



**FORGIVABLE LOAN AGREEMENT
(\$12,000)**

**COMMUNITY HOUSING DEVELOPMENT
ORGANIZATION (CHDO)
OPERATIONS SUPPORT**

Between

County of Santa Barbara

and

Peoples' Self Help Housing Corporation

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FORGIVABLE LOAN AGREEMENT

THIS FORGIVABLE LOAN AGREEMENT, hereinafter referred to as "AGREEMENT", is made and entered into this ____ day of _____, 2008 between **Peoples Self Help Housing Corporation**, a California non-profit corporation, hereinafter referred to as "PSHHC", and the **County of Santa Barbara**, a subdivision of the State of California, hereinafter referred to as "COUNTY".

WHEREAS, COUNTY, has entered into a Cooperative Agreement to form the Santa Barbara County HOME Consortium, hereinafter referred to as the "CONSORTIUM", of which the COUNTY is the lead agency, in order to qualify for the HOME Investment Partnerships Program (hereinafter referred to as "HOME") funds, funded by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, PSHHC is a county-recognized Community Development Housing Organization, hereinafter referred to as "CHDO," said designation which qualifies the organization for set-aside funding pursuant to HOME funding regulations; and

WHEREAS, under COUNTY'S 2008-09 HOME Notice of Funding Availability, PSHHC applied for and was reserved a \$12,000 forgivable loan to support PSHHC's operations; and

WHEREAS, pursuant to the 2008-09 COUNTY HOME Consortium Annual Action Plan, the \$12,000.00 forgivable loan is to be used and expended to assist in the provision of affordable housing for low income residents of the City of Santa Maria and the unincorporated Santa Maria Housing Market Area, in which PSHHC conducts its business activities, hereinafter referred to as the "PROJECT" as further described in the Statement of Work and Budget attached hereto as Exhibit A and incorporated by this reference; and

WHEREAS, as a CHDO, PSHHC is an eligible entity under 24 CFR 92 to act as designated project sponsor, and, as such sponsor, PSHHC will conduct the PROJECT.

NOW THEREFORE, IT IS AGREED by and between the parties hereto as follows:

1. **TERM OF AGREEMENT**

The term of this AGREEMENT shall commence on the date first above written and shall terminate one calendar year thereafter.

2. **AMOUNT AND DISBURSEMENT OF FUNDS**

Subject to the terms and conditions contained in this AGREEMENT, COUNTY agrees to loan funds to PSHHC in an amount not to exceed the sum of:

TWELVE THOUSAND DOLLARS (\$12,000.00) AS A FORGIVABLE LOAN

- A. PSHHC hereby acknowledges that COUNTY cannot guarantee that the HOME funds will be received from HUD. COUNTY's obligation to fund the work hereunder is limited to the availability of HOME funds from HUD. If the HOME funds are not forthcoming from HUD for any reason, COUNTY shall not have any obligation to fund the work through any other funding source.
- B. Upon acceptance of this AGREEMENT by COUNTY including the requests for disbursements of funds may be submitted by PSHHC to COUNTY. PSHHC shall not request disbursement of funds under this AGREEMENT until such funds are due for payment of eligible costs, and the amount of each request must be limited to the amount paid or due for payment. PSHHC shall submit to the COUNTY an invoice in a form acceptable to the COUNTY that sets forth the amount actually expended or due for payment by PSHHC for the PROJECT as included in the project Statement of Work and Budget. To the extent that HOME funds actually have been received from HUD, COUNTY shall pay PSHHC for all expenses stated on the invoice which are approved by COUNTY pursuant to this AGREEMENT.
- C. PSHHC shall indemnify and hold COUNTY harmless from any liability or damage resulting from any failure to make, or delay in making payments and hereby agrees to be bound by the insurance and indemnity requirements set forth in Exhibit B.

