

Project: Rice Ranch Property Exchange
File: 003465
County APN: 101-380-001
101-380-003
101-390-001
101-390-002
101-400-003
Owner APNs: 101-380-002
101-390-007
101-400-001
101-400-002

REAL PROPERTY EXCHANGE AGREEMENT

THIS REAL PROPERTY EXCHANGE AGREEMENT (“Agreement”) is entered into as of January 5, 2015, by and between the County of Santa Barbara (“COUNTY”) and Rice Ranch Ventures, LLC., Rice Ranch Community LLC (collectively “OWNER”), pursuant to California Government Code §25365 (b). This Agreement is part of a larger set of entitlements; specifically, a General Plan Amendment, Specific Plan, Rezone, Vesting Tentative Tract Map, Development Plan, Development Agreement, Road Naming, Minor Conditional Use Permit, and Large Lot Conveyance Map (collectively, the “2015 Project Approvals”), which are intended to facilitate the completion of the modified 2015 Rice Ranch Project and Specific Plan originally approved by the COUNTY in 2003. The Vesting Tentative Tract Map, Large Lot Conveyance Map, and Development Agreement are conditioned on approval of and execution of the Real Property Exchange Agreement and completion of the Land Exchange according to the terms of this Real Property Exchange Agreement by COUNTY and OWNER.

RECITALS

WHEREAS, OWNER is the owner of an approximately 495 acre property located on the south side of Stubblefield and Rice Ranch Roads in the southeastern portion of the Orcutt Community Plan area, in the County of Santa Barbara, as depicted in Exhibit A, attached hereto and incorporated herein by reference.

WHEREAS, development entitlements for the Rice Ranch Specific Plan were approved by the COUNTY in December of 2003, and construction of improvements commenced and has continued since that date. OWNER proposes to continue the development of Rice Ranch as a large-scale phased master planned community (the “Rice Ranch Project”) in accordance with 2015 Project Approvals.

WHEREAS, pursuant to the 2003 project description, OWNER made Offers to Dedicate certain property when Final Tract Map 14,636 was recorded. In 2009, the COUNTY accepted the

offer to dedicate the Orcutt Community Park and in 2011, the COUNTY accepted the offer to dedicate open space Lots 1 through 4 and the public access trails.

WHEREAS, OWNER's Offers to dedicate and COUNTY's acceptance of said offers resulted in the transfer of 336 acres of open space in the Rice Ranch property to the COUNTY. Since acceptance of the open space, COUNTY has requested that OWNER be responsible for all manufactured slopes and OWNER proposes to adjust the boundary lines to include all manufactured slopes. In addition, OWNER has proposed changes to the boundaries between the COUNTY open space parcels and OWNER's parcels, in order to facilitate completion of the modified Rice Ranch project. Therefore, adjustments between the COUNTY-owned open space and the OWNER-held property (transferring manufactured slopes back to OWNER, as well as making other modifications to the open space from the 2003 approval) are part of the 2015 Project Approvals.

WHEREAS, California Government Code section 25365(b) authorizes the COUNTY to exchange real property of equal value where the real property to be exchanged is not needed for COUNTY use and the property to be acquired is required for COUNTY use provided that such exchange is approved by four-fifths (4/5) vote of the COUNTY's Board of Supervisors. If the real properties to be exchanged are not of equal value, either party to the exchange may contribute cash or other real property assets, acceptable to the other party, to balance the transaction. The value of any private real property exchanged shall be equal to, or greater than, 75 percent of the value of the county property offered in exchange. The cash or other real property assets to be added to balance the transaction shall not be greater than 25 percent of the value of the county property proposed for exchange.

OPERATIVE PROVISIONS

THEREFORE, BASED UPON THESE RECITALS, which are acknowledged as true and accurate and incorporated herein by reference, in consideration of which and the other considerations hereinafter set forth, it is mutually agree and understood as follows:

1. EXCHANGE OF PROPERTY INTERESTS:

a. **Land to Be Exchanged:** The land to be exchanged between the parties is shown on the map attached hereto as Exhibit B. The total acreage to be transferred to COUNTY by OWNER is 11.35 acres; the total acreage to be transferred to OWNER by COUNTY is 12.30 acres. The acreage of the land exchange areas described on Exhibit B are incorporated herein by reference as if set forth in full.

b. **Value of the Land to Be Exchanged:** COUNTY finds that the property to be transferred to OWNER is not required for COUNTY use, and that the property to be acquired by COUNTY from OWNER is required for COUNTY use. The COUNTY will be receiving land from OWNER having a lesser acreage and value than the land being transferred from COUNTY to OWNER.

