

**SANTA BARBARA COUNTY  
COMMUNITY PROJECT FUNDS  
LOAN AGREEMENT**

**(\$1,000,000)**

Between  
**County of Santa Barbara**

and

**Sanctuary Centers of Santa Barbara, Inc.**

**Hollister II Apartments  
(117 West Anapamu Street, City of Santa Barbara)**



United States Department of Housing and Urban Development Department (“HUD”)  
Economic Development Initiative-Community Project Funds (“EDI-CPF”)  
Federal Assistance Listing Number 14.251

This County Community Project Funds Loan Agreement (“County CPF Loan Agreement”) is made as of this 7th day of April 2026, by and between the County of Santa Barbara, a political subdivision of the State of California (“Lender” or “County”), and Sanctuary Centers of Santa Barbara, Inc., a California nonprofit public benefit corporation (“Borrower”).

### RECITALS

A. Lender wishes to promote the development of affordable rental housing in Santa Barbara County communities and provide a greater choice of housing opportunities for low-income people.

B. There is a need to provide affordable rental housing to low-income persons, as documented in the County’s 2025-2029 Consolidated Plan.

C. Borrower intends to construct a 34-unit affordable permanent supportive multi-family housing rental development (the “Project”) located at 117 West Anapamu Street, in the City of Santa Barbara, Santa Barbara County, California, as more particularly described in the legal description attached hereto as Exhibit A and incorporated herein by reference (the “Property”). The Project’s 34 residential housing units will be studio apartments, with rents of 24 of such units (each a “Unit”) restricted to levels affordable to households with incomes ranging between 30% and 50% of Area Median Income (defined below).

D. The Consolidated Appropriations Act, 2024, P.L. 118-42, and the Explanatory Statement for Division L of that Act, and the Further Consolidated Appropriations Act, 2024, P.L. 118-47, were signed into law on March 9, and March 23, 2024, respectively (the “Act(s)”), providing appropriations for fiscal year ending September 30, 2024, and allocating \$3.29 billion in Community Project Funds (“CPF”).

E. The March 5, 2024, Congressional Record, Volume 70, No. 39, S 1977, House of Representatives, includes \$1,000,000 in CPF allocated through Santa Barbara County’s 24<sup>th</sup> District Congressional Representative Office, to Lender as recipient, for *Sanctuary Centers Hollister II* Project (“CPF Grant”).

F. On September 9, 2025, Lender entered into a Grant Agreement (as amended from time to time) with HUD memorializing the CPF Grant.

G. Pursuant to the CPF Grant Agreement, CPF funds are not subject to the Community Development Block Grant regulations at 24 CFR Part 570 or Title 1 of the Housing and Community Development Act of 1974.

H. Lender has been awarded Project funds from the United States Department of Housing and Urban Development (“HUD”) under the Economic Development Initiative.

I. Borrower wishes to borrow from Lender, and Lender wishes to extend to Borrower, a loan in the original principal amount of One Million Dollars (\$1,000,000) comprised of CPF Grant funds to pay for certain development costs of the Project (the “County CPF Loan”), subject

to the terms and conditions set forth in this County CPF Loan Agreement and the other County CPF Loan Documents (defined below).

J. The Project is currently under construction and estimated to be complete in July 2026.

K. Intentionally Omitted.

L. The County CPF Loan will be evidenced by a promissory note in the original principal amount of One Million Dollars (\$1,000,000), executed by Borrower in favor of Lender, and secured by the County CPF Loan Deed of Trust (defined below).

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for the making of the County CPF Loan, Borrower and Lender hereby agree as follows:

### ARTICLE 1 DEFINITIONS

The following terms have the respective meanings set forth in this Article I wherever used in this County CPF Loan Agreement, including the Exhibits attached hereto, and documents incorporated into this County CPF Loan Agreement by reference.

1.1 **“AFFIRMATIVE MARKETING”** means actions taken to provide information and otherwise attract eligible persons in the housing market area who are not likely to apply to rent the Units without special outreach, without regard to race, color, national origin, sex, religion, familial status or disability, in conformance with 24 CFR 92.351.

1.2 **“AFFORDABILITY PERIOD”** means the period of time during which Assisted Units are required to meet the affordability requirements imposed under the CPF Grant Agreement, commencing upon Project Completion, and terminating on August 31, 2032.

1.3 **“ANNUAL FINANCIAL STATEMENT”** means the audited financial statement of Operating Expenses and Revenue prepared, at Borrower’s expense, by an independent certified public accountant reasonably acceptable to Lender (including but not limited to Vasin, Heyn & Company, Nasif, Hicks, Harris & Co., LLP, or another independent certified public accountant reasonably acceptable to Lender), which Borrower shall provide to Lender each year as part of Borrower’s annual reporting to Lender, in accordance with Sections 5.11 and 5.12, below.

1.4 **“AREA MEDIAN INCOME”** means the area median income for the Santa Maria-Santa Barbara Metropolitan Statistical Area as determined annually by HUD, with adjustments for household size.

1.5 **“ASSISTED UNIT”** means the twenty-four (24) CPF-Assisted Units.

1.6 **“BORROWER”** means Sanctuary Centers of Santa Barbara, Inc., a California nonprofit public benefit corporation, and its assigns, transferees, and successors-in-interest to the extent permitted hereunder.

1.7 **“CAPITAL BUDGET”** means that capital budget for the construction of the Project attached hereto as Exhibit B, which is hereby incorporated into this County CPF Loan Agreement by this reference and which identifies the sources and eligible uses of County CPF Loan funds for Project development costs in conformance with CPF Program requirements including, but not limited to, those set forth in 2 CFR 200 and the CPF Grant Agreement.

1.8 **“CERTIFICATE OF OCCUPANCY”** means the Certificate of Occupancy issued for the Project by the City of Santa Barbara Building Official.

1.9 **“COUNTY”** means the County of Santa Barbara, a political subdivision of the State of California.

1.10 **“COUNTY CPF LOAN”** means the loan by the County to Borrower of County CPF Funds in the total amount of One Million Dollars (\$1,000,000), as provided in this County CPF Loan Agreement, and as evidenced by the County CPF Loan Note, for the purpose of financing certain development costs of the Project.

1.11 **“COUNTY CPF LOAN AGREEMENT”** means this loan agreement entered into by and between Lender and Borrower.

1.12 **“COUNTY CPF LOAN DEED OF TRUST”** means that certain deed of trust, assignment of rents, and security agreement dated on or about the date hereof and recorded against title to the Property and the improvements to be constructed thereon as security for the County CPF Loan by Borrower as trustor with Lender as beneficiary, as well as any amendments to, modifications of, and restatements of said County Loan Deed of Trust, in the form attached hereto as Exhibit C and hereby incorporated into this County CPF Loan Agreement by this reference.

1.13 **“COUNTY CPF LOAN DOCUMENTS”** means, collectively, this County CPF Loan Agreement, the County CPF Loan Note, and the County CPF Loan Deed of Trust as they may be amended, modified, or restated from time to time, along with all exhibits and attachments hereto and thereto.

1.14 **“COUNTY CPF LOAN NOTE”** means the promissory note of even date herewith, executed by Borrower in favor of Lender in the amount of One Million Dollars (\$1,000,000), to evidence the County CPF Loan, as well as any amendments to, modifications of, or restatements of said promissory note, substantially in the form attached hereto as Exhibit D, and hereby incorporated into this County CPF Loan Agreement by this reference.

1.15 **“CPF-ASSISTED UNIT”** means any one of the twenty-four (24) Units on the Property designated by Borrower as the CPF-Assisted Units.

1.16 **“CPF FUNDS”** means Community Project Funds provided for the Project pursuant to congressionally-directed spending under the Consolidated Appropriations Act, 2024, P.L. 118-42, and the Further Consolidated Appropriations Act, 2024, P.L. 118-47, and in accordance with the CPF Grant Agreement.

1.17 **“CPF GRANT AGREEMENT”** means that certain Grant Agreement for Fiscal year 2024 Community Project Funds, executed between Lender and HUD as Grant Agreement B-24-CP-CA-0121, incorporated herein as Exhibit F.

1.18 **“CPF PROJECT NARRATIVE”** means the project narrative and description as provided to HUD in DRGR, and approved in the CPF Grant Agreement.

1.19 **“DISASTER RECOVERY GRANT REPORTING SYSTEM”** (“DRGR”) means the federal Treasury information and management system attendant to CPF funding administration and reporting.

1.20 **“FISCAL YEAR”** means the twelve (12) -month accounting period, beginning July 1 and ending June 30 of each year during the Term.

1.21 **“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 any federal or state environmental and health and safety laws and regulations, including, but not limited to, petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead.

1.22 **“HUD”** means the United States Department of Housing and Urban Development.

1.23 **“INSURANCE REQUIREMENTS”** means the insurance coverages which must be in full force and effect during the Term of this County CPF Loan Agreement, as specified in Exhibit G, which is attached hereto and hereby incorporated into this County CPF Loan Agreement by this reference.

1.24 **“LENDER”** means the County of Santa Barbara, a political subdivision of the State of California.

1.25 **“LOW-INCOME HOUSEHOLD”** means a household, as defined in 24 CFR 92.2, whose annual income does not exceed fifty percent (50%) of Area Median Income.]

1.26 **“OPERATING EXPENSES”** means actual, reasonable and customary costs, fees and expenses paid by or on behalf of Borrower and directly attributable to the operation, maintenance, and management of the Project, including painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, reasonable Property Management Fee, supportive services, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures

and furnishings, and reasonable fees and expenses of accountants, attorneys, consultants and other professionals. Borrower shall report Operating Expenses to Lender in each Annual Financial Statement.

1.27 **“PERIOD OF PERFORMANCE”** means the period beginning on the Effective Date and terminating on August 31, 2032, in accordance with the CPF Grant Agreement.

1.28 **“PERMITTED ENCUMBRANCES”** means:

- (i) the liens, encumbrances, assignments and security interests in favor of Lender pursuant hereto and to the Loan Documents;
- (ii) easements, restrictions, encumbrances and other matters described in and permitted to exist under the terms of the Loan Documents;
- (iii) the liens, encumbrances, assignments and security interests in favor of any lender in connection with a Senior Loan and the senior loan documents executed in connection therewith;
- (iv) taxes, assessments and governmental changes on the Project not yet delinquent;
- (v) the items set forth on the Title Policy;
- (vi) customary easements and rights of way entered into by Borrower in connection with the development and operation of the Project (including, without limitation, for public and municipal utilities and services) which would not result in a material adverse effect on Borrower or the Project;
- (vii) rights of future tenants of any Assisted Unit made in accordance with the Loan Documents, as tenants only;
- (viii) liens in favor of warehousemen, carriers, mechanics and materialmen to secure claims for labor, materials or supplies and other similar liens incurred in the ordinary course of business with respect to charges not yet delinquent, being contested in good faith by appropriate proceedings, or which are subject to conditional lien waivers conditioned upon payments to be disbursed or released (including any retainage or completion payments) by Lender, any Senior Loan, or other source of funding set forth in the Capital Budget;
- (ix) zoning, planning and other similar limitations and restrictions and all rights of any governmental authority to regulate the Project that are not violated by the current use of the Project;
- (xi) equipment leases entered into by Borrower in the ordinary course of development and operation of the Project;
- (xii) purchase money security interests, including liens upon tangible personal property securing loans to Borrower or deferred payments by Borrower for the purchase of such tangible personal property; and
- (xiii) such other matters as may be expressly consented to in writing by the Lender.

1.29 **“PROJECT”** means the construction, operation and management of the Property and the improvements to be constructed thereon according to the terms of this County CPF Loan Agreement.

1.30 **“PROPERTY”** means that certain real property and improvements thereon located at 117 West Anapamu Street, in the City of Santa Barbara, County of Santa Barbara, State of California, as more particularly described in Exhibit A, which is attached hereto and hereby incorporated into this County CPF Loan Agreement by this reference.

1.31 **“PROPERTY MANAGEMENT FEE”** means the amount paid to a property management company to be employed by Borrower to manage the Property subject to a County-approved property management agreement.

1.32 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as a Low-Income Household as defined in Section 1.25 above.

1.33 **“QUALIFYING RENT”** means the total monthly charges for rent paid directly by the Tenant of an Assisted Unit, which shall not exceed, for each of the Assisted Units, thirty percent (30%) of the adjusted income of a household whose annual income equals a maximum permissible income range of between thirty and up to fifty percent (30% to 50%) of AMI; provided that, for the avoidance of doubt, rental assistance or other sources of rental payments shall not be subject to the forgoing limitation. As of January 23, 2026, studio apartment rent at 30% of area median income equals \$927, and 50% of area median income equals \$1,545.

If the tenant of an Assisted Unit pays for utilities and services (excluding telephone, television and Internet services), then the Qualifying Rent for such unit shall be reduced by the maximum monthly allowance for utilities and services using the annual HUD Utility Schedule Model, or other annual utility schedule as determined by Lender.

1.34 **“RESIDUAL RECEIPTS”** means the amount of annual Revenue *minus* the sum of annual Operating Expenses and required debt service payments on the Senior Loans.

1.35 **“REVENUE”** means operating income in connection with the Project, including, but not limited to, rents from the Units and income from laundry operations, vending machines, meeting space rental, storage, and parking. Borrower shall report all Revenue to Lender in each Annual Financial Statement. Excluded from the definition of Revenue are non-operating period funds received by Borrower from any capital contributions, disbursements of loan proceeds, and any insurance payments.

1.36 **“SENIOR LOANS”** means, collectively, (i) that certain construction loan to be made to Borrower by First Republic Bank (“Senior Lender”), in an amount not to exceed Eight Million Nine Hundred Thousand Dollars, (\$8,900,000), for construction of the Project (“Construction Loan”), which will convert to a Project permanent financing loan in an amount not to exceed Three Million Five Hundred Thousand Dollars, \$3,500,000), (“Permanent Loan”), (ii) a permanent financing loan provided to Borrower under the State of California No Place Like Home Program in the amount of Seven Million Four Hundred Nine Thousand Five Hundred Sixty-four Dollars, \$7,409,564) (“NPLH Loan”), (iii) a permanent financing loan to Borrower from the State of California Department of Social Services in the in the original principal amount of Seven Million Two Hundred and Ninety-One Thousand Six Hundred and Sixty Six Dollars (\$7,291,666), (iv), a State of California Department of Behavioral Health Services permanent financing loan in the principal amount of Two Million Nine Hundred Fourteen Thousand Two Hundred and Twenty-

Four Dollars (\$2,914,224), (v) a Santa Barbara County Probation Department Community Corrections Partnership Act permanent financing loan in the principal amount of One Million Five Hundred Thousand Dollars, (\$1,500,000), and (vi) a Santa Barbara County Permanent Local Housing Allocation permanent financing Loan in the principal amount of One Million Four Hundred Thousand Dollars (\$1,400,000).

1.37 **“TERM”** shall have the meaning set forth in Section 1.27 “Period of Performance”, above.

## ARTICLE 2 TERMS OF THE COUNTY CPF LOAN

2.1 **COUNTY CPF LOAN.** On and subject to the terms and conditions of the County CPF Loan Documents, Lender agrees to make and Borrower agrees to accept the County CPF Loan subject to the following terms and conditions:

2.2 **AMOUNT.** The original principal amount of the County CPF Loan shall be an amount not to exceed One Million Dollars (\$1,000,000), which shall be evidenced by the County CPF Loan Note (“Maximum Loan Disbursement Amount”). In the event that sufficient CPF Funds for this County CPF Loan Agreement are not available to Lender for any reason at any time during the Term, Lender shall not be obligated to make payments to Borrower unless and until sufficient CPF Funds become available to Lender.

2.3 **INTEREST.** Subject to the provisions of Section 2.4, below, the County CPF Loan Note shall bear simple interest at a rate of zero percent (0%) per annum on the outstanding balance from the date of the first disbursement under the County CPF Loan Note.

2.4 **DEFAULT INTEREST.** In the event of an Event of Default by Borrower, and expiration of applicable cure periods, if any, Borrower shall pay to Lender, in addition to the interest rate specified in Section 2.3, above, interest on the then-outstanding principal of the County CPF 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 such Event of Default until the date that such Event of Default is cured, if subject to cure, or the County CPF Loan is repaid in full (“Default Interest”). Such Default Interest shall be paid by Borrower to Lender monthly on the first day of each month following such Event of Default.

2.5 **AMOUNT AND TIME OF PAYMENT.** The principal of the County CPF Loan and all accrued and unpaid interest thereon, in accordance with the County CPF Loan Note, shall be due and payable on the earlier of: (a) August 31, 2032, or (b) the date the Property is sold or otherwise Transferred (defined below in Section 5.14), unless such Transfer is specifically and expressly approved by the Lender in advance in writing, or (c) the occurrence of an Event of Default by Borrower, as defined below in Section 8.1, which, if subject to cure, has not been cured as provided for below in Section 8.2. No annual loan payments on the County CPF Loan shall be required under the CPF loan, provided that Borrower remains in compliance with all of the County CPF Loan Documents. In the event of an Event of Default by Borrower, as defined below in

Section 8.1, which, if subject to cure, has not been cured as provided for below in Section 8.2, the entire principal amount of the County CPF Loan and all accrued and unpaid interest thereon shall be due and payable in accordance with Section 8.3, below. The County CPF Loan shall be forgiven as of August 31, 2032, provided that Borrower is then in compliance with all of the County CPF Loan Documents.

**2.6 USE OF COUNTY CPF LOAN FUNDS.** County CPF Loan funds shall be used only for those certain development costs specified in the Project Budget attached hereto as Exhibit B, and shall only be disbursed in accordance with the provisions of Article 3, below. The portion of the Budget funded by County CPF Loan funds shall not be materially modified more than ten percent (10%) other than via an amendment to this County CPF Loan Agreement duly executed by Lender in accordance with Section 9.3, below, and provided that costs set forth in the Budget to be funded by County CPF Loan funds are eligible under 2 CFR 200, including 2 CFR 200.332, and provided further that the appropriate level of Environmental Review is completed under the National Environmental Policy Act of 1969 (“NEPA”) (42 USC 4321, et seq.), and applicable related environmental authorities set forth at 24 CFR 50.4, and HUD’s implementing regulations set forth at 24 CFR Parts 50 and 58. County CPF Loan funds shall only be utilized for costs related to residential uses, and shall not be utilized for costs related to commercial uses or any other nonresidential uses associated with the Project. No Budget Amendments to be funded by County CPF Loan funds may be approved by Lender in the absence of Lender having received prior written approval from HUD under provisions, terms and conditions of the CPF Grant Agreement.

**2.7 [This section intentionally left blank.]**

**2.8 [This section intentionally left blank.]**

**2.9 REPAYMENT OF THE COUNTY CPF LOAN.** All accrued interest and principal of the County CPF Loan shall be due and payable in accordance with the terms set forth in Section 2.5, above. No annual payments on the County CPF Loan shall be required during the Project Period of Performance, subject to provisions of Section 2.5 above.

**2.10 PREPAYMENT OF COUNTY CPF LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County CPF Loan amounts prior to the end of the Term. However, prepayment of the County CPF Loan during the Term shall require Lender approval.

**2.11 INTENTIONALLY OMITTED.**

**2.12 OPERATING AND CAPITAL REPLACEMENT RESERVE FUNDS.** Borrower shall fund a capital replacement reserve in the amount of not less than \$500/ per Unit per year (“Capital Replacement Reserve”), and shall capitalize a Capitalized Operating Subsidy Reserve in an amount of no less than Three Million Fifty Eight Thousand Eight Hundred Sixty-Four Dollars (\$3,058,864) in compliance with regulations of the No Place Like Home program of the State of California Department of Housing and Community Development (“COSR” of “Capitalized Operating Subsidy Reserve”) and, together with the Capital Replacement Reserve, the “Reserve Accounts”). The balances of the Capital Replacement and the Reserve Operating

Reserve may be held by Borrower or a Senior Lender, and shall be provided in each Annual Financial Statement submitted to Lender.

### ARTICLE 3 COUNTY CPF LOAN DISBURSEMENT

3.1 **CONDITIONS PRECEDENT TO DISBURSEMENT.** Lender shall not be obligated to make any disbursements of County CPF Loan funds or take any other action under the County CPF Loan Documents unless the following conditions precedent are satisfied prior to each disbursement of County CPF Loan funds:

- A. Borrower retains title to the Property;
- B. There exists no Event of Default or any act, failure, omission or condition that with the giving of notice or passage of time would constitute an Event of Default;
- C. Borrower has executed and delivered to Lender all documents, instruments, and policies required under the County CPF Loan Documents, including, but not limited to, an ALTA Lender's policy of title insurance in the amount of One Million Dollars (\$1,000,000) from a title insurance company approved by the Lender and in a form reasonably acceptable to Lender (the "Title Policy");
- D. Borrower has provided to Lender the certificates of insurance as specified in the insurance provisions set forth in Exhibit G; and
- E. There are sufficient CPF Funds available to Lender.

3.2 **DISBURSEMENT OF FUNDS.** Lender shall provide the County CPF Loan funds to Borrower for reimbursement of development costs incurred by Borrower and approved by Lender in accordance with the Budget (Exhibit B). County CPF Loan funds shall only be disbursed after the costs which are to be reimbursed therewith have been incurred. Borrower may not request disbursement of County CPF Loan funds until needed for payment of those certain development costs as specified in the Budget (Exhibit B). Disbursement of County CPF Loan funds shall not exceed a total of One Million Dollars (\$1,000,000).

County CPF Loan funds shall be disbursed through monthly periodic payments based upon development costs incurred and work completed, as evidenced by documentation supporting the completed work signed by the Project architect and verified by Lender. Borrower shall submit to Lender disbursement requests (each a "Written Disbursement Request") in writing no more frequently than one time per month using the County's Expenditure Summary and Payment Request form, in the form attached hereto as Exhibit H and incorporated herein by reference ("ESPR"). Written Disbursement Requests shall include itemized invoices corresponding to the Budget (Exhibit B). Borrower shall also attach to each ESPR copies of receipts or other proof of each payment by Borrower for which Borrower requests reimbursement therein, in form acceptable to Lender, that demonstrate date and amount of each such payment by Borrower and the nature of the expense incurred. Borrower shall also attach to each Written Disbursement Request ESPR copies of certified payroll reports current to within twenty-one (21) calendar days

of the date of such Written Disbursement Request ESPR documenting compliance with the Davis-Bacon Act. Additionally, Borrower shall provide to Lender evidence of compliance with Section 3 of the Housing and Community Development Act of 1968 (12 USC, 1701u) and 24 CFR Part 75, and evidence of compliance with the requirement to take all necessary affirmative steps to assure that minority firms, women’s business enterprises, and labor surplus area firms are used when possible pursuant to 2 CFR Part 200. Lender reserves the right to request additional documentation as necessary to ensure compliance with the County CPF Loan documents and all Federal, state and local laws, regulations, ordinances, orders, rules, directives, circulars, bulletins, notices, guidelines, and policies (the foregoing, collectively, “Applicable Laws” or “Applicable Law”).

Written Disbursement Requests shall only include items included in the Capital Budget (Exhibit B). No changes to the Capital Budget exceeding 10% of such Capital Budget shall be effective without the prior written approval of Lender in each instance in response to a written request from Borrower regarding same. Lender shall not approve any Capital Budget amendments requested by Borrower in the absence of having received prior written approval from HUD regarding the requested changes to the Capital Budget. In no event shall Lender’s obligations hereunder exceed the Maximum Loan Disbursement Amount. Any costs in excess of the Maximum Loan Disbursement Amount that are necessary for the completion of the Project shall be the sole responsibility of Borrower.

