

**PERMANENT LOCAL HOUSING
ALLOCATION (PLHA) LOAN AGREEMENT
(\$1,400,000)**

by and between

County of Santa Barbara

and

Sanctuary Centers of Santa Barbara, Inc.

**Hollister II Housing Development Project
115 West Anapamu Street, Santa Barbara,
California.**



**State of California, Senate Bill SB2
Building Homes and Jobs Act, January 1, 2018
California Health and Safety Code Section 50470
Permanent Local Housing Allocation (PLHA)**

**SANTA BARBARA COUNTY
PERMANENT LOCAL HOUSING ALLOCATION (PLHA) CONSORTIUM
LOAN AGREEMENT
(HOLLISTER II)**

This Permanent Local Housing Allocation Consortium Loan Agreement (“County PLHA Loan Agreement”) is made as of this 22nd day of August 2023, by and between the County of Santa Barbara, political subdivision of the State of California (“Lender” or “County”) and Sanctuary Centers of Santa Barbara, Inc., a California non-profit public benefit corporation (“Borrower” and, together with Lender, collectively, the “Parties” and each individually a “Party”).

RECITALS

A. Lender wishes to promote the development of permanent housing and supportive services for homeless individuals in Santa Barbara County communities.

B. There is a need for permanent housing with supportive services for homeless persons and families and those at risk of homelessness within Santa Barbara County, as documented in the County’s 2020-2024 Consolidated Plan and Community Action Plan to Address Homelessness.

C. Borrower is the owner of that certain real property and improvements thereon located at 115 West Anapamu Street, Santa Barbara, California, and more particularly described in Exhibit A, attached hereto and incorporated herein by reference (the “Property”). Borrower plans to redevelop the Property to construct a thirty-four (34) unit residential building thereon, including three (3) studio apartment rental units to provide permanent housing for formerly homeless individuals and those at-risk of becoming homeless (the “Project”).

D. Lender has been awarded an annual allocation of Permanent Local Housing Allocation (“PLHA”) Program funds (“PLHA Funds”) from the State of California (the “State”) pursuant to Senate Bill 2, effective January 1, 2018, which, in part, created the PLHA Program as an ongoing permanent source of funding available to eligible counties and cities. PLHA Funds are derived from certain real estate transaction documentation recordation fees and allocated to eligible counties and cities formulaically.

E. Lender is the lead entity of the PLHA Consortium, which consist of the County and the cities of Goleta and Santa Maria. The PLHA Funds are allocated to Lender by the State pursuant to that certain Eligible Activity relating to the development of multi-family housing, as defined in and more fully described in the State PLHA Final Guidelines published in October 2019 and included in the County’s PLHA Five Year Plan. The PLHA Funds are comprised of the following: One million, Thirty Eight Thousand, Eight Hundred Thirty-One dollars (\$1,038,831) from the County’s sub-allocation of PLHA funds for years 2019 – 2021; One Hundred Seventy-One Thousand, Four Hundred Eight Dollars (\$171,408) from the City of Goleta’s sub-allocation of PLHA funds for years 2019 – 2021, and One Hundred Eighty-Nine Thousand, Seven Hundred Sixty-One dollars (\$189,761) from the City of Santa Maria’s sub-allocation of PLHA funds for years 2019 – 2021, as approved by the Consortium members at a meeting held on December 6, 2022.

F. Borrower wishes to borrow from Lender, and Lender wishes to extend to Borrower, a loan of PLHA Funds in the amount of One Million Four Hundred Thousand Dollars (\$1,400,000) for the purpose of developing the Project in accordance with the Budget set forth in Exhibit B, attached hereto and incorporated herein by reference (“Budget”).

G. The Lender and Borrower reasonably expect that construction of the Project will commence within six (6) months of execution of this County PLHA Loan Agreement, and will be completed in 2025.

H. Concurrently herewith, Borrower is executing that certain County PLHA Loan Regulatory Agreement and Declaration of Restrictive Covenants (“PLHA Loan Regulatory Agreement”) restricting rents and tenant income with respect to three (3) studio apartment units that will be designated by Borrower as the “PLHA-Assisted Units.”

I. The County PLHA Loan will be evidenced by this County PLHA Loan Agreement, that certain County Permanent Local Housing Allocation (PLHA) Loan Promissory Note in the amount of One Million Four Hundred Thousand Dollars (\$1,400,000) executed by Borrower in favor of Lender concurrently herewith (“County PLHA Loan Note”), and secured by that certain County Permanent Local Housing Allocation (PHLA) Loan Deed of Trust, Assignment of Rents, and Security Deposit (“County PLHA Loan Deed of Trust”), and that certain County Permanent Local Housing Allocation (PLHA) Loan Regulatory Agreement and Declaration of Restrictive Covenants (“County PLHA Loan Regulatory Agreement”) executed between Trustor and Beneficiary of even date herewith.

NOW THEREFORE, IN CONSIDERATION of the foregoing recitals (which are incorporated herein by this reference), and the agreements, obligations, and representations contained herein, and in further consideration for the making of the County PLHA Loan, Borrower and Lender hereby agree as follows:

ARTICLE 1 DEFINITIONS

The following capitalized terms shall have the respective meanings set forth in this Article 1 wherever used in this County PLHA Loan Agreement, the Exhibits attached hereto, the County PHLA Loan Documents and documents incorporated into this County PLHA Loan Agreement by reference.

1.1 **“ANNUAL FINANCIAL STATEMENT”** means the financial statement of Operating Expenses and Revenue, prepared at Borrower’s expense, by an independent certified accountant acceptable to Lender, which shall be provided as part of Borrower’s annual reporting to Lender, in conformance with Section 5.12, below.

1.2 **“AREA MEDIAN INCOME”** means the area median income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area as determined annually by HUD with adjustments for household size and published annually.

1.3 **“BORROWER”** means Sanctuary Centers of Santa Barbara, Inc., and its authorized representatives, officers, officials, directors, employees, and agents.

1.4 **“BUDGET”** means that budget for the construction of the Project, attached hereto as Exhibit B, which is hereby incorporated into this County PLHA Loan Agreement by this reference, and which identifies the Project costs and specifies the costs to be paid with County PLHA Loan proceeds in conformance with State of California Permanent Local Housing Allocation (PLHA) Final Guidelines published in October 2019.

1.5 **“COORDINATED ENTRY SYSTEM” or “CES”** means the County of Santa Barbara Coordinated Entry System, a HUD-mandated community-wide information system that connects the community's network of homeless services and housing resources to standardize and expedite the process

by which people experiencing homelessness, or who are at risk of homelessness, receive access to housing and related homeless services and resources.

1.6 **“COUNTY PLHA LOAN”** means the loan by Lender to Borrower of PLHA Funds in the amount of One Million Four Hundred Thousand Dollars (\$1,400,000), as evidenced by the County PLHA Loan Note and subject to the terms and conditions set forth in this County PLHA Loan Agreement and the other County PLHA Loan Documents, for the purposes of financing Project costs.

1.7 **“COUNTY PLHA LOAN AGREEMENT”** means this County Permanent Local Housing Allocation (PLHA) Loan Agreement entered into by and between Lender and Borrower.

1.8 **“COUNTY PLHA LOAN DEED OF TRUST”** means that certain County Permanent Local Housing Allocation (PLHA) Loan Deed of Trust, Assignment of Rents, and Security Agreement of even date herewith, recorded against the Property and the improvements to be constructed thereon as security for the County PLHA Loan, executed by Borrower as trustor, with Lender as beneficiary, which is attached hereto as Exhibit C and hereby incorporated into this County PLHA Loan Agreement by this reference, as well as all amendments to, modifications of, and restatements of said County PLHA Loan Deed of Trust. The terms of the County PLHA Loan Deed of Trust are incorporated into this County PLHA Loan Agreement.

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

1.10 **“COUNTY PLHA LOAN NOTE”** means that certain County Permanent Local Housing Allocation (PLHA) Loan Promissory Note executed by the Borrower in favor of Lender concurrently herewith in the original principal amount of One Million, Four Hundred Thousand Dollars (\$1,400,000), to evidence the County PLHA Loan, substantially in the form attached hereto as Exhibit D, which is attached hereto and hereby incorporated into this County PLHA Loan Agreement by this reference, as well as all amendments to, modifications of, and restatements of said promissory note.

1.11 **“COUNTY PLHA LOAN REGULATORY AGREEMENT”** means that certain County Permanent Local Housing Allocation (PLHA) Loan Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith executed by Borrower and Lender, in the form attached hereto as Exhibit E and incorporated herein by reference, and recorded against the Property.

1.12 **“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 federal or state environmental and health and safety laws and regulations, including without limitation petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead.

1.13 **“PLHA AFFORDABILITY PERIOD”** means the fifty-five (55) year term during which the PLHA-Assisted Units must meet the affordability and other requirements that are described in Article V, below, and in the County PLHA Loan Regulatory Agreement, commencing upon the issuance of a final Certificate of Occupancy for the Project by the City of Santa Barbara Building Official.

1.14 **“PLHA-ASSISTED UNITS”** means the three (3) studio apartments located at the Property and within the Project and designated by Borrower as the PLHA-Assisted Units.

1.15 **“PLHA FUNDS”** means the funds comprising the County PLHA Loan provided to Borrower by Lender pursuant to this County PLHA Loan Agreement and the other County PLHA Loan Documents.

1.16 **“HOMELESS”** and **“AT-RISK OF HOMELESSNESS”** are defined in accordance with 24 CFR 578.3.

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

1.18 **“STANDARD INDEMNIFICATION AND INSURANCE REQUIREMENTS”** means the indemnification and insurance requirements specified in Exhibit F, which is attached hereto and hereby incorporated into this County PLHA Loan Agreement by this reference.

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

1.20 **“OPERATING EXPENSES”** means, actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance, and management of the Project, including but not limited to 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, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, lease payments if any, cash deposited into reserves for operating expenses with respect to the Project, not to exceed an amount equal to three (3) months’ operating expenses, capital replacements with respect to the Project in an amount not to exceed Twenty-Five Thousand Two Hundred Dollars (\$25,200) annually, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, and fees and expenses of accountants, attorneys, consultants and other professionals. The Operating Expenses shall be reported in the Annual Financial Statement.

1.21 **“PROJECT”** means the construction of improvements on the Property, and the operation and management of the Project according to the terms of this County PLHA Loan Agreement and the other County PLHA Loan Documents.

1.22 **“PROPERTY”** means the property located at 115 West Anapamu Street, in the City of Santa Barbara, California, as more particularly described in Exhibit A, which is attached hereto and hereby incorporated into this County PLHA Loan Agreement by this reference.

1.23 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as Homeless or At-Risk of becoming homeless in accordance with 24 CFR 578.3, and which household has been referred to the Project by the Santa Barbara County Behavioral Wellness Department or through the Santa Barbara County Homeless Coordinated Entry System.

1.24 **“QUALIFYING RENT”** means the total monthly charges for rent, which shall not exceed thirty percent (30%) of the Qualifying Household’s gross annual income. Qualifying Households’ share of the cost of utilities must be included in the maximum rent. If the tenant directly pays for utilities and services (excluding telephone and cable TV), then the Qualifying Rent 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 the County.

1.25 **“REVENUE”** means all income derived from the Project, including, but not limited to, rents from the Units and income from laundry operations, vending machines, meeting space rental, storage, and parking. All Revenue shall be reported in the Annual Financial Statement.

1.26 **“SENIOR LOANS”** means the following loans with lien priority at Project permanent financing in the following order: (i) that certain construction loan from First Republic Bank, in an amount not to exceed Eight Million, Nine Hundred Thousand Dollars (\$8,900,000), which will convert to a permanent loan in an amount not to exceed Four Million, Five Hundred Forty-Nine Thousand, Three Hundred Dollars (\$4,549,300) upon completion of Project construction and issuance of Certificates of Occupancy, (ii) a State of California, Division of Housing and Community Development, No Place Like Home (NPLH), financing in the amount of Four Million Three Hundred Fifty Thousand Seven Hundred Dollars (\$4,350,700), of which amount Three Million Nine Hundred Thousand Seven Hundred Dollars (\$3,900,700) is in the form of Competitive NPLH and Four Hundred Fifty-Thousand Dollars (\$450,000) is in the form of non-competitive NPLH; (iii) a State of California Department of Social Services Community Care Expansion Grant in the amount of Seven Million Dollars (\$7,000,000), and (iv) a State of California Health and Human Services Agency, Department of Health Care, Behavioral Health Continuum Infrastructure Program (BHCIP), funding in the amount of Two Million Nine Hundred Fourteen Thousand Two Hundred and Twenty-Four Dollars (\$2,914,224).

1.26 **“TERM”** means the term of this County PLHA Loan Agreement, which shall commence upon the first date that this County PLHA Loan Agreement is duly executed by all of the parties hereto (the “Effective Date”) and shall terminate on the date that is fifty-five (55) years after the date of issuance of the Certificate of Occupancy.

1.27 **“UNIT”** means one of the 34 residential apartment units comprising the Project located on the Property.

ARTICLE 2 TERMS OF THE COUNTY PLHA LOAN

2.1 **COUNTY PLHA LOAN.** Lender agrees to make, and Borrower agrees to accept, the County PLHA Loan subject to the terms and conditions of this County PLHA Loan Agreement and the other County PLHA Loan Documents.

2.2 **AMOUNT.** The principal amount of the County PLHA Loan shall be an amount not to exceed One Million, Four Hundred Thousand Dollars (\$1,400,000) in PLHA Funds, as evidenced by the County PLHA Loan Note and secured by the PLHA Deed of Trust. In the event that Lender is unable to secure PLHA Funds for this County PLHA Loan Agreement from the State of California, as defined in the State of California PLHA Final Guidelines published in October 2019, Lender shall not be obligated to make any payments to Borrower unless and until all of the PLHA Funds become available to Lender, and Borrower shall hold Lender harmless.

2.3 **NO INTEREST LOAN.** The County PLHA Loan Note shall not bear interest.

2.4 This paragraph is left intentionally blank.

2.5 **TERM OF COUNTY PLHA LOAN.** The principal of the County PLHA Loan shall be due and payable on the earlier of: (a) the date that is fifty-five (55) years after the date of issuance by the City of Santa Barbara Building Official of a Final Certificate of Occupancy for the Project, or (b) the date the Property is sold or otherwise transferred, or (c) the date that is six (6) months after the Effective Date, if Borrower has failed to commence construction as set forth in Section 4.1, below, or (d) an event of default

by Borrower, as defined below in Section 8.1, below, which has not been cured as provided for in Section 8.2, below. In the event of an Event of Default by Borrower, as defined below in Section 8.1, which, if subject to cure pursuant to a Notice to Cure (defined below), has not been cured as provided in such Notice to Cure, the full amount of the County PLHA Loan shall be due and payable in accordance with Section 8.3, below. The foregoing notwithstanding, if Borrower remains in compliance with the terms and conditions of all of the County PLHA Loan Documents, as determined by the Lender through periodic inspections of the Project and tenant files documenting occupancy by Qualifying Households, and as indicated with monitoring close-out letters from Lender to Borrower indicating compliance with the County PLHA Loan Documents, for the entirety of the Term, then the principal amount of the County PLHA Loan shall be forgiven.

