

RECORDING REQUESTED BY AND RETURN TO:

Clerk of the Board of Supervisors
County of Santa Barbara
105 E. Anapamu Street
Santa Barbara, CA 93101

SEND ANOTHER COPY TO:

Housing and Community Development
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101-2062

Attn: Affordable Housing Program

No fee per Government Code Sec. 6103

A.P.N.: 105-330-004

FIRST AMENDMENT TO AGREEMENT TO PROVIDE AFFORDABLE HOUSING
STONEGATE
TM 14,481, 98-DP-019

This First Amendment to the Agreement to Provide Affordable Housing ("Amendment") is entered into as of the ____th day of October, 2011, by and between the County of Santa Barbara, a subdivision of the State of California ("County") and StoneGate Orcutt Venture, LLC ("Developer") and amends that certain document entitled Agreement to Provide Affordable Housing executed by County and Developer and recorded on October 11, 2006 in the official records of Santa Barbara County as Document Number 2006-0079882 ("Agreement to Provide") and relates to the real property specifically described in the legal description attached hereto as Exhibit A.

Recitals

WHEREAS, the Agreement to provide requires Developer to construct ten (10) restricted housing units affordable to low income families subject to the conditions set forth in the Agreement to Provide ("Restricted Units"); and

WHEREAS, at the time the County and Developer entered into the Agreement to Provide, Developer anticipated that it would build out all of the units in TM 14,381, 98-DP-019 at approximately the same time; and

WHEREAS, since the time the Agreement to Provide was entered into, changes to market conditions have made concurrent build out of all houses infeasible and Developer has constructed houses on a unit-by-unit basis; and

WHEREAS, Developer wishes to continue to build out the project, including the affordable units, on a unit-by-unit basis; and

WHEREAS, the Agreement to Provide identified ten (10) units within the Stonegate Development as Restricted Units; and

WHEREAS, notwithstanding restrictions in the Agreement to Provide, Developer has sold seven (7) units that were designated as Restricted Units without compliance with requirements in the Agreement to Provide regarding price and income restrictions and the recordation of a Restrictive Covenant against those units ("Noncompliant Restricted Units"); and

WHEREAS, the escrow company which performed escrow services for the sale of the Noncompliant Units has indicated that it did not inform the purchasers of the Noncompliant Restricted Units of the restrictions set forth in the Agreement to Provide and did not record a Restrictive Covenant on the Noncompliant Units; and

WHEREAS, the original project conditions and Agreement to Provide did not set forth a schedule of when the Restricted Units were required to be built and sold in relation to the market rate units to be developed on the Subject Property; and

WHEREAS, Developer and County wish to amend the Agreement to Provide to set forth a schedule of when the Restricted Units must be constructed and to amend the address list of Restricted Units to ensure that the Non-restricted Units are replaced by other units in the Subject Property that will be sold and held pursuant to the required price and income restrictions; and

WHEREAS, since the time the Agreement to Provide was executed, the County has revised its model Deed of Trust, Marketing and Lottery Plans and wishes to attach the revised documents to the Agreement to provide in place of the Deed of Trust, Marketing and Lottery Plans that are currently attached thereto.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Amendment and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by County and Developer, the parties agree to amend the Agreement to Provide as follows:

SECTION 1. The first sentence of Section 1 of the Agreement to Provide is hereby amended to read as follows:

"Ten (10) Restricted Units shall be constructed by Developer pursuant to the following schedule commencing on the date of the execution of the First Amendment to the Agreement to Provide:

1. Developer must complete construction of two (2) Restricted Units and commence marketing of such Restricted Units prior to the issuance of any building permit for or sale of any market rate unit on the Subject Property.
2. Upon the completion of construction and commencement of marketing of at least two Restricted Units, Developer may commence construction of no more than two (2) market rate units on the Subject Property.
3. The above schedule shall continue to apply, so that for every two (2) market rate units two (2) Restricted Units are built and marketed, until a total of ten (10) Restricted Units have been built and marketing of them commenced at which point, building permits may be issued for all of the remaining market rate units.