Notwithstanding the above, as a special disbursement condition, Lender shall retain Ten Thousand Dollars (\$10,000) of CPF funds until thirty (30) days after (i) Borrower has completed the construction of the Project, as evidenced by the Certificates of Occupancy, and provided beneficiary (individual tenant occupancy) data for the Project Assisted Units as required under the CPF Program, and (ii) any and all mechanic and materialmen liens (except Permitted Encumbrances and those otherwise approved in Section 1.36 regarding Senior Loans, above, of this Agreement) against the Property are released.

## **ARTICLE 4 DEVELOPMENT OF PROJECT**

**4.1 COMMENCEMENT OF CONSTRUCTION.** Borrower has commenced construction of the Project and obtained all final permits, entitlements and approvals required by all permitting and regulatory authorities and jurisdictions for such commencement.

**4.2 COMPLETION OF CONSTRUCTION.** Borrower shall diligently pursue construction of the Project to completion, and shall complete construction of the Project no later than December 31, 2026. Borrower shall provide proof of completion as evidenced by the recording of a notice of completion for the Project (“Notice of Completion”) and securing the Certificate(s) of Occupancy.

**4.3 FINANCING.** Borrower shall promptly inform Lender in writing of any changes in the amount, terms, or sources of financing or funding for the Project.

4.4 **CONTRACTS AND SUBCONTRACTS.** All work and professional services for the Project shall be performed by persons or entities licensed or otherwise authorized to perform such work or service(s) in the State of California. Borrower shall comply with all applicable provisions of the CPF Grant Agreement.

All costs incurred in development and operation of the Project shall be the responsibility and obligation solely of Borrower.

4.5 **INSPECTIONS.** Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Project site by Lender and by public authorities during reasonable business hours upon reasonable notice for the purposes of determining compliance with this County CPF Loan Agreement. Copies of monthly construction inspection reports completed by the Senior Lender or Borrower pursuant to the Senior Loan documents shall be provided to the County by Borrower immediately upon completion of each such construction inspection report.

4.6 **SITE SUPERVISION.** During the construction of the Project, Borrower shall maintain a full-time site superintendent to supervise all construction work on the Property. The site superintendent shall be on-site at all times during construction work hours.

4.7 **CONSTRUCTION RESPONSIBILITIES.** Borrower shall be solely responsible for all aspects of Borrower's conduct and omissions, and conduct and omissions on behalf of Borrower, in connection with the Project, including, but not limited to, the quality and suitability of the construction work described in the Budget (Exhibit B), the supervision of construction work, and the qualifications, financial condition, and performance of all contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by Lender with reference to the Project is solely for the purpose of determining whether Borrower is properly discharging its obligations under the Loan Documents, and should not be relied upon by Borrower or by any third parties as a warranty or representation by Lender as to the quality of the construction of the Project.

4.8 **BARRIERS TO THE DISABLED.** The Project shall be developed and the Property shall be maintained and operated in compliance with all applicable federal, state, and local requirements for access for disabled persons, including but not limited to Section 504 of the Rehabilitation Act of 1973 (29 USC 794), as amended, and with implementing regulations at 24 CFR Part 8, and the Fair Housing Act (42 USC 3601-3619), implemented at 24 CFR Part 100, Subpart D. Within thirty (30) days after Borrower has completed the construction of the Project, Borrower shall submit satisfactory documentation of compliance with these requirements, including, but not limited to, a certification from the Project architect documenting the unit number and type of accessibility features of each Unit.

4.9 **LEAD-BASED PAINT AND ASBESTOS REMOVAL.** Borrower and its contractors and subcontractors shall not use lead-based paint or asbestos in the construction or maintenance of the Project, and shall comply with Federal regulations set forth in 24 CFR Part 35, subparts A, B, J, K, M and R, 29 CFR, 40 CFR, the Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as Title X (42 USC, 4851, et seq.), the Lead-Based Paint

Poisoning Paint Provision Act (42 USC 4821, et seq.), California OSHA, California Health and Safety Code, and all other applicable Federal, state and County laws, regulations, and standards.

**4.10 QUALITY OF WORK AND PROPERTY STANDARDS.** Borrower shall construct the Project in conformance with all Applicable Laws, including, but not limited to:

- A. All applicable Federal, state, and local statutes and regulations;
- B. All applicable Federal, state, and local building codes and zoning ordinances;
- C. All permits, entitlements, and approvals for the Project;
- D. Applicable Federal, state, and local energy conservation codes.

**4.11 MECHANICS LIENS AND STOP NOTICES.** If any claim of lien is filed against the Property, or a stop notice affecting the County CPF Loan is served on Lender or any other lender or other third party in connection with the Project, Borrower shall, within sixty (60) days of such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Lender a surety bond in sufficient form and amount, provide Lender with a lien-free endorsement, or provide Lender with other assurance reasonably satisfactory to Lender that the claim of lien or stop notice shall be promptly paid or discharged.

If Borrower fails to discharge any lien, encumbrance, charge, or claim referred to herein, then, in addition to any other right or remedy, Lender may, but shall be under no obligation to, discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternatively, Lender may require Borrower to immediately deposit with an escrow and title company the amount necessary to satisfy such lien or claim and any costs pending resolution thereof. Lender may use such deposit to satisfy any claim or lien that is adverse to or against Borrower or the Property.

Borrower shall record a valid notice of cessation or Notice of Completion upon cessation of construction work on the Project for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes Lender, but without any obligation on the part of Lender, to record any notices of completion or cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interest in the Project and Property.

**4.12 COMPLIANCE WITH CPF PROGRAM AND OTHER FEDERAL REQUIREMENTS.** All requirements imposed under the CPF program as contained in the CPF Grant Agreement are incorporated herein by reference, and Borrower shall comply with all other implementing laws, rules, regulations, and guidance. In the event of any conflict between this County CPF Loan Agreement and the CPF Regulations, the CPF Regulations shall govern.

The laws and regulations governing the use of the CPF Funds ("CPF Regulations") include, but are not limited to, the following:

- A. **Uniform Guidance.** The applicable policies, guidelines, and requirements set forth in 2 CFR Part 200, including any specific conditions that HUD may apply under the Grant Agreement as provided by 2 CFR 200.208, if applicable.

B. Audit requirements. Agencies that expend \$750,000 or more in federal funds in a year as calculated therein must undergo a single audit in compliance with 2 CFR 200.501.

C. Architectural Barriers. The requirements of the Architectural Barriers Act of 1968 (42 USC 4151-4157).

D. Handicap Discrimination. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 USC 794), and federal regulations issued pursuant thereto, which prohibits discrimination against the handicapped in any federally assisted program.

E. Environmental Review. The provisions of NEPA, and applicable related environmental authorities set forth at 24 CFR Part 50.4, and HUD's implementing regulations set forth at 24 CFR Parts 50 and 58. Lender shall act as the Responsible Entity for the environmental review process, as defined in 24 CFR Part 58. Neither Borrower nor any of its contractors or subcontractors shall undertake, or commit or expend County CPF Loan funds or other funds for, project activities (other than for planning, management, development, and administration activities), unless a contract requiring those activities was already executed on or before March 9, 2024, until Lender has completed the environmental review procedures required by 24 CFR Part 58, and HUD has approved the environmental certification and given a release of funds. Following completion of the environmental review process, Lender shall exercise oversight, monitoring, and enforcement as necessary to assure that decisions and mitigation measures adopted through the environmental review process are carried out during project development and implementation.

F. Fair Housing. The requirements of the Fair Housing Act (42 USC 3601-3619) and implementing regulations at 24 CFR Parts 5, 100, 109 and 110; Executive Order 11063 (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107; and Title VI of the Civil Rights Act of 1964 (42 USC 2000d) (Nondiscrimination in Federally Assisted Programs), Section 562 of the Housing and Community Development Act of 1987, and implementing regulations issued at 24 CFR Part 1.

H. Training Opportunities. The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u, requiring that, to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the Project area and agreements for work in connection with the Project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the Project.

I. Build America, Buy America. Unless exempted by HUD under a General Waiver or Specific Waiver, the Borrower shall comply with the requirements of the Build America, Buy America Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended.

J. Minority and Women's Business Enterprise. The requirements of Executive Orders 11625, 12432 and 12138 and 2 CFR Part 200, whereby Borrower shall take all necessary

affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

K. Conditions for Faith-Based Organizations. Borrower shall comply with HUD regulations pertaining to faith-based activities found at 24 CFR 5.109.

L. Debarred Contractors. All contractors, subcontractors, and consultants used by Borrower in the development of the Project shall not be debarred or otherwise prohibited from participation in a federal project pursuant to 2 CFR Part 2424. Borrower shall furnish Lender with evidence of compliance with this provision generated from the System for Award Management ("SAM") at [www.sam.gov](http://www.sam.gov).

M. Anti-Lobbying. Borrower hereby certifies that, pursuant to Section 319 of Public Law 101-121, 31 U.S.C. 1352 and 24 CFR Part 87: (1) 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 extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement; (2) 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, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and (3) It will require that the language of subparagraphs (1) and (2) of this paragraph (L) and the paragraph (M), immediately below, of this certification be included in the award documents for all awards and subawards at all tiers (including subcontracts, subgrants, contracts, and grants under grants, loans, and cooperative agreements) and that Borrower and all contractors and subcontractors shall certify and disclose accordingly.

N. Lobbying Certification. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, USC. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

O. Conflict of Interest: Borrower must administer CPF Grant funds in accordance with Conflict of Interest requirements set forth in Appendix 6 of the CPF Grant Agreement.

P. HUD CPF Regulations. All other HUD CPF regulations in effect during the Term pertaining to use of the CPF Funds.

Q. The Borrower is responsible for managing the Project and ensuring the proper use of Grant Funds provided by Lender. Borrower is also responsible for ensuring the

completion of the Project, providing Lender with the grant closeout documentation, and compliance with all applicable federal requirements. This CPF Loan Agreement is subject to subaward requirements under 2 CFR Part 200, including 2 CFR 200.332, and other requirements provided under the CPF Grant Agreement. The Borrower shall comply with all requirements under the CPF Grant Agreement, including the general federal requirements in Article IV.

R. In accordance with Appendix 7 of the CPF Grant Agreement- Award Terms and Conditions Regarding Trafficking in Persons, Borrower shall adhere to the terms and conditions as set forth therein.

S. Borrower shall comply with Appendix A to 2 CFR Part 25 and Appendix A to 2 CFR Part 170.

T. Borrower shall comply with drug-free workplace requirements in Subpart B of 2 CFR Part 2429.

4.13 **RELOCATION.** If and to the extent that development of the Project results in the permanent or temporary displacement of residential tenants, owners, or businesses, Borrower shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits, including but not limited to the Uniform Relocation and Real Property Acquisitions Act As Amended (42 USC 4601, et seq.) (“URA”). , Section 104(d) of the Housing and Community Development Act of 1974 (42 USC 5304(d)), regulations at 24 CFR Part 42 and 49 CFR Part 24, and HUD Handbook 1378. Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with said relocation laws. If, upon audit review by Lender or by any Federal agency, it is determined that additional relocation payments are due, then Borrower consents to make such payments. In the event Borrower does not make payments as requested by Lender, then such failure to make such payments shall constitute an Event of Default. Lender may require repayment of the County CPF Loan plus any and all relocation payments due. Without limiting or otherwise affecting the standard indemnity and insurance provisions set forth in Article 6 and Exhibit G, Borrower hereby agrees to indemnify Lender for any action brought against Lender based on an alleged failure to comply with relocation obligations on this Project.

4.14 **UNAVOIDABLE DELAY IN PERFORMANCE.** The time for performance by a party hereto of such party’s obligation(s) under this County CPF Loan Agreement may be extended for a period equal to the period of a delay in such performance which is directly caused by: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; freight embargoes; pandemics; or other events beyond the reasonable control of, and in no way directly or indirectly caused by, or otherwise attributable to or arising out of, any act or omission of the party claiming such delay (“Force Majeure Event”). An extension of time for a Force Majeure Event will be granted only if the party claiming such delay, within ten (10) calendar days from the commencement of such Force Majeure Event, provides written notice to the other party hereto specifying the Force Majeure Event, the performance purportedly delayed thereby, such party’s good faith estimate of the duration of such delay, and such extension of time is either (a) accepted by the other party hereto in writing, or (b) not rejected in writing by the other party within fourteen

(14) calendar days of receipt of such notice. In any event, notwithstanding the foregoing, construction of the Project must be completed no later than four (4) years after the Effective Date. Times of performance under this County CPF Loan Agreement may also be extended for any cause for any period of time by written agreement duly executed by each of Lender and Borrower.

## **ARTICLE 5 OPERATION**

**5.1 OPERATION OF PROJECT.** Borrower shall operate and manage the Project in full conformance with the terms of the County CPF Loan Agreement.

Borrower shall maintain and operate the Assisted Units so as to provide decent, safe, and sanitary housing, and shall provide the Assisted Units with the same level of housing-related services amenities, and maintenance as are applied to the other Units in the Project. Optional housing-related services provided by or on behalf of Borrower to residents of any Unit(s) must be available to residents of all Units on the same terms and conditions. Notwithstanding the foregoing or anything to the contrary in this Agreement or any Loan Document, different levels of supportive services required in connection with the abilities or disabilities of any tenant in connection with the Project shall not be deemed a violation hereof.

**5.2 INTENTIONALLY OMITTED.**

**5.3 AFFIRMATIVE MARKETING PLAN.** In the marketing of the Project, Borrower shall comply with the affirmative marketing provisions of the Management Plan. The Borrower intends to utilize referrals from the Coordinated Entry System of the County of Santa Barbara Continuum of Care. The Management Plan must include information on affirmative marketing efforts and compliance with fair housing laws. At a minimum, Borrower, the Management Plan, and the Project must meet the affirmative marketing requirements set forth in 24 CFR 92.351, as may be amended from time to time.

**5.4 TENANT SELECTION.** In the selection of tenants, Borrower shall comply with the written tenant selection provisions of the Management Plan. The Borrower intends to utilize referrals from the Coordinated Entry System of the County of Santa Barbara Continuum of Care. Tenant selection and such provisions of the Management Plan must, at a minimum, meet the requirements for tenant selection set forth in 24 CFR 92.253, as may be amended from time to time.

Borrower shall rent the Assisted Units to any Qualifying Household(s) according to the tenant selection plan. Borrower shall verify each prospective tenant's eligibility, and require from each tenant, a statement that such household's income from all sources does not exceed allowable limits as described in the County CPF Loan Agreement, subject to applicable law.

**5.5 INCOME CERTIFICATION.** The Annual Income levels and other qualifications of each applicant for an Assisted Unit shall be certified by such applicant to Borrower no earlier than six (6) months prior to such Qualifying Household's occupancy of an Assisted Unit, and shall be recertified by such Tenant to Borrower not less frequently than annually thereafter. If the size

of a Qualifying Household occupying an Assisted Unit changes before occupancy, Borrower may request additional information and documentation to determine eligibility.

A. Initial Annual Income Verification. Before a Qualifying Household occupies an Assisted Unit, the Borrower shall verify that the Annual Income provided in an Annual Income certification for such Qualifying Household is accurate by taking both of the following steps as a part of the verification process:

- (1) Third Party Verification: All third parties (e.g., employer, Social Security Administration, public assistance agency, etc.) are contacted to provide information to verify Annual Income. Written requests and responses are required; and
- (2) Review of Documents: The Qualifying Household provides documents verifying their Annual Income (e.g., pay stubs, tax returns, etc.). These documents must then be retained by Borrower in the Project files.

B. Annual Income Recertification. At the time of each lease renewal or pursuant to an annual schedule adopted by the Borrower, and no later than the one-year anniversary of the initial Annual Income verification and not less frequently than annually thereafter, each Tenant occupying a CPF-Assisted Unit shall recertify to Borrower the Annual Income of such Tenant occupying a CPF-Assisted Unit using the method as described in Section 5.5.A, above. Tenants may continue in occupancy and renew their leases without regard to income following initial occupancy absent good cause for eviction or non-renewal by Tenant.

**5.6 INITIAL LEASING OF THE PROJECT.** Before the initial leasing of any portion of the Project, Borrower shall submit its proposed form of lease for the Units to Lender and shall certify to Lender that such form of lease is in compliance with 24 CFR Section 92.253(b) and 24 CFR 92.253(c). The initial term of each Assisted Unit lease shall be for no less than one year, unless a shorter term is requested by the tenant occupying such Assisted Unit, and no Assisted Unit lease shall contain any provision that is prohibited by 24 CFR Section 92.253(b), as may be amended from time to time. No rent increase shall occur at any time during the initial lease term of any Assisted Unit lease. Any refusal to renew or termination of an Assisted Unit lease must be in conformance with 24 CFR 92.253(c), as may be amended from time to time, and must be preceded by not less than thirty (30) days' written notice by the Borrower to the tenant(s) of such Assisted Unit specifying the grounds for such action. Borrower shall lease all Assisted Units to Qualifying Households within twelve (12) months of completion of construction as defined in Section 4.2, above, and shall provide Lender with detailed occupancy data and demographic information on all tenants as provided by the tenants of the Assisted Units.

**5.7 AFFORDABILITY RESTRICTIONS.** The twenty-four (24) CPF-Assisted Units in the Project shall be designated by Borrower as Assisted Units. Occupancy of CPF-assisted units shall be limited to Qualifying Households, subject to applicable law, and shall meet the following standards:

- A. The Assisted Units shall be designated as "floating" so that the Unit designated as Assisted Units under the County CPF Loan Agreement may change over time, as long as the total number and type of Assisted Units in the Project remains constant.

- B. The Assisted Units shall be similarly constructed and of comparable quality to all other Units in the Project;
- C. The Assisted Units shall be located in the Project; provided, that given the limited size of the Project and the necessity of certain supportive services for Tenants, the Assisted Units may be grouped by their level of supportive services; and
- D. Borrower shall provide tenants of Assisted Units with access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other Units.

5.8 **RENTS FOR ASSISTED UNITS.** Rents for Assisted Units shall be limited to Qualifying Rents as set forth in the County CPF Loan Agreement.

5.9 **CONFLICTS BETWEEN COVENANTS OR RESTRICTIONS AFFECTING THE PROPERTY.** Any conflicts between the restrictive provisions contained in this County CPF Loan Agreement, the County CPF Loan Note, the County CPF Loan Deed of Trust, and any other agreements in connection with the County CPF Loan are to be resolved by applying the more restrictive covenant(s) or restriction(s) in the applicable County CPF Loan Document(s).

5.10 **NONDISCRIMINATION.** Borrower shall not discriminate or segregate in the development, construction, 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, gender, gender identity or expression, sexual preference or orientation, age, marital status, family status, source of income, military or veteran status, physical or mental disability, medical condition, genetic information, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC) acquired or perceived, or any basis prohibited by law. Borrower shall otherwise comply with all applicable local, state, and federal laws concerning discrimination and equal opportunity in housing.

5.11 **RECORDS AND REPORTS.** Borrower shall be accountable to Lender for all County CPF Loan funds disbursed to Borrower pursuant to the County CPF Loan Documents and 24 CFR 92.508. Borrower shall maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures for construction costs drawn from County CPF Loan funds, and shall maintain all invoices, receipts, and other documents related to expenditures for construction costs using or reimbursed from County CPF Loan funds until the later of (i) the date that is five (5) years after recordation of the Notice of Completion issued for the Project, or August 31, 2032. Borrower shall maintain all records relating to this County CPF Loan Agreement and any revenue received by Borrower or the Project until five (5) years after the Term; provided, however, that in the event that any litigation, claim, negotiation, audit monitoring, inspection or other action has been started before the expiration of the required record retention period, all records must be retained until completion of all such action(s) and resolution of all issues which arise in connection with such action(s). Borrower shall maintain all records contemplated herein in an accurate and current manner. Tenant income, rent, and Unit inspection information, must be retained for the most recent five-year period, until five years after the Affordability Period terminates.

Borrower shall promptly comply with all requirements and conditions of the County CPF Loan Documents. Borrower shall promptly supply, upon the request of Lender, any and all information and documentation which involves the Project, and shall cooperate with Lender.

Borrower shall submit to Lender:

- Borrower must submit a performance report required for submittal by Lender under the Federal Disaster Recovery Grant Reporting System (DRGR), on a semi-annual basis and must include a completed Federal financial report as an attachment to each performance report in DRGR. Performance reports shall consist of a narrative of work accomplished during the reporting period. During the Period of Performance, Borrower must submit these reports to Lender for upload to DRGR no later than 30 calendar days after the 6-month reporting period. The first of these reporting periods begins on the first of January or June, (whichever occurs first) after the date of HUD execution of the CPF Grant Agreement.
- The performance report must contain the information required for reporting program performance under 2 CFR 200.329 (c)(2) and (d), including a comparison of actual accomplishments to the objectives of the Project as described in Article III, section A of the CPF Grant Agreement, the reasons why established goals were not met, if appropriate, and additional pertinent information, when appropriate, analysis and explanation of cost overruns or high unit costs.
- The Borrower must report and account for all property acquired or improved with CPF Grant funds as provided by 2 CFR 200 using applicable common forms approved by OMB and provided on the Grants.gov website (<https://www.grants.gov/web/grants/forms/post-award-repoerting-forms.html>.) This reporting obligation includes submitting status reports on real property acquired or improved with CPF Grant funds as part of Project Closeout in DRGR and promptly submitting requests for disposition instructions as provided by 2 CFR 200.311, and 200-314.
- Borrower shall provide to Lender all documentation required for Project Closeout in DRGR in accordance with 2 CFR 200 and the CPF Grant Agreement.

5.12 **AUDITS.** Borrower shall conduct annual audits in accordance with 2 CFR Part 200 and annual audit procedures under the NPLH Loan. Each year, on or prior to May 31<sup>st</sup>, Borrower shall submit to Lender an Annual Financial Statement. Borrower shall make available to Lender for examination at reasonable intervals and during normal business hours all books, accounts, reports, files, and other papers or property relating to or prepared in connection with the Property or any of the County CPF Loan Documents (“Records”), and shall permit Lender to audit, examine, and make excerpts or transcripts from such Records. Lender may make audits of any conditions relating to the County CPF Loan Documents, including, but not limited to, the right to review, obtain, and copy all records and supporting documentation pertaining to the performance of this County CPF Loan Agreement and the other County CPF Loan Documents.

Lender shall notify Borrower of any Records it deems insufficient (“Deficiency Notice”). Borrower shall have fifteen (15) calendar days from the date of such Deficiency Notice to correct all deficiencies in the Records specified by Lender in such Deficiency Notice, or, if more than fifteen (15) days shall be reasonably necessary to correct such deficiencies, Borrower shall submit a written request to Lender for an extension of such 15-day period. Lender shall respond to extension requests within fifteen (15) days of Lender’s receipt thereof. Borrower shall begin to correct such deficiencies within fifteen (15) days, and shall diligently complete correction of all deficiencies identified in the Deficiency Notice as soon as reasonably possible, but in no event later than 60 days after the date of such Deficiency Notice.

**5.13 ENCUMBRANCE OF PROPERTY.** Except as otherwise provided in this County CPF Loan Agreement or the Loan Documents, including with respect to the Senior Loans, Borrower shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property, whether by express agreement or operation of law or otherwise, or allow any encumbrance or lien to be made on or attached to the Property, except with the prior written consent of Lender. Borrower shall notify Lender in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Project or Property, and of any encumbrance or lien that has been created on or attached to the Property whether by voluntary act of Borrower or otherwise.

**5.14 TRANSFERS.** Except in each case, in connection with any Senior Loan, as defined in Section 1.34 above, Borrower has not made or created, and shall not make or permit, any sale, assignment, conveyance, or other transfer, directly or indirectly, whether by operation of law or otherwise, of the Property, this County CPF Loan Agreement, or any of Borrower’s rights or obligations hereunder, including, but not limited to, the sale, assignment, or transfer of any general partnership interests (“**Transfer**”), without the prior written consent of Lender, which consent shall not be unreasonably withheld. Notwithstanding the foregoing or anything to the contrary in any Loan Documents, Permitted Encumbrances shall not constitute a “Transfer” and shall be permitted hereunder.