The discrepancy is 0.95 acres and it has been valued by an appraisal at \$8,500. Thus, the value of the land to be acquired by the COUNTY is lesser than the land being disposed of; therefore OWNER will make a payment of \$8,500 to COUNTY for the difference in land value to balance the transaction, which is not greater than 25 percent of the value of the COUNTY property proposed for exchange.

c. **Process for Transfer:** To effectuate the adjustments to the boundaries of the dedicated open space and Orcutt Community Park, and Bradley and Stubblefield Roads generally depicted above and shown on Exhibit A, the COUNTY shall, at the time of entering into this agreement, authorize the Chair of the Board of Supervisors to execute and deposit with the escrow holder a Quitclaim Deed to OWNER of the COUNTY's ownership in the Rice Ranch Property. None of the below described documents shall be recorded until the Board of Supervisors approves Final Tract Map No. 14,818 for recordation. COUNTY and OWNER understand and agree that COUNTY'S Quitclaim shall not be effective until it is recorded, which, as described below, shall not occur until immediately prior to recordation of Final Tract Map No. 14,818 which includes offers to dedicate that complete the Land Exchange. Owner shall obtain from OWNER's Lender executed Deed(s) of Reconveyance releasing any and all interest in the Rice Ranch property encumbered by the Deed of Trust described below. If OWNER is unable to obtain Deed(s) of Reconveyance from OWNER's Lender, COUNTY and OWNER understand and agree that the Land Exchange is unable to be completed. Lender shall receive a new security interest in OWNER's portion of the Rice Ranch Property after the Final Map is recorded. OWNER shall deposit \$8,500 in escrow as payment to balance the transaction. After Final Map 14,818 is approved for recordation by the Board of Supervisors, OWNER shall record said map which shall dedicate to COUNTY on the face of said map as required by California Government Code §66439, the public access trails, the adjusted open space lots Orcutt Community Park, and Bradley and Stubblefield Roads consisting of 11.35 acres and represented on Tract Map No. 14,818 (Tract Map included as Exhibit C). The lots to be dedicated, in fee or through easement by OWNER to COUNTY are shown as Lots 1 through 9 (hereinafter the "Property") on Exhibit D. The boundaries of the lots are being adjusted through the merger and resubdivision provisions of California Government Code §66499.20.2 at the time that OWNER holds title to the entire property. COUNTY agrees to transfer to OWNER, and OWNER agree to transfer to COUNTY, fee ownership of the described property as set forth herein. Any escrow costs for such transfers shall be borne by OWNER.

d. **Santa Barbara County Board of Supervisors Approval:** This Agreement is subject to approval by a four-fifths (4/5) vote of the Santa Barbara County Board of Supervisors, which is an express condition precedent to COUNTY's duty to perform. Prior to the COUNTY'S approval of Final Tract Map No. 14,818 for recordation, the parties shall execute the following documents.

As part of this agreement, COUNTY shall execute the following documents and deliver to the escrow officer within ten (10) working days of the execution thereof:

- i. **Quitclaim Deed Transferring the property from COUNTY to OWNER:** Upon execution of this Agreement, COUNTY shall also authorize the Chair of the Board of Supervisors to execute the Quitclaim

Deed transferring all County interest in real property shown in Tract Map 14,636 recorded September 29, 2005 in Book 200 Pages 93 through 99 of Maps in the Office of the County Recorder (Exhibit E), from COUNTY to OWNER.

As part of this agreement, OWNER shall prepare and cause to be executed the following documents and deliver to the escrow officer within ten (10) working days of the execution thereof:

- ii. **Deed(s) of Reconveyance:** OWNER shall obtain from OWNER's Lender (Wells Fargo Bank) Deed(s) of Reconveyance" releasing any and all interest in the Rice Ranch property encumbered by the Deed of Trust recorded on July 19, 2007 as Instrument No. 2007-0053471 of Official Records (including any and all recorded Amendments), at the Santa Barbara County Recorder's Office. The Deed(s) of Reconveyance serves to remove Wells Fargo Bank's interest, at a minimum, in the property to be exchanged with COUNTY, as shown on Exhibit B
- iii. **Contribution to Balance the Transaction:** OWNER shall deposit into escrow \$8,500 for payment to COUNTY for the difference in the value of the land exchanged.
- iv. **Tract Map No. 14,818:** OWNER will dedicate by Final Tract Map No. 14,818, the public access trails, the adjusted open space lots, Orcutt Community Park, and Bradley and Stubblefield Road as identified on Exhibit D (Lots 1 through 9), from OWNER to COUNTY. A copy of the Tentative Tract Map No. 14,818 is attached hereto as Exhibit C. The Final Map will be presented to the Board of Supervisors for approval before recordation. The offers to dedicate shall be made upon recordation of the Final map.

