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and to be returned to:  
General Services Department  
Office of Real Estate Services  
Will Call

**COUNTY OF SANTA BARBARA**  
**OFFICIAL BUSINESS**  
No fee pursuant to Government Code § 6103  
No Tax Due

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SPACE ABOVE THIS LINE FOR RECORDER'S USE  
A.P.N. 059-140-029

**SECOND AMENDMENT TO LEASE AGREEMENT  
(CASA DEL MURAL)**

**THIS SECOND AMENDMENT TO THE LEASE AGREEMENT** is made by and  
between the

COUNTY OF SANTA BARBARA, a political  
subdivision of the State of California, hereinafter  
referred to as "COUNTY,"

and

SANTA BARBARA COMMUNITY HOUSING  
CORPORATION, a California non-profit  
corporation, hereinafter referred to as "LESSEE,"

with reference to the following:

**WHEREAS**, COUNTY and LESSEE entered into a Lease Agreement (hereinafter  
"Lease") dated December 5, 1989, for LESSEE'S use of the approximately 5,000 square foot  
building located at 4570 Calle Real, in Santa Barbara, California, (hereinafter "Premises"), also  
known as Casa Del Mural, located on the County-owned property described in Exhibit "A",  
attached hereto and incorporated herein by this reference; and

**WHEREAS**, the Lease was amended by the Amendment of Lease Agreement, dated  
November 5, 1991, extending the term of the Lease through November 30, 2022; and

**WHEREAS**, COUNTY sponsors a program at Casa Del Mural through an independent  
contractor that provides intensive support services for formerly homeless, mentally-ill patients; and

**WHEREAS**, COUNTY desires that Casa Del Mural maintain the status of "Shelter Plus  
Care" designation (hereinafter "SPC") which is established by the Housing Authority of the City of  
Santa Barbara (hereinafter "HACSB"); and

**WHEREAS**, the SPC Program provides rental assistance for homeless persons with  
disabilities in connection with supportive services funded by sources outside of the SPC program;  
and

**WHEREAS**, to facilitate SPC designation, support of a qualified project sponsor must be secured to complete and submit the required documentation and reports to HACSB; and

**WHEREAS**, LESSEE is deemed to be a qualified project sponsor who is eligible to execute the SPC contract with HACSB, and shall receive and reassign to COUNTY, as negotiated, any funding awards received from a SPC contract; and

**WHEREAS**, COUNTY and LESSEE desire to amend the Lease with the understanding that LESSEE shall utilize its qualified project sponsor designation to pursue SPC designation for the Premises on behalf of COUNTY and shall act as property manager for the Premises to the extent described herein, and that COUNTY shall utilize grant subsidies for the Premises and shall have oversight of resident selection and operation of the Premises, and shall collect funds to subsidize the costs of operating the program; and

**WHEREAS**, COUNTY has provided written notice to the State of California Department of Housing and Community Development, who has reviewed and approved this Second Amendment to the Lease Agreement in accordance with Section 7 of the Lease, and a copy of such approval is attached hereto as Exhibit "B".

**NOW THEREFORE**, in consideration of the Premises, and the mutual covenants and conditions contained herein, COUNTY and LESSEE agree to amend the Lease as follows:

1. Section 6, LOAN OBLIGATIONS is hereby amended by addition of the following:

"Where Santa Barbara Community Housing Corporation has received financial assistance from two governmental entities, in the event of differences between the requirements of the two entities or other funding sources, and the requirements of SUHRP; the most restrictive requirements shall prevail."

2. Section 12, UTILITIES AND JANITORIAL SERVICES is hereby repealed in its entirety and replaced with the following:

"COUNTY shall pay all utility charges serving the Premises, including electricity, water, gas, sewer fees, refuse collection, telephone service, and cable and internet service; and shall maintain all associated mains, wires and cables. In addition, COUNTY shall pay all charges for janitorial services serving the Premises. COUNTY shall keep and maintain the interior of the Premises in a clean, orderly and sanitary condition at all times. Upon termination of this Lease, LESSEE shall surrender the Premises in good condition, ordinary wear and tear excepted."