**5.15 FEES, TAXES, AND OTHER LEVIES.** Borrower shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Project and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by Lender, Borrower deposits with Lender all funds or other forms of assurance Lender deems, in good faith from time to time, appropriate to protect Lender from the consequences of such contest being unsuccessful.

**5.16 DAMAGE TO PROPERTY.** If any building and/or improvement erected by Borrower on the Property is damaged or destroyed by an insurable cause, Borrower shall, at its sole cost and expense, diligently undertake to repair or restore all such building(s) and/or improvement(s) consistent with the original plans and specifications for the Project, unless Borrower reasonably determines that such restoration or repair is not economically feasible. Borrower shall commence such work or repair within one hundred twenty (120) days after such

damage or loss occurs, and shall cause such work to be completed within one year thereafter. 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, Borrower shall make up the deficiency.

If Lender determines that restoration or repair is not economically feasible, then Lender may declare an Event of Default, such that the unpaid principal and all accrued and unpaid interest on the County CPF Loan shall then be immediately due and payable, and Borrower shall apply all insurance proceeds thereto.

5.17 **EQUAL EMPLOYMENT OPPORTUNITY.** Borrower and all contractors, subcontractors, and professional service providers performing services on the Property or otherwise in connection with the Project shall comply with all requirements hereunder concerning equal employment opportunity, and all requirements hereunder concerning equal opportunities for businesses and lower-income persons (referred to as the Section 3 clause of the HUD Act of 1968, 12 USC 1701u).

## **ARTICLE 6 INDEMNITY AND INSURANCE**

6.1 **INDEMNITY.** Borrower shall comply with the indemnification provisions set forth in the “Standard Indemnification and Insurance Provisions” attached hereto as Exhibit G, and incorporated herein by reference (“Standard Indemnification and Insurance Provisions”).

6.2 **INSURANCE.** Borrower shall comply with the insurance provisions set forth in the Standard Indemnification and Insurance Provisions.

6.3 **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** No officials, employees or agents of Lender shall be personally liable to Borrower for any obligation created under the terms of these County CPF Loan Documents.

## **ARTICLE 7 HAZARDOUS MATERIALS**

7.1 **REPRESENTATIONS AND WARRANTIES.** After reasonable investigation and inquiry, Borrower hereby represents and warrants that, as of the date of this County CPF Loan Agreement, and except as previously disclosed and acknowledged in writing by Borrower or as disclosed by the reports based on environmental audit(s) performed on the Property and submitted to Lender, that (a) the Property is not and has not been a site for the use, generation, manufacture, transportation, storage, or disposal of Hazardous Materials in violation of Applicable Law; (b) the Property is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, administrative decisions, and common law decisions (whether federal, state, or local) with respect to Hazardous Materials, including, but not limited to, those relating to soil and groundwater conditions (collectively, “Hazardous Materials Laws”); (c) there are no claims or actions pending or threatened with respect to the Property by any governmental entity or agency or any other person relating to Hazardous Materials; and (d) there has been no release or threatened release of any Hazardous Materials on, under, or near the Property (including in the

soil, surface water, or groundwater under the Property), or any other occurrences or conditions on the Property, or on any other real property, that could cause the Property or any part thereof to be classified as a “hazardous waste property” or as a “buffer zone property” under California Health and Safety Code Sections 25100, et seq., or regulations adopted in connection therewith.

**7.2 NOTIFICATION TO LENDER.** Borrower shall promptly notify Lender in writing of: (a) the discovery of any concentration or amount of Hazardous Materials of which Borrower becomes aware or of which Borrower has direct or constructive knowledge on or under the Property requiring notice to be given to any governmental entity or agency under Hazardous Materials Laws; (b) any knowledge, whether direct or constructive, by Borrower that the Property does not comply with any Hazardous Materials Laws; (c) the receipt by Borrower of notice of any Hazardous Materials claims; and (d) the discovery by Borrower 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 “buffer zone property” under California Health and Safety Code Sections 25100, et seq., or regulations adopted in connection therewith.

**7.3 USE AND OPERATION OF PROPERTY.** Borrower shall ensure that none of Borrower, nor any agent, employee, or contractor of Borrower, 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. At all times, Borrower shall comply, and cause the Project and use thereof to comply, with all Hazardous Materials Laws.

**7.4 REMEDIAL ACTIONS.** If at any time Borrower has actual or constructive knowledge of the presence of any Hazardous Materials on or under the Property, Borrower shall promptly undertake, at no cost or expense to Lender, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal, and other remedial actions, 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 Borrower’s right of contest below.

**7.5 RIGHT OF CONTEST.** Borrower 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 Borrower in good faith, (b) Borrower 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 Lender, Borrower deposits with Lender all funds and other forms of assurance and security that Lender in good faith from time to time determines appropriate to protect Lender from the consequences of such 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 Borrower under this Section 7.5, provided that Borrower does so in full compliance herewith and with the other Loan Documents and all applicable laws.

**7.6 ENVIRONMENTAL INDEMNITY.** Without limiting or otherwise affecting the indemnity and insurance provisions set forth in Article 6, above, and Exhibit G, Borrower shall defend, indemnify, and hold Lender free and harmless against any and all claims, demands,

administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including, but not limited to, all costs of legal proceedings and reasonable attorney's fees, that Lender may directly or indirectly incur, sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this County CPF Loan Agreement with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not Borrower knew of same) of any Hazardous Materials occurring prior to or during Borrower's use or occupancy of the Property.

## **ARTICLE 8 DEFAULT AND REMEDIES**

**8.1 EVENTS OF DEFAULT.** The occurrence of any of the following events shall constitute an "Event of Default" under this County CPF Loan Agreement:

A. Monetary. (1) Borrower's failure to pay when due any sums payable under the County CPF Loan Note or any advances made by Lender under this County CPF Loan Agreement; (2) Borrower's use of County CPF Loan funds for costs other than approved construction costs or for uses inconsistent with other terms and restrictions in the County CPF Loan Documents; (3) Borrower's failure to obtain and maintain the insurance coverage required under this County CPF Loan Agreement; (4) Borrower's failure to make any other payment or assessment due under the County CPF Loan Documents; (5) Borrower's failure to pay taxes; (6) Borrower's default under other debt secured by the Property after the applicable notice and cure periods provided in such other debt or security instruments have expired, if any;

B. Construction. (1) Borrower's material deviation from the Budget (in an aggregate amount exceeding ten percent (10%) of the Capital Budget), without Lender's prior written consent; (2) use of defective or unauthorized materials or defective workmanship in constructing the Project; (3) Borrower's failure to commence or timely complete construction in accordance with this County CPF Loan Agreement; (4) the cessation of construction prior to completion of the Project for a period of more than thirty (30) consecutive calendar days without prior written approval from Lender; (5) Borrower's failure to remedy any deficiencies in recordkeeping or failure to provide records to Lender upon Lender's reasonable request; (6) Borrower's failure to substantially comply with any Applicable Laws or Lender policies pertaining to construction, including, but not limited to, provisions of this County CPF Loan Agreement pertaining to affirmative action and equal employment opportunity, minority and women-owned business enterprises, disabled access, lead-based paint, Hazardous Materials, and provision or relocation benefits and assistance;

C. Operation. (1) Discrimination by Borrower on any basis prohibited by this County CPF Loan Agreement or Applicable Law, or (2) the imposition of any encumbrances or liens on the Property, except Permitted Encumbrances and in connection with any Senior Loan set forth in Section 1.36 of this Agreement, without Lender's prior written consent;

D. General performance of County CPF Loan obligations. Any breach by Borrower beyond applicable notice and cure periods, if any, of any of Borrower's obligations under this County CPF Loan Agreement or any of the other County CPF Loan Documents;

E. General performance of other obligations. Any breach by Borrower of any material obligations on Borrower imposed by any other agreements, beyond applicable notice and cure periods set forth therein, if any, including, but not limited to, any grant agreements, with respect to the financing, construction, or operation of the Project or the Property, to the extent that such breach impairs Lender's security under any of the County CPF Loan Documents;

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

G. Damage to or failure to maintain Property. Material damage or destruction to the Property by fire or other casualty if Borrower does not take steps to reconstruct the Project as required by the County CPF Loan Documents, or if Borrower fails to maintain the Property pursuant to Section 5.1 above;

H. Bankruptcy, dissolution, and insolvency. Borrower'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 such 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.

I. Program compliance. To the extent not set forth above in this Section 8.1, any other non-compliance with any of the CPF Regulations including, but not limited to, the provisions of Section 4.12, above, the County CPF Loan Agreement, and the CPF Grant Agreement.

K. Relocation Benefits. Failure to make any payments pursuant to Section 4.13, above.

**8.2 NOTICE OF DEFAULT; OPPORTUNITY TO CURE.** In the event of an Event of Default, Lender shall give written notice to Borrower of such Event of Default ("Default Notice") specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) whether, in Lender's reasonable discretion, such Event of Default is subject to cure, and (c) if the Default Notice indicates that such Event of Default is subject to cure, the action(s) required to cure such Event of Default, and the date(s) by which such action(s) to cure, as specified therein, must be completed, which shall not be less than the time to cure as stated in Paragraph A or B, as applicable, of this Section 8.2, below.

A. **Time to Cure Monetary Default.** In the event of a monetary Event of Default Borrower shall have a period of seven (7) days after such Default Notice within which to

cure such monetary Event of Default prior to exercise of remedies by the Lender hereunder, or such longer period of time as may be specified in the Default Notice.

B. **Time to Cure Non-Monetary Default.** In the event of an Event of Default, Lender shall give written notice to Borrower of such Event of Default (“Default Notice”) specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) whether, in Lender’s sole discretion, such Event of Default is subject to cure, and (c) if the Default Notice indicates that such Event of Default is subject to cure, the action(s) required to cure such Event of Default, and the date(s) by which such action(s) to cure, as specified therein, must be completed.

**8.3 LENDER’S REMEDIES.** In the event of an Event of Default and, if applicable, failure to cure such Event of Default in accordance with the applicable Default Notice, Lender’s obligation to disburse County CPF Loan funds may be suspended until such Event of Default has been terminated, cured, or otherwise waived, and Lender may also, in addition to other rights and remedies permitted by the County CPF Loan Documents or Applicable Law, proceed with any or all of the following remedies in any order or combination Lender may choose, in Lender’s sole discretion:

A. Terminate this County CPF Loan Agreement, in which event the entire principal amount outstanding and all accrued and unpaid interest under the County CPF Loan Note, as well as any other monies advanced to Borrower by Lender under the County CPF Loan Documents, including, but not limited to, administrative costs, shall immediately become due and payable at the option of Lender;

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

C. Accelerate the County CPF Loan and demand immediate full payment of the principal amount outstanding and all accrued and unpaid interest under the County CPF Loan Note, as well as any other monies advanced to Borrower by Lender under the County CPF Loan Documents plus associated amounts due, such as relocation benefits described in Section 4.13, above;

D. Seek appointment from a court of competent jurisdiction of a receiver with the authority to complete construction as needed to preserve Lender’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 Lender or the receiver deems necessary to comply with Hazardous Materials Laws or to otherwise render the Property suitable for occupancy);

E. Disburse from County CPF Loan proceeds any amount necessary to cure any monetary default;

F. 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;

G. Initiate and pursue any private and/or judicial foreclosure action allowed under Applicable Law and the power of sale provision in the County CPF Loan Deed of Trust, subject to the Senior Loans;

H. Pursue any other remedy allowed at law or in equity. Nothing in this Section 8.3 is intended or shall be construed as precluding Lender from proceeding with a non-judicial foreclosure under the power of sale contained in the County CPF Loan Deed of Trust in the event of an uncured or incurable Event of Default, subject to the Senior Loans.

## ARTICLE 9 GENERAL PROVISIONS

9.1 **BORROWER'S WARRANTIES.** Borrower represents and warrants that (1) it has access to professional advice and support to the extent necessary to enable Borrower to fully comply with the terms of each of the County CPF Loan Documents and to otherwise carry out the Project in a good and workmanlike and professional manner, (2) it is duly organized, validly existing, and in good standing under the laws of the State of California, (3) it has the full power and authority to undertake the Project and to execute the County CPF Loan Documents, (4) the persons identified in Borrower's signature blocks, below, as executing and delivering the County CPF Loan Documents on behalf of Borrower are duly authorized to do so, (5) there has been no substantial adverse change in Borrower's financial condition since the date of application for the County CPF Loan, such as judgment liens, tax liens, mechanic's liens, bankruptcy, etc., and (6) all representations in the Borrower's loan application (including all supplementary submissions) are true, correct and complete in all respects and are offered to induce Lender to make the County CPF Loan.

9.2 **CONTRACT ADMINISTRATION.** The County's Community Services Department ("CSD") will serve as the County's (or Lender's) administrator of the Project and the County CPF Loan Documents. CSD is authorized to approve Budget revisions as authorized under Section 2.6 of this County CPF Loan Agreement, collect loan repayments, and perform loan and Project monitoring functions and other administrative duties, provided that Lender has received prior written approval from HUD for executing such amendments in accordance with the CPF Grant Agreement.

9.3 **CHANGES OR AMENDMENTS.** No changes, modifications, or amendments to this County CPF Loan Agreement shall be effective unless set forth in a written amendment to this County CPF Loan Agreement duly executed by both Lender and Borrower which makes specific reference to this County CPF Loan Agreement, and is signed by a duly authorized representative of each party hereto. Such amendment(s) shall not invalidate any parts of this County CPF Loan Agreement that are not changed by such amendment, nor relieve or release Lender or Borrower from its obligations under this County CPF Loan Agreement that are not changed by such amendment. Borrower agrees to not unreasonably withhold its approval of any amendments proposed by Lender that are necessary in order to conform with Applicable Laws and available

funding amounts. No amendments to the Project by Borrower shall be made or approved unless Lender has received prior written approval from HUD.

The Director of CSD (“Director”) or the Director’s designee is authorized to approve, in his or her discretion, subject to HUD prior written approval, to execute amendments to the County CPF Loan Agreement on behalf of Lender to make any one or more of the following changes:

9.3.1 Changes to this County CPF Loan Agreement that are necessary in order to conform with federal, state or local governmental laws, regulations, ordinances, orders, rules, directives, circulars, bulletins, notices, guidelines, policies and available funding amounts.

9.3.2 Amendments to this County CPF Loan Agreement which are deemed to be minor by the Director and County Counsel, and which do not adversely affect the County’s rights, responsibilities, or interests hereunder.

9.4 **MONITORING AND EVALUATION.** Except as otherwise provided for in this County CPF Loan Agreement, Borrower shall maintain and submit to Lender, within ten (10) business days of Lender’s request for same, records which clearly document Borrower’s performance under each requirement of the County CPF Loan Documents.

9.5 **CONFLICTS OF INTEREST.** Borrower covenants that it will administer the CPF grant funds in accordance with Conflict-of-Interest requirements set forth in Appendix 6 of the CPF Grant Agreement.

9.6 **POLITICAL ACTIVITY.** None of the funds, materials, property or services contributed by Lender or Borrower under this County CPF Loan Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

9.7 **PUBLICITY.** Any publicity produced by Borrower for the Project during the term of the County CPF Loan and for one year thereafter shall make reference to the contribution of Lender in making the Project possible. The words “The County of Santa Barbara” shall 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. Borrower further agrees to cooperate with authorized staff and officials of Lender in any Lender-generated publicity or promotional activities undertaken with respect to the Project.

9.8 **TERM OF THIS AGREEMENT.** The term of this County CPF Loan Agreement shall commence as of the first date on which this County CPF Loan Agreement is duly executed by all of the parties hereto (“Effective Date”) and shall terminate on August 31, 2032, unless earlier terminated in accordance with the provisions of this County CPF Loan Agreement (“Term”).

9.9 **GOVERNING LAW.** The County CPF Loan Documents shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law or those provisions preempted by federal law.

9.10 **STATUTORY REFERENCES.** All references in the County CPF Loan Documents to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the County of Santa Barbara shall be deemed to include the same statute, regulation, ordinance, or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject as the provision to which specific reference was made.

9.11 **TIME.** Time is of the essence in this County CPF Loan Agreement and the other County CPF Loan Documents.

9.12 **CONSENTS AND APPROVALS.** Any consent or approval of Lender or Borrower required under this County CPF Loan Agreement and the other County CPF Loan Documents shall not be unreasonably withheld. No approval or consent required under this County CPF Loan Agreement or any of the other County CPF Loan Documents shall be effective unless in writing and executed by a duly authorized representative of the party granting such approval or consent.

9.13 **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Borrower and Lender shall be sufficiently given if, 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 Borrower and Lender as follows:

**LENDER:** County of Santa Barbara  
Housing and Community Development  
123 E Anapamu Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Deputy Director

With copy to: Office of County Counsel  
County of Santa Barbara  
105 E Anapamu Street, Room 201  
Santa Barbara, CA 93101, Suite

**BORROWER:** Sanctuary Centers of Santa Barbara, Inc.  
220 West Valerio Street,  
Santa Barbara, CA 93101  
Attention: Executive Director

With copy to: Brownstein Hyatt Farber Schreck, LLP  
1020 State Street,  
Santa Barbara, CA 93101  
Attn: Janae N. Magee

9.14 **BINDING UPON SUCCESSORS.** All provisions of these County CPF Loan Documents shall be binding upon and inure to the benefit of the permitted successors-in-interest, permitted transferees, and permitted assigns of each of the parties hereto; provided, however, that this Section 9.14 shall not be construed to waive the prohibition on Transfers by Borrower without Lender's prior written consent in each instance, as set forth in Section 9.16, below.

9.15 **RELATIONSHIP OF PARTIES.** The relationship of Borrower and Lender for this Project under this County CPF 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. Lender neither undertakes nor assumes any responsibility or duty to Borrower (except as specifically provided for herein) or any third party with respect to the Project, the Property, or the County CPF Loan.

9.16 **ASSIGNMENT AND ASSUMPTION.** Borrower shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this County CPF Loan Agreement or any of the other County CPF Loan Documents, or any of its interest herein or therein, or any of its rights or obligations hereunder or thereunder, without the prior written consent of Lender in each instance. Any purported Transfer in violation of the foregoing provisions of this Section 9.16 shall be void *ab initio*.

9.17 **WAIVER.** All consents and waivers by Lender of any obligation in County CPF Loan Agreement or any of the other County CPF Loan Documents must be in writing duly executed by Lender. No waiver shall be implied from any delay or failure by Lender to take action with respect to any breach or default of Borrower or to pursue any remedy allowed under this County CPF Loan Agreement or any of the other County CPF Loan Documents or Applicable Law. Any extension of time granted to Borrower to perform any obligation under this County CPF Loan Agreement or any of the other County CPF Loan Documents shall not operate as a waiver or release from any of Borrower's obligations under the County CPF Loan Documents. Consent by Lender to any act or omission by Borrower shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for Lender's written consent to any other action in any other instance.

9.18 **INTEGRATION.** This County CPF Loan Agreement and the other County CPF Loan Documents, including all exhibits hereto and thereto, contain the entire agreement of the parties hereto with respect to the subject matter hereof and supersede any and all prior negotiations and agreements with respect to the subject matter hereof.

9.19 **OTHER AGREEMENTS.** Borrower represents that it has not entered into any agreements that are inconsistent with the terms of this County CPF Loan Agreement or any of the other County CPF Loan Documents. Borrower shall not enter into any agreements that are inconsistent with the terms of this County CPF Loan Agreement or any of the other County CPF Loan Documents without Lender's prior written consent in each instance.

9.20 **SEVERABILITY.** Every provision of this County CPF Loan Agreement is intended to be severable in the event that any provision of this County CPF Loan Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, in which case, the

validity, legality, and enforceability of the remaining provisions of this County CPF Loan Agreement shall not thereby in any way be affected or impaired.

9.21 **COUNTERPARTS.** This County CPF Loan Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together form one single document.

Exhibits

- A: Legal Description of the Property
- B: Budget
- C: County CPF Loan Deed of Trust
- D: County CPF Loan Promissory Note
- E: [Intentionally Omitted]
- F: CPF Grant Agreement
- G: Standard Indemnification and Insurance Provisions

*Signatures appear on following page. No further text appears here.*

IN WITNESS WHEREOF, County and Borrower have caused this County CPF Loan Agreement to be executed by their respective duly authorized representatives, as set forth below, effective as of the Effective Date.

**BORROWER:**

SANCTUARY CENTERS, INC.  
a California nonprofit public benefit corporation,

Signed by:  
By Stephanie Drake  
AFDD26C5EC37493  
Stephanie R. Drake, Ph.D, CEO

*County signatures follow*

IN WITNESS WHEREOF, County and Borrower have caused this County CPF Loan Agreement to be executed by their respective duly authorized representatives, as set forth below, effective as of the Effective Date.

