examine and make copies of all books, records or other documents of Developer which pertain to any Restricted Unit to determine compliance with this Agreement.

3.4 Records. The Developer shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of the Agency to inspect records, including records pertaining to income and household size of Tenants in Low Income Households. All household lists, applications and waiting lists relating to Low Income Units shall at all times be kept separate and identifiable from any other business of the Developer and shall be maintained as required by the Agency, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Agency. The Developer shall retain copies of all materials obtained or produced with respect to occupancy of the Low Income Units for a period of at least three (3) years.

3.5 Tenant Selection. Before marketing or leasing any Restricted Unit, the Developer shall provide Agency for its review and approval the Developer's written tenant selection plan.

ARTICLE 4. OPERATION OF THE DEVELOPMENT

4.1 Taxes and Assessments. The Developer shall pay when due all real property taxes and assessments assessed and levied on the Property and the Development, and shall remove any levy or attachment made on the Property or the Development. The Developer may, however, contest the validity or amount of any tax, assessment, or lien on the Property and the Development. The Developer shall not apply for a property tax exemption for the Property during the term of this Agreement.

4.2 Nondiscrimination. The Developer covenants by and for itself and its successors and assigns that, there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Units. Nor shall the Developer or any person claiming under or through the Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees or employees in the Property. The foregoing covenant shall run with the land and shall remain in effect in perpetuity.

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

ARTICLE 5. PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities. The Developer is responsible for all management functions with respect to the Development, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Agency shall have no responsibility over management of the Development.

5.2 Property Maintenance. The Developer shall cause the Property and the Project, including landscaping to be maintained and repaired consistent with requirements and in a condition reasonably acceptable to the Agency during the Term, including but not limited to cleaning, painting, plumbing, carpentry, grounds care and such other maintenance and repairs as may be necessary. If there arises a condition in contravention of this Section 5.2, and if the Developer has not cured such condition within thirty (30) days after receiving an Agency notice of such a condition or such longer period of time as is reasonably necessary in the reasonable discretion of the Agency, then the Agency shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Property, subject to the rights of any senior lenders.

ARTICLE 6. MISCELLANEOUS

6.1 Term. The provisions of this Agreement shall apply to the Property for the entire fifty five year term even if the entire Loan is paid in full prior to the end of the Term; provided, however, that the provisions of Section 4.2 of this Agreement shall run with the Property and shall remain in effect in perpetuity. This Agreement shall bind any successor, heir or assign of Developer, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the Agency. The Agency makes the Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.2 Covenants to Run With the Land. The Agency and Developer hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property

or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the Agency expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.3 Enforcement by the Agency. If Developer fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after the Agency has notified the Developer in writing of the default or, if the default cannot be cured within thirty (30) days, failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure, the Agency shall have the right to enforce this Agreement by any remedy provided by law.

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

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

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

(c) After notice provided for herein, make such repairs or replacements to the Property and Development as are necessary and provide for payment thereof;

(d) After the notice provided for herein, seek the liquidated damages set forth below;
or

(e) Pursue any other remedy provided under the Owner Participation Agreement or allowed at law or in equity.

6.5 Recording and Filing. The Agency and Developer shall cause this Agreement, and all amendments and supplements to it, to be recorded against the Property in the Official Records of the County of Santa Barbara.

6.6 Subordination. This Agreement shall not be subordinated in priority.

6.7 Governing Law. This Agreement shall be governed by the laws of the State of California.

6.8 Amendments. This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of the County of Santa Barbara, California.

6.9 Notices, Demands and Communications. Formal notices, demands, and communications among the Agency, and the Developer shall be sufficiently given if, and shall not be deemed given unless, secured personally, or dispatched by certified mail, return receipt requested, or by facsimile transmission or reputable overnight delivery service with a receipt showing date of delivery, to the principal offices of the Agency and the Developer as follows:

AGENCY: Housing and Community Development
 105 East Anapamu St., Suite 105
 Santa Barbara, CA 93101-2065

With a copy to: Office of the County Counsel
 105 E Anapamu Street, Room 406
 Santa Barbara, CA 93101-2065

DEVELOPER: Paradise Ivy, LLC
 P.O. Box 4836
 Santa Barbara, California 93140
 Attn: Tim Werner

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 6.8. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

6.10 Capitalized Terms. Any capitalized terms not defined herein shall have the meaning attributed to them in the Loan Agreement.

6.11 Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

6.12 Non-Liability of Officials, employees and Agents. No officers, directors, employees and agents of the Agency shall be personally liable to the Developer for any obligation created under the terms of this Agreement.

6.13 Indemnity. The Developer hereby agrees to defend, indemnify and save harmless the Agency for any claim or liability arising out of this Agreement and to abide by and to procure and maintain insurance in accordance with the provisions of Exhibit B attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the Agency and Developer have executed this Agreement by duly authorized representatives, all on the date first written above.