2.6 USE OF PLHA FUNDS. PLHA Funds shall be used only for the Project costs specified in the Budget, and shall only be disbursed in accordance with the provisions of this of this County PLHA Loan Agreement and the other County PLHA Loan Documents. The Budget shall not be modified other than in accordance with Section 9.2 of this County PLHA Loan Agreement; provided, however, that the aggregate amount of the Budget shall in no event be increased, and all costs in the Budget as modified must be eligible expenditures under the PLHA Program and in accordance with this County PLHA Loan Agreement and the other County PLHA Loan Documents. PLHA Funds shall be utilized for costs related to residential uses only, and shall not be utilized for costs related to commercial uses or any other nonresidential uses associated with the Property. Costs incurred prior to the execution of this County PLHA Loan Agreement and the other County PLHA Loan Documents will not be reimbursed.

2.7 SECURITY. Borrower shall secure its obligation to repay the County PLHA Loan by executing, concurrently herewith, a County PLHA Loan Deed of Trust, in the form attached hereto as Exhibit C, and promptly recording it as a lien against the Property, subordinate only to the existing Senior Loans on title and approved in writing in advance by the Lender, and evidenced by execution by Lender of subordination agreements reflecting each such Senior Loan. Upon closing, Borrower shall cause the prompt recordation of the County PLHA Loan Deed of Trust, and the County PLHA Loan Regulatory Agreement, with the Recorder for the County of Santa Barbara, and shall cause the delivery of conformed copies of such recorded documents to Lender.

2.8 REPAYMENT OF THE COUNTY PLHA LOAN. The principal of the County PLHA Loan shall be due and payable in accordance with the provisions of this County PLHA Loan Agreement and the other County PLHA Loan Documents.

2.9 PREPAYMENT OF COUNTY PLHA LOAN. No prepayment penalty will be charged to Borrower for payment of all or any portion of the County PLHA Loan amounts prior to the end of the term described herein, pursuant to those default provisions as defined below in in Section(s) 8.1, 8.2, and 8.3. However, prepayment of the County PLHA Loan shall not affect Borrower's obligations under the County PLHA Loan Regulatory Agreement.

2.10 ANNUAL OPERATING EXPENSES. Borrower must ensure that Project expenses are in compliance with this PLHA Loan Agreement.

2.11 OPERATING AND CAPITAL REPLACEMENT RESERVE FUNDS. Borrower must ensure that operating reserves and capital replacement reserves are maintained in compliance with this PLHA Loan Agreement.

ARTICLE 3 COUNTY PLHA LOAN DISBURSEMENT

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

- A. Borrower provides evidence of 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 hereunder and under the other County PLHA Loan Documents, including, but not limited to, an ALTA Lender's policy of title insurance in the amount of One Million Four Hundred Thousand Dollars (\$1,400,000), from a title insurance company approved by the Lender in a form reasonably acceptable to Lender;
- D. Borrower has provided to Lender certificates of insurance as specified in the insurance provisions set forth in Exhibit F;
- E. Borrower has secured all final permits, entitlements and approvals required by all permitting and regulatory authorities and jurisdictions in connection with the Project; and
- F. Borrower has complied with all reporting requirements set forth in this County PLHA Loan Agreement.

3.2 **DISBURSEMENT OF PLHA FUNDS.** Lender shall provide PLHA Funds to Borrower on a reimbursement basis for approved Project costs incurred by Borrower and approved by Lender in accordance with the Budget (Exhibit B) and only after Project costs which are to be reimbursed have been incurred on or prior to the Effective Date of this PLHA Agreement and paid by the Borrower, as evidenced by invoices and proof of payment satisfactory to Lender. Disbursement of PLHA Funds shall not exceed a total of One Million Four Hundred Thousand Dollars (\$1,400,000) ("Maximum Loan Amount").

PLHA Funds shall be disbursed through periodic payments based upon Project 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 ("Written Disbursement Requests") in writing no more frequently than one time per month. Written Disbursement Requests shall include itemized invoices corresponding to the Budget (Exhibit B). Borrower shall also attach copies of receipts or other proof of payment by Borrower that demonstrates date of payment, and additional documentation as necessary to comply with State and local regulations and as otherwise requested by Lender. Borrower shall submit payment requests using the County's Expenditure Summary and Payment Request ("ESPR"), attached hereto as Exhibit G,

Written Disbursement Requests shall only be for items included in the Budget (Exhibit B). Changes in individual items comprising the Budget shall require the prior written request of Borrower, and the prior written approval of Lender in each instance. However, Lender's obligations shall in no event exceed the Maximum Loan Amount. Any costs in excess of this amount shall be the sole responsibility of Borrower.

Notwithstanding the above, as a special disbursement condition, Lender shall retain Ten Thousand Dollars (\$10,000) of PLHA Funds until after (i) Borrower has completed construction of the Project, as evidenced by a Notice of Completion, (ii) Borrower has provided to County beneficiary data for the three

(3) PLHA-Assisted Units, as required under the PLHA Program, and (iii) any and all mechanics liens against the Property have been released.

ARTICLE 4 DEVELOPMENT OF PROJECT

4.1 **COMMENCEMENT OF CONSTRUCTION.** Borrower shall commence construction of the Project no later than six (6) months after the Effective Date of this County PLHA Loan Agreement. Commencement of construction shall mean obtaining all final permits, entitlements and approvals required by all permitting and regulatory authorities and jurisdictions and commencing work on any task associated with a line item in the Budget (Exhibit B) at the Property that requires a permit, entitlement or approval. If Borrower fails to commence construction as set forth above, Lender may terminate this County PLHA Loan Agreement pursuant to Article 8, below.

4.2 **COMPLETION OF CONSTRUCTION.** Borrower shall diligently pursue construction of the Project to completion, and shall complete construction of the Project and have the PLHA-Assisted Units occupied by Qualifying Households, no later than June 30, 2025. Borrower shall provide proof of completion as evidenced by the issuance of a final Certificate of Occupancy by the City of Santa Barbara Building Official.

4.3 **FINANCING.** Borrower shall promptly inform Lender in writing of any changes in the amount, terms, and/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 the applicable work or service in the State of California.

Unless otherwise approved by Lender, to ensure that all construction costs incurred are reasonable and appropriate, all contracts entered into for construction ("Construction Contract") shall be the result of either competitive or negotiated bids.

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 require its contractors to permit and facilitate, observation and inspection at the Project site by Lender and by public authorities during reasonable business hours for the purposes of determining compliance with this County PLHA Loan Agreement. Copies of monthly construction inspection reports completed by the construction lender pursuant to their construction loan shall be provided to the Lender immediately upon completion of the construction inspection report throughout the course of construction.

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 during construction work hours.

4.7 **CONSTRUCTION RESPONSIBILITIES.** Borrower shall be solely responsible for all aspects of Borrower's conduct 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 to Lender hereunder, 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 to comply 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 U.S.C. 794), as amended, and with implementing regulations at 24 CFR, Part 8, and the Fair Housing Act (42 U.S.C. 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 number and type of accessible units and the accessibility features of those units.

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 C.F.R., 40 C.F.R., the Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as Title X (42 U.S.C., 4851, et seq.), the Lead-Based Paint Poisoning Prevention Act (42 USC 4821, et seq.), California O.S.H.A., California Health and Safety Code, and all other applicable Federal, state and County standards. Borrower shall incorporate or cause to be incorporated this provision in all contracts and subcontracts for work performed on the Project which involve the application of paint or removal of asbestos.

4.10 **QUALITY OF WORK AND PROPERTY STANDARDS.** Borrower shall construct the Project in conformance with, 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. International Energy Conservation Code and applicable Federal, state and local energy conservation codes; and
- E. Property standards at 24 CFR 92.251.

4.11 **MECHANICS LIENS AND STOP NOTICES.** If any claim of lien is filed against the Property or a stop notice affecting the County PLHA 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 will be 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 Lender 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.

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 THE STATE OF CALIFORNIA PLHA PROGRAM AND OTHER STATE OR LOCAL REQUIREMENTS. Borrower shall at all times during the Term comply with all requirements imposed on properties assisted under the PLHA program as established by the State of California pursuant to State of California, Senate Bill SB2 Building Homes and Jobs Act, January 1, 2018 California Health and Safety Code Section 50470, Permanent Local Housing Allocation (PLHA), and other implementing rules and pursuant to the State PLHA Final Guidelines published in October 2019. In the event of any conflict between this County PLHA Loan Agreement and the PLHA Final Guidelines, the PLHA Final Guidelines shall govern.

Borrower shall at all times during the Term comply with the laws and regulations governing the use of the PLHA Funds relating to administrative requirements, financial management, cost principles and audits, and shall comply, and shall cooperate with Lender upon Lender's request in facilitating Lender's compliance, with the following federal requirements:

A. OMB Requirements. The applicable policies, guidelines, and requirements of 2 CFR Part 200, and similar State requirements.

B. Audit requirements. In accordance with 2 CFR Part 200, agencies that expend Seven Hundred Fifty Thousand (\$750,000) or more in federal funds in a year as calculated therein must undergo a single audit in compliance with Subpart F.

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

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

E. Environmental Review. The provisions of the California Environmental Quality Act (CEQA), California Public Resources Code § 21000 et seq, which are applicable to the Project.

F. Fair Housing. The requirements of the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations at 24 CFR Parts 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 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1.

G. Prevailing Wages. Borrower shall comply with federal Fair Labor Standards Act requirements as well as all labor laws and regulations of the State of California and Lender. Borrower shall ensure that the requirements of Chapter 1 (commencing with Section 1720) of Part 7, Division 2 of the State of California Labor Code (pertaining to payment of prevailing wages and administered by the California Department of Industrial Relations) are met in connection with the Project.

I. 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 requirement as generated from the System for Award Management (SAM) at www.sam.gov.

J. Anti-Lobbying. Borrower hereby certifies that: (1) No Federal or State 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 subparagraph (J) and the paragraph (K), 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.

K. 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.

4.13 **RELOCATION.** If and to the extent that development of the Project results in the permanent or temporary displacement of residential tenants, homeowners, 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 shall timely make such payments. In the event Borrower does not timely make payments as requested by Lender, then this shall constitute an Event of Default, and shall, upon Lender's request, repay of the County PLHA 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 F, Borrower shall 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 of such Party's obligation(s) under this County PLHA Loan Agreement may be extended for a period equal to the period of a necessary delay in such performance that is directly caused by: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; or freight embargoes or other events beyond the reasonable control of such Party claiming such delay, provided that such delay is not in any way, directly or indirectly, attributable to any act or omission by or on behalf of such Party claiming such delay ("Force Majeure Event"). An extension of time for any 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 within ten (10) calendar days from the commencement of such Force Majeure Event, 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 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 ninety (90) calendar days after the scheduled completion date as defined in Section 4.2, above. Times of performance under this County PLHA Loan Agreement may also be extended for any cause for any period of time by written agreement duly executed by both 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 PLHA Loan Regulatory Agreement.

Borrower shall maintain and operate the PLHA-Assisted Units so as to provide decent, safe, and sanitary housing, and shall provide the PLHA-Assisted Units with the same level of services (including security), amenities, and maintenance as are provided to residents of the other Units. Optional services provided to any Project tenant must be made available to all tenants under the same terms and conditions.

5.2 **TENANT SELECTION.** Borrower shall rent the PLHA-Assisted Units to Qualifying Households. Borrower shall verify and document each prospective tenant's eligibility through the Behavioral Wellness Department or the County Homeless Coordinated Entry System. Tenant selection must, at a minimum, meet the requirements for tenant selection set out forth in 24 CFR 92.253(d), as may be amended from time to time.

5.3 This paragraph is left intentionally blank.

5.4 **INCOME CERTIFICATION.** Borrower shall certify the annual income levels and other qualifications of applicants for PLHA -Assisted Units no earlier than sixty (60) calendar days prior to the Qualifying Household's expected occupancy of a PLHA-Assisted Unit, and shall recertify annually thereafter the annual income levels and other qualifications of tenants of each PLHA -Assisted Unit. If the household size of a Qualifying Household occupying a PLHA-Assisted Unit changes, Borrower shall request additional information and documentation to determine eligibility.

5.5 This paragraph is left intentionally blank.

5.6 **INITIAL LEASING THE PROJECT.** Borrower shall execute a written lease with Tenants of each PLHA-Assisted Unit for a term of at least 12 months. Each PLHA-Assisted Unit lease, and any changes thereto, must be approved in advance in writing by Lender.

No rent increase shall occur at any time during the term of a PLHA-Assisted Unit lease. Any termination of a PLHA-Assisted Unit lease, or refusal to renew such a lease, must be only for blatant violations of the lease, and Borrower shall exercise all options to assist tenants of PLHA-Assisted Units with conforming with such tenant's lease terms prior to commencement of eviction. Evictions must be preceded by not less than thirty (30) days' prior written notice to the tenant by the Borrower specifying the grounds for the eviction action, except for health and safety violations and notices to pay rent or quit.

Within ninety (90) days following the issuance of a final Certificate of Occupancy by the City of Santa Barbara, and in accordance with Section 4.2, above, Borrower shall lease the three (3) PLHA-Assisted Units to Qualifying Households and provide Lender with detailed occupancy data.

5.7 **AFFORDABILITY RESTRICTIONS.** Three (3) PLHA-Assisted Units in the Project shall be designated by Borrower as PLHA-Assisted Units. Each PLHA-Assisted Unit shall only be

occupied by a Qualifying Household, as set forth in the County PLHA Loan Regulatory Agreement, and Borrower shall provide PLHA-Assisted Unit tenants access and enjoyment of all indoor and outdoor common areas and facilities of the Property on the same basis as tenants occupying all other residential Units on the Property.

5.8 **PLHA-ASSISTED UNIT RENTS.** Rents for PLHA-Assisted Units shall be limited to Qualifying Rents as set forth in the County PLHA Loan Regulatory Agreement.

5.9 **CONFLICTS BETWEEN COVENANTS OR RESTRICTIONS AFFECTING THE PROPERTY.** Any conflicts between the restrictive provisions contained in this County PLHA Loan Agreement, County PLHA Loan Note, County PLHA Loan Deed of Trust, County PLHA Loan Regulatory Agreement, and any other agreements in connection with the County PLHA Loan which affect the Property are to be resolved by applying the more restrictive covenants or restrictions which affect the Property.

5.10 **NONDISCRIMINATION.** During the performance of this County PLHA Loan Agreement, Borrower and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Borrower and its contractors and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Borrower and its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this County PLHA Loan Agreement by reference and made a part hereof as if set forth in full. Borrower and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

5.11 **RECORDS AND REPORTS.** Borrower shall be accountable to Lender for all PLHA Funds disbursed to Borrower pursuant to the County PLHA Loan Documents. Borrower shall maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures for construction costs drawn from PLHA Funds, and shall keep all invoices, receipts, and other documents related to expenditures reimbursed by PLHA Funds for five (5) years after recordation of a Notice of Completion issued for the Project. Commencing on the first day of April following recordation of a Notice of Completion issued for the Project, Borrower shall submit reports annually to Lender with information regarding tenant income, rent and unit inspection information. Borrower shall retain data, documents and records reflecting tenant income, rent, Unit inspection information, and all records related to any revenue received by the Project, until the date that is five (5) years after the Term. Records must be kept accurate and current.

Borrower shall promptly comply with all requirements and conditions of the County PLHA Loan Documents relating to notices, extensions, and reports, and with Lender requests. Borrower shall promptly supply, upon the request of Lender, any and all information and documentation which relates to the Project, and shall cooperate with other Lender requests in connection with Lender's compliance monitoring obligations with respect to the Project.

Borrower shall submit monthly to Lender written Project construction progress reports and an updated construction schedule within ten (10) days following the end of each month, commencing with the execution of this County PLHA Loan Agreement and concluding upon the issuance of a Notice of Completion for the Project.