SECTION 2, Exhibit "C" (Address List of Affordable Housing Units) to the Agreement to Provide is hereby replaced in its entirety by Exhibit "B" to this Amendment.

SECTION 3, the Exhibit "C" (Deed of Trust Form) to Exhibit "D" (Restrictive Covenant) to the Agreement to Provide is hereby replaced in its entirety by Exhibit "C" to this Amendment.

SECTION 5, Exhibit "E" (Marketing Plan) to the Agreement to Provide is hereby replaced in its entirety by Exhibit "D" to this Amendment.

SECTION 5, Exhibit "F" (Lottery Plan) to the Agreement to Provide is hereby replaced in its entirety by Exhibit "F" to this Amendment.

SECTION 6, This Amendment shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. Developer and County shall each pay any and all of their own costs and expenses relating to the execution and delivery of this Amendment. Except as provided in this Amendment, each and every term, condition and agreement contained in the Agreement will remain in full force and effect. The parties reaffirm that the representations made by each of the parties in the Agreement are true and accurate.

EXHIBIT "B"
ADDRESS LIST OF AFFORDABLE HOUSING UNITS
FOR
STONEGATE

(TM 14,481, 98-DP-019)

TOTAL NUMBER OF UNITS IN THE PROJECT:	44
TOTAL NUMBER OF AFFORDABLE UNITS IN THE PROJECT:	10
NUMBER OF AFFORDABLE UNITS FOR VERY LOW INCOME HOUSEHOLDS:	0
NUMBER OF AFFORDABLE UNITS FOR LOW INCOME HOUSEHOLDS AT 75% OF MEDIAN INCOME:	5
NUMBER OF AFFORDABLE UNITS FOR LOW INCOME HOUSEHOLDS AT 80% OF MEDIAN INCOME:	5
NUMBER OF AFFORDABLE UNITS FOR UPPER-MODERATE INCOME HOUSEHOLDS:	0

<u>Address</u>	<u>Lot & Unit #</u>	<u>Bedrooms</u>	<u>Income Level</u>
1) <u>350 SO. FIRST STREET</u>	<u>1</u>	<u>4</u>	Low (80%)
2) <u>375 SO. FIRST STREET</u>	<u>6</u>	<u>4</u>	Low (80%)
3) <u>435 SO. FIRST STREET</u>	<u>29</u>	<u>3</u>	Low (75%)
4) <u>445 SO. FIRST STREET</u>	<u>30</u>	<u>3</u>	Low (75%)
5) <u>496 SO. FIRST STREET</u>	<u>36</u>	<u>3</u>	Low (75%)
6) <u>490 SO. FIRST STREET</u>	<u>37</u>	<u>4</u>	Low (80%)
7) <u>486 SO. FIRST STREET</u>	<u>38</u>	<u>3</u>	Low (75%)
8) <u>460 SO. FIRST STREET</u>	<u>41</u>	<u>4</u>	Low (80%)
9) <u>450 SO. FIRST STREET</u>	<u>42</u>	<u>3</u>	Low (75%)
10) <u>430 SO. FIRST STREET</u>	<u>43</u>	<u>3</u>	Low (75%)

IN WITNESS WHEREOF, the parties have entered into this Amendment on the date appearing below.

COUNTY OF SANTA BARBARA

Dated: _____

By _____

Joni Gray, Chair
BOARD OF SUPERVISORS
(Signature must be notarized)

ATTEST:
CHANDRA L. WALLAR
CLERK OF THE BOARD

By: _____

Deputy Clerk

By: Sharon Friedrichsen
Housing & Community Development

DEVELOPER

StoneGate Orcutt Venture, LLC

Dated: _____

By: Dixie L. Wells
Name: Dixie L. Wells, Managing Member
(signature must be notarized)

Dated: _____

By: [Signature]
Name: Anthony E. Wells, Member
(signature must be notarized)

APPROVED AS TO FORM:

DENNIS A. MARSHALL
COUNTY COUNSEL

By: [Signature]

Deputy County Counsel

State of California)
County of Santa Barbara)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

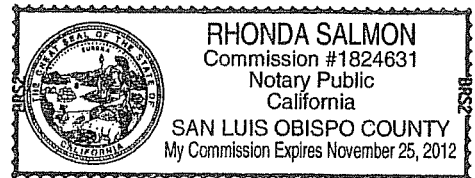
On September 22, 2011 before me, Rhonda Salmon, a Notary Public,
(here insert name and title of the officer)

personally appeared Dixie L. Wells and Anthony E. Wells

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 Rhonda Salmon

(Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of _____

containing _____ pages, and dated _____.