APPROVED AS TO FORM:

DENNIS A. MARSHALL
AGENCY COUNSEL

By: _____
Deputy County Counsel

AGENCY:
Redevelopment Agency of the County of
Santa Barbara, a public body corporate and
politic

By: _____
Joseph Centeno
Its: Chair
Signatures must be notarized

APPROVED AS TO FORM:

BOB GEIS
AGENCY TREASURER

By: _____
Senior Financial Analyst

DEVELOPER

PARADISE IVY, LLC
a California limited liability company

By: _____
Tim Werner

AND

By: _____
Richard Gilman

Signatures must be notarized

EXHIBIT A
PROPERTY DESCRIPTION

Legal Description of Property

PARCEL ONE:

PARCEL "C" IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID PARCEL IS SHOWN AS DESIGNATED ON PARCEL MAP NO. 10651 FILED IN BOOK 2, PAGE 69 OF PARCEL MAPS, IN THE OFFICIAL RECORDS OF SAID COUNTY.

PARCEL TWO:

THE EASTERLY 10 FEET OF LOT 2, BLOCK "J" IN THE OCEAN TERRACE TRACT IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15, PAGES 101, 102, AND 103 OF MAPS, RECORDS OF SAID COUNTY, AND THAT PORTION OF THE NORTHERLY 30 FEET OF SAID LOT 2 LYING EASTERLY OF THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF PARCEL ONE ABOVE DESCRIBED.

*****END OF LEGAL DESCRIPTION*****

EXHIBIT B
INSURANCE AND INDEMNITY

**STANDARD INDEMNIFICATION AND INSURANCE PROVISIONS
for contracts NOT requiring professional liability insurance**

INDEMNIFICATION

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

CONTRACTOR shall notify the COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement.

INSURANCE

Without limiting the CONTRACTOR's indemnification of the COUNTY, CONTRACTOR shall procure the following required insurance coverages at its sole cost and expense. All insurance coverages are to be placed with insurers which (1) have a Best's rating of no less than A: VII, and (2) are admitted insurance companies in the State of California. All other insurers require the prior approval of the COUNTY. Such insurance coverage shall be maintained during the term of this Agreement. Failure to comply with the insurance requirements shall place CONTRACTOR in default. Upon request by the COUNTY, CONTRACTOR shall provide a certified copy of any insurance policy to the COUNTY within ten (10) working days.

1. Workers' Compensation Insurance: Statutory Workers' Compensation and Employers Liability Insurance shall cover all CONTRACTOR's staff while performing any work incidental to the performance of this Agreement. The policy shall provide that no cancellation, or expiration or reduction of coverage shall be effective or occur until at least thirty (30) days after receipt of such notice by the COUNTY. In the event CONTRACTOR is self-insured, it shall furnish a copy of Certificate of Consent to Self-Insure issued by the Department of Industrial Relations for the State of California. This provision does not apply if CONTRACTOR has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and CONTRACTOR submits a written statement to the COUNTY stating that fact.

2. General and Automobile Liability Insurance: The general liability insurance shall include bodily injury, property damage and personal injury liability coverage, shall afford coverage for all premises, operations, products and completed operations of CONTRACTOR and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by the CONTRACTOR in the indemnity and hold harmless provisions [above] of the Indemnification Section of this Agreement between COUNTY and CONTRACTOR. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of CONTRACTOR pursuant to CONTRACTOR's activities hereunder. CONTRACTORS shall require all subcontractors to be included under its policies or furnish separate certificates and endorsements to meet the standards of these provisions by each subcontractor. COUNTY, its officers, agents, and employees shall be Additional Insured status on any policy. A cross liability clause, or equivalent wording, stating that coverage will apply separately to each named or additional insured as if separate policies had been issued to each shall be included in the policies. A copy of the endorsement evidencing that the policy has been

**STANDARD INDEMNIFICATION AND INSURANCE PROVISIONS
for contracts NOT requiring professional liability insurance**

changed to reflect the Additional Insured status must be attached to the certificate of insurance. The limit of liability of said policy or policies for general and automobile liability insurance shall not be less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Any deductible or Self-Insured Retention {SIR} over \$10,000 requires approval by the COUNTY.

Said policy or policies shall include a severability of interest or cross liability clause or equivalent wording. Said policy or policies shall contain a provision of the following form:

"Such insurance as is afforded by this policy shall be primary and if the COUNTY has other valid and collectible insurance, that other insurance shall be excess and non-contributory."

If the policy providing liability coverage is on a 'claims-made' form, the CONTRACTOR is required to maintain such coverage for a minimum of three years following completion of the performance or attempted performance of the provisions of this agreement. Said policy or policies shall provide that the COUNTY shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

CONTRACTOR shall submit to the office of the designated COUNTY representative certificate(s) of insurance documenting the required insurance as specified above prior to this Agreement becoming effective. COUNTY shall maintain current certificate(s) of insurance at all times in the office of the designated County representative as a condition precedent to any payment under this Agreement. Approval of insurance by COUNTY or acceptance of the certificate of insurance by COUNTY shall not relieve or decrease the extent to which the CONTRACTOR may be held responsible for payment of damages resulting from CONTRACTOR'S services of operation pursuant to the contract, nor shall it be deemed a waiver of COUNTY'S rights to insurance coverage hereunder.