Records of all permits, entitlements and approvals, inspections and sign-offs required by all permitting and regulatory authorities and jurisdictions shall be submitted by Borrower to Lender within thirty (30) days following the recordation of the Notice of Completion.

Copies of all certificate(s) of occupancy for the Project shall be submitted by Borrower to Lender upon receipt of same by Borrower.

Data on the initial lease-up of the three (3) PLHA-Assisted Units sufficient to close-out the Project shall be submitted by Borrower to Lender within ten (10) days following the first date when leases are in effect for each of the three PLHA-Assisted Units.

5.12 **AUDITS.** Borrower shall conduct annual audits in accordance with 2 CFR 200 Subpart F, and 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 with respect to all matters covered by this County PLHA Loan Agreement and the other County PLHA Loan Documents, and shall permit Lender to audit, examine, and make excerpts or transcripts from such records upon Lender's request. Lender may make audits of any conditions relating to the County PLHA Loan.

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. If more than fifteen (15) days shall be reasonably necessary to correct the specified deficiencies, Borrower shall, within such 15-day period, begin to correct such deficiencies and submit a written request to Lender requesting an extension, specifying the reason(s) that the specified deficiencies cannot be corrected within such 15-day period, and certifying that Borrower shall proceed to correct all specified deficiencies as soon as possible. Lender shall respond to such extension request within fifteen (15) days of Lender's receipt of same, indicating whether Lender agrees to an extension, and, if Lender agrees to an extension, specifying the date by which Borrower shall have corrected all specified deficiencies.

5.13 **ENCUMBRANCE OF PROPERTY.** Except as otherwise provided in this County PLHA Loan Agreement, Borrower shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property, directly or indirectly, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property, except with the prior written consent of Lender, including, but not limited to, financing secured by any deed of trust, mortgage, or other similar lien instrument that Borrower proposes to enter into with respect to the Project or Property. Borrower shall notify Lender in writing in advance 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.** Borrower has not made or created, except as previously disclosed in writing to Lender, 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, without the prior written consent of Lender.

5.15 This paragraph is left intentionally blank.

5.16 **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 any funds or other forms of assurance Lender in good faith from time to time determines are appropriate to protect Lender from the consequences of the contest being unsuccessful.

5.17 **DAMAGE TO PROPERTY.** If any building or improvement 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 said buildings or improvements consistent with the original plans and specifications for the Project, unless Lender reasonably determines that such restoration or repair is not economically feasible. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall 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 reasonably determines that restoration or repair is not economically feasible, then Lender may declare an event of default pursuant to Section 8.1.G, below. Upon request by Lender, all unpaid principal of the County PLHA Loan shall be immediately due and payable, and Borrower shall apply insurance proceeds thereto, subject to the rights of lenders under the Senior Loans.

5.18 **EQUAL EMPLOYMENT OPPORTUNITY.** Borrower shall ensure that Borrower and all contractors, subcontractors, and professional service providers in connection with the Project comply with all requirements concerning equal employment opportunity. Borrower shall ensure that Borrower and all contractors, subcontractors, and professional service providers in connection with the Project comply with all requirements concerning equal opportunities for business and lower-income persons (referred to as the Section 3 clause of the HUD Act of 1968, 12 U.S.C. 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 F and incorporated herein by reference.

6.2 **INSURANCE.** Borrower shall comply with the insurance provisions set forth in Exhibit F.

6.3 **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** No officials, employees and agents of Lender shall be personally liable to Borrower for any obligation created under the terms of these County PLHA 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 PLHA Loan Agreement and except as previously disclosed and acknowledged in writing by Lender or as disclosed by the written reports based on environmental audit(s) performed on the Property and submitted to Lender, to Borrower's knowledge (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 Federal or State law; (b) the Property is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, administrative decisions, common law decisions (whether federal, state, or local) with respect

to Hazardous Materials, including those relating to soil and groundwater conditions (“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 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 has 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 or constructive knowledge by Borrower of any violation of any Hazardous Materials Laws with respect to the Property; (c) Borrower’s receipt of written 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, contractor or subcontractor engaged by or on behalf of Borrower, nor any user of the Property authorized by or on behalf of Borrower, use the Property or allow the Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. Borrower shall comply, and cause the Property and the Project to comply, with all Hazardous Materials Laws.

7.4 REMEDIAL ACTIONS. If Borrower has actual or constructive knowledge of the presence of any Hazardous Materials on or under the Property, Borrower shall take, at no cost or expense to Lender, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal, and all other remedial actions required under 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 claim(s). 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 such 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 any funds or other forms of assurance that Lender in good faith from time to time requests 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 in good faith and in compliance with this Section 7.5.

7.6 ENVIRONMENTAL INDEMNITY. Without limiting or otherwise affecting any of the standard indemnity and insurance provisions set forth in Article 6 and Exhibit F, Borrower shall defend, indemnify, and hold Lender free and harmless against any claims, demands, administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including all costs of legal proceedings and reasonable attorney’s fees, that Lender may directly or indirectly sustain or suffer arising out of any (i) inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this County PLHA Loan Agreement with respect to Hazardous Materials, or (ii) 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 ownership, 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 PLHA Loan Agreement:

A. Monetary. (1) Borrower's failure to pay when due any sums payable under the County PLHA Loan Note or any advances made by Lender under the County PLHA Loan Deed of Trust or this County PLHA Loan Agreement, provided in the first instance of any such failure, no "Event of Default" shall be deemed to have occurred unless Borrower is first given five (5) days' notice and opportunity to pay such sums or advances and fails to do so within such five (5)-day period; (2) Borrower's use of PLHA Funds for costs other than approved construction costs as reflected in the Budget, or for uses inconsistent with any other terms and restrictions in the County PLHA Loan Documents; (3) Borrower's failure to obtain and maintain the insurance coverage required under this County PLHA Loan Agreement; (4) Borrower's failure to make any other payment or assessment due under the County PLHA Loan Documents, provided in the first instance of any such failure, no "Event of Default" shall be deemed to have occurred unless Borrower is first given five (5) days' notice and opportunity to pay such sums or advances and fails to do so within such five (5)-day period; (5) Borrower's failure to pay taxes; (6) Borrower's default under other debt secured by the Property;

B. Construction. (1) Borrower's deviation from the Budget, without Lender's prior written consent; (2) Borrower's use of defective or unauthorized materials or defective workmanship in constructing the Project; (3) Borrower's failure to commence or complete construction pursuant to Sections 4.1 and 4.2 herein; (4) the cessation of construction prior to completion of the Project for a period of more than thirty (30) consecutive calendar days without proper 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 comply with any applicable federal, state, or local laws or Lender policies governing construction, including but not limited to provisions of this County PLHA 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 PLHA Loan Agreement or applicable law, or (2) the imposition of any encumbrances or liens on the Property without Lender's prior written consent that are prohibited under this County PLHA Loan Agreement or that have the effect of reducing the priority of or invalidating, in whole or in part, the County PLHA Loan Deed of Trust;

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

E. General performance of other obligations. Any breach by Borrower beyond applicable notice and cure periods, if any, of any obligations imposed on Borrower by any other agreements, including any grant agreements, with respect to the financing, construction, or operation of the Project or the Property, whether or not Lender is a party to such agreement, which may materially impair Lender's security;

F. Representations and warranties. A determination by Lender that its security has or will be materially impaired due to the fact that any of Borrower's representations or warranties made in this County PLHA Loan Agreement or any of the other County PLHA 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 to or destruction of the Property by fire or other casualty, if Borrower does not take steps to reconstruct the Project as required by the County PLHA 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 the 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. Any non-compliance with PLHA Program requirements including, but not limited to, the provisions of Section 4.12, above, and the County PLHA Loan Regulatory Agreement.

J. Tax Credit Compliance. Not applicable.

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

8.2 NOTICE OF DEFAULT; OPPORTUNITY TO CURE. A Party with knowledge or constructive knowledge of any Event of Default shall immediately deliver written notice to the other Party specifying such Event of Default. If Lender determines, in Lender's sole discretion (unless a specific cure period is expressly set forth herein), that such Event of Default is subject to cure, Lender shall notify Borrower in writing ("Notice to Cure") specifying the action required to cure such Event of Default, and the date by which such cure must be completed.

8.3 LENDER'S REMEDIES. Upon the occurrence of an Event of Default by Borrower, Lender's obligation to disburse PLHA Funds shall be suspended, and, if such Event of Default is not subject to cure, or if Borrower fails to cure such Event of Default within the time specified in the applicable Notice to Cure, if any, Lender's obligation to disburse PLHA Funds shall terminate, and Lender may also, in addition to other rights and remedies permitted by the County PLHA Loan Documents or applicable law, proceed with any or all of the following remedies, in any order or combination, Lender may choose in its sole discretion:

A. Terminate this County PLHA Loan Agreement, in which event the entire principal amount outstanding under the County PLHA Loan Note, as well as any other monies advanced to Borrower by Lender under the County PLHA Loan Documents, including, but not limited to, administrative costs, shall immediately become due and payable upon Lender's request;

B. Bring an action in equitable relief (1) seeking the specific performance by Borrower of the terms and conditions of the County PLHA 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 PLHA Loan, and demand immediate full payment of the principal amount outstanding under the County PLHA Loan Note, as well as any other monies advanced to Borrower by Lender under the County PLHA Loan Documents, plus associated amounts due, such as relocation benefits described in Section 4.13, above;

D. Enter the Property and take any actions necessary in its judgment to complete construction of the Project, including without limitation (1) making changes in the construction work as described in the Budget (Exhibit B) or other work or materials with respect to the Project, (2) entering into, modifying, or terminating any contractual arrangements (subject to Lender's right at any time to discontinue work without liability), and (3) taking any remedial actions with respect to Hazardous Materials that Lender deems necessary to comply with Hazardous Materials laws or to render the Property suitable for occupancy;

E. 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 render the Property suitable for occupancy);

F. Order immediate stoppage of construction work and demand that any condition leading to the Event of Default be corrected before construction work may continue;

G. Disburse from County PLHA Loan proceeds any amount necessary to cure any monetary default;

H. Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect rents and other amounts specified in the assignment of rents in the County PLHA Loan Deed of Trust and apply them to operate the Property or to pay off the County PLHA Loan and any advances made under the County PLHA Loan Documents, as provided for by the County PLHA Loan Deed of Trust;

I. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provisions in the County PLHA Loan Deed of Trust;

J. 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; or

K. 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 nonjudicial foreclosure under the power of sale contained in the County PLHA Loan Deed of Trust in the event of an Event of Default by Borrower and, if subject to cure as indicated in a Notice to Cure, failure to cure as in compliance with such Notice to Cure and this County PLHA Loan Agreement.

ARTICLE 9 GENERAL PROVISIONS

9.1 **BORROWER'S WARRANTIES.** Borrower represents and warrants (1) that it has access to professional advice and support to the extent necessary to enable Borrower to fully comply with the terms of these County PLHA Loan Documents and the County PLHA Loan Regulatory Agreement, and to otherwise carry out the Project, (2) that it is duly organized, validly existing and in good standing under the

laws of the State of California, (3) that it has the full power and authority to undertake the Project and to execute the County PLHA Loan Documents, (4) that the persons executing and delivering the County PLHA Loan Documents are authorized to execute and deliver such documents on behalf of Borrower, (5) that there has been no substantial adverse change in Borrower's financial condition since the date of application for the County PLHA Loan such as judgment liens, tax liens, mechanic's liens, bankruptcy, etc.; and (6) that all representations in the Borrower's loan application (including all supplementary submissions) are true, correct and complete in all material respects and are offered to induce Lender to make the County PLHA Loan.

9.2 **CONTRACT ADMINISTRATION.** The County of Santa Barbara Housing and Community Development Division (HCD), of the Community Services Department, will serve as the Lender's administrator of the Project, this County PLHA Loan Agreement, the County PLHA Loan Note, and the County PLHA Loan Regulatory Agreement. HCD is authorized to approve budget revisions as authorized under Section 2.6 of this County PLHA Loan Agreement, collect loan repayments, perform loan and Project monitoring functions, and other administrative duties.

9.3 **MONITORING AND EVALUATION.** Except as otherwise provided for in this County PLHA 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 PLHA Loan Documents.

9.3 **CONFLICTS OF INTEREST.** Borrower covenants that:

A. Except for approved eligible administrative or personnel costs, no person described in subsection (B) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this County PLHA Loan Agreement 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 personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. The Borrower shall exercise due diligence to ensure that the prohibition in this Section is followed.

B. The conflict of interest provisions of Section 9.3(A) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the County of Santa Barbara, or any person related within the third (3rd) degree of such person.

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

9.5 **PUBLICITY.** Any publicity produced by Borrower for the Project during the term of the County PLHA 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" will 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.

9.6 **TERM OF THIS AGREEMENT.** The Term of this County PLHA Loan Agreement shall commence as of the Effective Date and remain in full force and effect throughout the Term.

9.7 **GOVERNING LAW.** The County PLHA 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.

9.8 **STATUTORY REFERENCES.** All references in the County PLHA Loan Documents or County PLHA Loan Regulatory Agreement to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the City or 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.

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

9.10 **CONSENTS AND APPROVALS.** Any consent or approval of Lender or Borrower required under this County PLHA Loan Agreement shall not be unreasonably withheld. Any approval required under this County PLHA Loan Agreement shall be in writing and executed by an authorized representative of the party granting such approval.

9.11 **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Borrower and Lender shall not be deemed received unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of the receiving Party as follows:

LENDER: County of Santa Barbara
Community Services Department
Division of Housing and Community Development
123 East Anapamu Street, Second 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

BORROWER: Sanctuary Centers of Santa Barbara, Inc.
P.O. Box 551
Santa Barbara, CA 93102
Attn: Chief Executive Officer

With copy to: Brownstein Hyatt Farber Schreck, LLP
1021 Anacapa Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Joshua P. Rabinowitz

9.12 **BINDING UPON SUCCESSORS.** All provisions of these County PLHA Loan Documents shall be binding upon and inure to the benefit of the respective approved successors-in-interest, transferees, and assigns of each of the Parties; provided, however, that this Section 9.12 does not waive any of the prohibitions on Transfer by Borrower of this County PLHA Loan Agreement or any of Borrower's

rights or obligations hereunder without Lender's prior written consent, as set forth in this County PLHA Loan Agreement, including, but not limited to, as set forth in Section 9.14, below.

9.13 RELATIONSHIP OF PARTIES. The relationship of Borrower and Lender for this Project under this County PLHA 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 provided for herein) or any third party with respect to the Project, the Property, or the County PLHA Loan.

9.14 ASSIGNMENT AND ASSUMPTION. Except as otherwise permitted hereunder, Borrower shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this County PLHA Loan Agreement or any of the other County PLHA Loan Documents, or any of its interests or obligations hereunder or thereunder, except as expressly and specifically permitted under the terms of this County PLHA Loan Agreement and the other County PLHA Loan Documents, without the prior written consent of Lender in each instance. Any purported Transfer in violation of the foregoing provisions of this Section 9.14 shall be void *ab initio*.

9.15 WAIVER. Any waiver by Lender of any obligation in these County PLHA Loan Documents must be in writing. 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 the County PLHA Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation under the County PLHA Loan Documents shall not operate as a waiver or release from any of the Borrower's obligations under the County PLHA Loan Documents. Consent by Lender to any act or omission by Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Lender's written consent to future waivers.

9.16 INTEGRATION. This County PLHA Loan Agreement and the other County PLHA Loan Documents, including exhibits, constitute the entire agreement of the Parties with respect to the subject matter hereof and thereof, and supersede any and all prior negotiations.