3. **PROJECT SCOPE OF WORK**

- A. The Statement of Work and Budget describes the eligible uses of the HOME funds to be disbursed hereunder, including the tasks to be performed, a schedule for completing the tasks, and the PROJECT budget. PSHHC agrees to conduct the PROJECT as described in the Statement of Work and Budget. To the extent that any procedure or provision of the PROJECT proposed conflicts with any provision of this AGREEMENT, the provisions of the AGREEMENT shall prevail.
- B. HOME funds shall be used exclusively for HOME-eligible project costs. All work performed under this AGREEMENT must be eligible under the HOME regulations at 24 CFR 92.208. PSHHC will, through contract or with existing staffing, utilize the HOME funds to conduct activities of community outreach and engagement to inform qualified low-income residents of opportunities for homeownership by providing workshops related to the home buying process, income and credit qualifications, counseling related to maintaining homeownership and other activities as articulated in the Statement of Work and Budget.

4. LOAN FORGIVENESS AND REPAYMENT

- A. This AGREEMENT shall be forgiven by County Department of Housing and Community Development if it determines in its sole and absolute discretion that all work elements of the PROJECT Statement of Work and Budget have been satisfactorily completed and all associated records, reports and documentation affirming and supporting PROJECT completion have been provided to COUNTY. Upon verification and approval of PROJECT completion, staff will execute a Forgiveness and Release of Loan Instrument, a draft of which is incorporated herein as Attachment C, and by reference, forgiving the loan.
- B. If the County Department of Housing and Community Development determines that the work to be completed hereunder has not been satisfactorily completed as set forth above, it shall notify PSHHC of that determination in writing and PSHHC shall repay the loan in its entirety upon ninety (90) days of receipt of such notice.

5. RECORDS

PSHHC shall keep accurate written records of all expenses incurred by it and of monies received by it and of all studies, statistics and reports made or issued by PSHHC in conducting the PROJECT. PSHHC shall also keep accurate written minutes of all meetings of the Board of Directors or Committees of PSHHC and shall keep accurate employment records, correspondence records and other records necessary to enable COUNTY to review PSHHC's operations during the conduct of the PROJECT.

In addition, PSHHC shall maintain all such records as may be required to be kept pursuant to the terms of the HOME program regulations at 24 CFR Part 92 or regulations adopted pursuant thereto, and such records and documents as may be necessary to enable COUNTY to prepare and submit such audits, assurances, reports and certificates as may be required of COUNTY under such regulations. In particular, PSHHC shall keep all such records and documents as may be necessary to enable COUNTY and/or the Federal Government to determine whether or not the funds to be allocated pursuant to the terms of this AGREEMENT have been or are being used in compliance with the provisions of the HOME regulations adopted thereunder. At COUNTY's request, PSHHC shall maintain all such records for a period of not less than three (3) years from the date of termination of this AGREEMENT.

6. REPORTS

- A. PSHHC shall submit quarterly progress reports to the COUNTY describing the progress made toward accomplishing the PROJECT objectives. PSHHC further agrees to submit to COUNTY a final report within 60 days of the date of PROJECT completion, that shall contain such information as COUNTY may then require, including, but not limited to the following:

1. Record, reports, and documentation associated with deliverable activities pursuant to PROJECT Statement of Work and Budget including, time sheets for PSHHC employees involved in PROJECT, documentation articulating times, dates and locations of, at a minimum four (4) seminars associated with PROJECT, and sign-in sheets indicating community participation; and
2. Any other records, reports and documentation that COUNTY may request in order to insure that the PROJECT has substantially and successfully met those goals and objectives as articulated in the PROJECT Statement of Work and Budget, for determining consistency with federal HOME Program rules, regulations and requirements.

7. AUDIT REQUIREMENTS

- A. COUNTY shall have the right to audit and review all records maintained by PSHHC pursuant to the terms of this AGREEMENT. Any such audit and review may be conducted at any time during regular business hours, upon reasonable notice to PSHHC.
- B. PSHHC is responsible for obtaining an audit in accordance with the Single Audit Act of 1996 (31 U.S.C. 7501-7) and Federal agency implementing regulations for the fiscal year of PSHHC in which HOME funds are received by PSHHC for the operating subsidy purposes. The audit shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits.