3. Section 13, MAINTENANCE AND REPAIR is hereby repealed in its entirety and replaced with the following:

"COUNTY shall manage all maintenance and repair work at the Premises and shall perform such maintenance and repair work whenever possible. COUNTY shall maintain all phone lines to the Premises, all sewer and other plumbing lines and fixtures, and all heating, air conditioning and lighting systems. In the event LESSEE has actual knowledge of a dangerous condition which requires repair or maintenance on or about the Premises, LESSEE shall provide COUNTY with notice of such condition. COUNTY shall thereafter be responsible for making such repair at its sole cost and expense.

In the event the Premises require immediate maintenance or repair during normal business hours, and the COUNTY representative cannot be reached, LESSEE shall contact the emergency repairs – business hours line at the number listed below.

In the event of an after-hours emergency repair (i.e. broken water pipes), LESSEE shall contact the emergency repairs – after hours numbers listed below. If LESSEE is unable to reach a COUNTY representative for emergency repairs, LESSEE may contract with a licensed contractor to make such emergency repairs and shall provide written notification to COUNTY of the need for such emergency repair as soon as possible, but no later than one (1) business day after the emergency situation arises. In the event LESSEE fails to notify COUNTY of any emergency repair, the cost of the repair shall be paid by LESSEE and LESSEE shall not be eligible to receive reimbursement from COUNTY.”

COUNTY REPRESENTATIVE:	(805) 681-4727
EMERGENCY REPAIRS – Business Hours:	(805) 681-5677
EMERGENCY REPAIRS – After Hours:	(805) 896-2916 or (805) 896-2902

4. Section 16, PURPOSE, is hereby amended by addition of the following:

“LESSEE shall utilize its project sponsor designation to pursue SPC designation for the Premises on behalf of COUNTY and shall act as property manager for the Premises. COUNTY shall utilize current grant subsidies for the Premises and shall have oversight on resident selection and overall operation of the Premises, and in the event of SPC designation, shall receive any such funding awards and distribute as appropriate. In addition, LESSEE shall provide property management services at the Premises to provide continuous residential services to at least eight (8) homeless mentally ill clients, as provided for herein.

a. SPC DESIGNATION: LESSEE shall maintain the SPC designation as a qualified project sponsor for the Premises on behalf of COUNTY and shall reassign any subsidies received from HACSB to COUNTY according to subsection 16(b)(IV), Account, as amended herein.

b. PROPERTY MANAGEMENT:

I. Candidates for Residency: COUNTY shall identify candidates for residency and shall screen all potential candidates to ensure they meet COUNTY’s criteria for residency at the Premises. From this candidate pool, LESSEE shall, in coordination with HACSB, determine whether the candidates meet governmental regulatory criteria for placement at the Premises (i.e. meet the definition of homelessness). LESSEE shall maintain and forward COUNTY a list of qualified candidates who meet the regulatory criteria. COUNTY shall make the final from the SBCHC qualified candidate pool.

II. Tenant Agreements:

A. LESSEE shall advise and consult in administering tenant agreements and documentation in conjunction with COUNTY.

B. LESSEE shall perform rent calculation per Federal Housing and Urban Development (HUD) requirements. LESSEE shall utilize the HUD Rent Calculation Worksheet and shall provide a copy of said worksheet to COUNTY for each tenant.

C. COUNTY shall collaborate with LESSEE in the review of tenant agreements to ensure compliance with applicable local, State and Federal regulations.

III. Security Deposits, Rents and Account: LESSEE shall collect a security deposits from each tenant. The security deposit shall be held for each tenant until the Tenant Agreement is terminated and the tenant vacates the Premises. LESSEE shall also collect monthly rent from all tenants. LESSEE shall notify COUNTY liaison if any rents are not paid by the due date.

IV. Account: LESSEE shall maintain an account for the Premises. This account shall be used to hold security deposits and rents. The minimum balance maintained at all times shall be no less than the cumulative total of all security deposits for the tenants currently residing at the Premises. Quarterly, LESSEE shall forward to County funds in excess of the minimum balance less LESSEE's fee of \$500 per month. This payment shall be inclusive of the rent subsidies received from HACSB for the Property. Payment shall be made to County no later than the fifteenth (15<sup>th</sup>) day of the third month of each quarter, such that payment shall be due on March 15<sup>th</sup>, June 15<sup>th</sup>, September 15<sup>th</sup>, and December 15<sup>th</sup> of each year of the Term .