9.17 OTHER AGREEMENTS. Borrower represents that it has not entered into any agreements not disclosed to Lender in writing (it being acknowledged that the existence of the existing covenants listed on Schedule A attached hereto and incorporated herein have been disclosed to Lender) that are inconsistent with the terms of the County PLHA Loan Documents. Borrower shall not enter into any agreements (other than the 2023 Covenants listed on Exhibit H, attached hereto and incorporated herein) that are inconsistent with the terms of the County PLHA Loan Documents without an express waiver by Lender in writing. County has concurrently executed a subordination agreement or agreements, with respect to lien priority for payments, performance and obligations in the event of default by Borrower.

9.18 CHANGES OR AMENDMENTS. No changes, modifications, or amendments to this County PLHA Loan Agreement shall be effective unless set forth in a written amendment to this County PLHA Loan Agreement duly executed by Lender and Borrower which makes specific reference to this County PLHA Loan Agreement, and is signed by a duly authorized representative of each Party. Such amendment(s) shall not invalidate any parts of this County PLHA Loan Agreement that are not changed by the amendment, nor relieve or release Lender or Borrower from its obligations under this County PLHA Loan Agreement that are not changed by the amendment. Borrower agrees to not unreasonably withhold its approval of any amendments proposed by Lender 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.

The Director of the Community Services Department or designee is authorized to approve at his or her discretion and execute amendments on behalf of Lender to make any one or more of the following changes:

9.18.1 Changes to this County PLHA 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.

9.18.2 Amendments to this County PLHA Loan Agreement which are deemed to be minor by the Director of the Community Services Department and County Counsel and which do not adversely affect Lender's rights, responsibilities, or interests in this County PLHA Loan Agreement.

9.18.3 Consent and Subordination Agreements subordinating the County PLHA Loan Documents to the Senior Loans, including Deeds of Trust, Loan Agreements, Regulatory Agreements and similar related recorded documents.

9.19 **SEVERABILITY.** In the event that any provision of this County PLHA Loan Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

9.20 **COUNTERPARTS.** This County PLHA Loan Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

9.21 **SUBORDINATION.** County hereby agrees to subordinate the County PLHA Loan and all documents securing or evidencing the County PLHA Loan, including, but not limited to, the County PLHA Loan Deed of Trust, to the Senior Loans reflected in Section 1.26 of this PLHA Loan Agreement, and the lien of any deed of trust or mortgage securing the Senior Loans.

9.22 **PERMITTED REFINANCING.** Borrower may refinance the Senior Loans without the prior consent of the County (the "Refinanced Indebtedness"). County hereby agrees to subordinate the County PLHA Loan and all documents securing or evidencing the County PLHA Loan, including, but not limited to, the Deed of Trust, to the Refinanced Indebtedness and the lien of any deed of trust or mortgage securing the Refinanced Indebtedness in accordance with Section 9.18.3, provided that the principal balance of the Refinanced Indebtedness does not exceed the then outstanding principal balance of the Senior Indebtedness plus reasonable costs of refinancing the Senior Indebtedness. Notwithstanding the foregoing, County approval shall be required for any Refinanced Indebtedness that increases the total principal of the Senior Loans (i.e., "cash-out" refinance) or significantly increases Borrower's monthly debt service. Notwithstanding the above, the PLHA Regulatory Agreement shall continue to remain in full force and effect.

9.23 **CHILD SUPPORT COMPLIANCE ACT.** For any Contract Agreement in excess of \$100,000, the Borrower acknowledges in accordance with Public Contract Code 7110, that: (A) The Borrower recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and (B) Borrower, to the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

9.24 **DRUG-FREE WORKPLACE CERTIFICATION.** Certification of Compliance: By signing this County PLHA Loan Agreement, Borrower hereby certifies, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:

A. Publish a statement notifying employees and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code section 8355(a)(1).

B. Establish a Drug-Free Awareness Program, as required by Government Code section 8355(a)(2) to inform employees, contractors, or subcontractors about all of the following:

1. The dangers of drug abuse in the workplace;
2. Borrower's policy of maintaining a drug-free workplace;
3. Any available counseling, rehabilitation, and employee assistance programs; and,
4. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.

C. Provide, as required by Government Code section 8355(a)(3), that every employee and/or subcontractor who works under this County PLHA Loan Agreement:

1. Will receive a copy of Borrower's drug-free policy statement, and
2. Will agree to abide by terms of Borrower's condition of employment or subcontract.

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

IN WITNESS WHEREOF, Lender and Borrower have caused this County PLHA Loan Agreement to be executed by their respective duly authorized officers.

ATTEST:

MONA MIYASATO
Clerk of the Board

By: Sheila Mabuenza
Deputy Clerk of the Board

LENDER:

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

By: Das Williams
Das Williams, Chair
Board of Supervisors

**APPROVED AS TO ACCOUNTING
FORM:**

BETSY M. SCHAFFER, CPA
AUDITOR-CONTROLLER

By: Pat Li
Deputy

By: George Chapjian
George Chapjian
Director, Community Services Dept.

APPROVED AS TO FORM

RACHEL VAN MULLEM
COUNTY COUNSEL

By: Laura Wilen
Deputy County Counsel

BORROWER

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

By: Barry R. Schoer
Barry R. Schoer,
Chief Executive Officer

APPROVED AS TO FORM:

RISK MANAGEMENT

By: Gregory Milligan
Gregory Milligan, ARM, AIC
Risk Manager

Exhibit A

LEGAL DESCRIPTION

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): 039-222-002

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 Block 126 in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

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. Upton vs Julia E. VanSlyke, et ux., 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 31st day of August 1898, and recorded in Book 65 of Deeds, Page 132, said Lot 7 being particularly described as follows:

Commencing at a point marked by an iron pin driven into the ground on the Southeasterly line of Anapamu Street 170 feet Southwesterly from the North corner of Block 126 as per Official Map of the City of Santa Barbara, California, at the West corner of a 15 foot alley, and running thence Southwesterly along the said line of Anapamu Street 55 feet to an iron pin driven into the ground, thence at a right angle Southeasterly along the line of another 15 foot alley into said Block 200 feet to an iron pipe driven into the ground, thence at right angles Northeasterly 55 feet to an iron pipe driven into the ground and the Southwesterly line of said first mentioned 15 foot alley, thence at a right angle Northwesterly along the Southwesterly line of said alley 200 feet to the place of beginning.

Exhibit B

BUDGET

Hollister II Project
 115 West Anapamu Street
 Santa Barbara

SCHEDULE A
 UpdatedHollisterIIproforma10-31-2022
 For 02-16-2023

Sanctuary Centers of Santa Barbara, Inc.

34 new apartments, 8 existing apartments, new common and clinic spaces.

Construction Period Sources

Major Category	Total Cost	Residential	Non-Residential
Land	-	-	-
Existing Building	-	-	-
Architect	617,877	524,297	93,580
Engineers	255,383	193,686	61,697
Legal	150,000	120,750	29,250
Relocation	240,000	240,000	
Demolition	49,999	40,250	9,749
Site Work	250,000	201,250	48,750
Structures	19,011,974	16,215,284	2,796,690
General Conditions	1,021,440	822,259	199,181
Contractor Profit	603,073	485,475	117,598
Prevailing Wage Admin	468,458	377,119	91,339
General Liability Insurance	250,000	201,250	48,750
Project Inspection	5,000	-	5,000
Furniture and Fixtures	365,352	294,109	71,243
Signage	6,440	6,440	-
Bond Premium	-	-	-
Builder's Risk Insurance + Bond	235,000	196,000	39,000
Energy Test + Compliance	52,015	52,015	
Phase 1	8,000	6,440	1,560
Market Study	11,610	9,660	1,950
Appraisal	2,340	-	2,340
Construction Manager	143,139	114,960	28,179
Housing Consultant	50,000	40,250	9,750
Construction Accounting	12,000	9,660	2,340
Title and Recording	61,866	46,481	15,385
Permit Fees	374,665	328,112	46,553
Local Dev Impact Fees	40,000	32,200	7,800
Marketing	1,560	-	1,560
Charitable Fundraising Costs	158,434	139,888	18,546
Hard Cost Contingency	1,320,438	834,734	485,704
Operating Reserves	310,667	310,667	
COSR	-	-	-
Owner Administration	377,184	261,540	115,644
Developer Fee	517,495	347,499	169,996
	26,971,409	22,452,275	4,519,134

Hollister II Project
 115 West Anapamu Street
 Santa Barbara

SCHEDULE B

UpdatedHollisterIIproforma10-31-2022
 For 02-16-2023

<u>Construction Period Sources</u> (In Estimated Lien Priority Order)		Residential Portion Construction Period Amount	Non-Residential Construction Period Amount
1st First Republic Bank Interim Construction Facility	4,350,700	4,350,700	
1st First Republic Bank to Permanent Loan	2,308,495	2,308,495	
2nd Dept. of Social Services CCE Conditional	7,000,000	7,000,000	
3rd State Dept. of Health Care Services (BH-CIP)	2,914,224		2914224
NPLH Non-Competitive Loan	-	-	
NPLH Competitive Loan	-	-	
4th County Community Corrections Partnership	1,500,000	1,500,000	
5th County Requested Grant	1,400,000	1,400,000	
Deferred Residential Developer Fee	609,039	609,039	
Deferred Non-Residential Developer Fee	169,996		169,996
Past Expended Sanctuary Predevelopment Costs	2,340,000	2,340,000	
1/1/23 + Sanctuary Cash for Residential	2,944,041	2,944,041	
1/1/23 + Sanctuary Cash for Non-Residential	1,434,914	-	1,434,914
	<u>26,971,409</u>	<u>22,452,275</u>	<u>4,519,134</u>

Construction Period Sources

SCHEDULE C

Major Category	Total Cost	Residential	County Grant Request	First Republic Construction Advance	First Republic Bank To Permanent	First Republic Bank To Permanent	CCE (Community Care Expansion)	Previous Costs Sanctuary Cash	1/1/23 + Sanctuary Cash and Pledges	Deferred Developer	Non-Residential	8H CIP	Sanctuary Cash	Deferred Developer
Land														
Existing Building														
Architect	617,877	524,297		93,580				430,717			93,580		93,580	
Engineers	255,383	193,686		187,160				6,526			61,697		61,697	
Legal	150,000	120,750		29,250				91,500	240,000		29,250		29,250	
Relocation	240,000	240,000												
Demolition	49,999	40,250		48,750				40,250			9,749		9,749	
Site Work	250,000	201,250						152,500			48,750		48,750	
Structures	19,011,974	16,215,284	1,400,000	3,991,960	1,685,417	7,000,000	890,573	240,000	1,607,334		2,197,258		599,432	
General Conditions	1,021,440	822,259			623,078		196,181				199,181		29,181	
Contractor Profit	603,073	485,475					117,598	367,877			117,598		17,598	
Prevailing Wage Admin	468,458	377,119					91,398	285,721			91,339		80,000	
General Liability Insurance	250,000	201,250				201,250					48,750		40,000	
Project Inspection	5,000										5,000		5,000	
Furniture and Fixtures	365,352	294,109						74,736	219,373		71,243		71,243	
Signage	6,440	6,440						6,440						
Bond Premium	235,000	196,000							196,000		39,000		39,000	
Builder's Risk Insurance + Bond	52,015	52,015						52,015						
Energy Test + Compliance														
Phase 1	8,000	6,440						6,440			1,560		1,560	
Market Study	11,610	9,660						9,660			1,950		1,950	
Appraisal	2,340										2,340		2,340	
Construction Manager	143,139	114,960						114,960			28,179		28,179	
Housing Consultant	50,000	40,250						40,250			9,750		9,750	
Construction Accounting	12,000	9,660						9,660			2,340		2,340	
Title and Recording	61,866	46,481						46,481			15,385		15,385	
Permit Fees	374,665	328,112						192,179	135,933		46,553		46,553	
Local Dev Impact Fees	40,000	32,200						32,200			7,800		7,800	
Marketing	1,560										1,560		1,560	
Charitable Fundraising Costs	158,434	139,888						139,888			18,546		18,546	
Hard Cost Contingency	1,320,438	834,734							834,734		485,704		485,704	
Operating Reserves	310,667	310,667							310,667					
COSR														
Owner Administration	377,184	261,540									115,644		115,644	
Developer Fee	517,495	347,499									169,996		169,996	
	26,971,409	22,452,275	1,400,000	4,350,700	2,308,495	1,500,000	7,000,000	2,340,000	2,844,041	609,039	4,519,134	2,014,224	1,434,914	169,996

Hollister II Project
 115 West Anapamu Street
 Santa Barbara

SCHEDULE D
 UpdatedHollisterIIproforma10-31-2022
 For 02-16-2023

<u>Permanent Period Sources</u> (In Estimated Lien Priority Order)		Residential Portion Construction Period Amount	Non-Residential Construction Period Amount
1st First Republic Bank Interim Construction Facility	-	-	
1st First Republic Bank to Permanent Loan	2,308,495	2,308,495	
2nd Dept. of Social Services CCE Conditional	7,000,000	7,000,000	
3rd State Dept. of Health Care Services (BH-CIP)	2,914,224	-	2,914,224
NPLH Non-Competitive Loan	450,000	450,000	
NPLH Competitive Loan	3,900,700	3,900,700	
4th County Community Corrections Partnership	1,500,000	1,500,000	
5th County Requested Grant	1,400,000	1,400,000	
Deferred Residential Developer Fee	609,039	609,039	
Deferred Non-Residential Developer Fee	169,996	-	169,996
Past Expended Sanctuary Predevelopment Costs	2,340,000	2,340,000	
1/1/23 + Sanctuary Cash for Residential	2,944,041	2,944,041	
1/1/23 + Sanctuary Cash for Non-Residential	1,434,914	-	1,434,914
	<u>26,971,409</u>	<u>22,452,275</u>	<u>4,519,134</u>