2. **ESCROW AND FEES:**

a. Escrow shall be opened with Lisa Bertrand, the Senior Escrow Officer at First American Title Company, at 899 Pacific Street in San Luis Obispo, CA, 93401, with escrow instructions to be based upon the terms and conditions set forth herein. This Agreement shall become a part of the Escrow and shall constitute the basic instructions of COUNTY and OWNER to the Escrow Officer. However, COUNTY and OWNER agree to execute such additional instructions and documents as are reasonably required to complete the closing of the transaction contemplated herein in accordance with the terms and conditions of this Agreement. On behalf of the COUNTY, the Board of Supervisors authorizes the Director of General Services, or designee, to execute the necessary escrow instructions and/or additional instructions or documents which may be required to complete the closing of this real property transaction.

COUNTY shall deliver this fully-executed Agreement and COUNTY Quitclaim Deed to the Escrow Officer within ten (10) working days of the execution hereof by COUNTY. OWNER shall deliver the original executed Deed(s) of Reconveyance to the Escrow Officer within ten (10) working days of the execution hereof. None of the below described documents shall be recorded until the Board of Supervisors approves Final Tract Map No. 14,818 for recordation. The date of closing shall be when OWNER records Final Tract Map No. 14,818.

The date of closing shall be when OWNER records Final Tract Map No. 14,818 unless otherwise mutually agreed to in writing by the parties. The "Close of Escrow" is defined as:

1. The recordation of the Deed of Reconveyance; and
2. The release to COUNTY of OWNER's deposit into Escrow of \$8,500; and
3. The recordation of the Quitclaim Deed; and
4. The recordation of the Final Tract Map No. 14,818 (Tentative Tract Map included as Exhibit C); and
5. OWNER shall pay Escrow Holder's fees at the close of escrow, and shall pay for a standard California Land Title Association policy of title insurance covering the Property being conveyed to COUNTY.

b. The Escrow Officer shall be obligated as follows:

1. To provide current preliminary title reports covering the Property conveyed to COUNTY; and
2. To record the executed Deed(s) of Reconveyance and deliver the recorded Deed(s) of Reconveyance to COUNTY; and
3. To release to COUNTY of OWNER's deposit into Escrow of \$8,500; and
4. To record with the Santa Barbara COUNTY Recorder's Office the executed Quitclaim Deed and deliver the recorded Quitclaim Deed to OWNER; and
5. To record with the Santa Barbara COUNTY Recorder's Office Final Tract Map No. 14,818 and deliver the recorded Tract Map No. 14,818 to COUNTY; and
6. To issue or have issued to COUNTY the California Land Title Association policy of title insurance required herein, the cost of which is to be paid for by OWNER.

3. **RECORDATION:** Prior to the close of escrow, the Escrow Officer shall record with the Santa Barbara County Recorder's Office the following documents in this order:

- a. The Deed of Reconveyance.
- b. The Quitclaim Deed.
- c. Tract Map No. 14,818 (Exhibit C).

OWNER shall pay all recording fees, as well as the documentary stamp tax, if any, incurred in the recordation of the above documents.

4. **TITLE AND DEED:** Title conveyed by OWNER and COUNTY is to be free of liens, encumbrances, restrictions, rights to possession or claims to possession, rights, and conditions (recorded and/or unrecorded) or known to OWNER or COUNTY, except covenants, conditions, restrictions, and reservations of record approved by OWNER and COUNTY.

Property taxes for the fiscal year in which this property exchange is completed shall be satisfied in a manner consistent with California Revenue and Taxation Code Section 4986.(a)(6). OWNER understands that pursuant to Section 4986.(a)(6), OWNER may receive either, 1) an unsecured property tax bill from the County of Santa Barbara Treasurer-Tax Collector for real property taxes that may be due; or 2) a County of Santa Barbara warrant from the County of Santa Barbara Auditor-Controller to reimburse OWNER for any prepaid property taxes that may be canceled.