V. Tenant Move-Out: LESSEE shall collaborate with COUNTY during tenant move-out. This shall include a collaborative move-out inspection of the tenant's room so that a determination can be made whether any repairs are needed to the room. If LESSEE and COUNTY determine that damage to the room exceeds normal wear and tear, the tenant's security deposit shall be debited for the cost of repairs and any balance remaining shall then be paid to the vacating tenant from LESSEE's account. LESSEE shall reimburse COUNTY for the cost of repairs to the tenant's room.

VI. Complaints and Eviction: COUNTY shall notify LESSEE of concerns regarding tenants' behavior, any concerns regarding Premises repairs and/or maintenance, and other issues which may fall under the scope of LESSEE's responsibility to the Premises as COUNTY becomes aware of such issues and concerns. LESSEE shall work collaboratively with COUNTY staff to manage tenant behavior and address concerns regarding tenant agreements and rules.

A. Tenant Eviction: COUNTY staff shall recommend tenants for eviction in the event COUNTY staff observes or becomes aware of a tenant's violation of tenant agreements and rules. While the emphasis will be to avoid evictions, COUNTY shall establish criteria for recommending such evictions and shall work collaboratively with LESSEE, who shall manage the eviction process in compliance with all federal, state and local rules and guidelines. LESSEE shall notify COUNTY within one (1) business day of the initiation of any eviction action, and shall provide COUNTY with the final date of eviction within one (1) business day after the date has been determined.

VII. Reports:

A. LESSEE shall prepare and submit all applicable reports required by local, State and federal agencies, as well as all reports required to fulfill its contract with HACSB and maintain SPC status at the Premises.

B. LESSEE shall maintain and file all tax reports, audits, and submissions of Welfare Tax Exemption documents associated with the Premises and shall provide a copy of all documents to COUNTY.

C. LESSEE shall submit to COUNTY a copy of their audited annual financial statement, including management comments within thirty (30) days after the report is received by LESSEE.

D. If LESSEE is required to perform a single audit, per the requirements of OMB circular A-133, LESSEE shall submit a copy of such single audit to COUNTY within thirty (30) days of receipt."

5. Section 25, NOTICES: is hereby repealed in its entirety and replaced with the following:

"Any notice to be given to either party by the other party shall be in writing and shall be delivered either personally or by registered or certified mail to the following:

To COUNTY: Director  
County of Santa Barbara  
Alcohol, Drug, and Mental Health Services  
300 North San Antonio Road, Bldg 3  
Santa Barbara, CA 93110

To LESSEE: Executive Director  
Santa Barbara Community Housing Corporation  
11 East Haley Street  
Santa Barbara, CA 93101”

6. Section 26, TERMINATION, is hereby amended by addition of the following:  
“(d) or upon the State’s forgiveness of the loans described in Section 7 hereof, which would release SBCHC from financial and operational obligation to the Premises, and thirty (30) days written notice by COUNTY to LESSEE of the intent to terminate.”

7. It is expressly understood that in all other respects, said terms and conditions of the original Lease Agreement, dated December 5, 1989, and subsequent Amendment of Lease Agreement, dated November 5, 1991, shall be in full force and effect.

///  
///  
///

Project: Casa Del Mural  
Second Amendment  
Folio: 002874  
APN: 059-140-029  
Agent: DG

COUNTY SIGNATURE PAGE

APPROVED:



Ann Detrick, Ph.D., Director  
Alcohol, Drug and Mental Health Services

APPROVED AS TO FORM:  
DENNIS MARSHALL  
COUNTY COUNSEL

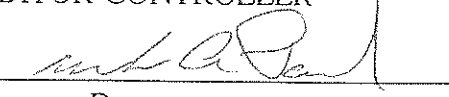
By:



Kevin E. Ready, Sr.  
Deputy County Counsel

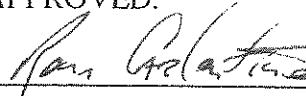
APPROVED AS TO ACCOUNTING FORM:  
ROBERT W. GEIS, CPA  
AUDITOR-CONTROLLER

By:



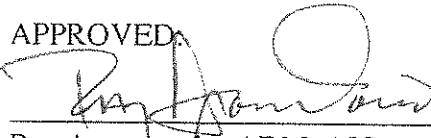
Deputy

APPROVED:



Ron Carlentine, SR/WA  
Real Property Manager

APPROVED:



Ray Aromatorio, ARM, AIC  
Risk Program Administrator

Project: Casa Del Mural  
Second Amendment  
Folio: 002874  
APN: 059-140-029  
Agent: DG

IN WITNESS WHEREOF, COUNTY and LESSEE have executed this Second Amendment to Lease Agreement by the respective authorized officers as set forth below to be effective upon final execution by COUNTY.