Hellister II Project
Santa Barbara
SCHEDULE E
Permanent Financing

Major Category	Total Cost	Residential	Requested County Grant	NPLM Non Comp	NPLM Comp	First Republic Bank	County CCP	CCE (Community Care Expansion)	Previous Predevelopment Sanctuary Cash	1/1/23 + Sanctuary Predecs	Deferred Developer	Non-Residential	BH-CIP	Sanctuary Cash	Deferred Developer	
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Existing Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Architect	617,877	524,297	-	93,580	-	-	-	-	430,717	-	-	53,580	-	93,580	-	-
Engineers	255,383	193,686	-	187,160	-	-	-	-	6,526	-	-	61,697	-	61,697	-	-
Legal	150,000	120,750	-	29,250	-	-	-	-	91,500	240,000	-	29,250	-	29,250	-	-
Relocation	240,000	240,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Demolition	49,999	40,750	-	-	-	-	-	-	40,250	-	-	9,749	-	9,749	-	-
Site Work	250,000	201,250	-	48,750	-	-	-	-	152,500	-	-	48,750	-	48,750	-	-
Structures	1,021,440	16,215,284	1,400,000	91,250	3,590,760	1,685,412	890,573	7,000,000	240,000	1,007,334	-	2,796,690	2,197,258	599,432	-	-
General Conditions	1,021,440	822,259	-	-	-	623,078	199,181	-	-	-	-	199,181	-	170,000	-	-
Contractor Profit	603,073	485,475	-	-	-	-	-	-	367,877	-	-	117,598	-	100,000	-	-
Prevailing Wage Admin	489,458	377,119	-	-	-	-	91,398	-	285,721	-	-	91,339	-	80,000	-	-
General Liability Insurance	250,000	201,250	-	-	-	-	201,250	-	-	-	-	48,750	-	40,000	-	-
Project Inspection	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-	-	-	-
Furniture and Fixtures	365,332	294,109	-	-	-	-	-	-	74,736	219,373	-	71,243	-	5,000	-	-
Signage	6,440	6,440	-	-	-	-	-	-	6,440	-	-	-	-	71,243	-	-
Bond Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Builder's Risk Insurance + Bond	235,000	196,000	-	-	-	-	-	-	196,000	-	-	39,000	-	39,000	-	-
Energy Test + Compliance	52,015	52,015	-	-	-	-	-	-	52,015	-	-	-	-	-	-	-
Phase 1	8,000	6,440	-	-	-	-	-	-	6,440	-	-	1,560	-	1,560	-	-
Market Study	11,510	9,660	-	-	-	-	-	-	9,660	-	-	1,950	-	1,950	-	-
Appraisal	2,340	-	-	-	-	-	-	-	-	-	-	2,340	-	2,340	-	-
Construction Manager	143,139	114,960	-	-	-	-	-	-	114,960	-	-	28,179	-	28,179	-	-
Housing Consultant	50,000	40,250	-	-	-	-	-	-	40,250	-	-	9,750	-	9,750	-	-
Construction Accounting	12,000	9,660	-	-	-	-	-	-	9,660	-	-	2,340	-	2,340	-	-
Title and Recording	61,866	46,481	-	-	-	-	-	-	46,481	-	-	15,385	-	15,385	-	-
Permit Fees	374,665	318,112	-	-	-	-	-	-	192,179	135,933	-	46,553	-	46,553	-	-
Local Dev Impact Fees	40,000	32,200	-	-	-	-	-	-	32,200	-	-	7,800	-	7,800	-	-
Marketing	1,560	-	-	-	-	-	-	-	-	-	-	1,560	-	1,560	-	-
Charitable Fundraising Costs	158,434	139,888	-	-	-	-	-	-	139,888	-	-	18,546	-	18,546	-	-
Hard Cost Contingency	1,320,438	834,734	-	-	-	-	-	-	834,734	-	-	485,704	-	485,704	-	-
Operating Reserves	310,667	310,667	-	-	-	-	-	-	310,667	-	-	115,644	-	115,644	-	-
Owner Administration	377,184	261,540	-	-	-	-	-	-	-	-	261,540	169,996	-	169,996	-	-
Developer Fee	517,485	347,489	-	-	-	-	-	-	-	-	347,489	-	-	-	-	-
	26,971,409	22,452,275	1,400,000	450,000	3,900,760	2,305,485	1,500,000	7,000,000	2,340,000	2,940,041	609,039	4,519,134	2,914,224	1,434,914	169,996	-

Exhibit C

DEED OF TRUST

NO FEE DOCUMENT

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

County of Santa Barbara
Housing and Community Development
123 E. Anapamu Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Deputy Director

NO FEE DOCUMENT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 27383

**COUNTY PERMANENT LOCAL HOUSING ALLOCATION (PLHA) LOAN DEED OF TRUST,
ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT**

THIS COUNTY PLHA LOAN DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT ("County PLHA Loan Deed of Trust") is made as of this 22nd day of August 2023, by Sanctuary Centers, 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 PLHA Loan Deed of Trust is junior and subordinate to the Deed of Trust recorded prior to the recording of this County PLHA Loan Deed of Trust in favor of First Republic Bank evidencing a construction loan in an amount not to exceed Eight Million Nine One Hundred Thousand Dollars (\$8,900,000), which will convert to a permanent loan in an amount not to exceed Four Million Five Hundred and Forty-Nine Thousand Three Hundred Dollars (\$4,549,300).

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 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 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 PLHA 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."

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, Four Hundred Thousand Dollars (\$1,400,000) with interest thereon, evidenced by the County PLHA Loan Promissory Note executed by Trustor, in the amount of One Million, Four Hundred Thousand Dollars (\$1,400,000) (the "County PLHA Loan Note"), on file at the offices of Beneficiary and hereby incorporated by reference into this County PLHA 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 PLHA 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 PLHA 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 PLHA Loan Deed of Trust, the County Permanent Local Housing Allocation (PLHA) Loan Promissory Note, and the County Permanent Local Housing Allocation (PLHA) Loan Agreement executed between Trustor and Beneficiary, including all exhibits thereto, on file at the offices of Beneficiary and hereby incorporated into this County PLHA Loan Deed of Trust by this reference (“County PLHA Loan Agreement”), and the County Permanent Local Housing Allocation (PLHA) Loan Regulatory Agreement and Declaration of Restrictive Covenants executed between Trustor and Beneficiary of even date herewith (“County PLHA Loan Regulatory Agreement”), including all modifications, extensions and renewals of such obligations; 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 PLHA 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, rents, 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 PLHA Loan Documents”). The assignment in this Section 3 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 PLHA Loan Deed of Trust.

4. **ENFORCEMENT.** Upon the occurrence of an Event of Default which remains uncured after expiration of the applicable cure period, if any, pursuant to the terms of the County PLHA Loan Agreement or other County PLHA Loan Documents, Beneficiary may, in addition to other rights and remedies permitted by the County PLHA Loan Agreement, this County PLHA 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 attorneys' fees, and pay off any indebtedness secured by this County PLHA Loan Deed of Trust, all in such order as Beneficiary may determine, (c) enter upon and take possession of the Security, and complete construction of any improvements on the Security as provided for in the plans and specifications approved under the County PLHA Loan Agreement or any modifications to the plans and specifications or the development of the Security that Beneficiary in its sole discretion believes is appropriate, 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 deems necessary with respect to the Rents or to development or operation of the Security, subject to the rent restrictions imposed against the Property by the County PLHA Loan Regulatory Agreement.

5. **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 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 PLHA 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 PLHA Loan Deed of Trust, in the County PLHA 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 PLHA 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, and Trustor hereby grants Beneficiary a security interest in the Security. Beneficiary may file a copy of this County PLHA 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 Security. 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 Security. 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 Security. This County PLHA Loan Deed of Trust constitutes a fixture filing under Division 9 of the California Commercial Code. In this regard, the "Debtor" is Trustor and the "Secured Party" is Beneficiary.

8. **REMEDIES.** Upon Trustor's breach of any obligation or agreement in the County PLHA 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 PLHA Loan Deed of Trust or County PLHA 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 PLHA Loan Deed of Trust in accordance with the County PLHA 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 PLHA Loan Note.

11. MAINTENANCE OF THE SECURITY. 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, ordinary wear and tear excepted, and in a decent, safe, sanitary, habitable and tenable condition. Trustor shall not cause or permit any violation 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 intentional waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security. In the event Trustor fails to maintain the Security in accordance with the provisions of this County PLHA Loan Deed of Trust or any of the other County PLHA 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 PLHA 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 PLHA Loan Deed of Trust.

12. INSPECTION OF THE SECURITY. Trustor shall permit Beneficiary to enter and inspect the Security during normal business hours for compliance with these obligations upon at least 24 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 PLHA Loan Deed of Trust, as provided for in the County PLHA Loan Agreement.

14. 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.

15. SUITS TO PROTECT THE SECURITY. Beneficiary shall have all rights, power and authority to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or Rents or prejudice to any 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 impair the Security or Rents or be prejudicial to any 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. If any Security is damaged or destroyed, Trustor shall, at its cost and expense, repair or restore said Security materially consistent with the original plans and specifications. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall 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, 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 PLHA Loan Note, PLHA County PLHA Loan Agreement, this County PLHA Loan Deed of Trust, and the County PLHA Loan Regulatory Agreement approved by Beneficiary.

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 those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or 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 PLHA Loan Documents. In the event Trustor fails to maintain the full insurance coverage required by this County PLHA Loan Deed of Trust and the County PLHA Loan Documents, Beneficiary, after at least seven 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 PLHA 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 PLHA Loan Deed of Trust.

21. **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 ("Condemnation Funds") 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 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 Funds collected and received by Beneficiary or the release thereof shall not cure or waive any Event of Default under this County PLHA Loan Deed of Trust or the County PLHA Loan Documents.

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. Trustor shall have the right to rebuild repair or restore the Security and to use all available Funds therefor, provided that (a) such Funds are sufficient to keep the all 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 PLHA Loan or, if such 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 Funds for rebuilding repairing or restoring 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 PLHA 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, transfers, or conveys, or agrees to sell, 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, Beneficiary may in its sole discretion declare all sums secured by this County PLHA Loan Deed of Trust to be immediately due and payable. This option shall not apply in case of:

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

B. Sale or transfer of personal property pursuant to the grant provisions in this County PLHA 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 PLHA Loan Deed of Trust shall remain in effect for the entire Term of the County PLHA Loan Agreement. Upon written request of Beneficiary stating that all sums secured by this County PLHA Loan Deed of Trust have been paid, and upon surrender of this County PLHA 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.

DEFAULT AND REMEDIES

24. **EVENTS OF DEFAULT.** Any of the events listed in the County PLHA Loan Agreement as an Event of Default shall also constitute an Event of Default under this County PLHA Loan Deed of Trust. 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 happening of an Event of Default which has not been cured within the time and in the manner provided in the County PLHA Loan Agreement, Beneficiary may declare all sums advanced to Trustor under the County PLHA Loan Note and this County PLHA Loan Deed of Trust immediately due and payable.

26. **BENEFICIARY'S REMEDIES.** Upon the happening of an Event of Default which has not been cured within the time and in the manner provided in the County PLHA Loan Agreement, Beneficiary may, in addition to other rights and remedies permitted by the County PLHA Loan Agreement, the County PLHA 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 PLHA 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 PLHA Loan Deed of Trust, the County PLHA Loan Agreement, or the County PLHA Loan Note;

D. Commence an action to foreclose this County PLHA 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 PLHA Loan Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this County PLHA Loan Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the County PLHA 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 PLHA Loan 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, whether as 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. 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 PLHA 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 PLHA 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 PLHA 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 beneficiary statement or payoff demand statement as provided California Civil Code Section 2943.

32. **CONSENTS AND APPROVALS.** Any consent or approval of Beneficiary required under this County PLHA Loan Deed of Trust shall not be unreasonably withheld.

33. **TIME.** Time is of the essence in this County PLHA 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, 2nd 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 Schreck, LLP
1021 Anacapa Street
Santa Barbara, CA 93101
Attn: Joshua P. Rabinowitz

35. **BINDING UPON SUCCESSORS.** All provisions of this County PLHA 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 PLHA Loan Deed of Trust shall be effective unless in writing signed by Beneficiary. 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 PLHA Loan Deed of Trust, any of the other County PLHA Loan Documents, or applicable law. Any extension of time granted to Trustor to perform any obligation under this County PLHA Loan Deed of Trust shall not operate as a waiver or release Trustor from any of

its obligations under this County PLHA 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 PLHA 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 PLHA Loan Deed of Trust and the County PLHA Loan Agreement, the terms of the County PLHA Loan Agreement shall control, except that Trustor shall have no defense or claim that this County PLHA 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 PLHA Loan Deed of Trust shall have the respective meanings ascribed to such terms in the County PLHA 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 PLHA Loan Deed of Trust is intended to be severable in the event that any term or provision of this County PLHA 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 PLHA 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 PLHA 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 PLHA 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 PLHA 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 PLHA Loan Note. The sole recourse of the Beneficiary with respect to the principal of, or interest on, the County PLHA Loan Note shall be to the property securing the indebtedness evidenced by this County PLHA Deed of

Trust. However, nothing contained in the foregoing limitation of liability shall (i) limit or impair the enforcement against all such security for the County PLHA 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 PLHA Loan Note as demand for money within the meaning and intentment 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 PLHA 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 may create liens on the Property that are payable or applicable prior to any foreclosure under the County PLHA 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 Trustor other than in accordance with the County PLHA 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 PLHA 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 after the Beneficiary has given notice to the Trustor 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 Beneficiary has subordinated the County PLHA Loan Deed of Trust.

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

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

TRUSTOR:

SANCTUARY CENTERS, INC.

By: _____

Barry R. Schoer
Chief Executive Officer

[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 D

PROMISSORY NOTE

COUNTY PERMANENT LOCAL HOUSING ALLOCATION (PLHA)
LOAN PROMISSORY NOTE

Santa Barbara, California
August 22, 2023

\$1,400,000

FOR VALUE RECEIVED, Sanctuary Centers of Santa Barbara, Inc., a California non-profit public benefit corporation (“Borrower”), whose address P.O. Box 551, Santa Barbara, California, 93102, hereby promises to pay to the order of the County of Santa Barbara, a political subdivision of the State of California (“Lender” and together with Borrower, collectively, the “Parties” and each individually a “Party”), whose address is 123 E. Anapamu Street, 2nd Floor, Santa Barbara, California, 93101, the principal amount equal to One Million, Four Hundred Thousand Dollars (\$1,400,000), or so much thereof as may be advanced by Lender to Borrower as set forth below.

1. **PURPOSE.** Lender has agreed to loan to Borrower One Million, Four Hundred Thousand Dollars (\$1,400,000) of State of California Permanent Local Housing Allocation (“PLHA”) program funds for the purpose of constructing three (3) of the planned thirty-four (34) studio apartment rental units (the “Project”) on the property located at 115 West Anapamu Street, Santa Barbara, California (the “Property”).

2. **BORROWER’S OBLIGATION.** This promissory note (“County PLHA Loan Note”) evidences Borrower’s obligation to pay Lender the principal amount of One Million, Four Hundred Thousand Dollars (\$1,400,000), loaned to Borrower by Lender (“County PLHA Loan”) for the purpose described above and specified in that certain Loan Agreement by and between Borrower and Lender dated on or about the date hereof (“County PLHA Loan Agreement”), subject to the terms and conditions set forth herein and therein.

3. **NO INTEREST LOAN.** This County PLHA Loan Note shall bear no interest.

4. This paragraph is left intentionally blank.

5. **AMOUNT AND TIME OF PAYMENT.** The principal of this County PLHA Loan Note shall be due and payable on the earlier of: (a) the date that is fifty-five (55) years after the date of Project completion in conformance with 24 CFR 400, 24 CFR 576, and State regulations (Chapter 5 (commencing with Section 50210 of Part 1 Division 31 of the Health and Safety Code) and evidenced by a written Notice of Completion for the Project provided to the Borrower by the County of Santa Barbara, or (b) the date the Property is sold or otherwise Transferred, or (c) the date that is six (6) months after the date hereof, if Borrower has failed to commence construction as set forth in Section 4.1 of the County PLHA Loan Agreement, or (d) the occurrence of an Event of Default by Borrower, as defined in Section 8.1 of the County PLHA Loan Agreement, which, if subject to cure as provided for in Section 8.2 of the County PLHA Loan Agreement, has not been cured in accordance with the applicable Notice to Cure.

Provided that Borrower at all times during the Term remains in compliance with the provisions of this County PLHA Loan Note, the County PLHA Loan Agreement, and the County

PLHA Loan Regulatory Agreement, as determined by Lender through periodic inspections of the Project and tenant files documenting occupancy by Qualifying Households, and as indicated with monitoring close-out letters from Lender to Borrower indicating compliance with the County PLHA Loan Regulatory Agreement, at the conclusion of the fifty-five (55) year term described therein, then the principal amount of the County PLHA Loan shall be forgiven.