8. REIMBURSEMENT OF IMPROPER EXPENDITURES

- A. If at any time within applicable statutory periods of limitation it is reasonably determined by COUNTY, by the United States Secretary of the Treasury or by any other agency or persons having jurisdiction, that funds provided under the terms of this AGREEMENT have been used by or on behalf of PSHHC in a manner or for a purpose not authorized or prohibited by the Housing Act of 1959, as amended, or regulations adopted pursuant thereto PSHHC shall, at COUNTY's request, pay to COUNTY an amount equal to 100 percent of the amount improperly expended.
- B. Should the undersigned or any subsequent owner agree to or actually sell, convey, transfer, or dispose of the PROJECT property, or any part of it, or any interest in it, in violation of the conditions of this AGREEMENT, then all obligations may be declared due and payable by the COUNTY. The COUNTY shall also have the right to enjoin such agreement, sale, conveyance, transfer or other disposition in a court of competent jurisdiction.

9. COMPLIANCE WITH LAWS AND REGULATIONS

PSHHC agrees that it shall comply with all the provisions of the HOME Program and all rules and regulations adopted pursuant thereto, and with all other local, state and federal laws and regulations applicable to the PROJECT to be conducted hereunder. In particular, PSHHC shall comply with the requirements and standards of the following:

- A. OMB Circular No. A-122 "Cost Principles for Non-Profit Organizations";
- B. The following sections of 24 CFR Part 84 that apply to subrecipients receiving HOME funds that are private non-profit organizations: 84.2, 84.5, 84.13-84.16, 84.21, 84.22, 84.26-84.28, 84.30, 84.31, 84.34-84.37, 84.40-84.48, 84.51, 84.60-84.62, 84.72 and 84.73;
- C. All federal laws and regulations described in Subpart H of Part 92 of the HOME regulations, excluding COUNTY's responsibilities for environmental review in section 92.352 and the intergovernmental review process in 92.359, but including:
 - 1. Equal opportunity and fair housing requirements in 92.350;
 - 2. Affirmative marketing requirements in 92.351 as set forth in the "County of Santa Barbara HOME Consortium Affirmative Fair Housing Marketing Procedures";
 - 3. Requirements regarding displacement, relocation, and acquisition in 92.353;
 - 4. Labor requirements in 92.354;
 - 5. Lead based paint requirements in 92.355;
 - 6. Conflict of interest requirements in 92.356;
 - 7. Debarment and suspension requirements in 92.357; and
 - 8. Flood insurance requirements in 92.358.
- D. Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination against qualified handicapped individuals from participating in or being denied benefits of any programs or activities receiving Federal financial assistance.
- E. Shall obtain and maintain any and all licenses and permits necessary to conduct the PROJECT and to maintain the facilities and render the services proposed to be maintained or rendered in connection with the PROJECT.
- F. Shall not, on the grounds of race, color, ancestry, national origin, religion, sex, sexual preference or 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 when otherwise qualified;*

1. Deny any service or other benefit provided under the PROJECT;
 2. Provide any service or other benefit which is different, or is provided in a different form from that provided to others under the PROJECT;
 3. Subject to segregated or separate treatment in any facility in, or in any way or process related to receipt of any service or benefit under the PROJECT;
 4. Restrict in any way the enjoyment of any advantage or privilege enjoyed by others receiving any services or benefit under the PROJECT;
 5. Treat an individual differently from others in determining whether he satisfies any admission, enrollment, eligibility, membership, or other requirements or conditions which individuals must benefit provided under the PROJECT;
 6. Deny an opportunity to participate in the PROJECT as an employee.
- G. Shall maintain such records and enforce and comply with such procedures as COUNTY may specify or require in order to ensure that only persons eligible for services under state and/or federal laws or regulations are admitted to the PROJECT or are provided with such services.
- H. Shall not engage in any religious instruction nor use any part of the funds provided hereunder to purchase any religious books, materials or equipment or other property, or to share the salary of any person who participates in any such religious instruction, nor shall funds be used for any other religious or sectarian purpose whatsoever.
- I. Shall comply with the County's anti-discrimination ordinance.