"COUNTY"  
COUNTY OF SANTA BARBARA


ATTEST:  
MICHAEL F. BROWN  
CLERK OF THE BOARD

\_\_\_\_\_  
Chair, Board of Supervisors

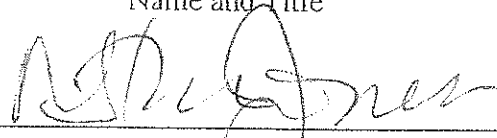
By: \_\_\_\_\_  
Deputy Clerk

Date: \_\_\_\_\_

"LESSEE"  
SANTA BARBARA COMMUNITY  
HOUSING CORPORATION  
a California non- profit corporation

\_\_\_\_\_  


Emmet Hawkes, EXEC. DIR.  
Name and Title

\_\_\_\_\_  


STEVE JONES, TREAS.  
Name and Title

ACKNOWLEDGMENT

State of California                    )  
  )  
County of Santa Barbara            )

On \_\_\_\_\_, 20\_\_, before me, \_\_\_\_\_, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

MICHAEL F. BROWN  
CLERK OF THE BOARD

By: \_\_\_\_\_  
Deputy Clerk



State of California

County of Santa Barbara

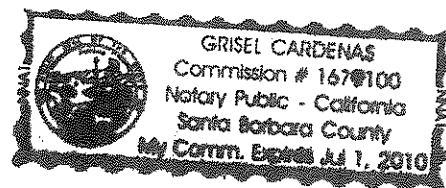
On Oct. 14, 2009, before me, Grisel Cardenas, a  
(Name of Notary)

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

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

Witness my hand and Official seal.

Signature: Grisel Cardenas (Seal)



State of California

County of Santa Barbara

On Oct. 14, 2009, before me, Grisel Cardenas, a  
(Name of Notary)

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

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

Witness my hand and Official seal.

Signature: Grisel Cardenas (Seal)

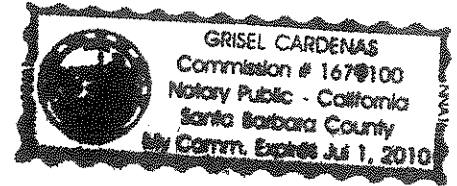


Exhibit A  
Legal Description

The land referred to is situated in the State of California, County of Santa Barbara and is known as 4570 Calle Real, Santa Barbara, CA located on the the following described property:

That portion of Lots 8 and 9 of the Santa Barbara Outside Pueblo Lands, according to the map thereof filed in Book 5, Page 75 of Maps and Surveys, in the office of the County Recorder of Santa Barbara County, lying Northerly of the Northerly line of the property conveyed to the State of California by deed recorded March 24, 1959 as Instrument No. 8997, in Book 1608, Page 176 of Official Records, and Relinquishment of Highway Right of Way (Calle Real) to the County of Santa Barbara, recorded November 2, 1967 as Instrument No. 32139, in Book 2210, Page 653 of Official Records; lying Westerly of the Westerly line of Camino Del Remedio, as dedicated to the County of Santa Barbara by Resolution of the Board of Supervisors recorded August 27, 1986 as Instrument No. 86-054438 of Official Records; and lying Southerly of the Southerly line of Tentative Tract Map No. 13,557 (Priority Homes Oak Grove Condominiums).

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

DIVISION OF FINANCIAL ASSISTANCE

ASSET MANAGEMENT AND COMPLIANCE SECTION

1800 Third Street, Suite 390  
P. O. Box 952054  
Sacramento, CA 94252-2054  
(916) 324-8282  
FAX (916) 324-3246



August 17, 2009

Mr. Emmet Hawkes, Interim  
Executive Director  
Santa Barbara Community  
Housing Corporation  
11 East Haley Street  
Santa Barbara, CA 93101

Re: Special User Housing Rehabilitation Program (SUHRP)  
HUD Permanent Housing for the Handicapped Homeless Program (PHHP)  
Casa del Mural: 86-HRL-S-279 – Relief of State Regulatory Obligations