The signer(s) capacity or authority is/are as:

- Individual(s)
 Attorney-in-Fact
 Corporate Officer(s) _____
Title(s) _____

- Guardian/Conservator
 Partner - Limited/General
 Trustee(s)
 Other: _____

representing: _____
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
 form(s) of identification credible witness(es)

Notarial event is detailed in notary journal on:

Page # _____ Entry # _____

Notary contact: _____

Other

- Additional Signer(s) Signer(s) Thumbprint(s)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Santa Barbara

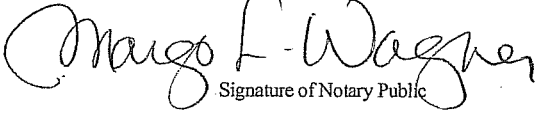
On September 26, 2011 before me, Margo L. Wagner, Notary Public
(Here insert name and title of the officer)

personally appeared Sharon Friedrichsen

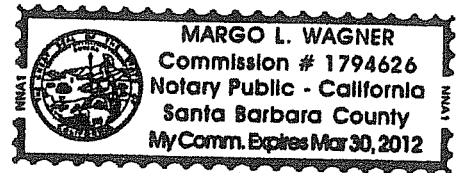
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), 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 of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ☞ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ☞ Indicate title or type of attached document, number of pages and date.
 - ☞ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).

Securely attach this document to the signed document

Exhibit "C" attached to Exhibit "D"
Deed of Trust with Assignment of Rents

RECORDING REQUESTED BY AND RETURN TO:

Housing and Community Development
Attn: Affordable Housing Program
County of Santa Barbara
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101-2062

NO FEE DOCUMENT PURSUANT TO
GOVERNMENT CODE SECTION 27383

APN: _____

**DEED OF TRUST WITH
ASSIGNMENT OF RENTS**

THIS DEED OF TRUST, ASSIGNMENT OF ("Deed of Trust") is made as of this _____ day of _____, 2011 by _____, ("Trustor"), to _____ Title Company _____, as trustee ("Trustee"), for the benefit of the County of Santa Barbara, a public body corporate and politic ("Beneficiary").

GRANT IN TRUST

1. **GRANT.** Trustor, 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 _____ Address of Unit _____ in an unincorporated area of Santa Barbara County, California, as more particularly described in Exhibit A, incorporated herein by this reference (the "Property"); the Property is a condominium unit in that certain common interest development commonly known as StoneGate.

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures, improvements, signs, and landscaping now or hereafter erected or located on the Property, together with rents, issues and profits.

All of the foregoing, together with the Property, is herein referred to as the "Security."

OBLIGATIONS SECURED

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

- A. That certain GRANT OF PREEMPTIVE RIGHT RESALE RESTRICTION COVENANT AND OPTION TO PURCHASE SECURED BY DEED OF TRUST (“Covenant”) made by Trustor, to order of Beneficiary and extensions and renewals *thereof*; and
- B. Payment of any sums advanced by Beneficiary to protect the security and priority of this Deed of Trust; and
- C. Any liquidated damages accruing to Beneficiary under Covenant.

3. ENFORCEMENT. Upon the happening of a default under the Grant of Preemptive Right Resale Restriction Covenant and Option to Purchase Secured by Deed of Trust recording concurrently herewith on _____ as instrument number _____, Beneficiary may, in addition to OTHER rights and remedies permitted by the Covenant, this 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 costs and expenses of operation of the Security, including attorneys’ fees, and pay off any indebtedness secured by this Deed of Trust, all in such order as Beneficiary may determine.