5. **PROPERTY "AS IS WITH ALL FAULTS"**: Except as specifically set forth in this Agreement, OWNER and COUNTY specifically acknowledge that the parcels being exchanged pursuant to the terms of this Agreement are being accepted on an "as is with all faults" basis and that neither party is relying on any representations or warranties of any kind whatsoever, expressed or implied, from the other as to any matters concerning the parcels, including without limitation: their physical condition; geology; the development potential of the Parcels and their use, habitability, merchantability, or fitness for a particular purpose; their zoning or other legal status; compliance with law; the presence or removal of hazardous or toxic materials, substances, or wastes on, under or about the Parcels or the neighboring property.

6. **GOOD FAITH DISCLOSURE**: Notwithstanding Section 5 above, OWNER and COUNTY have made and shall make good faith disclosure to the other of any and all known facts, findings, or information regarding the parcels that are the subject of this Agreement including without limitation those relating to: historical uses; prior permitted uses; current uses including, but not limited to, express or implied contract, leases and/or permits; geological conditions; biological conditions; archaeological sites; flood hazard area(s); special studies zones; zoning reports; environmentally hazardous material such as asbestos, dioxins, oils, PCB's, solvents, waste disposal, gasoline tank leakage, pesticide use and spills, herbicide use or spills or any other substances and/or products of environmental contamination.

7. **TERMINATION**: OWNER and COUNTY shall have the right to terminate this Agreement at any time prior to the recordation of any documents referenced in Section 2 of this Agreement.

8. **WAIVER**: No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

9. **ENTIRE AGREEMENT**: This Agreement supersedes all prior agreements, understandings, negotiations, and discussions of the parties, whether express or implied, and there are no warranties, representations, covenants, or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. The parties hereto have set forth the whole of their agreement. No amendment, supplement, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by both parties.

10. **CONSTRUCTION**: The parties agree that each party and its respective counsel have reviewed and approved this Agreement to the extent that each party in its sole discretion has desired, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement. The terms and provisions of this Agreement embody the parties' mutual intent, and this Agreement shall not be construed more liberally in favor of, nor more strictly against, any party hereto.

11. **SECTION HEADINGS:** The headings of the several sections, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect hereof.

12. **REAL PROPERTY DOCUMENTS:** Each party agrees to execute and deliver any instrument or to perform any act reasonably necessary to carry out the provisions of this Agreement.

13. **SUCCESSORS AND ASSIGNS:** The rights under this Agreement shall also extend to and bind the heirs, devisees, executors, administrators, successors, and assigns of the parties.

14. **CERTIFICATION OF SIGNATORY(IES):** OWNER represent and warrant that that they are, collectively, authorized to execute this Agreement and that no additional signatures are required to carry out the duties contemplated herein.

15. **AGREEMENT APPROVAL:** This Agreement is subject to the approval of the COUNTY Board of Supervisors by a four-fifths (4/5) vote. Execution of this Agreement by the Chairperson, or designee, of the Board of Supervisors shall evidence said approval by the Board of Supervisors.

16. **EXECUTION IN COUNTERPARTS:** The Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many or them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

17. **MISCELLANEOUS PROVISIONS:**

a. **Further Documents:** The parties agree that if any additional documents are necessary to effectuate the terms of this Agreement, they will each cooperate fully to provide such documents when requested. The Director of General Services is authorized to execute on behalf of the COUNTY any documents required to effectuate the terms of this contract.

b. **California Law; Specific Performance:** This Agreement shall be construed and performed in the state of California. Any party may, in addition to any other rights or remedies, institute legal action to cure, correct or remedy any default, enforce any covenant or agreement herein, enjoin any threatened or attempted violation hereof, or enforce by specific performance the obligations and rights of the parties hereto. Venue in any legal action instituted in the Superior Court of the State of California shall be Santa Barbara COUNTY. Venue in any legal action instituted in United States District Courts shall be in the Central District of California.

c. **No Third Party Beneficiary:** This Agreement is not intended, nor shall it be construed, to create any third-party beneficiary rights in any person who is not a party, unless expressly otherwise provided.

d. **Severability:** Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any person, by judgment or court order shall in no way affect any of the other provisions hereof or the application thereof to any other person or circumstance, and the same shall remain in full force and effect, unless enforcement of this Agreement, as so invalidated, would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement and the rights and obligations of the parties hereto.