Dear Mr. Hawkes:

The Department has completed its review and analysis of Santa Barbara Community Housing Corporation (SBCHC)'s requests as outlined in your initial August 28, 2008 letter and subsequent e-mails. We will address each request separately as follows:

A. Transfer of Property

Section 7472 of the SUHRP Regulations addresses Transfers, Sales, and Loan Cancellation. Subsequent sections of the SUHRP regulations denote the following:

1. No sponsor shall sell, encumber or convey the rental housing development without express, prior written approval of the sale by the Department. Approval of a sale or conveyance shall be given provided:
  - a. The successor-in-interest to the grantor agrees to assume the SUHRP deferred payment loan and all obligations of the existing sponsor pursuant to the regulatory agreement and the current program requirements; and,
  - b. The successor in interest is an eligible sponsor and demonstrates to the Department's satisfaction that it can successfully own and operate the rental housing development.

2. The Department may permit a sale and termination of the regulatory agreement and all other obligations pursuant to the following:
  - a. All sums owed to the Department by the sponsor are paid; and,
  - b. Such an action is necessary to protect the interests and security of the Department.

In the event SBCHC has an interest in transferring the Casa del Mural project to an eligible sponsor, please notify us and we will provide you with instructions to accomplish the transfer process. Please note that the County of Santa Barbara could be considered as an eligible sponsor.

B. Forgiveness of the Principal and Interest of the (HUD) PHHP \$477,326 Loan (the "PHHP Loan")

The Casa del Mural SUHRP/PHHP Regulatory Agreement Exhibit B and the HUD Program Loan Note (the "PHHP Note") reflect HUD's total advance of \$477,326 for this project as follows:

HUD Rehabilitation Advance	\$200,000
HUD funding for Operating Costs 1st Year	\$185,326
HUD funding for Operating Costs 2nd Year	\$ 92,000

The HUD 1<sup>st</sup> and 2<sup>nd</sup> Year operating costs are forgiven after five years, in accordance with Paragraph 4 of the SUHRP/PHHP Regulatory Agreement.

The HUD Rehabilitation Advance of \$200,000 is forgiven at the rate of 10% per year starting in the 11<sup>th</sup> year as long as the Project remains in compliance.

There is no need to modify the existing PHHP Note to indicate the annually changing principal. However, the Department, upon request, will provide the Borrower with a statement of the net amount remaining under the PHHP Loan.

C. HCD SUHRP Loan \$200,000 – Contract No. 88-HRL-S-279

The SUHRP loan is not forgivable.

D. Second Amendment to Lease Agreement (Casa del Mural)

We have concluded our review of the second amended lease agreement between the County of Santa Barbara (the County) and Santa Barbara Community Housing Corporation (the Lessee). We have approved the lease subject to the addition of the following condition in the lease agreement:

Mr. Emmet Hawkes  
Interim Executive Director  
Casa del Mural - #88-HRL-S-279  
Page 3 of 3

"Where SBCHC has received financial assistance from two governmental entities, in the event of differences between the requirements of the two entities or other funding sources, and the requirements of SUHRP; the most restrictive requirements shall prevail."

E. Continued Compliance with HCD Requirements

To date it appears the SBCHC staff is working with HCD staff in an attempt to be in compliance with the fiscal reporting requirements of the SUHRP program. We look forward to your continued efforts to be in full compliance with all of the SUHRP program requirements.

Thank you for your patience in this matter. I also want to thank John Truman and Erin Jeffery for their assistance and patience as well. If you have any questions or need additional assistance, please contact your Asset Management Representative, Van Nguyen at (916) 327-3644 or via e-mail at [vnquyen@hcd.ca.gov](mailto:vnquyen@hcd.ca.gov). You can also contact me at (916) 327-3590 or via e-mail at [kthompson@hcd.ca.gov](mailto:kthompson@hcd.ca.gov).

Sincerely,

  
Karen Thompson  
Program Manager

cc: John Truman, Division Chief, Special Projects, Alcohol, Drug, and Mental Health Services  
Erin Jeffery, Departmental Analyst, Contracts, Alcohol, Drug, and Mental Health Services  
Robert Caruthers, Staff Counsel, Legal Affairs Division  
Van Nguyen, Asset Management Representative, AMC