10. INDEMNITY AND INSURANCE

It is understood and agreed by the parties hereto that PSHHC, while engaging in conducting the PROJECT and complying with any of the terms of this AGREEMENT, is independent and is not an officer, agent or employee of the COUNTY. It is further understood and agreed that the COUNTY, its officers, agents and employees, shall not be liable or responsible for any injury or damage to persons or property resulting from the operations or activities of PSHHC, its officers, agents or employees, in connection with the PROJECT; and PSHHC agrees to indemnify and hold harmless the COUNTY and its officers, agents and employees, from and against any and all claims and liability for damage or injury to persons or property resulting from the activities or omissions, of PSHHC, its officers, agents, employees or subcontractors, in connection with the operation or conduct of the PROJECT or the operation or maintenance of any buildings, equipment and other facilities used in connection with the PROJECT.

11. ENFORCEMENT OF AGREEMENT

- A. In the event of any dispute arising under this AGREEMENT, the injured party shall notify the injuring party in writing of its contentions by submitting a claim therefore. The injured party shall continue performing its obligations hereunder so long as the injuring party commences to correct such default within ten (10) days of service of such notice and completes the correction of such default within thirty (30) days after service of the notice, or such longer periods as may be permitted by the injured party; provided that if the default is an immediate danger to the health, safety and general welfare, such immediate action may be necessary. Notwithstanding the foregoing, COUNTY may suspend any further payment of HOME funds until PSHHC is in compliance with this AGREEMENT. Compliance with the provisions of this paragraph shall be a condition precedent to termination of this AGREEMENT for cause and to any legal action, and such compliance shall not be a waiver of any party's right to take legal action in the event that the dispute is not resolved.

- B. In addition to any other rights or remedies available at law or in equity, if PSHHC fails to fulfill its obligations under this AGREEMENT, COUNTY may, after compliance with the provisions of Paragraph 12.A:
 - 1. Temporarily withhold payment of HOME funds pending correction of the default by PSHHC;
 - 2. Refuse to advance all or any part of the HOME funds for the PROJECT and reallocate said funds to another activity;
 - 3. Wholly or partially suspend or terminate the award and this AGREEMENT;
 - 4. Withhold further awards for the PROJECT; and
 - 5. Require PSHHC to repay any HOME funds which COUNTY determines were not expended in compliance with the requirements of this AGREEMENT, the Act or the Regulations.

12. ASSIGNMENT

PSHHC shall not assign this AGREEMENT or any part thereof or any monies payable hereunder without the prior written approval of COUNTY.

13. POLITICAL ACTIVITY

- A. PSHHC certifies that to the best of its knowledge and belief no Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the expansion,

continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.

- B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan or cooperative agreement, PSHHC agrees to complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

14. **DRUG-FREE WORKPLACE POLICY**

PSHHC agrees to provide a drug-free workplace in accordance with COUNTY's Drug-Free Workplace Policy as follows:

- A. PSHHC will publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in PSHHC's workplace and will specify the actions that will be taken against employees for violation of such prohibition.
- B. PSHHC will establish an ongoing drug-free awareness program to inform employees about:
 - 1. The dangers of drug abuse in the workplace;
 - 2. PSHHC's policy of maintaining a drug-free workplace;
 - 3. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- C. PSHHC will require that each employee to be engaged in the performance of the grant be given a copy of the statement specified in paragraph A;
- D. PSHHC will notify the employee that, as a condition of employment under the grant, the employee will:
 - 1. Abide by the terms of the statement specified in paragraph A; and
 - 2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.
- E. PSHHC will notify the COUNTY in writing, within ten (10), calendar days after receiving notice under paragraph D from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must

provide notice to every grant worker or other designee on whose grant activity the convicted employee was working.

- F. PSHHC will take one of the following actions, within thirty (30) calendar days of receiving notice under paragraph D, with respect to any employee who is so convicted:
 - 1. Take appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 2. Require such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.
- G. PSHHC agrees to make a good faith effort to maintain a drug-free workplace through implementation of paragraphs A, B, C, D, E, and F.
- H. PSHHC hereby designates the site listed below as those expected to be used for the performance of work under the grant covered by this AGREEMENT:

PSHHC Administrative Offices
3533 Empleo Street
San Luis Obispo, CA. 93401

15. CONFLICT OF INTEREST

PSHHC shall comply with the conflict of interest provisions in the "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments," 24 CFR Part 85.36, and OMB Circular A-110. PSHHC shall maintain a written code of standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer or agent of PSHHC shall participate in selection, or in the award or administration of a contract supported by Federal HOME Funds if a conflict of interest, real or apparent, would be involved.