6. **DEFINITIONS.** Capitalized terms used but not defined in this County PLHA Loan Note shall have the respective meanings ascribed to such terms in the County PLHA Loan Agreement. The following terms are defined in the County PLHA Loan Agreement and repeated here for convenience of reference; provided, however, that to the extent that any one or more of the definitions set forth herein conflict with the definitions set forth in the County PLHA Loan Agreement, the definitions set forth in the County PLHA Loan Agreement shall control and prevail:

- a. "Annual Financial Statement" means the financial statement of Operating Expenses and Revenue, prepared at the Borrower's expense, by an independent certified accountant reasonably acceptable to Lender, which shall be provided as part of Borrower's annual reporting to Lender.
- b. "County PLHA Loan Deed of Trust" means that certain Deed of Trust, Assignment of Rents, and Security Agreement dated on or about the date hereof, to be recorded against the Property and the improvements to be constructed thereon as security for the County PLHA Loan by Borrower as trustor with Lender as beneficiary.
- c. "County PLHA Loan Regulatory Agreement and Declaration of Restrictive Covenants" or "PLHA Loan Regulatory Agreement" means that certain Regulatory Agreement and Declaration of Restrictive Covenants executed by Borrower and Lender on or about the date hereof and recorded against the Property which regulates the use of the three (3) PLHA-Assisted Units.
- d. "County PLHA Loan Documents" means, collectively, the County PLHA Loan Agreement, this County PLHA Loan Note, the County PLHA Loan Deed of Trust, and the County PLHA Loan Regulatory Agreement, including all exhibits and attachments hereto and thereto.
- e. "Operating Expenses" means, actual, reasonable and customary costs, fees and expenses 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, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, lease payments if any, cash deposited into reserves for operating expenses with respect to the Project, not to exceed an amount equal to three (3) months' operating expenses, capital replacements with respect to the Project in an amount not to exceed \$25,200 annually, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, and fees and expenses of accountants, attorneys, consultants and

other professionals. The Operating Expenses shall be reported in the Annual Financial Statement.

- f. "Project" means the construction, operation and management of the Property and the improvements to be constructed thereon according to the terms of the County PLHA Loan Agreement.
- g. "Property" means the real property and improvements thereon located at 115 West Anapamu Street, Santa Barbara, California, as more particularly described in the County PLHA Loan Agreement.
- h. "Revenue" means all income derived from the Property, including, but not limited to, rents from the Units and income from laundry operations, vending machines, meeting space rental, storage, and parking. Revenue shall be reported in the Annual Financial Statement.
- i. "Senior Loans" means the following loans with lien priority at Project permanent financing in the following order: (i) that certain construction loan from First Republic Bank, in an amount not to exceed Eight Million Nine Hundred Thousand Dollars (\$8,900,000), which will convert to a permanent loan in an amount not to exceed Four Million Five Hundred Forty-Nine Thousand Three Hundred Dollars (\$4,549,300), upon completion of Project construction and issuance of Certificates of Occupancy, (ii) a State of California, Division of Housing and Community Development, No Place Like Home (NPLH), financing in the amount of Four Million Three Hundred Fifty Thousand Seven Hundred Dollars (\$4,350,700), of which amount Three Million Nine Hundred Thousand Seven Hundred Dollars (\$3,900,700) is in the form of Competitive NPLH and Four Hundred Fifty-Thousand Dollars (\$450,000) is in the form of non-competitive NPLH; (iii) a State of California Department of Social Services Community Care Expansion Grant in the amount of Seven Million Dollars (\$7,000,000), and (iv) a State of California Health and Human Services Agency, Department of Health Care, Behavioral Health Continuum Infrastructure Program (BHCIP), funding in the amount of Two Million Nine Hundred Fourteen Thousand Two Hundred and Twenty-Four Dollars (\$2,914,224).
- j. "Term" means the period of time commencing on the date of this County PLHA Loan Note and terminating on the date that is fifty-five (55) years after the date of this PLHA Loan Note.

7. **PAYMENTS.** The entire principal amount of this County PLHA Loan Note shall be due and payable in accordance with the provisions set forth in Sections 5 and 9 of this County PLHA Loan Note.

8. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this County PLHA Loan 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 payment dates thereof shall be legal tender for the payment of public and private debts.

9. **DEFAULT AND ACCELERATION.** This County PLHA Loan Note is secured by the County PLHA Loan Deed of Trust. All covenants, conditions and agreements contained in the County PLHA Loan Deed of Trust and the County PLHA Loan Agreement are hereby incorporated herein and made a part of this County PLHA Loan Note as if set forth in full herein. The principal amount of this County PLHA Loan Note shall be immediately due and payable upon any Event of Default which, if subject to cure pursuant to an applicable Notice to Cure, has not been cured pursuant to such Notice to Cure, including, but not limited to, the failure of Borrower to make any payment when due. Upon any Event of Default, Lender may exercise any and all rights and remedies permitted under this County PLHA Loan Note, any of the other County PLHA Loan Documents, and available at law or in equity.

10. **PREPAYMENT OF COUNTY PLHA LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County PLHA Loan prior to the end of the Term. However, prepayment of the County PLHA Loan shall not affect Borrower's obligations under the County PLHA Loan Regulatory Agreement, which shall remain in full force and effect for the duration of the 55-year Term thereof.

11. **NO OFFSET.** Borrower hereby waives any 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 provisions of this County PLHA Loan Note.

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

13. **ASSIGNMENT; TRANSFER.** Borrower shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this County PLHA Loan Note, or any of its interests or obligations hereunder, without the prior written consent of Lender in each instance. Any purported Transfer in violation of the foregoing provisions of this Section 13 shall be void *ab initio*.

14. **NOTICES.** No approval, notice, direction, or consent request required hereunder shall be effective unless in writing and delivered to the recipient Party at the address for such Party set forth below, or at such other place or places as such Party may designate in writing from time to time, delivered in accordance with this Section 14, for the receipt of notices hereunder.

LENDER:

County of Santa Barbara
Department of Community Services
Division of Housing and Community Development
123 E. Anapamu St., Second 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

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

With copy to: Brownstein Hyatt Farber Schreck, LLP
1021 Anacapa Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Joshua P. Rabinowitz

15. **BINDING UPON SUCCESSORS.** All provisions of this County PLHA Loan Note shall be binding upon and inure to the benefit of the respective permitted successors-in-interest, transferees, and assigns of Borrower and Lender; provided, however, that this Section 15 does not waive any of the prohibitions on Transfer by Borrower without Lender's prior written consent, as set forth in Section 13, above.

16. **GOVERNING LAW.** This County PLHA Loan 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.

17. **SEVERABILITY.** In the event that any provision of this County PLHA Loan Note shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

18. **TIME.** Time is of the essence in this County PLHA Loan Note.

19. **WAIVER.** No waiver by Lender of any obligation in or provision of this County PLHA Loan Note 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 hereunder or under any of the other County PLHA Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation hereunder or under any of the other County PLHA Loan Documents shall not operate as a waiver of or release from any of the Borrower's obligations hereunder or thereunder. 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 prior written consent, or as future waiver(s).

20. **AMENDMENTS AND MODIFICATIONS.** No amendment to or modification of this County PLHA Loan Note shall be effective unless in writing and 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 officers, directors, employees and agents (collectively, the "Borrower Parties") shall not have any personal liability for payment of the principal of this County PLHA Loan Note. The sole recourse of the Lender with respect to the principal of the County PLHA Loan Promissory Note shall be to the Property securing the indebtedness evidenced by the County PLHA Loan Deed of Trust. Provided, however, that

nothing contained in the foregoing limitation of liability shall (i) limit or impair the enforcement against all such security for the County PLHA Loan 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 PLHA Loan Note as demand for money within the meaning and intent 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 on the County PLHA Loan Note, except as hereafter set forth; provided, however, that nothing contained herein is intended to relieve any of the Borrower Parties of personal liability to the extent of actual damages for any of the following: (i) fraud or willful misrepresentation by any of the Borrower Parties; (ii) the failure to pay taxes, assessments or other charges (which are not contested by the Borrower in good faith or which, if contested, are nevertheless found to be validly assessed) which may create liens on the Property that are payable or applicable prior to any foreclosure under the County PLHA 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 or on behalf of any of the Borrower Parties other than in accordance with the County PLHA 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 PLHA Loan Agreement; (vi) any Lender obligation to repay to the State any PLHA Funds in connection with Borrower's failure to comply with any of the PLHA Regulations, any of the County PLHA Loan Documents, or other applicable laws, and (vii) payment to the Lender of any rental income or other income arising with respect to the Property received by any of the Borrower Parties after the Lender has given notice to the Borrower of the occurrence of an Event of Default and after the expiration of any applicable notice and cure periods as set forth in an applicable Notice to Cure, if any, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the County PLHA Loan Deed of Trust.

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

Signature appears on following page. No further text appears here.

BORROWER:

Sanctuary Centers of Santa Barbara, Inc.,
a California a non-profit public benefit corporation

By: _____
Barry R. Schoer, Chief Executive Officer

Exhibit E

REGULATORY AGREEMENT

NO FEE DOCUMENT

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

County of Santa Barbara
Housing and Community Development
123 East Anapamu Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Deputy Director

NO FEE DOCUMENT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 27383

**COUNTY PERMANENT LOCAL HOUSING ALLOCATION (PLHA) LOAN
REGULATORY AGREEMENT AND DECLARATION
OF RESTRICTIVE COVENANTS**

This County PLHA Loan Regulatory Agreement and Declaration of Restrictive Covenants (this “Agreement”) is made as of this 22nd day of July 2023 by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender” or “County”), and Sanctuary Centers of Santa Barbara, Inc., a California non-profit public benefit corporation (the “Owner” and, together with Lender, collectively, the “Parties” and each individually a “Party”), whose address is P.O. Box 551, Santa Barbara, California 93102.

RECITALS

A. The Owner owns a parcel of real property located at 115 West Anapamu Street, Santa Barbara, California, as more particularly described in Exhibit A, attached hereto and incorporated herein by reference (the “Property”), upon which the Owner intends to construct thirty-four (34) studio apartment rental units, including 19 units restricted to providing permanent supportive housing for individuals and households experiencing or at risk of homelessness (the “Project”).

B. Owner has received a loan from Lender of PLHA Funds in the amount of One Million Four Hundred Thousand Dollars (\$1,400,000) to provide financing for the Project (the “County PLHA Loan”).

C. As further consideration for such funding, and to further the interests of the Lender, the Owner has agreed to enter into and record this Agreement. The purpose of this Agreement is to regulate and restrict the occupancy, rents, operation, the ownership, and management of the Project. The covenants in this Agreement are intended to run with the land and be binding on the Owner and its successors and assigns with respect to the Property.

NOW THEREFORE, IN CONSIDERATION of the foregoing Recitals (which are incorporated herein by this reference), and the agreements, obligations, and representations set forth herein, and in further consideration for the aforementioned funding, the Owner and the Lender hereby agree as follows:

1. DEFINITIONS

All initially capitalized terms in this Agreement shall have the definitions ascribed to such terms in the County PLHA Loan Agreement. Some of the following terms are defined in the County PLHA Loan Agreement and repeated here for convenience of reference. Where such terms are not defined in the County PLHA Loan Agreement, the following terms have the meanings and set forth in this section wherever used in this Agreement and the attached exhibits.

1.0 **“COUNTY PLHA LOAN”** means the loan of PLHA Funds in the amount of One Million, Four Hundred Thousand Dollars (\$1,400,000) made by the Lender to the Owner to finance certain development costs of the Project pursuant to the County PLHA Loan Agreement and the County PLHA Loan Note.

1.1 **“COUNTY PLHA LOAN AGREEMENT”** is that certain Permanent Local Housing Allocation (PLHA) Loan Agreement by and between the Owner and the Lender dated on or about the date hereof, setting forth the terms and conditions governing the County PLHA Loan.

1.2 **“COUNTY PLHA LOAN DEED OF TRUST”** means that certain Deed of Trust, Assignment of Rents, and Security Agreement recorded against the Property and the improvements to be constructed thereon as security for the County PLHA Loan, with the Owner as trustor and the Lender as beneficiary, as may be amended from time to time.

1.3 **“COUNTY PLHA LOAN DOCUMENTS”** means, collectively, the County PLHA Loan Agreement, the County PLHA Loan Note, the County PLHA Deed of Trust, and this Agreement, including all exhibits and attachments hereto and thereto, as such documents may be amended from time to time.

1.4 **“COUNTY PLHA LOAN NOTE”** means the promissory note executed by the Owner in favor of the Lender on or about the date hereof in the original principal amount of One Million, Four Hundred Thousand Dollars (\$1,400,000), evidencing the County PLHA Loan, as may be amended from time to time.

1.5 **“HOMELESS”** has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

1.6 **“PLHA-ASSISTED UNIT”** means one the three (3) studio rental Units on the Property designated by the Owner as Units with restricted occupancy and rents pursuant to and subject to the requirements of this Agreement. A Unit shall not be considered a PLHA-Assisted Unit until the Unit has been constructed and made available for occupancy.

1.7 **“LENDER”** is the County of Santa Barbara, a political subdivision of the State of California, and its authorized representatives, officers, officials, directors, employees, and agents.

1.8 **“OWNER”** means Sanctuary Centers of Santa Barbara, Inc., a California non-profit public benefit corporation.

1.9 **“PROJECT”** means the construction, operation and management of the Property and the improvements to be constructed thereon in accordance with the County PLHA Loan Documents.

1.10 **“PROPERTY”** means that certain real property and improvements thereon located at 115 West Anapamu Street in the City of Santa Barbara, California, as more particularly described in Exhibit A, attached hereto and incorporated herein, including the improvements to be constructed thereon pursuant to the County PLHA Loan Agreement.

1.11 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as Homeless.

1.12 **“QUALIFYING RENT”** means the total monthly charges for rent for a PLHA-Assisted Unit, which shall not exceed thirty percent (30%) of the tenant Qualifying Household’s gross annual income, adjusted for family size as published annually by the U.S. Department of Housing and Community Development (“HUD”) for the Santa Maria/Santa Barbara Metropolitan Statistical Area, including Tenants’ share of the cost of utilities.

1.13 **“TENANT”** means a household that meets the definition of Qualifying Household occupying a PLHA-Assisted Unit.

1.14 **“TERM”** means the period of time during which the PLHA-Assisted Units must meet the affordability requirements imposed under the PLHA Program, as described in Section 2.2 of this Agreement.

1.15 **“UNIT”** means one of the 34 residential housing apartment units comprising the Project on the Property.

2. TERM AND COMPLIANCE

2.1 **COMPLIANCE WITH COUNTY PLHA LOAN DOCUMENTS.** The Owner’s actions with respect to the Property and the use of funds from the County PLHA Loan shall at all times be in full conformity with all of the requirements of the County PLHA Loan Documents, including, but not limited to, the insurance requirements contained therein.

2.2 **TERM OF AGREEMENT.** The term of this Agreement (“Term”) shall commence on the earlier of a) the date of recordation of this PLHA Loan Regulatory Agreement, or b) the date the Project is completed, as evidenced by a Notice of Completion provided to the Borrower by the County of Santa Barbara (“Notice of Completion”), and shall terminate on the date that is fifty-five (55) years from the date of the issuance by the City of Santa Barbara Building Official of a final Certificate of Occupancy for the Project. The requirements of this Agreement shall

apply throughout the Term without regard to the term of any loan or mortgage or any transfer of ownership of the Property.

2.3 COMPLIANCE WITH PLHA PROGRAM REQUIREMENTS. The Owner shall comply at all times during the Term with all requirements imposed on projects assisted under the PLHA Program in effect as of the first date that the County PLHA Loan Agreement is executed by all parties thereto, and as such PLHA Program requirements may be amended from time to time (“PLHA Program Requirements”).

