

ATTACHMENT A

NO FEE DOCUMENT

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

County of Santa Barbara
Community Services Department
Housing and Community Development Division
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Grants Administration Division Chief

NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 27383

**FIRST AMENDMENT TO HOME REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

This FIRST AMENDMENT TO HOME REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("First Amendment") is made as of March __, 2014, by Santa Rita Village, L.P., a California limited partnership ("Borrower") and the County of Santa Barbara, a political subdivision of the State of California ("County") and amends the HOME REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("Restrictive Covenants") entered into by and between Borrower and County dated February 15, 2012.

WHEREAS, Borrower has obtained financing from Wells Fargo Bank, National Association, a national banking association ("Lender") for the benefit of the project known as Santa Rita Village ("Project"), which loan is secured by a deed of trust ("Security Instrument") dated as of _____, 2014, and recorded in the Official Records of Santa Barbara County ("Records") on _____, 2014, as Instrument No. _____, and is insured by the United States Department of Housing and Urban Development ("HUD");

WHEREAS, Borrower has received a loan from the County, which required certain restrictions to be recorded against the Project in connection with such loan;

WHEREAS, Borrower entered into that certain HOME Regulatory Agreement and Declaration of Restrictive Covenants ("Restrictive Covenants") with respect to the Project, as more particularly described in Exhibit A attached hereto, dated as of February 15, 2012, recorded March 23, 2012 as Instrument No. 2012-0018869 in the Official Records of the County of Santa Barbara;

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the County has agreed to subordinate the Restrictive Covenants to the lien of the Mortgage Loan in accordance with the terms of this Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Amendment, the provision contained in this Amendment shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Regulatory Agreement" means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

"Lender" means Wells Fargo Bank, National Association, its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the HUD Regulatory Agreement.

"Security Instrument" means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended or modified.

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, except the requirements in 26 U.S.C. 42(h)(6)(E)(ii), to the extent applicable, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the "HUD Requirements"). Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the

Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the County's ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower's knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In accordance with 26 U.S.C. 42(h)(6)(E)(i)(1), in the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate, with the exception of the requirements of 26 U.S.C. 42(h)(6)(E)(ii) above, to the extent applicable, or as otherwise approved by HUD.

(e) Borrower and the County acknowledge that Borrower's failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the County's reporting requirement, in enforcing the Restrictive Covenants the County will not file without Lender's prior written consent any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or Restrictive Covenants, or the rents or other income from the property other than a claim against:

- i. Available surplus cash, if the Borrower is a for-profit entity;
- ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity; or
- iii. Available residual receipts authorized by HUD, if the Borrower is a non-profit entity; or
- iv. A HUD-approved collateral assignment of any HAP contract.

Further, the preceding shall not (i) limit County's right to bring an action seeking recovery solely from Non-Project Sources or (ii) preclude County from exercising or enforcing all the rights available to County under the Restrictive Covenants and/or under applicable law to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions

(g) For so long as the Mortgage Loan is outstanding, Borrower and County shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the County may require the Borrower to indemnify and hold the County harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against County relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Borrower's obligation to indemnify and hold the County harmless shall be limited to available surplus cash and/or residual receipts of

the Borrower and any proceeds from insurance policies required by County in the Restrictive Covenants.

(hvi) Except as modified by this First Amendment, the Restrictive Covenants shall remain in full force and effect.

(Signatures appear on next page)

IN WITNESS WHEREOF, Lender and Owner have caused this Amendment to be executed by their respective duly authorized officer.

ATTEST:

MONA MIYASATO
CLERK OF THE BOARD


COUNTY:

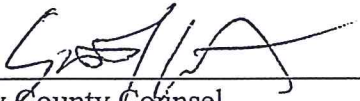
County of Santa Barbara
a political subdivision of the State of California

By: _____
Deputy Clerk of the Board

By: _____
Chair, Board of Supervisors
(Signature must be notarized)

APPROVED AS TO FORM
MICHAEL GHIZZONI
COUNTY COUNSEL


By: 
Department Head

By: 
Deputy County Counsel

APPROVED AS TO FORM
RAY AROMATORIO, ARM, AIC
RISK MANAGEMENT

OWNER:


Santa Rita Village, L.P., a California limited partnership

By: 
Risk Manager

By: Surf Development Company, a California non-profit public benefit corporation, Managing General Partner

APPROVED AS TO

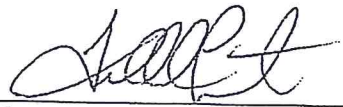
ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR/CONTROLLER

By: 
Name: Alfred Holzheu
Title: President
(Signature must be notarized)

By: 
Deputy Auditor-Controller

AND

By: Housing Authority of the County of Santa Barbara
Administrative General Partner

By: 
Name: Frederick C. Lamont
Title: Executive Director
(Signature must be notarized)

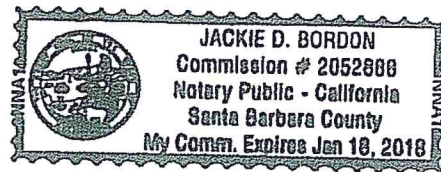
State of California
County of Santa Barbara

On Feb. 27, 2014 before me, Jackie D. Bordon, Notary Public,
personally appeared Frederick C. Lamont and _____
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 Jackie D. Bordon (Seal)



State of California
County of Santa Barbara

On FEB. 28, 2014 before me, JACKIE D. BORDON, Notary Public,
personally appeared ALFRED HOLZIKU and _____
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 Jackie D. Bordon (Seal)



State of California
County of Santa Barbara

On _____ before me, _____, Notary Public,
personally appeared _____ and _____
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 _____ (Seal)

EXHIBIT A

Legal Description of the Property

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

THAT CERTAIN TRACT OF LAND IN THE CITY OF LOMPOC, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA SHOWN AND DESIGNATED AS PARCEL 2 ON PARCEL MAP LOM-591-P, RECORDED MARCH 5, 2012 IN BOOK 63, PAGES 76 THROUGH 79, INCLUSIVE, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING AND RESERVING THEREFROM UNTO THE GRANTOR HEREIN EASEMENTS FOR PRIVATE DRAINAGE IN, ALONG, UPON AND THROUGH THAT PORTION OF SAID PARCEL 2 ABOVE DESCRIBED, SHOWN AS "PRIVATE DRAINAGE EASEMENT FOR THE BENEFIT OF PARCEL 1 PER THIS MAP" ON SAID PARCEL MAP LOM 591-P RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL TWO:

AN EASEMENT FOR PRIVATE DRAINAGE IN, ALONG, UPON AND THROUGH THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP LOM-591-P RECORDED IN BOOK 63, PAGES 76 THROUGH 79 OF PARCEL MAPS AND SHOWN AS "PRIVATE DRAINAGE EASEMENT FOR THE BENEFIT OF PARCEL 2 PER THIS MAP" ON SAID PARCEL MAP LOM 591-P, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL THREE:

AN EASEMENT FOR RECIPROCAL ACCESS AND PARKING, AS GRANTED BY HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA, IN THE RECIPROCAL ACCESS AND PARKING EASEMENT AGREEMENT RECORDED MARCH 22, 2012 AS DOCUMENT NO. 2012-2012. 0018864, OF SANTA BARBARA COUNTY RECORDS, AS MORE FULLY DESCRIBED THEREIN.