In the event the CONTRACTOR is not able to comply with the COUNTY'S insurance requirements, COUNTY may, at their sole discretion and at the CONTRACTOR'S expense, provide compliant coverage.

The above insurance requirements are subject to periodic review by the COUNTY. The COUNTY's Risk Program Administrator is authorized to change the above insurance requirements, with the concurrence of County Counsel, to include additional types of insurance coverage or higher coverage limits, provided that such change is reasonable based on changed risk of loss or in light of past claims against the COUNTY or inflation. This option may be exercised during any amendment of this Agreement that results in an increase in the nature of COUNTY's risk and such change of provisions will be in effect for the term of the amended Agreement. Such change pertaining to types of insurance coverage or higher coverage limits must be made by written amendment to this Agreement. CONTRACTOR agrees to execute any such amendment within thirty (30) days of acceptance of the amendment or modification.

(Co of SB Std Terms Ver 10/01/01)

EXHIBIT F

TO
2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

Notice of Affordability Restrictions

NO FEE DOCUMENT

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

Redevelopment Agency of the
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Executive Director

NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 6103

APN: 075-112-016

**NOTICE OF AFFORDABILITY RESTRICTIONS ON
TRANSFER OF PROPERTY**

This Notice of Affordability Restrictions on Transfer of Property (“Notice”), dated as of _____, 2009 provides notice that the real property located generally at 909 Embarcadero del Mar in Isla Vista, Santa Barbara County, California, and more particularly described in Exhibit A (the “Property”) is subject to certain affordability and use restrictions (“Restrictions”) which are contained in that certain Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) by and between the County of Santa Barbara Redevelopment Agency, a public body corporate and politic (“Agency”), and Paradise Ivy LLC., a California limited liability company (“Borrower”) and recorded in the Official Records of Santa Barbara County on _____, 2009 as Instrument Number 2009 - _____.

The Regulatory Agreement limits the rent that may be charged for each of the twenty units in the Property (“Units”) to not more than thirty percent (30%) of seventy five percent (75%) of the median income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area with adjustments for household size, as determined by the United States Department of Housing and Urban Development (“Area Median Income”). The Regulatory Agreement also requires each Unit to be occupied by a household whose annual income does not exceed seventy five percent (75%) of the Area Median Income. For a complete understanding of all of the terms of the Restrictions please review the Regulatory Agreement.

Pursuant to Health and Safety Code Section 33334.3(f)(2)(B) the following additional information is provided regarding the Regulatory Agreement.

A. Date of Expiration of the Restrictions: _____

B. Property Address: 909 Embarcadero del Mar, Isla Vista,

C. The Assessor's Parcel Number: 075-112-016

D. Legal Description of Property: see Exhibit A

IN WITNESS WHEREOF, this Notice is executed by Borrower as of the date first written above.

DEVELOPER:

PARADISE IVY, LLC
a California limited liability company

Dated: _____

By: _____
Tim Werner

Dated: _____

By: _____
Richard Gilman

Signatures must be notarized

EXHIBIT A
Property Description

Legal Description of Property

PARCEL ONE:

PARCEL "C" IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SAID PARCEL IS SHOWN AS DESIGNATED ON PARCEL MAP NO. 10651 FILED IN BOOK 2, PAGE 69 OF PARCEL MAPS, IN THE OFFICIAL RECORDS OF SAID COUNTY.

PARCEL TWO:

THE EASTERLY 10 FEET OF LOT 2, BLOCK "J" IN THE OCEAN TERRACE TRACT IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15, PAGES 101, 102, AND 103 OF MAPS, RECORDS OF SAID COUNTY, AND THAT PORTION OF THE NORTHERLY 30 FEET OF SAID LOT 2 LYING EASTERLY OF THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF PARCEL ONE ABOVE DESCRIBED.

*****END OF LEGAL DESCRIPTION*****

EXHIBIT G

TO

2009 OWNER PARTICIPATION AGREEMENT
909 Embarcadero del Mar

Schedule of Performance

Schedule of Performance

Owner Participation Agreement: Paradise Ivy, 909 Embarcadero del Mar

Activity	Date to be Completed
Developer: Obtain Land Use Permits for construction of the Project, that approval has become final.	August 30, 2009
Developer: Obtain Building Permits for construction of the Project.	September 30, 2009
Developer: Completion of pouring of concrete foundation and second story concrete floor and receipt of written confirmation from County Building and Safety of inspection approval of the foundation and concrete work.	January 30, 2010
Developer: Rough framing has been completed and receipt of written confirmation from County Building and Safety of inspection approval of the rough framing.	April 30, 2010
Developer: Issuance of certificates of occupancy for the residential component of the Project.	August 30, 2010