3. PROJECT OCCUPANCY AND RENTS

3.1 OCCUPANCY OF PROJECT. Three (3) apartment Units in the Project shall be designated by Owner as PLHA-Assisted Units. Owner shall ensure that the PLHA-Assisted Units are occupied, or reserved for occupancy, by Qualifying Households at all times during the Term.

3.2 PLHA-ASSISTED UNITS. The Owner shall limit occupancy of the PLHA-Assisted Units, at all times during the Term, to Qualifying Households at Qualifying Rents that do not exceed the maximum rental charges for each PLHA-Assisted Unit as set forth in Section 1, above.

The Borrower shall maintain and operate the PLHA-Assisted Units so as to provide decent, safe, and sanitary housing, and shall provide the PLHA-Assisted Units with the same level of services (including security), amenities, and maintenance as are provided to the other Units in the Project. Optional services provided must be offered and available to all residents of all Units under the same terms and conditions.

3.3 MAXIMUM RENTAL CHARGES.

A. Maximum rental charges for the PLHA-Assisted Units shall not exceed the Qualifying Rent.

B. The Qualifying Rent for each PLHA-Assisted Unit shall be set by the Borrower at the time of initial occupancy of the Project. Annual increases in Qualifying Rents shall be calculated based on the change in Area Median Income published annually by HUD. Tenants of PLHA-Assisted Units shall be given at least thirty (30) days’ written notice prior to any increase in Qualifying Rents, consistent with State law.

3.4 OCCUPANCY DEADLINES. Owner shall ensure that the PLHA-Assisted Units are occupied by Qualifying Households within 90 days of receiving the Project Certificate of Occupancy issued by the City of Santa Barbara Building Official.

3.5 INCOME CERTIFICATION. Borrower shall certify the annual income and other qualifications of each Qualifying Household applicant for PLHA-Assisted Units no earlier than sixty (60) calendar days prior to such Qualifying Household applicant's expected occupancy of a PLHA-Assisted Unit, and Borrower shall recertify annually thereafter such Qualifying Household Tenant’s annual income levels and other qualifications. If the household size of a Qualifying Household occupying a PLHA-Assisted Unit changes, the Borrower shall request additional

information and documentation to determine such Qualifying Household Tenant's continued eligibility.

4. LEASING THE PROJECT.

4.1 **TENANT LEASES.** The Owner shall execute a written lease with Tenants of each PLHA-Assisted Unit for a term of at least 12 months, unless the Owner and the Tenant mutually agree to a shorter period; provided, however, that each such lease shall not be for a period less than ninety (90) days. Each such Tenant lease, and any changes thereto, must be approved in advance by Lender.

Owner shall not terminate a tenancy, or refuse to renew the lease, of a Tenant of a PLHA-Assisted Unit except for serious or repeated violations of the terms and conditions of such Tenant's lease, violation of applicable Federal, State, or local law, or other failure to meet lease agreement requirements. All efforts should be made to prevent termination of such tenancies through connection to services and reasonable accommodations. To terminate or refuse to renew the tenancy of a Tenant of a PLHA-Assisted Unit, the Owner shall serve written notice upon such Tenant specifying the grounds for such action at least thirty (30) days prior to termination of tenancy.

4.2 **TENANT SELECTION.** Tenant selection for each vacant PLHA-Assisted Unit shall be on a first Qualifying Household applicant basis.

4.3 **SECTION 8 CERTIFICATE HOLDERS.** The Owner shall accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective Tenants, nor shall the Owner apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by such prospective Tenants.

4.4 **NONDISCRIMINATION.** During the performance of this Agreement, the Owner and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. The Owner and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Owner or subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a

part hereof as if set forth in full. The Owner and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

5. PROPERTY MANAGEMENT

5.1 MANAGEMENT RESPONSIBILITIES. The Owner is responsible for all management functions with respect to the Project, including without limitation the selection of Qualifying Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Lender shall have no responsibility over management of the Project. The Owner shall submit to the Lender for Lender's approval its proposed Property manager. The Owner may only remove and/or replace the Property manager with the prior written consent of the Lender, which consent shall not be unreasonably withheld.

5.2 APPROVAL OF MANAGEMENT POLICIES. The Owner shall submit its written management policies with respect to the Project to the Lender for Lender review and approval, and shall amend such policies in any way requested by Lender as necessary to ensure that such policies comply with the provisions of this Agreement, the PLHA Program Requirements.

5.3 INSPECTION AND RECORDS. The Owner shall maintain records which clearly document the Owner's performance of its obligations under this Agreement. The Owner shall submit all requested records to the Lender within ten (10) business days of Lender's request. The Owner shall permit the Lender to enter and inspect the Property for compliance with Owner's obligations under this Agreement upon twenty-four (24) hours' advance notice of such visit by the Lender to the Owner or the Owner's Property manager.

5.4 COMPLIANCE MONITORING. The Owner shall operate the Property in full compliance with this Agreement and all applicable laws, including, but not limited to, State and local building, safety, and occupancy laws and regulations, and PLHA Program Requirements in effect during the Term, and shall remain in compliance therewith at all times during the Term. The Owner shall permit the Lender to conduct compliance monitoring, including performing on-site records review and inspections of the Property, as required by PLHA Program Requirements or reasonably requested by Lender.

5.5 ANNUAL REPORT. The Owner shall submit to the Lender annually, no later than March 1st of each year during the Term, a report in a form approved by Lender for the preceding period of January 1st through December 31st, containing the information requested by Lender so as to allow the Lender to determine the Owner's compliance with this Agreement. The report shall include, at a minimum: (i) an Annual Financial Statement, as defined in the County PLHA Loan Agreement, (ii) a report on the occupancy of the Project, (iii) a report on the physical condition of the Project, (iv) a report on the general management of the Project, and (v) for each PLHA-Assisted Unit, the rent, documented eligibility of the Tenant(s) as a Qualifying Household. The report shall also state the date each tenancy commenced for each PLHA-Assisted Unit, and such other information as the Lender may be request.

Within thirty (30) days after receipt of a written request, Owner shall submit any other information or completed forms requested by the Lender in order to comply with reporting requirements of the State of California, or the Lender. The Lender shall have the right to examine and make copies of all books, records or other documents of Owner which pertain to the Project and/or any Unit to determine compliance with this Agreement.

5.6 FEES, TAXES, AND OTHER LEVIES. The Owner 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, and shall pay such charges prior to delinquency.

5.7 PROPERTY TAX EXEMPTION. The Owner shall not apply for a property tax exemption for the Property under any provision of law other than California Revenue and Taxation Code Section 214(g) without the Lender's prior written consent. Lender acknowledges Owner may be applying for a property tax exemption for the property and hereby provides its consent.

5.8 MAINTENANCE OF EXISTING STRUCTURES. Owner shall maintain all buildings on the Property in good condition, in good repair and in a decent, safe, sanitary, habitable and tenantable condition. All Units in the Project must meet the standards set out in 24 CFR 92.251(f)(2) at all times during the Term of this Agreement. Owner 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 Property. Lender shall (unless and until Lender may take possession of the Property in a judicial foreclosure or trustee's sale) have no responsibility for maintenance of the Property.

6. GENERAL PROVISIONS

6.1 SUBORDINATION. Lender may, in its sole discretion, agree to subordinate this Agreement to one or more of the Senior Loans as specified in the County PLHA Loan Agreement, and the lien of any deed of trust or mortgage securing the Senior Loans. In the event of refinancing of any loan referenced in the PLHA Loan Agreement, the County may subordinate the County PLHA loan; however, the County may require that this Agreement not be subordinated. In any event, this Agreement shall remain in full force and effect.

6.2 DEFAULT AND REMEDIES. In the event that a Party has knowledge or constructive knowledge of any breach of any provision of this Agreement by the Owner, such Party shall immediately provide written notice to the other Party of such breach. If Lender determines, in Lender's reasonable discretion, that such breach is subject to cure, Lender shall notify Owner in writing ("Notice to Cure") specifying the action required to cure such breach, and a reasonable date by which such cure must be completed, provided that Owner promptly begins such cure and diligently performs such cure to completion. If the Owner fails to perform a timely cure of the specified breach in accordance with such Notice to Cure, the Lender may proceed with any or all of the following remedies:

A. Bring an action in equitable relief seeking the specific performance by the Owner of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;

B. Enter upon, take possession of, and manage the Property and the Project, either in person, by agent, or by a receiver appointed by a court, and collect any rents, income, deposits, or reserves and apply them to operate the Property;

C. After notice provided for herein, make such repairs or replacements to the Property and Project as are necessary and provide for payment thereof; or

D. Pursue any other remedy provided under the County PLHA Loan Documents or allowed at law or in equity.

6.3 EVENT OF DEFAULT. In the event that the Project fails to meet the affordability requirements included in this Agreement at any point during the Term, such failure shall constitute a breach hereunder and an Event of Default under the County PLHA Loan Agreement.

6.4 NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS. No official elected or appointed, officer, director, employee or agent of the Lender shall be personally liable to the Owner for any obligation created under the terms of this Agreement.

6.5 INSURANCE AND INDEMNITY. Owner shall comply with the insurance and indemnification provisions set forth in Exhibit B, attached hereto and incorporated herein by this reference.

6.6 GOVERNING LAW. This Agreement shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law.

6.7 AGREEMENT CONTROLS. In the event that any provision of this Agreement and that contained in any of the other PLHA Loan Documents conflict, the terms of this Agreement shall control and prevail.

6.8 TIME. Time is of the essence in this Agreement.

6.9 CONSENTS AND APPROVALS. Any consent or approval of the Lender with respect to this Agreement must be in writing and executed by a duly authorized representative of the Lender in order to be effective.

6.10 NOTICES, DEMANDS AND COMMUNICATIONS. Formal notices, demands and communications between the Owner and the Lender shall not be deemed received unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the address for the receiving Party as follows:

Lender: County of Santa Barbara
Housing and Community Development
123 E Anapamu Street, Room 202
Santa Barbara, CA 93101
Attn: Deputy Director

With copy to: Office of County Counsel
County of Santa Barbara
105 E Anapamu Street, 2nd Floor
Santa Barbara, CA 93101
Attn: County Counsel

Owner: Sanctuary Centers of Santa Barbara, Inc.
P.O. Box 551
Santa Barbara, CA 93102
Attn: CEO

With copy to: Brownstein Hyatt Farber Schreck, LLP
1021 Anacapa Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Joshua P. Rabinowitz

6.11 BINDING UPON SUCCESSORS. This Agreement shall be recorded and all provisions of this Agreement shall be binding upon and inure to the benefit of the permitted successors-in-interest, transferees, and assigns of the Owner and the Lender, and shall run with the land for the full Term, regardless of any assignment or other Transfer, payment, prepayment, expiration, extinguishment of the County PLHA Loan or County PLHA Loan Note, any reconveyance of the County PLHA Loan Deed of Trust, or any conveyance or transfer of the Property or any portion thereof; provided, however, that no purported Transfer (defined below) of this Agreement or any of Owner's rights, interests, or obligations hereunder shall be effective unless in compliance with Section 6.16, below.

6.12 RELATIONSHIP OF PARTIES. The relationship of the Owner and the Lender during the term of this Agreement is solely that of lender and borrower and shall not be construed as a joint venture, equity venture, or partnership.

6.13 WAIVER. Any waiver by the Lender of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Lender to take action on any breach or default of the Owner or to pursue any remedy allowed under this Agreement, the County PLHA Loan Documents, or applicable law. Any extension of time granted to the Owner to perform any obligation under this Agreement shall not operate as a waiver or release from any of Owner's obligations under this Agreement. Consent by the Lender to any act or omission by the Owner shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the Lender's written consent to future waivers.

6.14 AMENDMENTS AND MODIFICATIONS. No change, amendment to, or modification of this Agreement shall be effective unless set forth in a written amendment of the Agreement duly executed by both the Owner and the Lender.

6.15 **SEVERABILITY.** In the event that any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

6.16 **ASSIGNMENT AND ASSUMPTION.** Owner shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this Agreement, or any of the other County PLHA Loan Documents, or any of its rights, interests, 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 6.16 shall be void *ab initio*.

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

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

ATTEST:

MONA MIYASATO
Clerk of the Board

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

By: _____
Deputy Clerk of the Board

By: _____
Das Williams, Chair
Board of Supervisors

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

By: _____
George Chapjian
Community Services Director

By _____
Deputy Auditor Controller

APPROVED AS TO FORM

RACHEL VAN MULLEM
COUNTY COUNSEL

OWNER: Sanctuary Centers of Santa Barbara, Inc. a California non-profit public benefit corporation

By: _____
Deputy County Counsel

By: _____
Barry R. Schoer,
Chief Executive Officer

APPROVED AS TO FORM:
RISK MANAGEMENT

By _____
Gregory Milligan, ARM, AIC
Risk Manager

Exhibit A
Legal Description of the Property

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): 039-222-002

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 Block 126 in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

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. VanSlyke, et ux., 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 31st day of August 1898, and recorded in Book 65 of Deeds, Page 132, said Lot 7 being particularly described as follows:

Commencing at a point marked by an iron pin driven into the ground on the Southeasterly line of Anapamu Street 170 feet Southwesterly from the North corner of Block 126 as per Official Map of the City of Santa Barbara, California, at the West corner of a 15 foot alley, and running thence Southwesterly along the said line of Anapamu Street 55 feet to an iron pin driven into the ground, thence at a right angle Southeasterly along the line of another 15 foot alley into said Block 200 feet to an iron pipe driven into the ground, thence at right angles Northeasterly 55 feet to an iron pipe driven into the ground and the Southwesterly line of said first mentioned 15 foot alley, thence at a right angle Northwesterly along the Southwesterly line of said alley 200 feet to the place of beginning.

Exhibit B
Insurance Provisions

Hollister II Project
 115 West Anapamu Street
 Santa Barbara

SCHEDULE A
 UpdatedHollisterIIproforma10-31-2022
 For 02-16-2023

Sanctuary Centers of Santa Barbara, Inc.

34 new apartments, 8 existing apartments, new common and clinic spaces.