**APPROVED AS TO ACCOUNTING FORM:**  
BETSY M. SCHAFFER, CPA, CPFO  
AUDITOR-CONTROLLER

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

Signed by:  
By: Shawna Jorgensen  
Deputy  
Shawna Jorgensen

Signed by:  
By: Bob Nelson  
Bob Nelson, Board Chair

**APPROVED AS TO FORM:**  
RACHEL VAN MULLEM  
COUNTY COUNSEL

**ATTEST:**  
MONA MIYASATO  
COUNTY EXECUTIVE OFFICER  
CLERK OF THE BOARD

Signed by:  
By: Lauren Wideman  
Deputy County Counsel  
Lauren wideman

Signed by:  
By: Sheila de la Guerra  
Deputy Clerk of the Board

**APPROVED AS TO FORM:**  
RISK MANAGEMENT

Signed by:  
By: Marisa Kahn  
Marisa Kahn, Interim Risk Manager

**APPROVED BY DEPARTMENT:**  
COMMUNITY SERVICES DEPARTMENT

DocuSigned by:  
By: Jesus Armas  
Jesus Armas, Director

**EXHIBIT A: LEGAL DESCRIPTION OF THE PROPERTY**

## EXHIBIT "A"

### Legal Description

CLTA Preliminary Report Form - Modified (11.17.06) Printed: 03.28.23 @ 09:01 PM by uma  
SCA0002402.doc / Updated: 07.10.19 3 CA-CT-0-0-SPS-1-23-FWWE-7742300170

**For APN/Parcel ID(s): 039-222-028 and 039-222-029**

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

THAT PORTION OF CITY BLOCK 126 AS DESIGNATED ON THE OFFICIAL MAP OF THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWEST LINE OF SAID BLOCK ALSO BEING THE SOUTHEAST LINE OF ANAPAMU STREET, DISTANT THEREON S41°30'00"W 170.00' FROM THE NORTH CORNER OF SAID BLOCK TO THE NORTH CORNER OF LOT 7 AS DESIGNATED AND SHOWN ON THE PLAT OR MAP AND REPORT FILED IN THE SUPERIOR COURT OF SAID COUNTY OF SANTA BARBARA, IN THE PARTITION SUIT OF EUGENE S. UPSON VS JULIA E. VAN STYKE, ET UX., DATED AUGUST 18, 1898, THE FINAL DECREE OF PARTITION IN SAID SUIT BEING RENDERED AUGUST 31, 1898, AND A COPY THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SANTA BARBARA COUNTY ON THE 31<sup>ST</sup> DAY OF AUGUST 1898, AND RECORDED IN BOOK 65 OF DEEDS, PAGE 123;

THENCE S48°29'23"E, PARALLEL TO THE NORTHEAST LINE OF SAID BLOCK 200.00' TO THE MOST EAST CORNER OF SAID LOT 7;

THENCE S41°30'00"W, PARALLEL TO SAID NORTHWEST LINE OF SAID BLOCK 55.00' TO THE MOST SOUTH CORNER OF SAID LOT 7;

THENCE S48°29'23"E, PARALLEL TO THE NORTHEAST LINE OF SAID BLOCK 25.00' TO THE SOUTHEAST LINE OF THE NORTHWEST 225.00' OF SAID BLOCK;

THENCE S41°30'00"W, ALONG SAID NORTHWEST 225.00', 17.83' TO THE NORTHEAST LINE OF THE SOUTHWEST 210.00' OF SAID BLOCK;

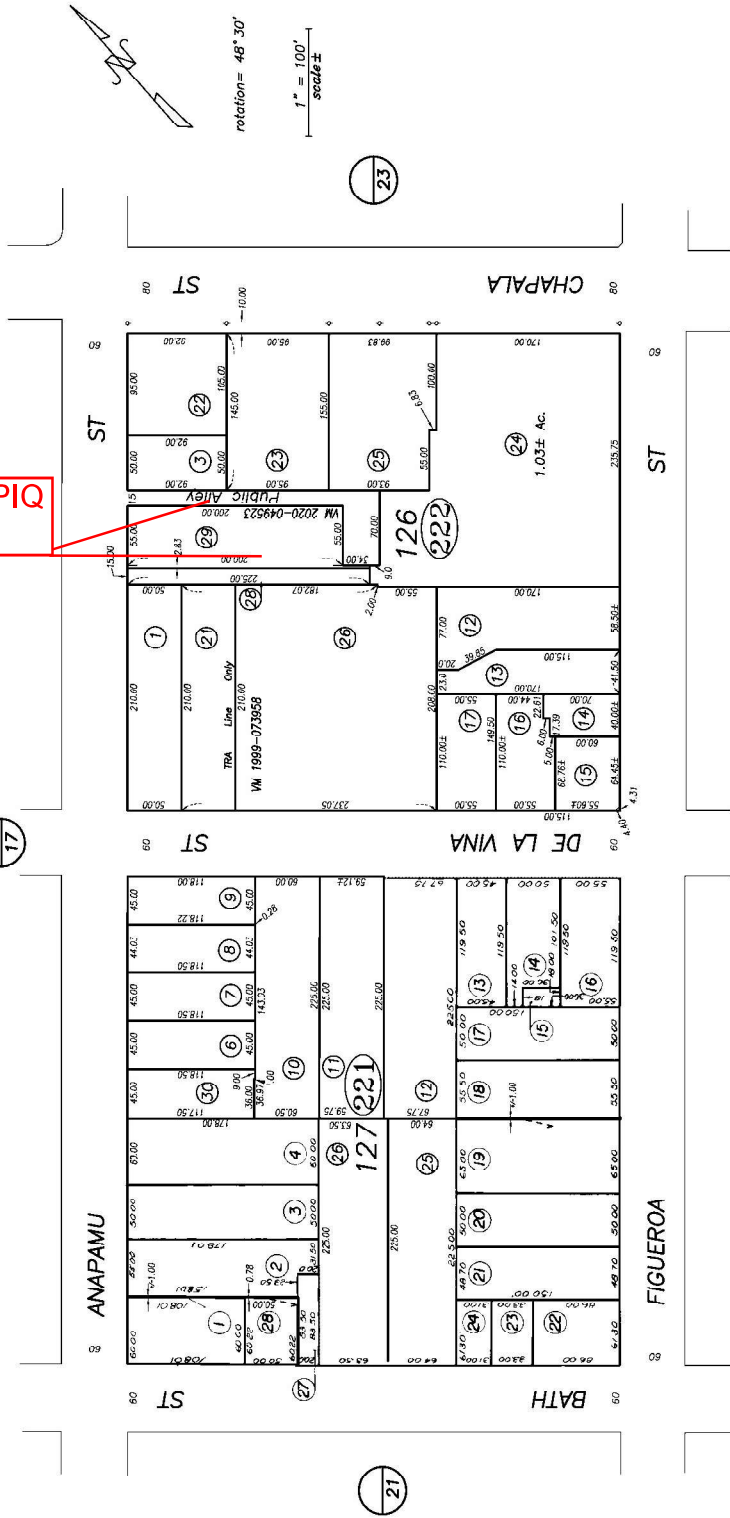
THENCE N48°30'15"W, ALONG SAID SOUTHWEST 210.00' OF SAID BLOCK 225.00' TO THE NORTHWEST LINE OF SAID BLOCK ALSO BEING THE SOUTHEAST LINE OF ANAPAMU STREET;

THENCE N41°30'00"E, ALONG THE NORTHWEST LINE OF SAID BLOCK AND THE SOUTHEAST LINE OF ANAPAMU STREET 72.89' MORE OR LESS, TO THE POINT OF BEGINNING.

SAID PROPERTY IS DESCRIBED IN THAT CERTAIN "CERTIFICATE OF VOLUNTARY MERGER", RECORDED SEPTEMBER 14, 2020, [INSTRUMENT NO. 2020-0049523 OF OFFICIAL RECORDS](#).

039-22

POR. PUEBLO LANDS



**NOTICE**  
 Assessor's Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

City of Santa Barbara  
 Assessor's Map Bk, 039 -Pg, 22  
 County of Santa Barbara, Calif.

09/20 27 & 2 Pts 29

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

## **EXHIBIT B: CAPITAL BUDGET**

Exhibit B: Capital Budget

Sanctuary Centers of Santa Barbara  
 Hollister II Apartment Project  
 13-Mar-26

Construction Sources	Permanent Sources	Owner	Recording Order
Chase Bank	Chase Bank	3,500,000	3,500,000
State No Place Like Home (NPLH)	State No Place Like Home (NPLH)	4,350,700	7,409,564
State Social Services CCE	State Social Services CCE	7,291,666	7,291,666
CCE Cash Match	(fr Owner) CCE Cash Match	700,000	
State Behavioral Health BHCIP	State Behavioral Health BHCIP	2,914,224	2,914,224
BHCIP Cash Match	(fr Owner) BHCIP Cash Match	291,425	291,425
County CCP	County CCP	1,500,000	1,500,000
County PHLA	County PHLA	1,400,000	1,400,000
Owner from charitable contributions	Owner Additional Charitable Funds	1,049,300	1,049,300
Developer Equity (Cash Donations)	Owner Equity (Cash Donations)	1,999,158	1,999,158
Community Project Funds (CPF)	Community Project Funds (CPF)	1,000,000	1,000,000
		25,996,473	25,015,454
NPLH Capital Operating Subsidy	NPLH Capital Operating Subsidy		
COSR (operating period tenant subsidy)	COSR (operating period tenant subsidy)	3,058,864	3,058,864
Total Project Cost	Total Project Sources	29,055,337	29,055,337

**EXHIBIT C: COUNTY CPF LOAN DEED OF TRUST**

**Exhibit C to Loan Agreement 3-26**

NO FEE DOCUMENT

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

County of Santa Barbara  
Housing and Community Development  
123 E. Anapamu Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Assistant Director

NO FEE DOCUMENT PURSUANT TO  
CALIFORNIA GOVERNMENT CODE SECTION 27383

Assessor’s Identification Number(s) 039-222-028, 039-222-029

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*(Space above this line for recording purposes only.)*

This conveyance is to secure a debt, R & T Code 11921.

**COUNTY COMMUNITY PROJECT FUNDS (CPF) LOAN DEED OF TRUST,  
ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT**

THIS COUNTY CPF LOAN DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT (“**County CPF Loan Deed of Trust**”) is made as of this 7th day of April, 2026, by Sanctuary Centers of Santa Barbara, Inc., a California nonprofit public benefit corporation, (“**Trustor**”), to Chicago Title Company as trustee (“**Trustee**”), for the benefit of the County of Santa Barbara, a political subdivision of the State of California (“**Beneficiary**”). This County CPF Loan Deed of Trust (including, without limitation, the rights and remedies set forth herein) is junior, subject and subordinate in its entirety to the Senior Loans (as defined and set forth on Exhibit B attached hereto and hereby incorporated herewith) and any loan documents executed by Trustor in connection therewith, including without limitation to any Deed of Trust, subordination, and/or or intercreditor agreement recorded, or to be recorded, in connection with the Senior Loans.

**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 property located at 115 and 117 West Anapamu Street, in the City of Santa Barbara, County of Santa Barbara, California (the “Property”), as more particularly described in the attached Exhibit A, 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 following: 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 in whole or in part with CPF Funds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to development on the Property; all Revenue, including rents and income generated by or derived from the Property or improvements thereon (subject however to the assignment of rents to Beneficiary contained herein); all leases, subleases, rental agreements and licenses covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, payments, and receivables of similar nature with respect to such leases, subleases, rental agreements and licenses; 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 streets, 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, bonds, warranties, guarantees and sureties, 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 copyrights, patents, trade names, goodwill, trademarks, and service marks; all government permits, approvals, and map rights related to construction of the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction or 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;” provided, that, the “Security,” “Rents” and any other description of collateral, shall not include any of the foregoing which Trustor is prohibited by applicable law from transferring, or on or in which Trustor is prohibited from granting a lien or security interest.

### **OBLIGATIONS SECURED**

2. **OBLIGATIONS.** Trustor makes this grant for the purpose of securing the following obligations of Trustor:

A. Repayment of the indebtedness of Trustor to Beneficiary in the principal sum of One Million Dollars (\$1,000,000), evidenced by the County CPF Loan Promissory Note executed by Trustor, in the amount of One Million Dollars (\$1,000,000) (the “**County CPF Loan Note**”), having a maturity date of August 31, 2032, on file at the offices of Beneficiary and hereby incorporated by reference into this County CPF Loan Deed of Trust, or as much of such amount as has been disbursed to Trustor thereunder; and

B. Payment of any sums advanced by Beneficiary to protect the Security and priority of this County CPF Loan Deed of Trust; and

C. Payment of any sums advanced by Beneficiary following a breach of Trustor's obligation for payment of said sums, such as Trustor's obligation to pay fees, assessments, taxes, charges, and levies imposed by any public authority or utility company and/or Trustor's obligation to pay any sums payable under the County CPF Loan Note and the expiration of any applicable cure period, with interest thereon as provided herein; and

D. Performance of every obligation, covenant or agreement of Trustor contained in this County CPF Loan Deed of Trust, the County CPF Loan Note, and the County CPF Loan Agreement executed between Trustor and Beneficiary, including all exhibits thereto, on file at the offices of Beneficiary and hereby incorporated into this County CPF Loan Deed of Trust by this reference ("**County CPF Loan Agreement**"); and

E. 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 County CPF Loan Deed of Trust; and

F. Performance of any obligations of Trustor in any other agreements with respect to financing of development of the Property or the Security, the failure to perform 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 Revenue, leases, rents, issues, 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, the exclusive right to possess the Security and to collect Rents and use them in accordance with the County documents described in Section 2.D. above (collectively, the "**County CPF Loan Documents**"). The assignment in this Section 3 is made in connection with an obligation secured by real property, shall be recorded in the real property records of the county where the Property is located, and 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 County CPF Loan Deed of Trust. "**Revenue**" means operating income in connection with the Project, including, but not limited to, rents from the Units and income from laundry operations, vending machines, meeting space rental, storage, and parking. Excluded from the definition of Revenue are non-operating period funds received by Borrower from any capital contributions, disbursements of loan proceeds, and any insurance payments.

4. **ENFORCEMENT.** Upon the occurrence and continuation of an Event of Default which remains uncured after expiration of the applicable cure period, if any, pursuant to the terms of the County CPF Loan Agreement or other County CPF Loan Documents, Beneficiary may, in addition to other rights and remedies permitted by the County CPF Loan Agreement, this County CPF Loan 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 Project Related Costs, costs and expenses of operation of the Security, including reasonable attorneys' fees, and pay off any indebtedness secured by

this County CPF Loan Deed of Trust, all in such order as Beneficiary may determine, (c) enter upon and take possession of the Security, and/or (d) 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 reasonably deems necessary with respect to the Rents or to development or operation of the Security, in each case, subject to applicable law and the rent restrictions imposed against the Property pursuant to the CPF Loan Documents.

5. **APPOINTMENT OF A RECEIVER.** In any action to enforce this assignment, Beneficiary may, during the continuation of an Event of Default beyond any applicable notice and cure period, to the extent permitted under applicable law, 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, and Trustor hereby consents to such appointment of a receiver. The receiver shall have, to the extent permitted by applicable law, 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 Event of Default or notice of default hereunder or under any of the County CPF Loan Documents or invalidate any act done by Beneficiary, Beneficiary's agents or a receiver in response to such Event of 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 County CPF Loan Deed of Trust, in the County CPF Loan Documents 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 County CPF Loan 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 California Commercial Code (the "**Personal Property**"), and Trustor hereby grants Beneficiary a security interest in the Personal Property. Beneficiary may file a copy of this County CPF Loan 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 Personal Property. 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 the Personal Property. 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 the Personal Property, other than Permitted Encumbrances. Some or all of the Security may be or become a fixture in which Beneficiary has a security interest under the security agreement set forth above, and the purpose of this section is to create a fixture filing under Division 9 of the California Commercial Code. This County CPF Loan Deed of Trust shall be recorded in the real property records and shall be effective from the date of its recording as a financing statement filed as a fixture filing with respect to all goods constituting part of the Security which are or are to become fixtures. The record owner of the Property is Trustor. The "Secured Party" is the Beneficiary and the "Debtor" is Trustor. Information concerning the security interest herein granted may be obtained from either party at the address of such party set forth herein. The mailing address of Trustor and the address of Beneficiary from which information concerning the security interests may be obtained are set forth in Section 34 hereof.

8. **REMEDIES.** Upon Trustor's breach of any obligation or agreement in the County CPF Loan Documents, after expiration of any applicable cure period, Beneficiary shall have the remedies of a secured party under the California Commercial Code and at Beneficiary's option may also invoke the remedies provided for elsewhere in this County CPF Loan Deed of Trust or County CPF Loan Documents. Beneficiary may proceed against the Security 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 County CPF Loan Deed of Trust in accordance with the County CPF 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 County CPF Loan Note.

11. **MAINTENANCE OF THE SECURITY.** Trustor shall, at the Trustor's own expense, maintain and preserve the Security constituting real property (the "**Real Property**") or cause the Real Property to be maintained and preserved in good condition, in good repair, ordinary wear and tear excepted, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause any violation of any laws, ordinances, or regulations as they pertain to improvements, alterations, maintenance or demolition on the Real Property. Trustor shall not commit intentional waste on or to the Real Property. Trustor shall not abandon the Real Property. Beneficiary shall have no responsibility over maintenance of the Security. In the event Trustor fails to maintain the Real Property in accordance with the provisions of this County CPF Loan Deed of Trust or any of the other County CPF Loan Documents, and after any applicable cure periods, Beneficiary 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 County CPF Loan 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 County CPF Loan Deed of Trust.

12. **INSPECTION OF THE SECURITY.** Trustor shall permit, subject to the rights of tenants, applicable law, and confidentiality or other requirements in connection with any supportive services provided at the Project, Beneficiary to enter and inspect the Security during normal business hours for compliance with these obligations upon at least 48 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 County CPF Loan Deed of Trust, as provided for in the County CPF Loan Agreement, except any Permitted Encumbrances. "Permitted Encumbrances" means:

- A. the liens, encumbrances, assignments and security interests in favor of Lender pursuant hereto and to the Loan Documents;
- B. easements, restrictions, encumbrances and other matters described in and permitted to exist under the terms of the Loan Documents;
- C. the liens, encumbrances, assignments and security interests in favor of any lender in connection with a Senior Loan and the senior loan documents executed in connection therewith;
- D. taxes, assessments and governmental changes on the Project not yet delinquent;
- E. the items set forth on the Title Policy;
- F. customary easements and rights of way entered into by Borrower in connection with the development and operation of the Project (including, without limitation, for public and municipal utilities and services) which would not result in a material adverse effect on Borrower or the Project;
- G. rights of future tenants of any Assisted Unit made in accordance with the Loan Documents, as tenants only;
- H. liens in favor of warehousemen, carriers, mechanics and materialmen to secure claims for labor, materials or supplies and other similar liens incurred in the ordinary course of business with respect to charges not yet delinquent, being contested in good faith by appropriate proceedings, or which are subject to conditional lien waivers conditioned upon payments to be disbursed or released (including any retainage or completion payments) by Lender, any Senior Loan, or other source of funding set forth in the Capital Budget;
- I. zoning, planning and other similar limitations and restrictions and all rights of any governmental authority to regulate the Project that are not violated by the current use of the Project;
- J. equipment leases entered into by Borrower in the ordinary course of development and operation of the Project;
- K. purchase money security interests, including liens upon tangible personal property securing loans to Borrower or deferred payments by Borrower for the purchase of such tangible personal property; and such other matters as may be expressly consented to in writing by the Lender.

14. **DEFENSE AND NOTICE OF CLAIMS AND ACTIONS.** Trustor shall appear in and defend, at its own expense, any action or proceeding materially affecting the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the filing of any material claim, of the filing of any material action or proceeding and of any material condemnation offer or action with respect to the Security upon Trustor's receipt of notice thereof.

15. **SUITS TO PROTECT THE SECURITY.** During the continuation of an Event of Default, Beneficiary shall have all rights, power and authority to institute and maintain such suits and proceedings as it may reasonably deem necessary (a) to prevent any material impairment of the Security or Rents or prejudice to any material interest or right of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain or enjoin 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 materially impair the Security or Rents or be prejudicial to any material interest or right of Beneficiary.

16. **DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to or destruction of the Security exceeding \$250,000. If any Real Property is

damaged or destroyed, Trustor shall, at its cost and expense, subject to the Senior Loans, repair or restore said Security materially consistent with the original plans and specifications. Subject to the Senior Loans, such work or repair shall be commenced within one hundred twenty (120) days after the receipt of insurance proceeds from such damage or loss and shall be completed within one year thereafter, or such longer period of time as shall be agreed under the Senior Loans. 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 County CPF Loan Note, CPF County CPF Loan Agreement, this County CPF Loan Deed of Trust, the Senior Loans, and the Permitted Encumbrances.

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 (a) those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, (b) Permitted Encumbrances, or (c) those required by law.

19. **TAXES AND LEVIES.** Trustor shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Project, and shall pay such charges prior to delinquency. However, Trustor shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by Beneficiary, Trustor deposits with Beneficiary any funds or other forms of assurance Beneficiary in good faith from time to time determines appropriate to protect Beneficiary from the consequences of the contest being unsuccessful.

20. **INSURANCE.** Trustor shall provide such insurance as required under the County CPF Loan Documents. In the event Trustor fails to maintain the full insurance coverage required by this County CPF Loan Deed of Trust and the County CPF Loan Documents, Beneficiary, after at least ten (10) 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 County CPF Loan 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 County CPF Loan Deed of Trust.

21. **CONDEMNATION.** Subject to the Senior Loans, 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 ("Condemnation Funds") are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive all Condemnation 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 Condemnation Funds so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose in Beneficiary's sole discretion. Application of all or any part of the Condemnation Funds collected and received by Beneficiary or the release thereof shall not cure or waive any Event of Default under this County CPF Loan Deed of Trust or the County CPF Loan Documents.

Notwithstanding anything to the contrary set forth herein, Beneficiary shall, prior to the application of the Condemnation Funds or any portion thereof to the indebtedness or other obligations, apply such

portion of the Condemnation 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 repair or restore the Security and to use all available Condemnation Funds therefor, provided that (a) such Condemnation Funds are sufficient to keep the loans encumbering the Property in balance and rebuild repair or restore the Security in a manner that provides adequate security to Beneficiary for repayment of the County CPF Loan or, if such Condemnation Funds are insufficient or such security is inadequate, then Trustor shall have funded any deficiency and/or provided additional security; (b) Beneficiary shall have the right to approve plans and specifications for any rebuild, repair or restoration and the right to require that disbursement of insurance proceeds and Condemnation Funds for rebuilding repairing or restoring the Security be placed in a construction escrow or similar arrangement subject to Beneficiary's approval; and (c) no Event of Default then exists under the County CPF 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, materially encumbers, transfers, or conveys, or agrees to sell, materially encumber, transfer, or convey, directly or indirectly, whether by operation of law or otherwise, its interest in the Security or any part thereof or any interest therein (other than Permitted Encumbrances), Beneficiary may in its sole discretion declare all sums secured by this County CPF Loan Deed of Trust to be immediately due and payable. This option shall not apply in case of Permitted Encumbrance or:

A. The grant of a leasehold interest to tenants who will occupy units in the Project as provided for under the County CPF Loan Agreement;

B. Sale or transfer of personal property pursuant to the grant provisions in this County CPF Loan Deed of Trust. Consent to a sale, encumbrance, 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 County CPF Loan Deed of Trust shall remain in effect for the entire Term of the County CPF Loan Agreement. Upon written request of Beneficiary stating that all sums secured by this County CPF Loan Deed of Trust have been paid, and upon surrender of this County CPF Loan Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto. Upon payment of all sums secured by this County CPF Loan Deed of Trust, Beneficiary shall promptly cooperate with this Section 23.

### **DEFAULT AND REMEDIES**

**24. EVENTS OF DEFAULT.** Any of the events listed in the County CPF Loan Agreement as an Event of Default shall also constitute an Event of Default under this County CPF Loan Deed of Trust, subject to applicable notice and cure periods. A cure of any default made or tendered by Trustor's limited partners shall be accepted or rejected on the same basis as if made or tendered by Trustor.

**25. ACCELERATION OF MATURITY.** Upon the continuation of an Event of Default which has not been cured within the time and in the manner provided in the County CPF Loan Agreement, Beneficiary may declare all sums advanced to Trustor under the County CPF Loan Note and this County CPF Loan Deed of Trust immediately due and payable.

**26. BENEFICIARY'S REMEDIES.** Upon the continuation of an Event of Default which has not been cured within the time and in the manner provided in the County CPF Loan Agreement, Beneficiary

may, in addition to other rights and remedies permitted by the County CPF Loan Agreement, the County CPF Loan 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 County CPF Loan 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. Advance any amount necessary to cure any monetary Event of Default under this County CPF Loan Deed of Trust, the County CPF Loan Agreement, or the County CPF Loan Note;

D. Commence an action to foreclose this County CPF Loan Deed of Trust pursuant to California Code of Civil Procedure Section 725a 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; and/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 County CPF Loan Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this County CPF Loan Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the County CPF Loan Note are immediately due and payable), and such receipts and evidence of any advances 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 County CPF Loan Deed of Trust. Trustee shall, to the extent permitted by applicable law, 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, to the extent permitted by applicable law (including, without limitation, under the California Subdivision Map Act and ordinances and regulations derived therefrom), a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor, at public auction to the highest bidder for cash or credit 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 Security so sold, but without any covenant or warranty, express or implied. 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 Security 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.** Subject to the Senior Loans, 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 County CPF Loan 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 County CPF Loan 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 County CPF Loan 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 from Trustor 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 County CPF Loan Deed of Trust shall not be unreasonably withheld.

33. **TIME.** Time is of the essence in this County CPF Loan 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:** County of Santa Barbara  
Housing and Community Development  
123 E. Anapamu Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Deputy Director

With copy to: Office of County Counsel  
County of Santa Barbara  
105 E Anapamu Street, Room 201  
Santa Barbara, CA 93101

**TRUSTOR:** Sanctuary Centers  
P.O.Box 551  
Santa Barbara, CA 93102  
Attn: Chief Executive Officer

With copy to: Brownstein, Hyatt, Farber and Schreck, LLP  
1021 Anacapa Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Janae N. Magee

35. **BINDING UPON SUCCESSORS.** All provisions of this County CPF Loan 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.** No waiver by Beneficiary of any obligation of Trustor in this County CPF Loan Deed of Trust shall be effective unless in writing signed by Beneficiary. To the extent permitted by applicable law, no waiver will be implied from any delay or failure by Beneficiary to take action on any breach or Event of Default of Trustor or to pursue any remedy allowed under the County CPF Loan Deed of Trust, any of the other County CPF Loan Documents, or applicable law. Any extension of time granted to Trustor to perform any obligation under this County CPF Loan Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this County CPF Loan Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be 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.** No amendment of or modification to this County CPF Loan Deed of Trust shall be effective unless it is in writing duly executed by both Beneficiary and Trustor.