4. APPOINTMENT OF A RECEIVER. In any action to enforce this assignment, Beneficiary may 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. Trustor hereby consents to the appointment of a receiver. The receiver shall have 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.

5. 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 default or notice of default hereunder or invalidate any act done in response to such 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 Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

RIGHTS AND OBLIGATIONS OF TRUSTOR

6. PERFORMANCE OF SECURED OBLIGATION. Trustor shall promptly perform each obligation secured by this Deed of Trust in accordance with the Covenant.

7. FORECLOSURE BY INSTITUTIONAL LENDER. If the Security is foreclosed upon by an Institutional Lender which is the maker of a loan secured by a First Deed of Trust; and the Security is transferred through a trustee's sale, judicial *foreclosure* or deed in *lieu of* foreclosure by an Institutional Lender on a First Deed of Trust, Trustor shall promptly pay to Beneficiary the amount of surplus to which Beneficiary is entitled pursuant to Section VII.E of the Covenant.

8. MAINTENANCE OF THE SECURITY. The Declaration of Covenants, Conditions and Restrictions, ("CCRs") recorded against the Security in the Official Records of Santa Barbara County, California provides that the Owners' Association ("Association") shall among other things provide exterior maintenance and repair of all condominiums in the common interest development. To the extent that the Association is not obligated to, or does not, maintain the Security under the CCRs, Trustor shall, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor shall not commit or permit waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security.

9. LIENS, ENCUMBRANCES, AND CHARGES. Except for purchase money loans, Trustor shall discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over *this* Deed of Trust.

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

11. SUITS TO PROTECT THE SECURITY. Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or the rights of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain 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 impair the Security or be prejudicial to the interest of Beneficiary.

12. DAMAGE TO SECURITY. Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. Beneficiary acknowledges that Article _____ of the CCRs provides the mechanism by which a decision shall be made to repair or rebuild a damaged condominium unit and for payment of the expense of such rebuilding and repair.

13. TITLE. Trustor warrants that Trustor lawfully has legal title to the Security.

14. 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 those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or those required by law. Beneficiary

acknowledges that certain easements have been granted with respect to the Security to other condominium owners in the Project and to the Association.

15. TAXES AND LEVIES. Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien *affecting* the Security. However, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven business days after receipt of such notice. *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 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 Deed of Trust.

16. CONDEMNATION. Subject to the rights of any senior lienholders, 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 ("Funds") distributed to Trustor pursuant to Article _____ of the CCRs are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive any 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 amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

Notwithstanding anything to the contrary set forth herein, Beneficiary shall, prior to the application of the Funds or any portion thereof to the indebtedness or other obligations, apply such portion of the funds as is reasonable and necessary to repair and preserve the value, marketability and rentability of the Security.

17. ACCELERATION ON TRANSFER OF SECURITY; ASSUMPTION. In the event that Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof or interest therein, Beneficiary may at its option declare all sums secured by this Deed of Trust to be immediately due and payable.

18. RECONVEYANCE BY TRUSTEE. This trust is intended to continue for the entire term of the Covenant. At the end of the term of the Covenant, upon written request of Beneficiary 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.

DEFAULT AND REMEDIES

19. EVENTS OF DEFAULT. A default of a material term of the Covenant shall also constitute an Event of Default under this Deed of Trust.

20. ACCELERATION OF MATURITY. Upon the happening of an Event of Default Beneficiary may declare this Deed of Trust immediately due and payable.

21. BENEFICIARY'S REMEDIES. Upon the happening of an Event of Default Beneficiary may proceed with any or all of the following remedies:

- A. Declare any and all sums advanced by Beneficiary to protect the security and priority of this Deed of Trust immediately due and payable by Trustor;
- B. Enforce the assignment of rents and right to possession as provided for in this Deed of Trust, and/or seek appointment of a receiver to take over possession of the Security and collect Rents;
- C. Cure any Monetary Default secured by the Property and add the amount of such payment to the amount owing to beneficiary;
- D. Commence an action to foreclose this Deed of Trust pursuant to California Code of Civil Procedure Section 725(a) 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;
- 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; or
- F. Pursue any other rights and remedies allowed at law or in equity.