Construction Period Sources

Major Category	Total Cost	Residential	Non-Residential
Land	-	-	-
Existing Building	-	-	-
Architect	617,877	524,297	93,580
Engineers	255,383	193,686	61,697
Legal	150,000	120,750	29,250
Relocation	240,000	240,000	
Demolition	49,999	40,250	9,749
Site Work	250,000	201,250	48,750
Structures	19,011,974	16,215,284	2,796,690
General Conditions	1,021,440	822,259	199,181
Contractor Profit	603,073	485,475	117,598
Prevailing Wage Admin	468,458	377,119	91,339
General Liability Insurance	250,000	201,250	48,750
Project Inspection	5,000	-	5,000
Furniture and Fixtures	365,352	294,109	71,243
Signage	6,440	6,440	-
Bond Premium	-	-	-
Builder's Risk Insurance + Bond	235,000	196,000	39,000
Energy Test + Compliance	52,015	52,015	
Phase 1	8,000	6,440	1,560
Market Study	11,610	9,660	1,950
Appraisal	2,340	-	2,340
Construction Manager	143,139	114,960	28,179
Housing Consultant	50,000	40,250	9,750
Construction Accounting	12,000	9,660	2,340
Title and Recording	61,866	46,481	15,385
Permit Fees	374,665	328,112	46,553
Local Dev Impact Fees	40,000	32,200	7,800
Marketing	1,560	-	1,560
Charitable Fundraising Costs	158,434	139,888	18,546
Hard Cost Contingency	1,320,438	834,734	485,704
Operating Reserves	310,667	310,667	
COSR	-	-	-
Owner Administration	377,184	261,540	115,644
Developer Fee	517,495	347,499	169,996
	26,971,409	22,452,275	4,519,134

Hollister II Project
 115 West Anapamu Street
 Santa Barbara

SCHEDULE B
 UpdatedHollisterIIproforma10-31-2022
 For 02-16-2023

<u>Construction Period Sources</u> (In Estimated Lien Priority Order)		Residential Portion Construction Period Amount	Non-Residential Construction Period Amount
1st First Republic Bank Interim Construction Facility	4,350,700	4,350,700	
1st First Republic Bank to Permanent Loan	2,308,495	2,308,495	
2nd Dept. of Social Services CCE Conditional	7,000,000	7,000,000	
3rd State Dept. of Health Care Services (BH-CIP)	2,914,224		2914224
NPLH Non-Competitive Loan	-	-	
NPLH Competitive Loan	-	-	
4th County Community Corrections Partnership	1,500,000	1,500,000	
5th County Requested Grant	1,400,000	1,400,000	
Deferred Residential Developer Fee	609,039	609,039	
Deferred Non-Residential Developer Fee	169,996		169,996
Past Expended Sanctuary Predevelopment Costs	2,340,000	2,340,000	
1/1/23 + Sanctuary Cash for Residential	2,944,041	2,944,041	
1/1/23 + Sanctuary Cash for Non-Residential	1,434,914	-	1,434,914
	26,971,409	22,452,275	4,519,134

Construction Period Sources

SCHEDULE C

Major Category	Total Cost	Residential	County Grant Request	First Republic Construction Advance	First Republic Bank To Permanent	CCE (Community Care Expansion)	County CCP	Previous Sanctuary Cash	1/1/23 + Sanctuary Cash and Pledges	Deferred Developer	Non-Residential	BH-CIP	Sanctuary Cash	Deferred Developer
Land														
Existing Building														
Architect	617,877	524,297		93,580				430,717			93,580		93,580	
Engineers	255,383	193,686		187,160				6,526			61,697		61,697	
Legal	150,000	120,750		29,250				91,500	240,000		29,250		29,250	
Relocation	240,000	240,000												
Demolition	49,999	40,250						40,250			9,749		9,749	
Site Work	250,000	201,250		48,750				152,500			48,750		48,750	
Structures	19,011,974	16,215,284	1,400,000	3,991,960	1,685,417	7,000,000	890,573	240,000	1,007,334		2,796,690		2,197,258	599,432
General Conditions	1,021,440	822,259			623,078		199,181				199,181		170,000	
Contractor Profit	603,073	485,475					117,598	367,877			117,598		100,000	
Prevailing Wage Admin	468,458	377,119					91,398	285,721			91,398		80,000	
General Liability Insurance	250,000	201,250					201,250				48,750		40,000	
Project Inspection	5,000										5,000		5,000	
Furniture and Fixtures	365,352	294,109						74,736	219,373		71,243		71,243	
Signage	6,440	6,440						6,440						
Bond Premium	235,000	196,000							196,000		39,000		39,000	
Builder's Risk Insurance + Bond	52,015	52,015						52,015						
Energy Test + Compliance														
Phase 1	8,000	6,440						6,440			1,560		1,560	
Market Study	11,610	9,660						9,660			1,950		1,950	
Appraisal	2,340										2,340		2,340	
Construction Manager	143,139	114,960						114,960			28,179		28,179	
Housing Consultant	50,000	40,250						40,250			9,750		9,750	
Construction Accounting	12,000	9,660						9,660			2,340		2,340	
Title and Recording	61,866	46,481						46,481			15,385		15,385	
Permit Fees	374,665	328,112						192,179	135,933		46,553		46,553	
Local Dev Impact Fees	40,000	32,200						32,200			7,800		7,800	
Marketing	1,560										1,560		1,560	
Charitable Fundraising Costs	158,434	139,888						139,888			18,546		18,546	
Hard Cost Contingency	1,320,438	834,734						834,734			485,704		485,704	
Operating Reserves	310,667	310,667						310,667						
COSR														
Owner Administration	377,184	261,540									115,644		115,644	
Developer Fee	517,495	347,499									169,996		169,996	
	26,971,409	22,452,275	1,400,000	4,350,700	2,308,495	7,000,000	1,500,000	2,340,000	2,944,041	609,039	4,519,134	2,914,224	1,434,914	169,996

Hollister II Project
 115 West Anapamu Street
 Santa Barbara

SCHEDULE D
 Updated Hollister II proforma 10-31-2022
 For 02-16-2023

Permanent Period Sources
 (In Estimated Lien Priority Order)

		Residential Portion Construction Period Amount	Non-Residential Construction Period Amount
1st First Republic Bank Interim Construction Facility	-	-	
1st First Republic Bank to Permanent Loan	2,308,495	2,308,495	
2nd Dept. of Social Services CCE Conditional	7,000,000	7,000,000	
3rd State Dept. of Health Care Services (BH-CIP)	2,914,224	-	2,914,224
NPLH Non-Competitive Loan	450,000	450,000	
NPLH Competitive Loan	3,900,700	3,900,700	
4th County Community Corrections Partnership	1,500,000	1,500,000	
5th County Requested Grant	1,400,000	1,400,000	
Deferred Residential Developer Fee	609,039	609,039	
Deferred Non-Residential Developer Fee	169,996	-	169,996
Past Expended Sanctuary Predevelopment Costs	2,340,000	2,340,000	
1/1/23 + Sanctuary Cash for Residential	2,944,041	2,944,041	
1/1/23 + Sanctuary Cash for Non-Residential	1,434,914	-	1,434,914
	26,971,409	22,452,275	4,519,134

Exhibit F

INSURANCE REQUIREMENTS

Exhibit F

INSURANCE REQUIREMENTS

**Indemnification and Insurance Requirements
(For Construction Contracts)**

INDEMNIFICATION

CONTRACTOR 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 and/or liabilities arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person or entity and for any costs or expenses (including but not limited to attorneys' fees) incurred by COUNTY on account of any claim except where such indemnification is caused by the active negligence, sole negligence, or willful misconduct of the COUNTY.

NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS

CONTRACTOR 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

CONTRACTOR 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 CONTRACTOR, its agents, representatives, employees or subcontractors.

A. Minimum Scope and Limit of Insurance
Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products-completed operations, personal & advertising injury, with limits no less than \$2,000,000 per occurrence and \$4,000,000 in the aggregate.
2. **Automobile Liability:** Insurance Services Office Form CA 0001 covering Code 1 (any auto), with limits no less than \$2,000,000 per accident for bodily injury and property damage.
3. **Workers' Compensation:** Insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. **Contractor's Pollution Legal Liability and/or Asbestos Legal Liability:** (if project involves environmental hazards) with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.

If the CONTRACTOR maintains higher limits than the minimums shown above, the COUNTY requires and shall be entitled to coverage for the higher limits maintained

by the CONTRACTOR. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the COUNTY.

B. Other Insurance Provisions

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

1. **Additional Insured** – COUNTY, its officers, officials, employees, agents 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 CONTRACTOR including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONTRACTOR'S insurance at least as broad as ISO Form CG 20 10 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).
2. **Primary Coverage** – For any claims related to this Agreement, the CONTRACTOR'S insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the COUNTY, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, officials, employees, agents or volunteers shall be excess of the CONTRACTOR'S insurance and shall not contribute with it.
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** – **CONTRACTOR hereby agrees to waive rights of subrogation which any insurer of CONTRACTOR may acquire** from CONTRACTOR by virtue of the payment of any loss. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. **The Workers' Compensation policy shall be endorsed with a waiver of subrogation** in favor of the COUNTY for all work performed by the CONTRACTOR, its employees, agents and subcontractors. This provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.
5. **Deductibles and Self-Insured Retention** – Any deductibles or self-insured retentions must be declared to and approved by the COUNTY. At the option of the COUNTY, either: the CONTRACTOR shall cause the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the COUNTY, its officers, officials, employees, agents and volunteers; or the CONTRACTOR shall provide a financial guarantee satisfactory to the COUNTY guaranteeing payment of losses and related investigations, claim administration, and defense expenses.
6. **Acceptability of Insurers** – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A- VII".
7. **Verification of Coverage** – CONTRACTOR shall furnish the COUNTY with proof of insurance, original certificates and amendatory endorsements as required by this Agreement. The proof of insurance, certificates and endorsements 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 CONTRACTOR'S obligation to provide them. The CONTRACTOR shall furnish evidence of renewal of coverage throughout the term of the Agreement. The COUNTY reserves the right to require complete, certified copies of all

required insurance policies, including endorsements required by these specifications, at any time.

8. **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.
9. **Subcontractors** – CONTRACTOR shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and CONTRACTOR shall ensure that COUNTY is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a format least as broad as CG 20 38 04 13.
10. **Claims Made Policies** – If any of the required policies provide coverage on a claims-made basis:
 - i. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
 - ii. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of contract work.
 - iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the CONTRACTOR must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.
11. **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 circumstances.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. CONTRACTOR 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 G - SAMPLE FORM ONLY - COUNTY HCD WILL PROVIDE FORM

FY 2023-24

July - June

EXPENDITURE SUMMARY AND PAYMENT REQUEST (ESPR)

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

Name: Sanctuary Centers Invoice/Request # _____ Revised
 Address: Hollister II Date Submitted _____
115 W. Anapamu St. Check one: CDBG HOME PLHA
 Person: Barry Schoer IDIS # 716
 HCD Project # 70830 Expiration Date June 30, 2023
 PO/Contract No _____ (enter month for capital projects and quarter for public services)
 Report Period: _____
 Month _____
 Quarter Qtr 1 (July - Sep) Qtr 2 (Oct - Dec)
 Qtr 3 (Jan - Mar) Qtr 4 (Apr - Jun)

COMPLETED FORM BY: Carlos Jimenez Senior Housing Program Specialist
 Phone: 805-568-3529 Email: cjimenez@countyofsb.org

BUDGET AND EXPENDITURES

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

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

I certify that the information provided is true and complete, and I have reviewed all supporting documentation. Disbursements have been made for the purpose and amount of this grant and have not been paid by any other source.

Fiscal Officer: _____ Administrator / Executive Director: _____
 Title: _____ Name: _____ Title: _____
 Date: _____ Signature: _____ Date: _____

Payment requests are due for each quarter by the 10th of the month following quarter end.
 Payment requests are due monthly by the 10th of the month following the reporting month.
 Other ESPR forms are obsolete.

Exhibit G

EXPENDITURE SUMMARY AND PAYMENT REQUEST (ESPR)

EXHIBIT G - SAMPLE FORM ONLY - COUNTY HCD WILL PROVIDE FORM
EXPENDITURE SUMMARY AND PAYMENT REQUEST (ESPR)

FY 2023-24
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 # _____ Revised
 Program Name Hollister II Date Submitted _____
 Address 115 W. Anapamu St. Check one: CDBG HOME PLHA
 Contact Person Barry Schoer IDIS # 716
 Phone _____ HCD Project # 7C03CO
 Email _____ PO/Contract No _____ Expiration Date June 30, 2023
 (enter month for capital projects and quarter for public services)
 Report Period: _____
 Month _____ Quarter Qtr 1 (July - Sep) Qtr 2 (Oct - Dec)
 Qtr 3 (Jan - Mar) Qtr 4 (Apr - Jun)

SUBMIT COMPLETED FORM TO Carlos Jimenez Senior Housing Program Specialist
 Phone: 805-568-3529 Email: cljimenez@countvolisb.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 <i>Project Construction Costs</i>		\$ 1,400,000.00			\$ -
Cat. 2					\$ -
Cat. 3					\$ -
Cat. 4					\$ -
TOTAL		\$ 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.

Manager / Fiscal Officer

 Name Title Signature Date

Administrator / Executive Director

 Name Title Signature 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.

Exhibit H

PERMITTED COVENANTS

Exhibit H

PERMITTED COVENANTS

Existing Covenants

Easements for private alleyway and rights incidental thereto as set forth in Decree of Partition by the Superior Court of Santa Barbara, State of California, a copy of which was filed for record August 31, 1898 and recorded in Book 65, Pg. 123 of Deeds, in the Office of the County Recorder of Santa Barbara County.

Redevelopment Plan recorded December 14, 1972 as Instrument No. 48982 in Book 2435, Page 331 of Official Records, as amended by First Amended Redevelopment Plan for the Santa Barbara Central City Redevelopment Project Recorded September 1, 1977 as Instrument No. 77-44507, Official Records and by document recorded December 9, 1998 as Instrument No. 98-96033 of Official Records.

Easement Agreement executed by and between Bernard J. MacElhenny, Jr., Masaru Takahashi and Yoshi Takahashi and Chapala Land Company, a California general partnership recorded December 28, 1983 as Instrument No. 83-69100 of Official Records.

Pedestrian Access Easement Agreement dated February 18, 1998, executed by and between Bernard J. MacElhenny, Jr., Masaru Takahashi and Yoshi Takahashi and Santa Barbara Capital, a California general partnership recorded February 26, 1988 as Instrument No. 88-11379 of Official Records.

Affordability Control Covenant Imposed on Real Property dated June 28, 2009, executed by and between Sanctuary House of Santa Barbara, Inc., a California nonprofit public benefit corporation dba Sanctuary Psychiatric Centers of Santa Barbara and City of Santa Barbara recorded July 1, 2009, Instrument No. 2009-39474 of Official Records.

Notice of Affordability Restrictions on Transfer of Property dated June 29, 2009 executed by and between Sanctuary House of Santa Barbara, a California nonprofit public benefit corporation dba Sanctuary Psychiatric Centers of Santa Barbara, the City of Santa Barbara, and the Redevelopment Agency of the City of Santa Barbara recorded July 1, 2009 as Instrument No. 2009-39475, of Official Records.

Easement granted to Santa Barbara Affordability Housing Group, Inc., a California nonprofit public benefit corporation recorded October 16, 2019 as Instrument No. 2019-0046779 of Official Records.

Easement reserved by the City of Santa Barbara and any Public Utility or other Entity pursuant to any franchise or permit issued by the City of Santa Barbara recorded October 16, 2019 as Instrument No. 2019-0046780 and October 25, 2019 as Instrument No. 2019-0048918.

Judgment filed in Case No. 19CV01048, Superior Court of the State of California for the County of Santa Barbara, a copy of which was recorded January 22, 2020 as Instrument No. 2020-3448 of Official Records.

Memorandum of Agreement dated July 20, 2020 executed by Ruth Dwelle and Sanctuary Centers of Santa Barbara Inc. recorded October 20, 2020 as Instrument No. 2020-0058809.

2023 Covenants

Construction Deed of Trust with Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of June 1, 2023 executed by Sanctuary Centers of Santa Barbara, Inc. in favor of

California Enterprise Development Authority State of California Department of Social Services (DSS)
Community Care Expansion (CCE) Loan

State of California Dept of Health Care Services (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP) Advocates for Human Potential (AHP) Regulatory Agreement and Declaration of Restrictions dated June 5, 2023 executed by DHCS and Sanctuary Centers of Santa Barbara, Inc. and Performance Deed of Trust, Security Agreement and Fixture Filing executed by Sanctuary Centers of Santa Barbara, Inc.

State of California Department of Housing and Community Development for NPLH Competitive
\$3,900,700

State of California Department of Housing and Community Development for NPLH Non-Competitive
\$450,000