38. **LOAN AGREEMENT CONTROLS.** If there is any contradiction between this County CPF Loan Deed of Trust and the County CPF Loan Agreement, the terms of the County CPF Loan Agreement shall control, except that Trustor shall have no defense or claim that this County CPF Loan Deed of Trust does not establish a valid lien on the Property or the Security.

39. **DEFINITIONS.** Capitalized terms used but not defined in this County CPF Loan Deed of Trust shall have the respective meanings ascribed to such terms in the County CPF Loan 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 County CPF Loan Deed of Trust is intended to be severable in the event that any term or provision of this County CPF Loan Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, in which case the legality, validity, and enforceability of the remaining provisions hereof shall not be affected. If the lien of this County CPF Loan Deed of Trust is invalid or unenforceable as to any part of the Trustor's indebtedness or the Trustor's obligations secured thereby, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the Trustor's indebtedness and all payments made on the indebtedness (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 indebtedness which is not secured or partially secured by the lien of this County CPF Loan Deed of Trust.

42. **SUBSTITUTION OF TRUSTEES.** 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 County CPF Loan Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this County CPF Loan Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

44. This section intentionally left blank.

45. **NONRECOURSE.** Except as expressly provided in the second paragraph of this Section 45, the Trustor, and the Trustor'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, the County CPF Loan Note. The sole recourse of the Beneficiary with respect to the principal of, or interest on, the County CPF Loan Note shall be to the property securing the indebtedness evidenced by this County CPF Deed of Trust. However, nothing contained in the foregoing limitation of liability shall, to the extent permitted by applicable law, (i) limit or impair the enforcement against all such security for the County CPF Loan Note of all the rights and remedies of the Beneficiary, or (ii) be deemed in any way to impair the right of the Beneficiary to assert the unpaid principal amount of the County CPF Loan 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 County CPF Loan Note, except as hereafter set forth; nothing contained herein is intended to relieve the Trustor of personal liability to the extent of actual damages for (i) Trustor's fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges (which are not contested by the Trustor in good faith) which create liens on the Property that are payable or applicable prior to any foreclosure under the County CPF Loan Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any of Trustor's Personal Property or fixtures removed or disposed of by the Trustor during the continuation of an Event of Default, other than in accordance with the County CPF Loan 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 Trustor's indemnification obligations under the County CPF Loan Agreement; and (vi) payment to the Beneficiary of any rental income or other income arising with respect to the Property received by the Trustor during the continuation of an Event of Default after the Beneficiary has given notice to the Trustor of the occurrence of such Event of Default and after the expiration of all applicable notice and cure periods, subject to the rights of any Senior Loan and any lender providing a loan secured by the Property to which the Beneficiary has subordinated the County CPF Loan Deed of Trust.

*Signatures appear on following page. No further text appears here.*

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

**TRUSTOR:**

**SANCTUARY CENTERS OF SANTA BARBARA, INC.,**

a California nonprofit public benefit corporation

By:

\_\_\_\_\_  
Stephanie R. Drake, Ph.D, CEO

[TRUSTOR'S SIGNATURE MUST BE ACKNOWLEDGED]

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Santa Barbara

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, 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.

Signature \_\_\_\_\_ (Seal)

EXHIBIT A

**LEGAL DESCRIPTION**

## EXHIBIT "A"

### Legal Description

CLTA Preliminary Report Form - Modified (11.17.06) Printed: 03.28.23 @ 09:01 PM by uma  
SCA0002402.doc / Updated: 07.10.19 3 CA-CT-0-0-SPS-1-23-FWVE-7742300170

**For APN/Parcel ID(s): 039-222-028 and 039-222-029**

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

THAT PORTION OF CITY BLOCK 126 AS DESIGNATED ON THE OFFICIAL MAP OF THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWEST LINE OF SAID BLOCK ALSO BEING THE SOUTHEAST LINE OF ANAPAMU STREET, DISTANT THEREON S41°30'00"W 170.00' FROM THE NORTH CORNER OF SAID BLOCK TO THE NORTH CORNER OF LOT 7 AS DESIGNATED AND SHOWN ON THE PLAT OR MAP AND REPORT FILED IN THE SUPERIOR COURT OF SAID COUNTY OF SANTA BARBARA, IN THE PARTITION SUIT OF EUGENE S. UPSON VS JULIA E. VAN STYKE, ET UX., DATED AUGUST 18, 1898, THE FINAL DECREE OF PARTITION IN SAID SUIT BEING RENDERED AUGUST 31, 1898, AND A COPY THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SANTA BARBARA COUNTY ON THE 31<sup>ST</sup> DAY OF AUGUST 1898, AND RECORDED IN BOOK 65 OF DEEDS, PAGE 123;

THENCE S48°29'23"E, PARALLEL TO THE NORTHEAST LINE OF SAID BLOCK 200.00' TO THE MOST EAST CORNER OF SAID LOT 7;

THENCE S41°30'00"W, PARALLEL TO SAID NORTHWEST LINE OF SAID BLOCK 55.00' TO THE MOST SOUTH CORNER OF SAID LOT 7;

THENCE S48°29'23"E, PARALLEL TO THE NORTHEAST LINE OF SAID BLOCK 25.00' TO THE SOUTHEAST LINE OF THE NORTHWEST 225.00' OF SAID BLOCK;

THENCE S41°30'00"W, ALONG SAID NORTHWEST 225.00', 17.83' TO THE NORTHEAST LINE OF THE SOUTHWEST 210.00' OF SAID BLOCK;

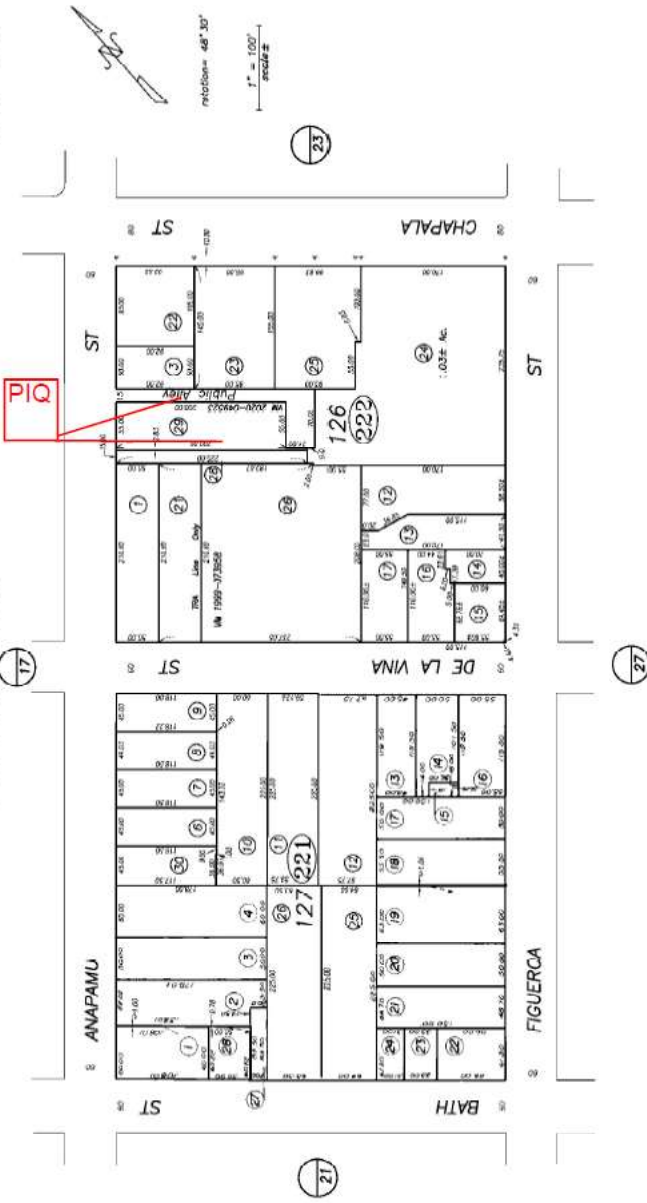
THENCE N48°30'15"W, ALONG SAID SOUTHWEST 210.00' OF SAID BLOCK 225.00' TO THE NORTHWEST LINE OF SAID BLOCK ALSO BEING THE SOUTHEAST LINE OF ANAPAMU STREET;

THENCE N41°30'00"E, ALONG THE NORTHWEST LINE OF SAID BLOCK AND THE SOUTHEAST LINE OF ANAPAMU STREET 72.89' MORE OR LESS, TO THE POINT OF BEGINNING.

SAID PROPERTY IS DESCRIBED IN THAT CERTAIN "CERTIFICATE OF VOLUNTARY MERGER", RECORDED SEPTEMBER 14, 2020, [INSTRUMENT NO. 2020-0049523 OF OFFICIAL RECORDS](#).

039-22

POR. PUEBLO LANDS



**NOTICE**  
 Assessor's Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

City of Santa Barbara  
 Assessor's Map Bk. 039 -Pg. 22  
 County of Santa Barbara, Calif.

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

EXHIBIT B

**SENIOR LOANS**

“SENIOR LOANS” means, collectively,

<b>Effective Lien Seniority</b>	<b>Senior Lender</b>	<b>Loan Amount - Original Principal</b>	<b>Description</b>
1 <sup>st</sup> Lien	Chase Bank, as successor in interest to First Republic Bank	\$8,900,000, which will convert to \$3,500,000	an amount not to exceed Eight Million Nine Hundred Thousand Dollars,), for construction of the Project, which will convert to a Project permanent financing loan in an amount not to exceed Three Million Five Hundred Thousand Dollars, \$3,500,000
2 <sup>nd</sup> Lien (to be established upon recording of same)	State of California No Place Like Home Program	\$7,409,564	a permanent financing loan to be provided to Borrower under the State of California No Place Like Home Program
3 <sup>rd</sup> Lien	State of California Department of Social Services, Community Care Program	\$7,291,666	a permanent financing loan to Borrower from the State of California Department of Social Services
4 <sup>th</sup> Lien	California Department of Health Care Services, Behavioral Health-Capital Improvement Program	\$2,914,224	permanent financing loan
5 <sup>th</sup> Lien	Santa Barbara County Probation Department Community Corrections Partnership Act	\$1,500,000	permanent financing loan
6 <sup>th</sup> Lien	Santa Barbara County Permanent Local Housing Allocation	\$1,400,000	permanent financing Loan

In addition to the Senior Loans set forth above, for illustrative purposes, the parties acknowledge the following intended priority position of this County CPF Loan Deed of Trust and other financing.

7 <sup>th</sup> Lien	County of Santa Barbara, Community Project Funding program (this Deed of Trust)	\$1,000,000	County CPF Loan Deed of Trust
8 <sup>th</sup> Position (or lien, if any)	City of Santa Barbara	Various	various loan sources, 1994-present

**EXHIBIT D: COUNTY CPF LOAN PROMISSORY NOTE**

Exhibit D: County CPF Loan Promissory Note  
(Exhibit to Loan Agreement)

COUNTY CPF LOAN PROMISSORY NOTE

\$1,000,000

Santa Barbara, California  
\_\_\_\_\_, 2026

FOR VALUE RECEIVED, Sanctuary Centers, Inc., a California nonprofit public benefit corporation, whose address is 117 West Anapamu Street, Santa Barbara, California 93101, hereby promises to pay to the order of the County of Santa Barbara, a political subdivision of the State of California (“Lender”), whose address is 123 E. Anapamu Street, 2<sup>nd</sup> Floor, Santa Barbara, California 93101, the principal amount equal to One Million Dollars (\$1,000,000), or so much thereof as may be advanced by Lender to Borrower, together with interest thereon, as set forth below (“CPF Loan”).

1. **PURPOSE.** In order to assist Borrower in developing a total of thirty-four (34) residential housing units, including twenty-four (24) affordable CPF designated apartments, located at 117 West Anapamu Street, in the City of Santa Barbara, Santa Barbara County, California (“Project”), Lender has agreed to loan to Borrower the amount of One Million Dollars (\$1,000,000), comprised of Community Project Funds (“CPF”), received by the Lender from the United States Department of Housing and Urban Development through the Economic Development Initiative (“HUD EDI”).

2. **BORROWER’S OBLIGATION.** This promissory note (“County CPF Loan Promissory Note”) evidences Borrower’s obligation to pay Lender the principal amount of One Million Dollars (\$1,000,000), for the CPF Loan to Borrower by Lender for the specific uses designated, and subject to the terms and conditions set forth, in that certain loan agreement by and between Borrower and Lender of even date herewith (“County CPF Loan Agreement”).

3. **INTEREST.** Subject to Section 4, below, this County CPF Loan Promissory Note shall bear simple interest at the rate of zero percent (0%) per annum from the date of the first disbursement under the County CPF Loan Agreement and this County CPF Loan Promissory Note. Interest hereunder is not compounding.

4. **DEFAULT INTEREST.** In the event of an Event of Default by Borrower of any of its obligations under this County CPF Loan Promissory Note or any of the other County CPF Loan Documents, including the CPF Deed of Trust and CPF Loan, interest shall accrue on the outstanding principal of this County CPF Loan Promissory Note at an annual rate equal to the lesser of (i) ten percent (10%), or (ii) the highest interest allowed by law, in addition to the interest rate provided in Section 3, above, from the date of such Event of Default until the date that such Event of Default is cured, if subject to cure pursuant to Section 8 of the County CPF Loan Agreement, or the CPF Loan is repaid in full, and such default interest shall be due and payable by Borrower to Lender monthly on the first day of each month.

5. **AMOUNT AND TIME OF PAYMENT.** All unpaid principal and accrued and unpaid interest hereunder shall be due and payable on the earlier of: (a) the August 31, 2032, or (b) the date the Property is sold or otherwise Transferred, unless Lender expressly consents in advance in

writing to such Transfer in each instance, and each such Transfer is completed in accordance with all conditions imposed by Lender in connection with such consent, including, but not limited to, such transferee expressly assuming, in writing duly executed by such transferee in form approved by Lender, all of Borrower's obligations hereunder and under the other County CPF Loan Documents, or (c) an Event of Default by Borrower, as defined in Section 8.1 of the County CPF Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County CPF Loan Agreement. Payments on the County CPF Loan hereunder shall be made in accordance with Section 7, below. In the event of an Event of Default by Borrower, as defined in Section 8.1 of the County CPF Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County CPF Loan Agreement, all unpaid principal and all accrued and unpaid interest hereunder shall immediately be due and payable in accordance with Section 9 of this County CPF Loan Promissory Note. In any event, all unpaid principal and all accrued and unpaid interest hereunder shall be due and payable by Borrower to Lender no later than September 30, 2032; provided, however, that in the event of continuous compliance with all of the provisions of all of the County CPF Loan Documents by the Project, the Property, Borrower, and all of Borrower's successors and assigns and transferees with respect to the Property or any part or interest thereof through the period of August 31, 2032, this County CPF Promissory note shall be forgiven.

**6. DEFINITIONS.** All capitalized terms used but not defined in this County CPF Loan Promissory Note shall have the respective meanings ascribed to such terms in the County CPF Loan Agreement. In the event of any conflict between the provisions of this County CPF Loan Promissory Note and the provisions of the County CPF Loan Agreement, the provisions of the County CPF Loan Agreement shall control and prevail.

**7. PAYMENTS.** All accrued interest and principal hereunder shall be due and payable in accordance with the terms set forth in Section 5, above. Provided that the Project, the Property, Borrower, and all of Borrower's successors and assigns and transferees with respect to the Property or any part or interest thereof remain in compliance with all of the provisions of each of the County CPF Loan Documents at all times during the Term, Borrower shall not be required to make annual payments on the County CPF Loan.

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

**9. DEFAULT AND ACCELERATION.** This County CPF Loan Promissory Note is secured by the County CPF Loan Deed of Trust. All covenants, conditions and agreements contained in the County CPF Loan Deed of Trust and the County CPF Loan Agreement are hereby made a part of this County CPF Loan Promissory Note. Borrower agrees that the amount of principal and all then-accrued and unpaid interest hereunder, shall, at the option of Lender, be immediately due and payable upon any Event of Default, as defined in the County CPF Loan Agreement, which, if subject to cure in accordance with Section 8.2 of the County CPF Loan Agreement and the applicable Notice of Default, has not been cured in accordance with the County CPF Loan Agreement and the applicable Notice of Default, including, but not limited to, the failure of Borrower to make any payment when due. Upon the occurrence of any Event of Default, Lender

may exercise any other rights or remedies permitted under this County CPF Loan Promissory Note, any of the other County CPF Loan Documents, or applicable law. Cure of an Event of Default made or tendered by Borrower shall be accepted or rejected as provided in the County CPF Loan Agreement.

**PREPAYMENT OF COUNTY CPF LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County CPF Loan amounts prior to the end of the Term. However, prepayment of the County CPF Loan prior to August 31, 2032, shall require Lender's prior written approval

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

11. **WAIVERS.** All presentments, notices of dishonor, and protests are waived by all makers, sureties, guarantors, and endorsers of this County CPF Loan Promissory Note, if any.

12. **CONSENTS AND APPROVALS.** Any consent or approval of Lender required under this County CPF Loan Promissory Note shall not be unreasonably withheld or delayed.

13. **NOTICES.** Except as may be otherwise specifically provided herein, no approval, notice, or consent of Lender shall be effective unless in writing signed by Lender. Notices to Borrower hereunder may be delivered to Borrower at the address of Borrower set forth below, or at such other place or places as Borrower may designate in writing, from time to time, in accordance with the Notice provisions of the County CPF Loan Agreement, for the receipt of communications from Lender.

**Lender:** County of Santa Barbara  
Housing and Community Development  
123 E Anapamu Street, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Deputy Director

With copy to: Office of County Counsel  
County of Santa Barbara  
105 E Anapamu Street, Room 201  
Santa Barbara, CA 93101

**Owner:** Sanctuary Centers of Santa Barbara, Inc.  
115 West Anapamu Street  
Santa Barbara, CA 93101  
Attention: Executive Director

With copy to: Brownstein Farber Hyatt and Schreck LLP  
1020 State Street  
Santa Barbara, CA 93101  
Attn: Janae N. Magee

14. **ASSIGNMENT; BINDING UPON SUCCESSORS.** All provisions of this County CPF Loan Promissory Note shall be binding upon and inure to the benefit of the successors-in-interest, transferees, and assigns of Borrower and Lender; provided, however, that Borrower shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise, this County CPF Loan Promissory Note or any of Borrower's rights or obligations hereunder (each a "Transfer") without the prior written consent of Lender in each instance. Any purported Transfer without the prior written consent of Lender shall constitute an Event of Default.

15. **GOVERNING LAW; VENUE.** This County CPF Loan Promissory 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. Any litigation arising out of this County CPF Loan Promissory Note shall be filed in the County of Santa Barbara, if in State court, or in the Federal District court nearest to the County of Santa Barbara, if in Federal court.

16. **SEVERABILITY.** Every provision of this County CPF Loan Promissory Note is intended to be severable in the event that any provision of this County CPF Loan Promissory Note shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, in which case, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

17. **TIME.** Time is of the essence in this County CPF Loan Promissory Note.

18. **WAIVER.** No waiver by Lender of any provision of this County CPF Loan Promissory Note or any of the other County CPF Loan Documents shall be effective unless in writing signed by Lender. No waiver will be implied from any delay or failure by Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under any of the County CPF Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation hereunder or under and of the other County CPF Loan Documents shall not operate as a waiver of or release from any of the Borrower's obligations hereunder or under and of the other County CPF Loan Documents. Consent by Lender to any act or omission by Borrower shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for Lender's written consent to future waivers.

19. **AMENDMENTS AND MODIFICATIONS.** No amendment or modification to or of this County CPF Loan Promissory Note shall be effective unless in writing and duly executed by both Borrower and Lender.

**21 NONRECOURSE.** Except as expressly provided in the second paragraph of this Section 21, 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 County CPF Loan Promissory Note. The sole recourse of the Lender with respect to the principal of, or interest on, the County CPF Loan Promissory Note shall be to the property securing the indebtedness evidenced by the County CPF Loan Promissory Note. However, nothing contained in the foregoing limitation of liability shall (i) limit or impair the enforcement against all such security for the County CPF Loan Promissory 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 County CPF Loan Promissory 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 County CPF Loan Promissory 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) fraud or willful misrepresentation or misconduct by or on behalf of Borrower or any of Borrower's officers, agents, partners, or any of Borrower's partner's members, managers, officers, directors, employees, or agents; (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 County CPF Loan 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 County CPF Loan 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 County CPF Loan 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 County CPF Loan Deed of Trust.

**20. COUNTY CPF LOAN AGREEMENT CONTROLS.** In the event that any provisions of this County CPF Loan Promissory Note and the County CPF Loan Agreement conflict, the terms of the County CPF Loan Agreement shall control.

**BORROWER:**

SANCTUARY CENTERS OF SANTA BARBARA, INC.,  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
Stephanie R. Drake, Ph.D, CEO

**EXHIBIT E: [Intentionally Omitted]**

**EXHIBIT F: CPF GRANT AGREEMENT**

**FY 2024 COMMUNITY PROJECT FUNDING  
GRANT AGREEMENT NO. B-24-CP-CA-0121**

**Grantee Name:** County of Santa Barbara  
**Grantee Address:** 123 E. Anapamu Street, santa barbara, CA 93101  
**Grantee's Unique Entity Identifier (UEI):** HN6PNVJ8K8Y6  
**Grantee's Employer Identification Number (EIN):** 956002833  
**Federal Award Identification Number (FAIN):** B-24-CP-CA-0121  
**Assistance Listing Number and Name:** 14.251 Economic Development Initiative, Community Project Funding, and Miscellaneous Grants  
**Period of Performance/Budget Period Start Date:** 08/13/2024  
**Period of Performance/Budget Period End Date:** 08/31/2032

This Grant Agreement between the U.S. Department of Housing and Urban Development (HUD) and County of Santa Barbara (the Grantee) is made pursuant to the authority of the Consolidated Appropriations Act, 2024 (Public Law 118-42) and the Explanatory Statement for Division L of that Act, which was printed in the Senate section of the Congressional Record on March 5, 2024 (Explanatory Statement) as deemed to be amended by the Further Consolidated Appropriations Act, 2024 (Public Laws 118-47).

In reliance upon and in consideration of the mutual representations and obligations under this Grant Agreement, HUD and the Grantee agree as follows:

**ARTICLE I. Definitions**

The definitions at 2 CFR 200.1 apply to this Grant Agreement, except where this Grant Agreement specifically states otherwise.

Budget period is defined in 2 CFR 200.1 and begins and ends on the dates specified above for the Period of Performance/Budget Period Start Date and Period of Performance/Budget Period End Date.

Period of Performance is defined in 2 CFR 200.1 and begins and ends on the dates specified above for the Period of Performance/Budget Period Start Date and Period of Performance/Budget Period End Date.

**ARTICLE II. Total Grant Amount**

Subject to the provisions of the Grant Agreement, HUD will make grant funds in the amount of \$1,000,000.00 available to the Grantee.