16. SUSPENSION OR TERMINATION OF AGREEMENT

COUNTY shall have the right to suspend or terminate this AGREEMENT or any extension thereof immediately if COUNTY reasonably determines that PSHHC has incurred obligations or made expenditures for purposes which are not permitted or prohibited under the terms of this AGREEMENT. COUNTY shall also have the right to suspend or terminate this AGREEMENT or any extension thereof immediately if COUNTY reasonably determines that PSHHC is conducting the PROJECT in violation of any of the material terms of the application of this AGREEMENT. In accordance with 24 CFR 85.43, suspension or termination may occur if PSHHC materially fails to comply with any term of this AGREEMENT. This AGREEMENT

may be terminated for convenience in accordance with 24 CFR 85.44. This AGREEMENT may be suspended or terminated when COUNTY and PSHHC mutually agree in writing to terminate the AGREEMENT in whole or in part.

17. REVERSION OF ASSETS

Upon termination of this AGREEMENT, PSHHC shall transfer to COUNTY any HOME funds on hand at the time of termination and any accounts receivable that are attributable to the use of HOME funds pursuant to the PROJECT.

18. AMENDMENT PROCEDURE

Any programmatic changes, such as, revisions to the scope or objectives of the activity, revisions to the budget, or extension of the effective term of the AGREEMENT, must receive prior approval by COUNTY. A request for prior approval of an amendment must be made in writing by PSHHC. Such request must be accompanied by a narrative justification for the proposed revision. COUNTY will promptly review such budget revision to assess its consistency with the purpose or terms and conditions of the Federal grant to the COUNTY. If the revision requested by PSHHC would result in a change to COUNTY's approved PROJECT which requires Federal prior approval, COUNTY will obtain the Federal agency's approval before approving PSHHC's request.

19. AGREEMENT BINDING ON SUCCESSORS

The conditions of this AGREEMENT and the respective rights and obligations of the parties hereunder shall be binding upon the heirs, assigns and successors in interest of each of the parties.

20. FURTHER ASSURANCES

Each of the parties agrees to cooperate with the other and to perform such acts and to execute such documents or instruments as may be necessary, proper or desirable to carry out the purposes and intent of this AGREEMENT.

21. ENTIRE AGREEMENT

This AGREEMENT, together with the Exhibits hereto, constitutes the entire understanding of the parties with respect to the subject matter hereof. No modifications of the AGREEMENT shall be valid or binding unless executed in writing by each of the parties on or after the date of representation, warranty, promise, statement or information, unless specifically set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _____ day of _____, 2008.

ATTEST:

MICHAEL F. BROWN
Clerk of the Board

COUNTY:
County of Santa Barbara,
political subdivision of the State of California


By: _____
Deputy Clerk of the Board

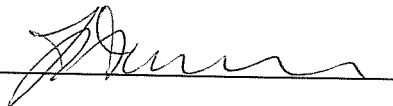
By: _____
Salud Carbajal, Chairman
Board of Supervisors

APPROVED AS TO FORM:

BOB GEIS
AUDITOR CONTROLLER

By: Peoples Self Help Housing Corporation, a
California nonprofit public benefit
corporation

By: 
Mark Paul
Division Chief

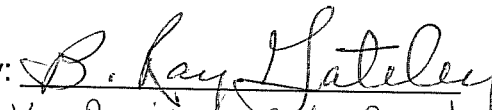
By: 
Its: Executive Director

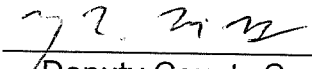
Expenditure Accounting Information
Fund: 0066 Dept: 055
Line Item: 7650 Program: 6000

and

APPROVED AS TO FORM:

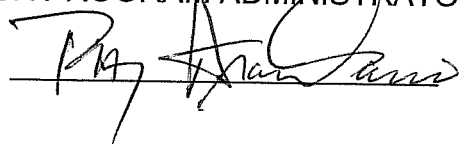
DENNIS A. MARSHAL
COUNTY COUNSEL

By: 
Its: Vice President of the Board

By: 
Deputy County Counsel

APPROVED AS TO FORM:

