

INVESTOR LETTER

Santa Barbara County
105 East Anapamu Street, Room 110
Santa Barbara, CA 93101

Montecito Retirement Association
300 Hot Springs Road, Suite 300
Montecito, CA 93108

Re: \$11,550,000 First Installment Sale Agreement, dated as of March 1, 2012, by and between
Montecito Retirement Association and the County of Santa Barbara

Ladies and Gentlemen:

The undersigned, Santa Barbara Bank & Trust, N.A. (the "Lender"), has agreed to acquire (i) the rights, title and interest of Montecito Retirement Association (the "Borrower") under that certain First Installment Sale Agreement, dated as of March 1, 2012 (the "First Installment Sale Agreement"), by and between Borrower and the County of Santa Barbara (the "County"), including its rights to the purchase payments (the "Purchase Payments") to be made by the County under the First Installment Sale Agreement, and (ii) the rights, title and interest of the County under that certain Second Installment Sale Agreement, dated as of March 1, 2012 (the "Second Installment Sale Agreement"), by and between the County and the Borrower, including its rights to the installment payments (the "Installment Payments") to be made by the Borrower under the Second Installment Sale Agreement. In connection with such purchase, the Lender hereby agrees and certifies to the County and the Borrower that:

(a) The Lender has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the First Installment Sale Agreement and the Second Installment Sale Agreement to be able to evaluate the risks and merits of the investment represented by the purchase of the rights, title and interest of the Borrower under the First Installment Sale Agreement and the purchase of the rights, title and interest of the County under the Second Installment Sale Agreement.

(b) The Lender is acquiring the rights, title and interest of the Borrower under the First Installment Sale Agreement and the County under the Second Installment Sale Agreement for its own account and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Lender has not offered to sell, solicited offers to buy, or agreed to sell the rights, title and interest of the Borrower under the First Installment Sale Agreement or the County under the Second Installment Sale Agreement or any part thereof, and the Lender has no current intention of reselling or otherwise disposing of the rights, title and interest of the Borrower under the First Installment Sale Agreement and the County under the Second Installment Sale Agreement.

(c) The Lender acknowledges that the County's payment obligation under the First Installment Sale Agreement is strictly limited to the payment of Installment Payments by the Borrower under the Second Installment Sale Agreement and that the Lender will not look to the County for payment of the Purchase Payments from any other source. The Lender also

acknowledges that the County has no liability to the Lender whatsoever and that the Borrower has agreed to indemnify the County in all respects with respect to the transaction.

(d) As a sophisticated investor, the Lender has made its own credit inquiry and analysis with respect to the Borrower and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the Borrower set forth in the First Installment Sale Agreement and in the Second Installment Sale Agreement and in the information set forth in any materials submitted to the Lender by the Borrower. The Lender acknowledges that it has reviewed information, including financial statements and other financial information, regarding the Borrower and that the Lender has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Borrower and the First Installment Sale Agreement and in the Second Installment Sale Agreement. The Lender is able and willing to bear the economic risk of the purchase and ownership of the rights, title and interest of the Borrower under the First Installment Sale Agreement and the County under the Second Installment Sale Agreement.

(e) The Lender understands that neither the First Installment Sale Agreement nor the Second Installment Sale Agreement has been registered under the United States Securities Act of 1933 or under any state securities laws.

(f) The Lender has authority to purchase the rights, title and interest of the Borrower under the First Installment Sale Agreement and the County under the Second Installment Sale Agreement and to execute any instruments and documents required to be executed by the Lender in connection with the purchase of the rights, title and interest of the Borrower under the First Installment Sale Agreement and the County under the Second Installment Sale Agreement. The undersigned is a duly appointed, qualified, and acting officer of the Lender and is authorized to cause the Lender to make the representations and warranties contained herein on behalf of the Lender.

(g) The Lender acknowledges that rights, title and interest of the Borrower under the First Installment Sale Agreement and the County under the Second Installment Sale Agreement are not assignable or transferable unless such assignment or transfer is in whole, is to an assignee or transferee that is a Qualified Institutional Buyer and the assignee or transferee agrees to execute an investor letter substantially the same as this letter. "Qualified Institutional Buyer" means (i) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, or (ii) one of the following: (A) a bank as defined in section 3(a)(2) of the Securities Act of 1933, as amended (the "33 Act), a bank holding company or a wholly owned subsidiary of a bank holding company, or a savings and loan association or other institution as defined in Section 3(a)(5)(a) of the 33 Act acting in its individual capacity; or (B) an insurance company as defined in section 2(13) of the Securities Exchange Act of 1934.

(h) The Lender has been informed the transaction is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Borrower has not undertaken to provide any continuing disclosure with respect thereto.

SANTA BARBARA BANK & TRUST, N.A.

By _____
Name _____
Title _____