**ARTICLE III. Award-Specific Requirements**

A. Federal Award Description. The Grantee must use the Federal funds provided under this Grant Agreement (Grant Funds) to carry out the Grantee's "Project." Unless changed in accordance with Article III, section C of this Grant Agreement, the Grantee's Project shall be as

FY 2024 COMMUNITY PROJECT FUNDING  
GRANT AGREEMENT NO. B-24-CP-CA-0121

described in the Project Narrative that is approved by HUD as of the date that HUD signs this Grant Agreement. For reference, HUD will attach this approved Project Narrative as Appendix 1 to the Grant Agreement on the date that HUD signs this Grant Agreement.

B. Approved Budget. The Grantee must use the Grant Funds as provided by the Approved Budget. Unless changed in accordance with Article III, section C of this Grant Agreement, the Approved Budget shall be the line-item budget that is approved by HUD as of the date that HUD signs this Grant Agreement. For reference, HUD will attach this approved line-item budget as Appendix 2 to this Grant Agreement on the date that HUD signs this Grant Agreement.

C. Project and Budget Changes. All changes to the Grantee's Project or Approved Budget must be made in accordance with 2 CFR 200.308 and this Grant Agreement. To request HUD's approval for a change in the approved Project Narrative and/or Budget, the Grantee must submit a formal letter to HUD's Office of Economic Development - Congressional Grants Division (CGD) Director through the assigned Grant Officer in accordance with HUD's instructions for amending the Project Narrative and/or Project Budget found in the document titled "FY2024 Economic Development Initiative - Community Project Funding Grant Guide" that accompanies the Grant Agreement. The Grantee is prohibited from making project or budget changes that would conflict with the Applicable Appropriations Act Conditions described in Article III, section D of this Grant Agreement. The assigned Grant Officer for this grant is provided in the Award Letter for this grant and found on HUD's website. The CGD will notify the Grantee of whether HUD approves or disapproves of the change. Before the Grantee expends Grant Funds in accordance with any change approved by HUD or otherwise allowed by 2 CFR 200.308, the Grantee must update its grant information in HUD's Disaster Recovery Grant Reporting (DRGR) to reflect that change.

D. Applicable Appropriations Act Conditions. The conditions that apply to the Grant Funds under the Consolidated Appropriations Act, 2024, and the Explanatory Statement, as modified by the Further Consolidated Appropriations Act, 2024 or a later act, are incorporated by this reference and made part of this Grant Agreement. The Grant Funds are not subject to the Community Development Block Grants regulations at 24 CFR part 570 or Title I of the Housing and Community Development Act of 1974.

E. In accordance with 2 CFR 200.307, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the grant. As authorized under 2 CFR 200.307, program income may be treated as an addition to the Federal award, provided that the Grantee uses that income for allowable costs under this Grant Agreement. Any program income that cannot be expended on allowable costs under this Grant Agreement must be reported and paid to HUD within 120 days after the period of performance, unless otherwise specified by an applicable Federal statute.

F. The Grantee must use the Grant Funds only for costs (including indirect costs) that meet the applicable requirements in 2 CFR part 200 (including appendices). The Grantee's indirect cost rate information is as provided in Appendix 3 to this Grant Agreement. Unless the Grantee is an Institution of Higher Education, the Grantee must immediately notify HUD upon any change in the Grantee's indirect cost rate during the Period of Performance, so that HUD can

amend the Grant Agreement to reflect the change if necessary. Consistent with 2 CFR Part 200, Appendix III (C.7), if the Grantee is an Institution of Higher Education and has a negotiated rate in effect on the date this Grant Agreement is signed by HUD, the Grantee may use only that rate for its indirect costs during the Period of Performance.

G. The Grantee must comply with any specific conditions that HUD may apply to this Grant Agreement as provided by 2 CFR 200.208. If applicable, these conditions will be listed or added as Appendix 5 to this Grant Agreement.

H. The Grantee is responsible for managing the Project and ensuring the proper use of the Grant Funds. The Grantee is also responsible for ensuring the completion of the Project, the grant closeout, and compliance with all applicable federal requirements. All subawards made with funding under this Grant Agreement are subject to the subaward requirements under 2 CFR Part 200, including 2 CFR 200.332, and other requirements provided by this Grant Agreement. The Grantee is responsible for ensuring each subrecipient complies with all requirements under this Grant Agreement, including the general federal requirements in Article IV. A subaward may be made to a for-profit entity only if HUD expressly approves that subaward and the for-profit entity is made subject to the same Federal requirements that apply to all other subrecipients, including all requirements 2 CFR part 200 provides with respect to a subaward, except the audit requirements in 2 CFR part 200, subpart F.

#### **ARTICLE IV. General Federal Requirements**

A. If the Grantee is a unit of general local government, a State, an Indian Tribe, or an Alaskan Native Village, the Grantee is the Responsible Entity (as defined in 24 CFR part 58) and agrees to assume all of the responsibilities for environmental review and decision-making and action, as specified and required in regulations issued by the Secretary pursuant to section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994 and published in 24 CFR Part 58.

B. If the Grantee is a housing authority, redevelopment agency, academic institution, hospital or other non-profit organization, the Grantee shall request the unit of general local government, Indian Tribe or Alaskan Native Village, within which the Project is located and which exercises land use responsibility, to act as Responsible Entity and assume all of the responsibilities for environmental review and decision-making and action as specified in paragraph A above, and the Grantee shall carry out all of the responsibilities of a grantee under 24 CFR Part 58.

C. After March 9, 2024, neither the Grantee nor any of its contractors, subrecipients, and other funding and development partners may undertake, or commit or expend Grant Funds or local funds for, project activities (other than for planning, management, development and administration activities), unless a contract requiring those activities was already executed on or before March 9, 2024, until one of the following occurs:

(i) the Responsible Entity has completed the environmental review procedures required by 24 CFR part 58, and HUD has approved the environmental certification and given a release of funds;

FY 2024 COMMUNITY PROJECT FUNDING  
GRANT AGREEMENT NO. B-24-CP-CA-0121

(ii) the Responsible Entity has determined and documented in its environmental review record that the activities are exempt under 24 CFR 58.34 or are categorically excluded and not subject to compliance with environmental laws under 24 CFR 58.35(b); or

(iii) HUD has performed an environmental review under 24 CFR part 50 and has notified Grantee in writing of environmental approval of the activities.

D. Following completion of the environmental review process, the Grantee shall exercise oversight, monitoring, and enforcement as necessary to assure that decisions and mitigation measures adopted through the environmental review process are carried out during project development and implementation.

E. The Grantee must comply with the generally applicable HUD and CPD requirements in 24 CFR Part 5, subpart A, including all applicable fair housing, and civil rights requirements. The Grantee must report data on the race, color, religion, sex, national origin, age, disability, and family characteristics of persons and households who are applicants for, participants in, or beneficiaries or potential beneficiaries of the Grantee's Project, consistent with the instructions and forms provided by HUD in order to carry out its responsibilities under the Fair Housing Act, Executive Order 11063, Title VI of the Civil Rights Act of 1964, and Section 562 of the Housing and Community Development Act of 1987 (e.g. HUD-27061).

F. The Grantee must comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 CFR part 200, as may be amended from time to time. If 2 CFR part 200 is amended to replace or renumber sections of part 200 that are cited specifically in this Grant Agreement, the part 200 requirements as renumbered or replaced by the amendments will govern the obligations of HUD and the Grantee after those amendments become effective.

G. The Grantee must comply with the Award Term in Appendix A to 2 CFR Part 25 ("System for Award Management and Universal Identifier Requirements") and the Award Term in Appendix A to 2 CFR Part 170 ("Reporting Subawards and Executive Compensation"), which by this reference are incorporated into and made part of this Grant Agreement.

H. If the Total Grant Amount, as provided in Article II of this Grant Agreement, is greater than \$500,000, the Grantee must comply with the Award Term and Condition for Grantee Integrity and Performance Matters in Appendix 4 to this Grant Agreement.

I. Unless the Grantee is exempt from the Byrd Amendment as explained below, the Grantee must comply with the provisions of Section 319 of Public Law 101-121, 31 U.S.C. 1352, (the Byrd Amendment) and 24 CFR Part 87, which prohibit recipients of Federal contracts, grants, or loans from using appropriated funds for lobbying the executive or legislative branches of the Federal Government in connection with a specific contract, grant, loan, or cooperative agreement. The Grantee must sign the corresponding certification in Appendix 8 to this Grant Agreement and return it to HUD with this Grant Agreement. The Grantee must include in its award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements), the requirements for the certification required by Appendix A to 24 CFR Part 87 and for disclosure using the *Disclosure of Lobbying Activities*

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(SF-LLL) form. In addition, the Grantee must obtain the executed certification required by Appendix A and an SF-LLL from all covered persons. "Person" is as defined by 24 CFR Part 87. Federally recognized Indian tribes and TDHEs established by Federally recognized Indian tribes as a result of the exercise of the tribe's sovereign power are excluded from coverage of the Byrd Amendment. State-recognized Indian tribes and TDHEs established only under state law must comply with this requirement.

J. The Grantee must comply with drug-free workplace requirements in Subpart B of 2 CFR Part 2429, which adopts the governmentwide implementation (2 CFR Part 182) of sections 5152-5158 of the Drug-Free Workplace Act of 1988, Pub. L. 100-690, Title V, Subtitle D (41 U.S.C. 701-707).

K. Unless the Grantee is a Federally recognized Tribe, the Grantee must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) as implemented by regulations at 49 CFR Part 24. The URA applies to acquisitions of real property and relocation occurring as a direct result of the acquisition, rehabilitation, or demolition of real property for Federal or Federally funded programs or projects. Real property acquisition that receives Federal financial assistance for a program or project, as defined in 49 CFR 24.2, must comply with the acquisition requirements contained in 49 CFR part 24, subpart B. Unless otherwise specified in law, the relocation requirements of the URA and its implementing regulations at 49 CFR part 24, cover any displaced person who moves from real property or moves personal property from real property as a direct result of acquisition, rehabilitation, or demolition for a program or project receiving HUD financial assistance.

L. If Grant Funds are used for purchase, lease, support services, operation, or work that may disturb painted surfaces, of pre-1978 housing, you must comply with the lead-based paint evaluation and hazard reduction requirements of HUD's lead-based paint rules (Lead Disclosure; and Lead Safe Housing (24 CFR part 35)), and EPA's lead-based paint rules (e.g., Repair, Renovation and Painting; Pre-Renovation Education; and Lead Training and Certification (40 CFR part 745)).

M. The Grantee must comply with Section 3 of the Housing and Urban Development Act of 1968 (Section 3), 12 U.S.C. 1701u, and HUD's regulations at 24 CFR part 75, as applicable, including the reporting requirements in 24 CFR 75.25. Grants made to Tribes and TDHEs are subject to Indian Preference requirements in Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)). As stated in 24 CFR 75.3(c), grants to Tribes and TDHEs are subject to Indian Preference requirements in lieu of Section 3. Grantees that are not exempt from Section 3 must submit annual reports of Section 3 accomplishment Performance Measures in DRGR in January of the calendar year. This report reflects Section 3 accomplishments for the previous calendar year.

N. The Grantee must not use any Grant Funds to support any Federal, state, or local project that seeks to use the power of eminent domain, unless eminent domain is employed only for a public use. Public use includes use of funds for mass transit, railroad, airport, seaport, or highway projects, and utility projects which benefit or serve the general public (including energy-related, communication-related, water-related, and waste water-related infrastructure), other structures designated for use by the general public or with other common-carrier or public-utility

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functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfields, as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. 107-118). Public use does not include economic development that primarily benefits private entities.

O. The Grantee must not use any Grant Funds to maintain or establish a computer network that does not block the viewing, downloading, and exchanging of pornography. This requirement does not limit the use of funds necessary for any Federal, State, tribal, or local law enforcement agency or any other entity carrying out criminal investigations, prosecution, or adjudication activities.

P. The Grantee must administer its Grant Funds in accordance with the Conflict-of-Interest requirements set forth in Appendix 6 of this Grant Agreement.

Q. The Grantee must comply with the governmentwide debarment and suspension requirements in 2 CFR part 180 as incorporated and supplemented by HUD's regulations at 2 CFR part 2424.

R. The Grantee must comply with the award term regarding trafficking in persons in Appendix 7 of this Grant Agreement.

S. The assurances and certifications the Grantee has made and submitted to HUD are incorporated by this reference and made part of this Grant Agreement.

T. Any person who becomes aware of the existence or apparent existence of fraud, waste or abuse of any HUD award must report such incidents to both the HUD official responsible for the award and to HUD's Office of Inspector General (OIG). HUD OIG is available to receive allegations of fraud, waste, and abuse related to HUD programs via its hotline number (1-800-347-3735) and its online hotline form. The Grantee must comply with 41 U.S.C. § 4712, which includes informing employees in writing of their rights and remedies, in the predominant native language of the workforce. Under 41 U.S.C. § 4712, an employee of the Grantee or a subrecipient—as well as a personal services contractor—who makes a protected disclosure about a Federal grant or contract cannot be discharged, demoted, or otherwise discriminated against as long as they reasonably believe the information they disclose is evidence of:

1. Gross mismanagement of a Federal contract or grant;
2. Waste of Federal funds;
3. Abuse of authority relating to a Federal contract or grant;
4. Substantial and specific danger to public health and safety; or
5. Violations of law, rule, or regulation related to a Federal contract or grant.

U. The Grantee must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the Grantee's infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds

obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

#### **ARTICLE V. Drawdown Requirements**

A. The Grantee may not draw down Grant Funds until HUD has received and approved any certifications and disclosures required by 24 CFR 87.100 concerning lobbying, if applicable.

B. The Grantee must use DRGR to draw down Grant Funds and report to HUD on activities.

C. The Grantee must enter activity and budget information in DRGR that is consistent with the Grantee's Approved Project Narrative and Approved Budget as described in Article III, sections A and B of this Grant Agreement and complies with HUD's instructions for entering information in DRGR found in the document titled "Grant Award Instructions" that accompanies the Grant Agreement.

D. The Grantee must only enter activities in DRGR that are described in the Approved Budget.

E. The Grantee must expend all Grant Funds in accordance with the activity and budget information in DRGR.

F. Each drawdown of Grant Funds constitutes a representation by the Grantee that the funds will be used in accordance with this Grant Agreement.

G. The Grantee must use DRGR to track the use of program income and must report the receipt and use of program income in the reports the Grantee submits to HUD under Article VI of this Grant Agreement. The Grantee must expend program income before drawing down Grant Funds through DRGR.

H. Notwithstanding any other provision of this grant agreement, HUD will not be responsible for payment of any Grant Funds after the date Treasury closes the account in accordance with 31 U.S.C. § 1552. Because Treasury may close the account up to one week before the September 30 date specified by 31 U.S.C. § 1552, the Grantee is advised to make its final request for payment under the grant no later than September 15, 2032.

#### **ARTICLE VI. Program-Specific Reporting Requirements**

In addition to the general reporting requirements that apply under other provisions of this Agreement, the following program-specific reporting requirements apply to the Grantee:

A. The Grantee must submit a performance report in DRGR on a semi-annual basis and must include a completed Federal financial report as an attachment to each performance report in DRGR. Performance reports shall consist of a narrative of work accomplished during the reporting period. During the Period of Performance, the Grantee must submit these reports in DRGR no later than 30 calendar days after the end of the 6-month reporting period. The first of these

reporting periods begins on the first of January or June (whichever occurs first) after the date this Grant Agreement is signed by HUD.

B. The performance report must contain the information required for reporting program performance under 2 CFR 200.329(c)(2) and (d), including a comparison of actual accomplishments to the objectives of the Project as described in Article III, section A of this Grant Agreement, the reasons why established goals were not met, if appropriate, and additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

C. Financial reports must be submitted using DRGR or such future collections HUD may require and as approved by OMB and listed on the Grants.gov website (<https://www.grants.gov/web/grants/forms/post-award-reporting-forms.html>).

D. The performance and financial reports will undergo review and approval by HUD. If a report submission is insufficient, HUD will reject the report in DRGR and identify the corrections the Grantee must make.

E. No drawdown of funds will be allowed through DRGR while the Grantee has an overdue performance or financial report.

F. The Grantee must report and account for all property acquired or improved with Grant Funds as provided by 2 CFR part 200 using the applicable common forms approved by OMB and provided on the Grants.gov website (<https://www.grants.gov/web/grants/forms/post-award-reporting-forms.html>). This reporting obligation includes submitting status reports on real property at least annually as provided by 2 CFR 200.330, accounting for real and personal property acquired or improved with Grant Funds as part of Project Closeout, and promptly submitting requests for disposition instructions as provided by 2 CFR 200.311, 200.31, and 200.314.

## **ARTICLE VII. Project Closeout**

A. The grant will be closed out in accordance with 2 CFR part 200, as may be amended from time to time, except as otherwise specified in this Grant Agreement.

B. The Grantee must submit to HUD a written request to close out the grant no later than 30 calendar days after the Grantee has drawn down all Grant Funds and completed the Project as described in Article III, section A of this Grant Agreement. HUD will then send the Closeout Agreement and Closeout Certification to the Grantee.

C. At HUD's option, the Grantee may delay initiation of project closeout until the resolution of any findings as a result of the review of semi-annual activity reports in DRGR. If HUD exercises this option, the Grantee must promptly resolve the findings.

D. The Grantee recognizes that the closeout process may entail a review by HUD to determine compliance with the Grant Agreement by the Grantee and all participating parties. The

Grantee agrees to cooperate with any HUD review, including reasonable requests for on-site inspection of property acquired or improved with grant funds.

E. No later than 120 calendar days after the Period of Performance, Grantees shall provide to HUD the following documentation:

1. A Certification of Project Completion.
2. A Grant Closeout Agreement.
3. A final financial report giving:
  - i) the amount and types of project costs charged to the grant (that meet the allowability and allocability requirements of 2 CFR part 200, subpart E);
  - ii) a certification of the costs; and
  - iii) the amounts and sources of other project funds.
4. A final performance report providing a comparison of actual accomplishments with the objectives of the Project, the reasons for slippage if established objectives were not met and additional pertinent information including explanation of significant cost overruns.
5. A final property report, if specifically requested by HUD at the time of closeout.

#### **ARTICLE VIII. Default**

A default under this Grant Agreement shall consist of any use of Grant Funds for a purpose other than as authorized by this Grant Agreement, any noncompliance with statutory, regulatory, or other requirements applicable to the Grant Funds, any other material breach of this Grant Agreement, or any material misrepresentation in the Grantee's submissions to HUD in anticipation of this award. If the Grantee fails to comply with the terms and conditions of the Grant Agreement, HUD may adjust specific conditions of this Grant Agreement as described in 2 CFR part 200, as may be amended from time to time. If HUD determines that noncompliance cannot be remedied by imposing additional conditions, HUD may take one or more of the remedies for noncompliance described in 2 CFR part 200, as may be amended from time to time. HUD may also terminate all or a part of this award as provided by 2 CFR 200.340 and other applicable provisions of 2 CFR part 200, as may be amended from time to time. Nothing in this Grant Agreement shall be construed as creating or justifying any claim against the Federal government or the Grantee by any third party.

#### **ARTICLE IX. HUD Contact Information**

Except where this Grant Agreement specifically states otherwise, all requests, submissions,

and reports the Grantee is required to make to HUD under this Grant Agreement must be made in accordance with HUD's grant instructions found in the document titled "FY2024 Economic Development Initiative - Community Project Funding Grant Guide" that accompanies the Grant Agreement.

**This agreement is hereby executed on behalf of the Grantee and HUD as follows:**

**GRANTEE**

County of Santa Barbara

(Name of Organization)

BY: Jesús Armas

(Signature of Authorized Official)

Jesús Armas,

(Typed Name and Title of Authorized Official)

06/30/2025

(Date)

**HUD**

BY: Ester Dela

(Signature of HUD Authorized Official)

Acting CPD Field Office Director

(Title of HUD Authorized Official)

07/17/2025

(Date)

**APPENDIX 1 – Project Narrative**

The approved narrative has been appended to the end of the grant agreement.

**APPENDIX 2 – Approved Budget**

The approved budget has been appended to the end of the grant agreement.

**APPENDIX 3 – Grantee’s Indirect Cost Rate Information**

As the duly authorized representative of the Grantee, I certify that the Grantee:

- Will not use an indirect cost rate to calculate and charge indirect costs under the grant.
- Will calculate and charge indirect costs under the grant by applying a *de minimis* rate as provided by 2 CFR 200.414(f), as may be amended from time to time.
- Will calculate and charge indirect costs under the grant using the indirect cost rate(s) listed below, and each rate listed is included in an indirect cost rate proposal developed in accordance with the applicable appendix to 2 CFR part 200 and, *if required*, was approved by the cognizant agency for indirect costs.

Agency/Dept./Major Function	Indirect cost rate	Direct Cost Base
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BY: Jesús Armas  
(Signature of Authorized Official)

Jesús Armas,  
(Typed Name and Title of Authorized Official)

06/30/2025  
(Date)

Instructions for the Grantee’s Authorized Representative:

You must mark the one (and only one) checkbox above that best reflects how the Grantee’s indirect costs will be calculated and charged under the grant. Do not include indirect cost rate information for subrecipients.

The table following the third box must be completed only if that box is checked. When listing a rate in the table, enter both the percentage amount (e.g., 10%) and the type of direct cost base to be used. For example, if the direct cost base used for calculating indirect costs is Modified Total Direct Costs, then enter “MTDC” in the “Type of Direct Cost Base” column.

If using the Simplified Allocation Method for indirect costs, enter the applicable indirect cost rate and type of direct cost base in the first row of the table.

If using the Multiple Allocation Base Method, enter each major function of the organization for which a rate was developed and will be used under the grant, the indirect cost rate applicable to that major function, and the type of direct cost base to which the rate will be applied.

If the Grantee is a government and more than one agency or department will carry out activities under the grant, enter each agency or department that will carry out activities under the grant, the indirect cost rate(s) for that agency or department, and the type of direct cost base to which each rate will be applied.

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To learn more about the indirect cost requirements, see 2 CFR part 200, subpart E; Appendix III to Part 200 (for Institutions of Higher Education); Appendix IV to Part 200 (for nonprofit organizations); Appendix VII to Part 200 (for state and local governments and Indian Tribes); and Appendix IX to Part 200 (for hospitals).

**APPENDIX 4 –  
Award Term and Condition for Grantee Integrity and Performance Matters**

Reporting of Matters Related to Grantee Integrity and Performance

(a) General Reporting Requirement.

(1) If the total value of your active grants, cooperative agreements, and procurement contracts from all Federal agencies exceeds \$10,000,000 for any period of time during the period of performance of this Federal award, then you as the grantee must ensure the information available in the responsibility/qualification records through the System for Award Management (SAM.gov), about civil, criminal, or administrative proceedings described in paragraph (b) of this award term is current and complete. This is a statutory requirement under section 872 of Public Law 110-417, as amended (41 U.S.C. 2313). As required by section 3010 of Public Law 111-212, all information posted in responsibility/qualification records in SAM.gov on or after April 15, 2011 (except past performance reviews required for Federal procurement contracts) will be publicly available.

(b) Proceedings About Which You Must Report.

(1) You must submit the required information about each proceeding that—

(i) Is in connection with the award or performance of a grant, cooperative agreement, or procurement contract from the Federal Government;

(ii) Reached its final disposition during the most recent five-year period; and

(iii) Is one of the following—

(A) A criminal proceeding that resulted in a conviction;

(B) A civil proceeding that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of \$5,000 or more;

(C) An administrative proceeding that resulted in a finding of fault and liability and your payment of either a monetary fine or penalty of \$5,000 or more or reimbursement, restitution, or damages in excess of \$100,000; or

(D) Any other criminal, civil, or administrative proceeding if—

(1) It could have led to an outcome described in paragraph (b)(1)(iii)(A) through (C);(2) It had a different disposition arrived at by consent or compromise with an acknowledgment of fault on your part; and

(3) The requirement in this award term to disclose information about the proceeding does not conflict with applicable laws and regulations.

(c) Reporting Procedures.