22. FORECLOSURE BY POWER OF SALE. Should Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust, and such receipts and evidence of any expenditures made or of liquidated damages accruing in favor of Beneficiary under the Covenant 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 Deed of Trust. Trustee shall, 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, at public auction to the highest bidder for cash 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 property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. 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 property 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.

23. APPLICATION OF SALE PROCEEDS. 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 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.

24. REMEDIES CUMULATIVE. No right, power or remedy conferred upon or reserved to Beneficiary by this 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.

25. SUBORDINATION. The terms and conditions of this Deed of Trust are and shall be subordinate to the terms and conditions of the CCRs. In addition, the terms and conditions of this Deed of Trust are and shall be subordinate to the liens, rights, duties and obligations of an Institutional Lender which is the maker of a purchase money loan secured by a deed of trust recorded in first position or a loan for refinancing of the Property that has been approved by the County and that is secured by a deed of trust recorded in first position.

The provisions of this Deed of Trust shall not impair the rights of an Institutional Lender with a loan on the Property meeting the requirements set forth above, to:

1. Foreclose or take title to the Property pursuant to the remedies in the Institutional Lender's deed of trust; or
2. Accept a deed or assignment in lieu of foreclosure in the event of default by a trustor; or
3. Sell or lease the Property to any person at any price, subsequent to exercising its rights under the Institutional Lender's deed of trust.

GENERAL PROVISIONS

26. GOVERNING LAW. This 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.

27. STATEMENT OF OBLIGATION. Beneficiary may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

28. CONSENTS AND APPROVALS. Any consent or approval of Beneficiary required under this Deed of Trust shall not be unreasonably withheld.

29. TIME. Time is of the essence in this Deed of Trust.

30. 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
105 E. Anapamu Street
Room 105
Santa Barbara, CA 93101
Attn: Affordable Housing Program Manager

TRUSTOR:

Name of Buyer(s)

Address of Unit

City, State Zip Code

31. BINDING UPON SUCCESSORS. All provisions of this 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.

32. WAIVER. Any waiver by Beneficiary of any obligation of Trustor in this Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation under this Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

33. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Deed of Trust must be in writing, and shall be made only if mutually agreed upon by Beneficiary and Trustor.

34. 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.

35. SEVERABILITY. Every provision of this Deed of Trust *is* intended to be severable. If any term or provision of this Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected.

36. 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.

37. ACCEPTANCE BY TRUSTEE. Trustee accepts this Trust when this 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 Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

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

TRUSTOR:

By: _____
Name of Buyer

By: _____
Name of Buyer

(Signature(s) must be notarized)

[TRUSTOR'S SIGNATURE MUST BE ACKNOWLEDGED]

EXHIBIT A
Legal Description

EXHIBIT "D"
MARKETING PLAN

EXHIBIT "D"

MARKETING PLAN

FOR

StoneGate, TM 14,481, 98-DP-019,

(PROJECT NAME AND CASE NUMBER)

The Agreement to Provide Affordable Housing (hereinafter "AGREEMENT") binds the representatives of **StoneGate Orcutt Venture, LLC, a California limited liability company** (hereinafter "DEVELOPER") to this Marketing Plan. If DEVELOPER determines that changes may be necessary after the Agreement has been recorded, DEVELOPER must contact Santa Barbara County Department of Housing and Community Development (hereinafter "HCD") regarding these changes and must receive approval of the revised Marketing Plan from the Director of HCD or his/her designee.