RAY AROMATORIO
RISK PROGRAM ADMINISTRATOR

By: 

ATTACHMENT A
STATEMENT OF WORK AND BUDGET

PEOPLES' SELF-HELP HOUSING CORPORATION
HOUSING COUNSELING PROGRAM

SANTA BARBARA COUNTY 2008-09 GRANT
STATEMENT OF WORK

1. Description

The program will use funds to target low income families experiencing or that anticipate encountering mortgage default or foreclosure problems due to major upward adjustments in their original loan terms. Families will be counseled on both a group and individual basis. Each family will be provided with a case plan to suit their particular situation. Knowledge and tools will be offered to all current and potential homeowners to avoid predatory lending situations and to understand their options and make educated decisions regarding their mortgages. Potential first-time homebuyers will be offered participation in our IDEA (individual Development and Empowerment Accounts) program.

Fannie Mae On-line Housing Counselor will be used to track training and outcomes of all participants

2. Schedule

1st Quarter

- 40 staff hours
- 1 seminars
- 12 served with homebuyer or foreclosure counseling

2nd Quarter

- 40 staff hours
- 1 seminar
- 12 served with homebuyer or foreclosure counseling

3rd Quarter

- 40 staff hours
- 1 seminars
- 12 served with homebuyer or foreclosure counseling

4th Quarter

- 40 staff hours
- 1 seminar
- 12 served with homebuyer or foreclosure counseling

3. Budget

The budget remains as originally submitted in the application.

Exhibit B
INDEMNIFICATION AND INSURANCE REQUIREMENTS

INDEMNIFICATION

Indemnification pertaining to other than Professional Services:

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.

Indemnification pertaining to Professional Services:

CONTRACTOR shall 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 the negligent performance or attempted performance of the provisions hereof; including any willful or negligent act or omission to act on the part of the CONTRACTOR or his agents or employees or other independent contractors directly responsible to him to the fullest extent allowable by law.

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 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 non-contributory to the full limits stated in the declarations, and if the COUNTY has other valid and collectible insurance for a loss covered by this policy, that other insurance shall be excess only."

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.

3. Professional Liability Insurance. Professional liability insurance shall include coverage for the activities of CONTRACTOR's professional staff with a combined single limit of not less than \$1,000,000 per occurrence or claim and \$2,000,000 in the aggregate. Said policy or policies shall provide that COUNTY shall be given thirty (30) days written notice prior to cancellation, expiration of the policy, or reduction in coverage. If the policy providing professional liability coverage is a on 'claims-made' form, the CONTRACTOR is required to maintain such coverage for a minimum of three (3) years (ten years [10] for Construction Defect Claims) following completion of the performance or attempted performance of the provisions of this agreement.

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.

Exhibit C
NOTICE OF RELEASE OF FORGIVABLE LOAN AGREEMENT

NOTICE OF RELEASE OF LOAN AGREEMENT

THIS RELEASE is made and entered into this _____th day of _____, 200_, by the County of Santa Barbara ("County").

RECITALS

A. This Release concerns a Forgivable Loan Agreement (Agreement), executed by the County and the Peoples Self Help Housing Corporation (PSHHC), on _____, 2008.

B. The requirements contained in the Agreement have been fully satisfied pursuant to completion of those specific work elements articulated in the Agreement's Statement of Work and Budget, concerning PSHHC's operations as a Community Housing Development Organization (CHDO), under Santa Barbara County's HOME Consortium.

C. The County of Santa Barbara has received all records, reports and supporting documentation concerning related to work performed under the Agreement.

D. The County has reviewed and approved of all fiscal expenditures associated with the Agreement's Statement of Work and Budget.

NOW, THEREFORE, the County releases PSHHC and its successors and assigned of and from all of the duties, obligations, and restrictions of the Agreement.

COUNTY OF SANTA BARBARA

Date

By _____
Housing and Community Development

APPROVED AS TO FORM:

APPROVED AS TO TERMS OF AGREEMENT
HAVING BEEN SATISFIED

DENNIS A. MARSHALL
COUNTY COUNSEL

ROBERT W. GEIS
AUDITOR-CONTROLLER

By _____
Deputy County Counsel

By _____
Deputy