Enter the required information in SAM.gov for each proceeding described in paragraph (b) of this award term. You do not need to submit the information a second time under grants and cooperative agreements that you received if you already provided the information in SAM.gov because you were required to do so under Federal procurement contracts that you were awarded.

(d) Reporting Frequency.

During any period of time when you are subject to the requirement in paragraph (a) of this award term, you must report proceedings information in SAM.gov for the most recent five-year period, either to report new information about a proceeding that you have not reported previously or affirm that there is no new information to report. If you have Federal contract, grant, and cooperative agreement awards with a cumulative total value greater than \$10,000,000, you must disclose semiannually any information about the criminal, civil, and administrative proceedings.

(e) Definitions.

For purposes of this award term—

Administrative proceeding means a non-judicial process that is adjudicatory in nature to make a determination of fault or liability (for example, Securities and Exchange Commission Administrative proceedings, Civilian Board of Contract Appeals proceedings, and Armed Services Board of Contract Appeals proceedings). This includes proceedings at the Federal and State level but only in connection with the performance of a Federal contract or grant. It does not include audits, site visits, corrective plans, or inspection of deliverables.

Conviction means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of nolo contendere.

Total value of currently active grants, cooperative agreements, and procurement contracts includes the value of the Federal share already received plus any anticipated Federal share under those awards (such as continuation funding).

**APPENDIX 5 – Specific Award Conditions**  
NONE.

## APPENDIX 6 – Conflict of Interest Requirements

1. *Conflicts Subject to Procurement Regulations.* When procuring property or services, the grantee and its subrecipients shall comply with the applicable conflict-of-interest rules in 2 CFR 200.317 and 2 CFR 200.318(c). In all cases not governed by 2 CFR 200.317 and 2 CFR 200.318(c), the Grantee and its subrecipients must follow the requirements contained in paragraphs 2-5 below.

2. *General prohibition.* No person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee or subrecipient and who exercises or has exercised any functions or responsibilities with respect to assisted activities, 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 financial interest or benefit from the activity, or have a financial interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom he or she has immediate family or business ties, during his or her tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage, or adoption) the spouse, parent (including a stepparent), child (including a stepchild), sibling (including a stepsibling), grandparent, grandchild, and in-laws of a covered person.

3. *Exceptions.* HUD may grant an exception to the general prohibition in paragraph (ii) upon the Grantee's written request and satisfaction of the threshold requirements in paragraph (iv), if HUD determines the exception will further the Federal purpose of the award and the effective and efficient administration of the Grantee's Project, considering the cumulative effects of the factors in paragraph (v).

4. *Threshold requirements for exceptions.* HUD will consider an exception only after the Grantee has provided the following documentation:

- a. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how that disclosure was made; and
- b. An opinion of the Grantee's attorney that the interest for which the exception is sought would not violate state or local law.

5. *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the Grantee has satisfactorily met the threshold requirements in paragraph (iii), HUD will consider the cumulative effect of the following factors, where applicable:

- a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
- b. Whether an opportunity was provided for open competitive bidding or negotiation;
- c. Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception

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will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

*d.* Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process regarding the assisted activity in question;

*e.* Whether the interest or benefit was present before the affected person was in a position as described in paragraph (ii);

*f.* Whether undue hardship will result either to the Grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

*g.* Any other relevant considerations.

6. *Disclosure of potential conflicts of interest.* The Grantee must disclose in writing to HUD any potential conflict of interest.

## **APPENDIX 7 – Award Term and Condition Regarding Trafficking in Persons**

The following award term and condition, which is required by 2 CFR part 175, applies as written:

(a) *Provisions applicable to a grantee that is a private entity.*

(1) Under this award, the grantee, its employees, subrecipients under this award, and subrecipient's employees must not engage in:

(i) Severe forms of trafficking in persons;

(ii) The procurement of a commercial sex act during the period of time that this award or any subaward is in effect;

(iii) The use of forced labor in the performance of this award or any subaward; or

(iv) Acts that directly support or advance trafficking in persons, including the following acts:

(A) Destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents;

(B) Failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if requested by the employee, unless:

(1) Exempted from the requirement to provide or pay for such return transportation by the Federal department or agency providing or entering into the grant or cooperative agreement; or

(2) The employee is a victim of human trafficking seeking victim services or legal redress in the country of employment or a witness in a human trafficking enforcement action;

(C) Soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment;

(D) Charging recruited employees a placement or recruitment fee; or

(E) Providing or arranging housing that fails to meet the host country's housing and safety standards.

(2) The Federal agency may unilaterally terminate this award or take any remedial actions authorized by 22 U.S.C. 7104b(c), without penalty, if any private entity under this award:

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(i) Is determined to have violated a prohibition in paragraph (a)(1) of this appendix; or

(ii) Has an employee that is determined to have violated a prohibition in paragraph (a)(1) of this this appendix through conduct that is either:

(A) Associated with the performance under this award; or

(B) Imputed to the grantee or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement),” as implemented by HUD at 2 CFR part 2424.

(b) *Provision applicable to a grantee other than a private entity.*

(1) The Federal agency may unilaterally terminate this award or take any remedial actions authorized by 22 U.S.C. 7104b(c), without penalty, if a subrecipient that is a private entity under this award:

(i) Is determined to have violated a prohibition in paragraph (a)(1) of this appendix; or

(ii) Has an employee that is determined to have violated a prohibition in paragraph (a)(1) of this appendix through conduct that is either:

(A) Associated with the performance under this award; or

(B) Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement),” as implemented by HUD at 2 CFR part 2424.

(c) *Provisions applicable to any grantee.*

(1) The grantee must inform the Federal agency and the Inspector General of the Federal agency immediately of any information you receive from any source alleging a violation of a prohibition in paragraph (a)(1) of this appendix.

(2) The Federal agency's right to unilaterally terminate this award as described in paragraphs (a)(2) or (b)(1) of this appendix:

(i) Implements the requirements of 22 U.S.C. 78, and

(ii) Is in addition to all other remedies for noncompliance that are available to the Federal agency under this award.

(3) The grantee must include the requirements of paragraph (a)(1) of this award term in any subaward it makes to a private entity.

(4) If applicable, the grantee must also comply with the compliance plan and certification requirements in 2 CFR 175.105(b).

(d) *Definitions. For purposes of this award term:*

“Employee” means either:

(1) An individual employed by the grantee or a subrecipient who is engaged in the performance of the project or program under this award; or

(2) Another person engaged in the performance of the project or program under this award and not compensated by the grantee including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing requirements.

“Private Entity” means any entity, including for-profit organizations, nonprofit organizations, institutions of higher education, and hospitals. The term does not include foreign public entities, Indian Tribes, local governments, or states as defined in 2 CFR 200.1.

The terms “severe forms of trafficking in persons,” “commercial sex act,” “sex trafficking,” “Abuse or threatened abuse of law or legal process,” “coercion,” “debt bondage,” and “involuntary servitude” have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

### APPENDIX 8 – Certification Regarding Lobbying

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an 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 extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) 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, the undersigned shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

BY: Jesús Armas  
(Signature of Authorized Official)

Jesús Armas,  
(Typed Name and Title of Authorized Official)

06/30/2025  
(Date)

**NOTE:** This certification is not required for Federally recognized Indian tribes and Tribally Designated Housing Entities (TDHEs) established by a federally recognized Indian tribe through the tribe’s sovereign power. However, this exemption does not apply to State-recognized Indian tribes and TDHEs established under State law.

## NARRATIVE

Hollister II Apartments consists of construction of a new 59-foot, five-story mixed-use building located on a 0.25-acre infill lot in downtown Santa Barbara. The building will provide 34 studio apartments for a resident population including adults with mental illness and substance abuse disorders, veterans with post-traumatic stress disorders, and persons being discharged from correctional facilities. Hollister II also incorporates approximately 6,600 square feet of nonresidential floor area for a medical and dental clinic and a co-occurring disorders center. Residential spaces will be located on the second through fifth floors, while the disorders center and the clinics will be located on the ground and basement levels, respectively. CPF funds will be used for a portion of Hollister II's construction hard costs. The related Budget specifies the construction costs to be reimbursed from the CPF grant as well as identify the other sources of funding. The balance of hard costs, as well as all project soft costs, will be paid using other funding sources.

Hollister II Apartments is a five-story, mixed-use development project which will provide 34 new affordable permanent supportive housing studio apartments, as well as clinical facilities. The project will primarily serve veterans and other adults with mental illness. The project will be carried out through the project's owner and developer, Sanctuary Centers of Santa Barbara, Inc., as a subrecipient. The subrecipient's address is 220 West Valerio Street, Santa Barbara, CA 93101-2930, and its Unique Entity Identifier (UEI) Number is J91LT8NM6QS6. Subrecipient was founded as a 501(c)3 non-profit in 1976. Its mission is: "To provide our clients with powerful, comprehensive transformative mental health care. Our compassionate and experienced clinical team provides each and every client with a diverse array of proven treatment services designed to ensure success. At Sanctuary Centers, mental illness is not a roadblock that makes progress impossible. We are here to provide the stepping stones needed to overcome them." Subrecipient's role is to serve as the project owner and developer. Subrecipient has conducted all predevelopment work and acquired all plans and entitlements for zoning, land use, and building permit issuance from the City of Santa Barbara Planning and Building Department. It has also conducted procurement of technical professionals, including planners; architects; mechanical, electrical, plumbing, structural and civil engineers; legal counsel; and general contractor. Subrecipient has also secured all financing necessary for project completion as well as required project insurance. During the construction phase, subrecipient manages and administers the construction process, provides construction budget monitoring and controlling, and submits compliance reporting to the County. Following completion of construction, subrecipient will be responsible for project operations and management. Santa Barbara County's Community Services Department (CSD) will serve as direct recipient of Community Project Funds for Hollister II. In this role, CSD will interface with the HUD's DRGR system, transmit subrecipient reporting to HUD, review and approve requests for reimbursement, monitor project progress, and ensure that the subrecipient complies with all applicable HUD administrative, regulatory, and programmatic requirements. The total anticipated project cost is \$27,730,072, including both hard and soft costs. Project funding sources and uses are listed as follows: Funding Source / Amount First Republic Bank – commercial construction loan / 8,900,000 State Dep't of

FY 2024 COMMUNITY PROJECT FUNDING  
GRANT AGREEMENT NO. B-24-CP-CA-0121

Social Services – Community Care Expansion Program / 7,291,666 Subrecipient CCE Cash Match / 700,000 State Behavioral Health Dep’t – Behavioral Health Continuum Infrastructure Program / 2,914,224 Subrecipient BHCIP Cash Match / 291,425 Santa Barbara County Probation Dep’t – Community Corrections Partnership Act / 1,500,000 California Permanent Local Housing Allocation Program – via Santa Barbara County / 1,400,000 Developer Equity – cash donations / 3,532,117 Community Project Funds / 1,000,000 Total / 27,529,432 Funding Use / Amount Design / 873,200 Legal / 150,000 Temporary Relocation / 240,000 Construction Budget – detailed separately / 21,730,072\* CPF Portion - \$1,000,000 Other Funding Sources - \$20,730,072 Insurance During Construction / 485,000 Furniture and Related Costs / 350,000 Other Hard Costs / 26,792 Hard Cost Contingency / 1,320,438 Operating Reserves / 310,667 Permits and Fees / 414,665 All Other Soft Costs / 1,628,598 Total / 27,529,432 \* Listed as \$21.2m in the expenditure categories spreadsheet provided by Frank and \$21.7m in the prime contractor’s budget. The \$0.5m discrepancy has been applied to developer equity under funding sources. CPF funds will be used for costs under the construction budget, which is provided as an attachment. Specifically, the anticipated construction line items to be paid with CPF are “8.000 - Openings” and “9.000 – Finishes.” The CPF-funded construction line items will be part of the vertical construction phase (below) and, furthermore, will be for second-through fifth- floor residential units. Project phasing is as follows: • Predevelopment: Project design; securing of entitlements. • Demolition: Demolition of two existing single-story structures on the project site which previously served as medical and dental clinics. • Site Preparation: Removal and disposal of asphalt from existing parking lot; site grading and preparation; site excavation to a depth of 20 feet. • Infrastructure Construction: Tie-in of existing public utilities, including electrical, gas, water, and wastewater lines, as well as low-voltage communications and related infrastructure (i.e., cable, Internet, etc.). • Below-Grade Construction: Construction of the basement-level clinic space, including an elevator serving all floors of the building structure, pouring of concrete walls, and preparation of structural sub-floor. • Vertical Construction: Construction of first-floor clinic space and second- through fifth-floor residential units. • Post-Construction: Issue Notice of Completion and Certificate of Occupancy. A NEPA Environmental Assessment for the project has been completed, and the Authority to Use Grant Funds (AUGF) was issued by HUD effective December 21, 2023. Project construction began on January 12, 2024, with a projected completion date of April 30, 2026. As of May 2025, construction is approximately 31% complete, and approximately 28% of expenditures have been incurred. The project will achieve the following community benefits: • Provide affordable permanent supportive housing to 34 low-income households, including formerly homeless individuals. This will contribute to reducing homelessness in a community where housing costs are extremely high. • Increase the capacity of the subrecipient’s on-site Integrated Care Clinic from one doctor and one dentist to three each. Expand the capacity of group and individual therapy rooms and improve the quality of services provided. This will reduce the frequency of residents’ hospital visits and will improve residents’ physical and mental well-being. • Provide community space for meetings and resident socialization. • Expand community partnerships with organizations including the Santa Barbara County Department of Behavioral Wellness, the Santa Barbara County Sheriff and Probation Departments, Santa Barbara County Department of Public Health, Santa Barbara Neighborhood Clinics, Santa Barbara Cottage Hospital, Holman/CenCal (MediCal provider), the City and County

FY 2024 COMMUNITY PROJECT FUNDING  
GRANT AGREEMENT NO. B-24-CP-CA-0121

Housing Authorities, mental health courts, and local and regional homeless shelters and sober living facilities. The project aims to comply with Section 3 requirements by meeting HUD's "safe harbor" thresholds of 25% Section 3 Worker hours and 5% Targeted Section 3 Worker hours. Compliance data is collected from the contractor and subcontractors. As of May 2025, the project is in compliance with the Section 3 Worker threshold but not the Targeted Section 3 Worker threshold. As it is possible that the "safe harbor" thresholds will not be met, the subrecipient is concurrently conducting qualitative efforts in keeping with HUD's guidelines and the County's Section 3 implementation plan. The project will comply with Build America, Buy America requirements by documenting the country of origin of all iron and steel products. As of May 2025, the estimated cost of iron and steel products is \$1,324,435, equal to 6.1% of the construction budget cost or 4.8% of the total project cost. Of that amount, \$1,254,435 can be shown to be manufactured in the United States. The remaining \$70,000 is below the de minimis waiver threshold of 5% of the project's total iron, steel, manufactured product, and construction material cost.

Project Address : 115 West Anapamu Street, Santa Barbara, CA 93101

The total anticipated project cost is \$27,730,072, including both hard and soft costs. Project funding sources and uses are listed as follows: Funding Source / Amount First Republic Bank – commercial construction loan / 8,900,000 State Dep't of Social Services – Community Care Expansion Program / 7,291,666 Subrecipient CCE Cash Match / 700,000 State Behavioral Health Dep't – Behavioral Health Continuum Infrastructure Program / 2,914,224 Subrecipient BHCIP Cash Match / 291,425 Santa Barbara County Probation Dep't – Community Corrections Partnership Act / 1,500,000 California Permanent Local Housing Allocation Program – via Santa Barbara County / 1,400,000 Developer Equity – cash donations / 3,532,117 Community Project Funds / 1,000,000 Total / 27,529,432 Funding Use / Amount Design / 873,200 Legal / 150,000 Temporary Relocation / 240,000 Construction Budget – detailed separately / 21,730,072\* CPF Portion - \$1,000,000 Other Funding Sources - \$20,730,072 Insurance During Construction / 485,000 Furniture and Related Costs / 350,000 Other Hard Costs / 26,792 Hard Cost Contingency / 1,320,438 Operating Reserves / 310,667 Permits and Fees / 414,665 All Other Soft Costs / 1,628,598 Total / 27,529,432 \* Listed as \$21.2m in the expenditure categories spreadsheet provided by Frank and \$21.7m in the prime contractor's budget. The \$0.5m discrepancy has been applied to developer equity under funding sources. CPF funds will be used for costs under the construction budget, which is provided as an attachment. Specifically, the anticipated construction line items to be paid with CPF are "8.000 - Openings" and "9.000 – Finishes." The CPF-funded construction line items will be part of the vertical construction phase (below) and, furthermore, will be for second- through fifth- floor residential units.

**APPROVED BUDGET**

**SF424 – ESTIMATED FUNDING**

<b>Funding Name</b>	<b>Amount</b>
Federal Estimated Funding	\$1,000,000.00
Applicant Estimated Funding	\$3,532,117.00
State Estimated Funding	\$14,097,315.00
Local Estimated Funding	\$0.00
Other Estimated Funding	\$8,900,000.00
Program Income Estimated Funding	\$0.00
<b>Total</b>	<b>\$27,529,432.00</b>

**CPF – ESTIMATED FUNDING**

<b>Funding Source</b>	<b>Estimated Funding</b>
Openings	\$400,000.00
Finishes	\$600,000.00
<b>Total</b>	<b>\$1,000,000.00</b>

Grant Package

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- [Single Audit Threshold](#)
- [Miscellaneous](#)

1. Grant Contacts Information

**Grantee Information**

<b>Grantee Legal Name</b>	County of Santa Barbara
<b>Address 1</b>	105 East Anapamu St
<b>Address 2</b>	Engineering Building, 2nd Floor of 123 W Anapamu
<b>Address 3</b>	Community Services Department
<b>City</b>	Santa Barbara
<b>State</b>	CA
<b>Zip Code</b>	93101-3195
<b>Telephone Number</b>	
<b>URL</b>	
<b>Unique Entity Identifier (UEI)</b>	HN6PNVJ8K8Y6
<b>Employer Identifier Number (EIN)</b>	95-6002833

**Contact Information**

<b>Prefix</b>	Select One..
<b>First Name</b>	Mona
<b>Middle Name</b>	
<b>Last Name</b>	Miyasato
<b>Title</b>	County Executive Officer
<b>Address 1</b>	105 East Anapamu Street
<b>Address 2</b>	
<b>Address 3</b>	
<b>City</b>	Santa Barbara
<b>State</b>	CA
<b>Zip Code</b>	93101-2000
<b>Telephone Number</b>	805-568-3400
<b>Email</b>	mmyasato@countyofsb.org

**Contact Information**

<b>Prefix</b>	Select One..
<b>First Name</b>	Lucille
<b>Middle Name</b>	
<b>Last Name</b>	Boss
<b>Title</b>	Housing Programs Manager
<b>Address 1</b>	123 East Anapamu Street
<b>Address 2</b>	Community Services Department   Engineering Building, 2nd Floor
<b>Address 3</b>	
<b>City</b>	Santa Barbara
<b>State</b>	CA
<b>Zip Code</b>	93101-2000
<b>Telephone Number</b>	805-568-3533
<b>Email</b>	lboss@countyofsb.org

**Contact Information**

No data entered.

**Contact Information**

<b>Prefix</b>	Select One..
<b>First Name</b>	James
<b>Middle Name</b>	
<b>Last Name</b>	Francis
<b>Title</b>	Housing Program Specialist, Sr.
<b>Address 1</b>	123 E. Anapamu St.
<b>Address 2</b>	Community Services Department
<b>Address 3</b>	Engineering Building, 2nd Floor
<b>City</b>	Santa Barbara
<b>State</b>	CA
<b>Zip Code</b>	93101-2025
<b>Telephone Number</b>	805-568-3549
<b>Email</b>	jfrancis@countyofsb.org

**Congressional Districts**

<b>Applicant:</b>	Rep. Salud Carbajal
<b>Program/Project</b>	CA-24

**2.Subrecipient Information**

**Subrecipient Information**

<b>Will you be using a subrecipient to implement any part of this project?</b>	Yes
--	-----

Subrecipients

Subrecipient Name	UEI	Contact Name	Phone	Email
Sanctuary Centers of Santa Barbara Inc.	J91LT8NM6QS6	Barry Schoer	(805) 569-2785 x220	bschoer@sanctuarycenters.org

3.Scope of Work Information

Hollister II Apartments consists of construction of a new 59-foot, five-story mixed-use building located on a 0.25-acre infill lot in downtown Santa Barbara. The building will provide 34 studio apartments for a resident population including adults with mental illness and substance abuse disorders, veterans with post-traumatic stress disorders, and persons being discharged from correctional facilities. Hollister II also incorporates approximately 6,600 square feet of nonresidential floor area for a medical and dental clinic and a co-occurring disorders center. Residential spaces will be located on the second through fifth floors, while the disorders center and the clinics will be located on the ground and basement levels, respectively. CPF funds will be used for a portion of Hollister II's construction hard costs. The related Budget specifies the construction costs to be reimbursed from the CPF grant as well as identify the other sources of funding. The balance of hard costs, as well as all project soft costs, will be paid using other funding sources.