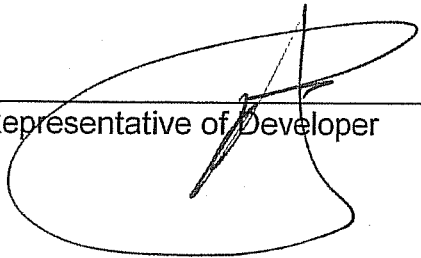
- A. After the AGREEMENT has been recorded for the project, HCD will make the project publicly available on the Affordable Housing interest list by including the project's name, location, number of affordable units and the DEVELOPER or representative's phone number.
- B. An advertisement shall be prepared by HCD in conjunction with DEVELOPER who will pay for the advertisement of the project in, at least, one newspaper of general circulation and, at least, one Spanish-language newspaper or radio station which circulates or broadcasts in the area of this project. Each newspaper must include the official "Equal Housing Opportunity" logo and each radio advertisement must incorporate the statement "Equal Housing Opportunity".
- C. Project advertising shall conform to the requirements of the Fair Housing Act. Advertisements for the project shall state that a lottery will be conducted if the number of interested persons exceeds the number of units available. The advertisement will contain the name and phone number of the person to contact to obtain additional information about the project. The advertisement will also include information on Santa Barbara County's requirements for eligibility, which include, but are not limited to: 1) the applicant must have the legal right to reside in the country, 2) the applicant must not have owned real estate in the past three years, 3) the applicant must live and/or work in Santa Barbara County, 4) household size will be matched to number of bedrooms, 5) applicant will be subject to income and other eligibility requirements, and resale restrictions, 6) the applicant must agree to reside in the property. The advertisement shall clearly state the deadline for inclusion in the lottery.

DEVELOPER'S specific marketing plan shall be comprised of the following elements:

1. DEVELOPER shall approve and pay for at least one advertisement in the real estate section of one newspaper of general circulation and one Spanish language newspaper or radio station which circulates or broadcasts in the area of this project at least one time per week for six weeks, unless HCD approves less frequent advertising. At a minimum, the advertisement shall be placed in the Sunday Real Estate section. The advertisements shall be coordinated with the time period that the marketing period is open.
2. HCD shall provide a notice of availability of the units to the potential applicants on HCD's website, those on HCD's Interest list, community groups, the County Housing Authority and housing advocacy groups. The notice shall be provided concurrent with commencement of advertisement described above.
3. During the time period that the affordable homes are being marketed, DEVELOPER will have a phone number identified at which inquiries concerning the affordable housing units can be made. A phone-recording device will be included on the phone when it is not being directly answered.
4. During the time period that the affordable homes are being marketed, buyer information packets will be available at the County offices and DEVELOPER'S sales office at _____ . The Buyer Information Packet shall identify the level of affordability for the units, qualifying income levels, first-time homebuyers guidelines, County residency/employment requirement, County household size, occupancy guidelines, an explanation of Santa Barbara County Certification of Eligibility guidelines, resale restrictions, floor plans, a site plan indicating the location of the available units, information regarding the Homeowner's Association fees, and other information concerning the time of sale, time within which each person must be qualified as a purchaser, etc. This packet shall be prepared by HCD in conjunction with DEVELOPER and shall be subject to review and approval by HCD and DEVELOPER prior to commencement of project advertising.
5. During the time that the marketing period is open, prospective affordable housing purchasers will be able to visit DEVELOPER's office at _____ in order to learn more about the project during scheduled hours approved by HCD.

6. DEVELOPER will create a list of prospective affordable housing purchasers to be given to HCD for the purpose of implementing the Lottery and Post Lottery Considerations identified in Exhibit F.

7. The affordable units will be marketed to applicants identified and qualified to County requirements pursuant to this plan.



Representative of Developer

Director
Santa Barbara County
Housing and Community Development

EXHIBIT "F"
LOTTERY PLAN

EXHIBIT "F"

LOTTERY PLAN

FOR

StoneGate, TM 14,481, 98-DP-019

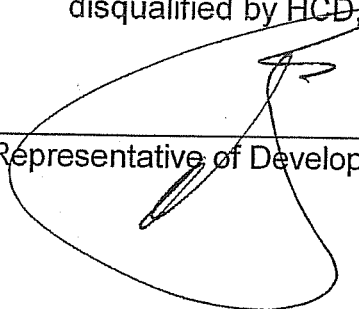
(PROJECT NAME AND CASE NUMBER)