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Project Location

- **Project Address:** 115 West Anapamu Street, Santa Barbara, CA 93101
- **Assessor Parcel Number (APN):** 039-222-002
- **Site Longitude:** 34.42187
- **Site Latitude:** 119.20586

Project Address

**Address 1** 115 West Anapamu Street, Santa Barbara, CA 93101

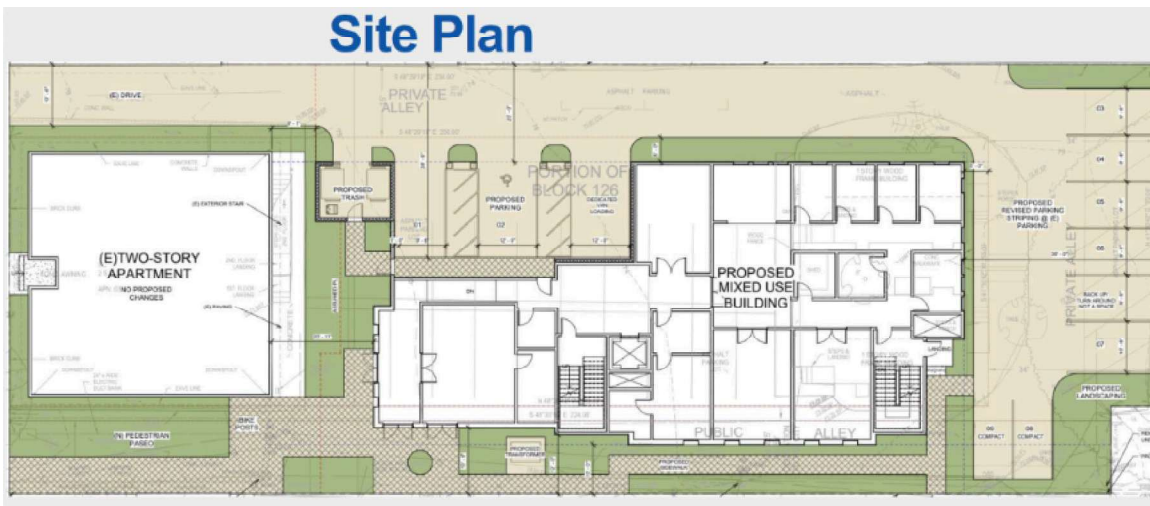
Geographic Coordinates

- Site Longitude: 34.42187
- Site Latitude: 119.20586
- Assessor Parcel Number (APN): 039-222-002



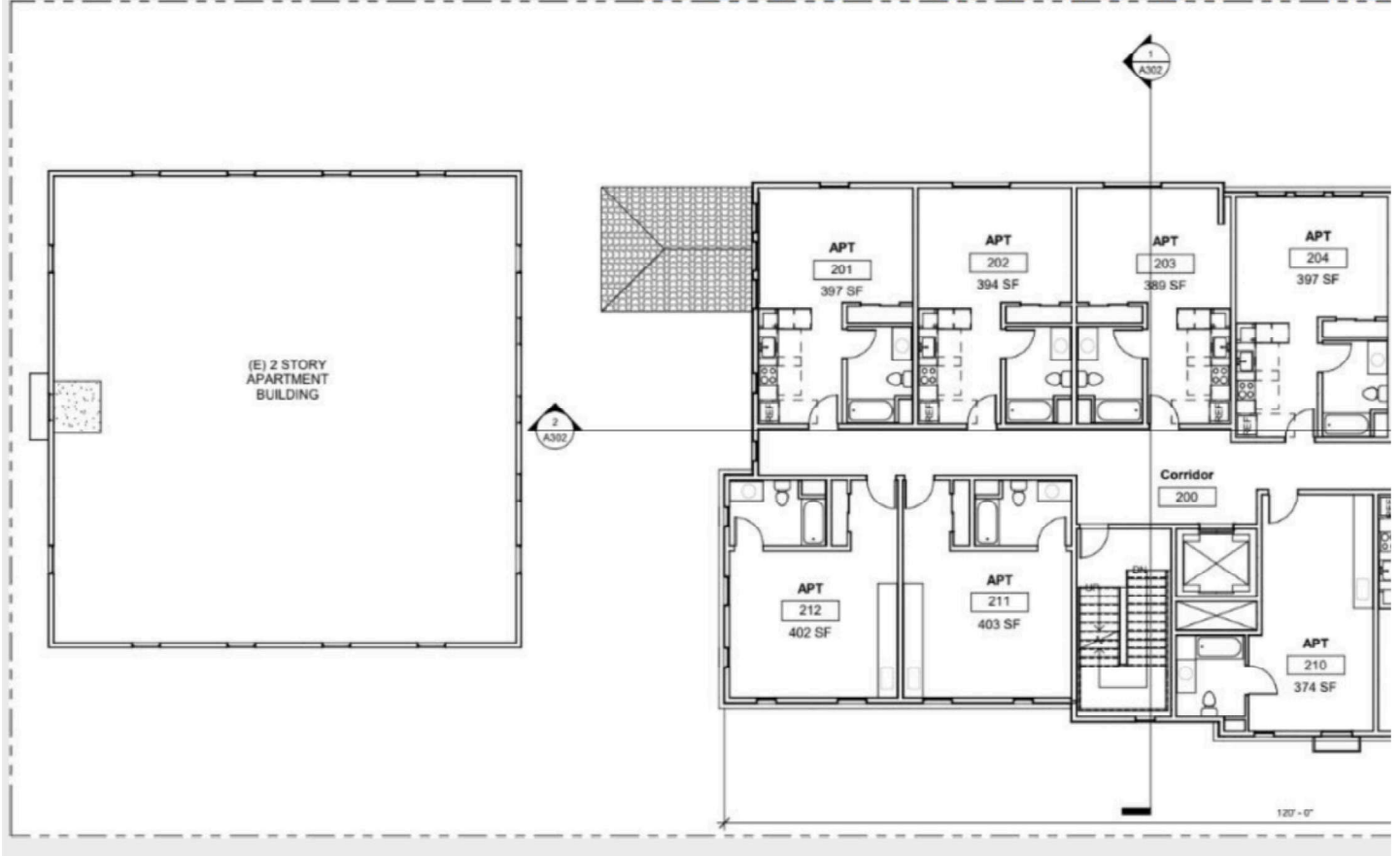
Project Map - Image 1

Vicinity Map 115 West Anapamu Street

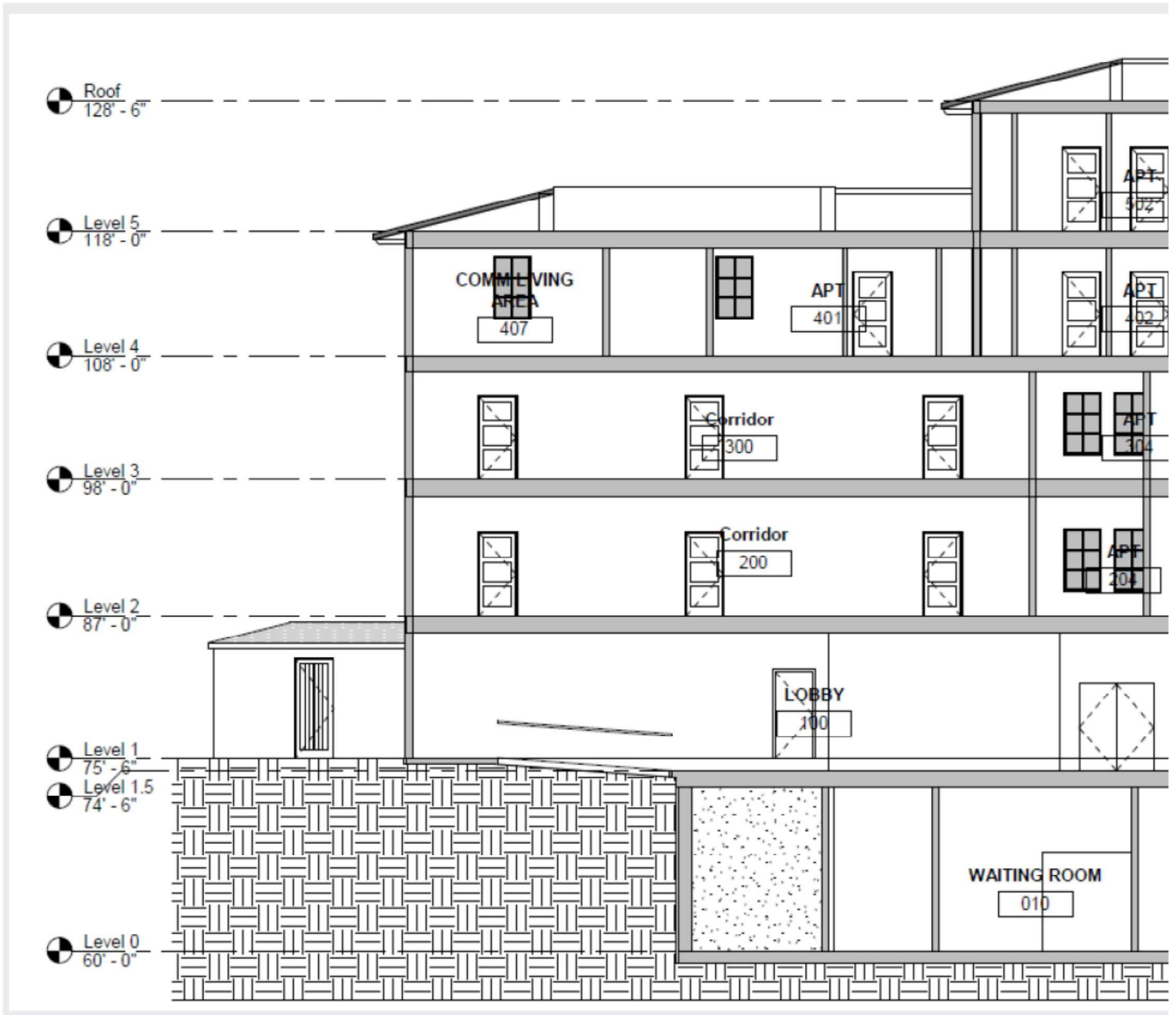


Project Map - Image 2

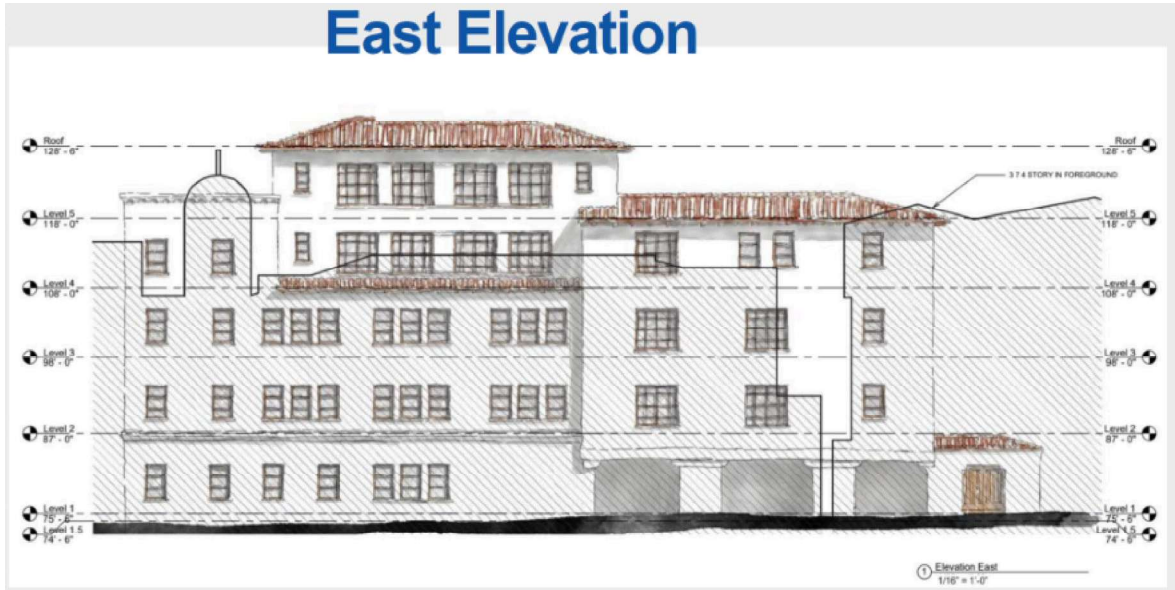
# Second Floor Plan



Project Map - Image 3



Project Map - Image 4



Project Map - Image 5

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**CPF Funding Applicability**

Select activity(ies) for the entire project including non-HUD funded activities: [Pick all that apply.]

- Construction - New
- Construction - Rehabilitation of existing structure
- Construction - Repairs
- Construction - Infrastructure
- Site improvements (existing / proposed)
- Housing
- Services

**4. Budget Information**

**Reporting Period**

Fiscal Year Reporting Period

July 1 - June 30

**SF-424 Budget**

Field Name	Amount
Federal Estimated Funding	\$1,000,000.00
Applicant Estimated Funding	\$3,532,117.00
State Estimated Funding	\$14,097,315.00

Field Name	Amount
Local Estimated Funding	\$0.00
Other Estimated Funding	\$8,900,000.00
Program Income Estimated Funding	\$0.00
<b>Total</b>	<b>\$27,529,432.00</b>

Data Source(s): Sources & Uses Note that some State funding passes through local.

**CPF Cost Budget**

Budget Line Item	Funding Amount
Openings	\$400,000.00
Finishes	\$600,000.00
<b>Total</b>	<b>\$1,000,000.00</b>

Data Source(s): Schedule of values

**Grantee Indirect Cost Rate Information**

Select Indirect Cost Rate [Pick one that applies.]

- Will not use an indirect cost rate to calculate and charge indirect costs under the grant. Will calculate and charge indirect costs under the grant by applying a de minimis rate as provided by 2 CFR 200.414(f), as may be amended from time to time.
- Will calculate and charge indirect costs under the grant using the indirect cost rate(s) listed below, and each rate listed is included in an indirect cost rate proposal developed in accordance with the applicable appendix to 2 CFR part 200 and, if required, was approved by the cognizant agency for indirect costs.

Federally Negotiated Indirect Cost Rate

Indirect Cost Rate Percent

Dollar Amount:

Are you attaching Federal Negotiated Indirect Cost Rate

[FNICR] documents?

**Financial Disclosures**

Is Application Subject to Review by State Under Executive Order 12372 Process [Pick one that applies.]

- Is the Application was made available to the State under the Executive Order 12372 process for review
- Program is subject to Executive Order 12372 but has not been selected by the State for review
- Program is not covered by Executive Order 12372

Select Review Date if the Application was made available to the state under Executive Order 12372:

Is the Applicant Delinquent on Any Federal Debt?

If Yes, Provide description

**5. HUD Environmental Review Information**

**HUD Environmental Review Information**

(1) What type of grantee are you?

Local Government

(2) Have you initiated a HUD environmental review?

Yes

(3) Are you aware of any known environmental issues, conditions, or permits associated with the project site? (ie, historic structure, contamination on site, project in floodplain, etc.)

Yes

(4) List known issues, conditions, and/or permits

Condition: noise mitigation (standard COA)

(5) Is there an existing environmental review for your project?

Yes

(6) Do you have existing permits for your project?

Yes

- (7) If the project involves new construction, rehabilitation, or other ground disturbance work, are there any contracts already in place? Yes
  - (8) If so, what is the date the contract was signed? 6/14/2023
  - (9) List all anticipated related project activities that have or will be performed following the Federal Nexus, regardless of funding source
    - Acquisition (including refinance) of real property
    - Leasing
    - Maintenance
    - Repair/Improvement/Rehabilitation
    - New construction/Reconstruction
    - Demolition
    - Disposition
    - Soft Costs or other non-physical activities (e.g. planning, services, administration, predevelopment costs)
  - (10) Does the project involve more than 200 dwelling units? No
  - (11) What is the planned use of the affected property after completion of the project?
    - Vacant land
    - Public facility
    - Nonresidential buildings (example commercial, senior centers, offices)
    - Single Family Residential buildings
    - Multifamily Residential buildings
    - Infrastructure
  - (12) Will this project involve ground disturbance activities beyond minimal soil boring for site assessment purposes? Yes
  - (13) Is this project one phase of a larger multi-phase project? Yes
  - (14) Will the project require or lead to a change in land use of the affected property (e.g. from non-residential to residential, commercial to industrial, or from one industrial use to another)? No
  - (15) Provide any costs incurred/activities performed prior to the date of legislative enactment? Yes
  - (16) Does the project consist solely of soft cost activities covered by HUD's Nationwide Environmental Review for CPF Soft Costs? No
  - (17) Provide any hard cost activities performed/completed prior to the federal nexus? Yes
  - (18) Provide any soft costs incurred after the date of legislative enactment that are NOT covered by HUD's Nationwide Environmental Review for CPF Soft Costs? No
  - (19) Provide any contractual obligations entered into prior to the federal nexus that involve hard cost activities to be performed after the federal nexus (e.g. construction, ground disturbance, rehabilitation, demolition, etc.)? Yes
  - (20) Provide any new contracts or commitments entered into, or Choice Limiting Actions taken, following the Federal Nexus (not including activities associated with pre-nexus contractual obligations)? See Environmental Review Supplement in the documents section for more information about Choice Limiting Actions No
- If you are a local government then skip questions 21 through 26
- (21) Have you contacted the unit of local government in which the project is located to request that they serve as Responsible Entity and conduct the environmental review for the project?
  - (22) Has the unit of local government Responsible Entity agreed to conduct the environmental review for the project?
  - (23) Provide unit of general local government Responsible Entity info: Name of local government (City, County, State)
  - (24) Provide unit of general local government Responsible Entity info: Name of environmental review contact
  - (25) Provide unit of general local government Responsible Entity info: Telephone Number
  - (26) Provide unit of general local government Responsible Entity info: Email
  - (27) Did your local or state government agree to conduct the environmental review? Yes
  - (28) Have you retained an Environmental Consultant (EC) to assist in preparing the environmental review for the project? Yes
  - (29) Provide Environmental Consultant (EC) Organization Partner Engineering & Science, Inc.
  - (30) Provide Environmental Consultant (EC) Name Katie Morgan
  - (31) Provide Environmental Consultant (EC) Email KMorgan@partneresi.com
  - (32) Provide HUD Environmental Review Online System (HEROS) ER ID 900000010205022

## 6. Disclosure of Lobbying Activities

### Contact Information

Prefix

First Name

**Middle Name**  
**Last Name** Gilchrest  
**Title** Senior Legislative Associate  
**Address 1** 1800 Diagonal Road  
**Address 2**  
**Address 3**  
**City** Alexandria  
**State** VA  
**Zip Code** 22314-2840  
**Telephone Number** 703-615-4775  
**Email** dgilchrest@twaltersinc.com

**Contact Information**

**Prefix** Select One..  
**First Name** Don  
**Middle Name**  
**Last Name** Gilchrest  
**Title** Senior Legislative Associate  
**Address 1** 1800 Diagonal Road  
**Address 2**  
**Address 3**  
**City** Alexandria  
**State** VA  
**Zip Code** 22314-2840  
**Telephone Number** 703-615-4775  
**Email** dgilchrest@twaltersinc.com

**SF424 Assurances**

- Select that applies**
- Assurances - Non Construction Programs
  - Assurances - Construction Programs

**SF-1199A: Direct Deposit Form**

**Have completed and attached the SF-1199A to the document section?** Yes  
**Have attached supporting documentation for the SF-1199A?** Yes

**Single Audit Threshold**

**Have you spent \$750,000 or more of all federal funds in a this fiscal year?** Yes  
**Have you completed a Single Audit??** Yes

Miscellaneous Information - Provide description on any attached documents

**EXHIBIT G: STANDARD INDEMNIFICATION AND INSURANCE PROVISIONS**

## **EXHIBIT G**

### **Indemnification and Insurance Requirements Grant of Funds or Loan Agreement**

#### **INDEMNIFICATION**

GRANTEE/BORROWER agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its officers, officials, employees, agents and volunteers from and against any and all claims, actions, losses, damages, judgments, liabilities and/or costs (including without limitation reasonable attorney's fees, expert fees and all other costs and fees of litigation) arising out of or in connection with GRANTEE/BORROWER's negligence, recklessness or willful misconduct in the performance of work hereunder or its failure to comply with any of its obligations contained in this agreement, except where caused by the active negligence, sole negligence, or willful misconduct of the COUNTY.

#### **NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS**

GRANTEE/BORROWER shall notify COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement. The indemnification provisions in this Agreement shall survive any expiration or termination of this Agreement.

#### **INSURANCE**

As part of the consideration of this Agreement, GRANTEE/BORROWER shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the GRANTEE/BORROWER, its agents, representatives, employees or subcontractors.

#### **MINIMUM SCOPE AND LIMIT OF INSURANCE**

Coverage shall be at least as broad as:

- A. Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than Two Million Dollars (\$2,000,000) per occurrence. If a general aggregate limit applies, either the aggregate limit shall apply separately to this project or location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- B. Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits no less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease. (Not required if GRANTEE/BORROWER does not have employees).

If the GRANTEE/BORROWER maintains broader coverage and/or higher limits than the minimums shown above, the COUNTY requires and shall be entitled to the broader coverage and/or the higher limits maintained by the GRANTEE/BORROWER. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the COUNTY.

**Self-Insured Retention** – Self-insured retentions (SIRs) must be declared to and approved by COUNTY. COUNTY may require GRANTEE/BORROWER to purchase coverage with a lower

retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the SIR may be satisfied by either the named insured or COUNTY.

#### Other Insurance Provisions

The applicable insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insured** – COUNTY, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the GRANTEE/BORROWER including materials, parts, or equipment furnished in connection with such work or operations. Coverage can be provided in the form of an endorsement to the GRANTEE/BORROWER's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37).
2. **Primary Coverage** – For any claims related to this agreement, the GRANTEE/BORROWER's insurance coverage shall be primary and non-contributory at least as broad as ISO CG 20 01 12 19 as respects the COUNTY, its officers, officials, employees, volunteers, and agents. Any insurance or self-insurance maintained by the COUNTY, its officers, officials, employees, volunteers, and agents shall be excess of the GRANTEE/BORROWER's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.
3. **Notice of Cancellation** – Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the COUNTY.
4. **Waiver of Subrogation Rights** – GRANTEE/BORROWER hereby grants to COUNTY a waiver of any right to subrogation which any insurer of said GRANTEE/BORROWER may acquire against the COUNTY by virtue of the payment of any loss under such insurance. GRANTEE/BORROWER agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.

**Umbrella or Excess Policy** - The GRANTEE/BORROWER may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying CGL insurance.

**Acceptability of Insurers** – Insurance is to be placed with insurers authorized to conduct business in the State of California with a current AM Best's rating of no less than A: VII, unless otherwise acceptable to the COUNTY.

**Verification of Coverage** – GRANTEE/BORROWER shall furnish the COUNTY with original certificates and amendatory endorsements, or copies of the applicable policy language effecting coverage required by this clause. All documents are to be received and approved by the COUNTY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the GRANTEE/BORROWER's obligation to provide them. The COUNTY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

**Subcontractors** – GRANTEE/BORROWER shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and GRANTEE/BORROWER shall ensure that COUNTY is an additional insured on CGL and Aircraft insurance required from subcontractors.

**Special Risks or Circumstances** – COUNTY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**Failure to Procure Coverage** – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right but not the obligation or duty to terminate the Agreement. Maintenance of required insurance coverage is a material element of the Agreement and failure to maintain or renew such coverage or to provide evidence of renewal may be treated by COUNTY as a material breach of contract.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. GRANTEE/BORROWER agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of COUNTY to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of COUNTY.

**EXHIBIT H: SAMPLE ESPR**

# EXHIBIT G - SAMPLE FORM ONLY - COUNTY HCD WILL PROVIDE FORM

## EXPENDITURE SUMMARY AND PAYMENT REQUEST (ESPR)

**FY 2025-26**  
July - June

**INSTRUCTIONS:** Complete tab 2 first, then complete only the yellow shaded cells on tab 1. Print, sign and sub

Agency Name Sanctuary Centers	Invoice/Request #	<input type="checkbox"/> Revised <input type="checkbox"/>	
Program Name Hollister II	Date Submitted		
Address 115 W. Anapamu St.	Check one:	<input type="checkbox"/> CDBG <input type="checkbox"/> HOME <input type="checkbox"/> PLHA	
Contact Person Barry Schoer	IDIS #		
Phone	HCD Project #		
Email	PO/Contract No		Expiration Date
	Report Period:	(enter month for capital projects and quarter for public services)	
	Month		
	Quarter	<input type="checkbox"/> Qtr 1 (July - Sep) <input type="checkbox"/> Qtr 2 (Oct - Dec)	
		<input type="checkbox"/> Qtr 3 (Jan - Mar) <input type="checkbox"/> Qtr 4 (Apr - Jun)	

**SUBMIT COMPLETED FORM TO** Carlos Jimenez Senior Housing Program Specialist  
 Phone: 805-568-3529 Email: [gjimenez@countyofsb.org](mailto:gjimenez@countyofsb.org)

**I. GRANT BUDGET AND EXPENDITURES**

BUDGET LINE ITEM	ACTIVITY	TOTAL GRANT BUDGET	TOTAL OF PREVIOUS DRAWDOWNS	REQUESTED DRAWDOWN THIS PERIOD	NEW AVAILABLE BALANCE
Cat. 1 Project Construction Costs		\$ 1,400,000.00			
Cat. 2					\$ -
Cat. 3					\$ -
Cat. 4					\$ -
<b>TOTAL</b>		\$ 1,400,000.00	\$ -	\$ -	\$ -

Check this box if this is the final payment. Any balances will be rescinded and returned to the County.

**Certification:**

I certify to the best of my knowledge and belief that this report is true and complete, and I have reviewed all supporting documentation. Disbursements have been made for the purpose and conditions of this grant and have not been paid by any other source.

<b>Manager / Fiscal Officer</b>	<b>Administrator / Executive Director</b>
Name _____	Name _____
Signature _____	Signature _____
Title _____	Title _____
Date _____	Date _____

Public Service programs: Payment requests are due for each quarter by the **10th** of the month following quarter end.

Capital Projects: Payment requests are due monthly by the **10th** of the month following the reporting month.

*This form has been tailored for the funding year noted in the upper-right corner of this form. Other ESPR forms are obsolete.*