To be eligible to purchase homes developed under Santa Barbara County's Affordable Housing Program, Santa Barbara County requires applicants to first complete a Lottery application in order to participate in the lottery for the affordable units offered. If the applicant is selected, then a Home Ownership Application must be completed and the applicants must be certified as eligible by Santa Barbara County. Some of the eligibility requirements include maximum allowable income, residency or employment in Santa Barbara County, not have owned other real estate within the past three years, and meet the County's household size occupancy standards in addition to other qualifications. The Lottery Plan and Post Lottery Considerations are as follows:

- A. Representatives of **StoneGate Orcutt Venture, LLC, a California limited liability company** (hereinafter "DEVELOPER") and Santa Barbara County Department of Housing and Community Development (hereinafter "HCD") will be consistent with Fair Housing Laws, the DEVELOPER shall not restrict applicants on the basis of race, color, religion, national origin, gender, age, familial status, or handicap.
- B. DEVELOPER shall provide a dated receipt to applicants who return completed Lottery Applications and a cashier's check or money order in the amount of \$10.00 payable to the County of Santa Barbara for the application screening fee to the sales office before the marketing deadline. The receipt shall correspond to the number of the applicant on the lottery list. DEVELOPER shall not be held liable for any judgment errors occurring while DEVELOPER or DEVELOPER'S representative is determining preliminary completeness of applications. HCD will require additional information from applicants after the lottery is conducted during the Certification of Eligibility Process.
- C. During the marketing period, DEVELOPER shall maintain a list of prospective buyers. The following information should be included on the list:
 - 1. Name
 - 2. Address
 - 3. Daytime and Nighttime phone numbers
 - 4. Receipt Number and Date Issued

- D. DEVELOPER shall accept the Lottery applications for a minimum of 30 days or until the number of applicants is at least three times the number of units available, whichever occurs later. However, the acceptance of names shall not be required to continue for more than 60 days. DEVELOPER shall keep two lottery lists. Lottery Lists are based on maximum allowable household income and minimum and maximum allowable household size.
- E. Applicants must return COMPLETE Lottery applications in order to be included in the lottery. Lottery applicants will participate in one lottery based on their income category and household size.
- F. Upon closure of the marketing period, the DEVELOPER shall provide HCD with the list of applicants who were issued receipts and their Lottery applications. HCD will review the Lottery applications and shall make the list of lottery eligible applicants publicly available for ten (10) days at **StoneGate Orcutt Ventures, LLC** and at HCD offices. It is the responsibility of applicants to check this list and to inform HCD at (805) 568-3520 within this ten-day period if their names do not appear on this list.
- G. After the ten-calendar day review period, HCD shall conduct the lottery by randomly computer ranking the names on the lottery lists. A representative of the County Auditor-Controller's office shall witness the lotteries. Lottery results will be posted in a manner similar to (item F) above for ten calendar days.
- H. Units are offered on the basis of the lottery results and an applicant's ability to qualify for the maximum allowable household income and minimum and maximum allowable household size. Note: In the County's effort to maximize space availability priorities for larger units shall be given to larger households consistent with County policies and procedures.
- I. HCD shall contact an initial pool of applicants (two times the number of affordable units available) following the ten-calendar day lottery results review period. The top selected applicants will be required to pay the remaining \$65.00 fee (\$75.00 total), payable to Santa Barbara County by either cashier's check or money order to fund the Certification process. HCD will conduct certifications sequentially starting at the top of the lottery results.
- J. According to the lottery ranking, Certified households will be referred to DEVELOPER to open escrow and secure final loan approval and documents. Terms of escrow will be provided for HCD to have final approval of the loan documents before the close of escrow.
- K. Before the close of escrow, DEVELOPER will hold a workshop in conjunction with HCD for the Lottery-selected or Certified applicants to review the COVENANTS, CONDITIONS AND RESTRICTIONS of **StoneGate Ranch at Orcutt, Inc.**, and the Resale Restrictive Covenant.

- L. Before the close of escrow, HCD will compare the buyers' Home Ownership Application with final loan documents for consistency. If any home falls out of escrow or applicants are disqualified by HCD, the above process (item I) will continue until all homes are sold.



Representative of Developer

Director
Santa Barbara County
Housing and Community Development

Note: In the County's effort to maximize space availability priorities for larger units shall be given to larger households consistent with County policies and procedures.