e. Defense of Agreement: OWNER shall indemnify, and offer to defend and hold harmless COUNTY and its officers, employees and agents from and against any and all losses, liabilities, fines, penalties, costs, claims, demands, damages, injuries or judgments arising out of, or resulting from, COUNTY's approval of this Agreement or either party's performance pursuant to this Agreement. OWNER agrees that OWNER's counsel will not disclose any information confidential to the COUNTY, gained during such defense, in any future proceedings where COUNTY may be adverse to OWNER or OWNER's counsel, including quasi-judicial, administrative proceedings. COUNTY further irrevocably agrees not to assert any representation in such defense by OWNER's counsel as a potential conflict of interest in any future quasi-judicial, administrative proceeding, where COUNTY is a permitting agency, not related to the Rice Ranch Project and hereby irrevocably waives any actual or potential conflict of interest under such circumstances. If this Agreement is adjudicated or determined to be invalid or unenforceable, COUNTY agrees, subject to all legal requirements, to consider modifications to this Agreement to render it valid and enforceable to the extent permitted by applicable law.

IN WITNESS WHEREOF, COUNTY and OWNER have executed this Real Property Exchange Agreement by the respective authorized officers as set forth below to be effective as of the date executed by the COUNTY.

"COUNTY"
COUNTY OF SANTA BARBARA

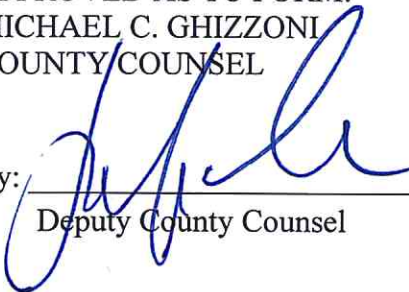
ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

By: _____
Supervisor Peter Adam, Chair
Board of Supervisors

By: _____
Deputy

Date: _____


APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By:  _____
Deputy County Counsel

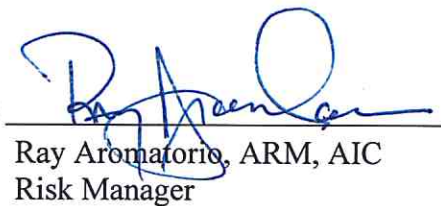
APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By:  _____
Auditor-Controller

APPROVED:

By:  _____
Don Grady, Esq.
Real Property Manager

APPROVED:

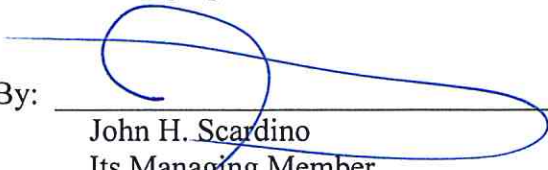
By:  _____
Ray Aromatorio, ARM, AIC
Risk Manager

“OWNERS”

Rice Ranch Ventures, LLC.,
a Delaware Limited Liability Company

By: SBRR Partners, LLC.,
a California Limited Liability Company
its Managing Partner

By: JHS, LLC,
a Delaware Limited Liability Company
its Managing Member


By: 
John H. Scardino
Its Managing Member

Date: 11/24/15

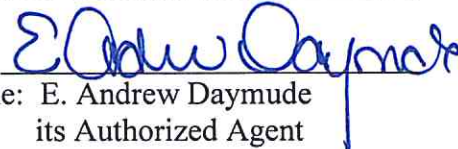
Rice Ranch Community, LLC,
a Delaware limited liability company,

By: RRWS holding Company, LLC
a Delaware limited liability company,
its sole member and manager

By: Shea Homes Limited Partnership
a California limited partnership
its manager

By: 
Name: Preston W. Holdner
its Authorized Agent

Date: 11/24/2015

By: 
Name: E. Andrew Daymude
its Authorized Agent

Date: 11/24/2015

CONSENT OF ESCROW HOLDER

The undersigned Escrow Holder hereby agrees to:

- A. Accept the foregoing Real Property Exchange Agreement;
- B. Act as the Escrow Holder under the Real Property Exchange Agreement;
- C. Be bound by the Real Property Exchange Agreement in the performance of its duties as Escrow Holder.

However, the undersigned will have no obligation, liability or responsibility under this consent or otherwise, unless and until the Real Property Exchange Agreement, fully signed by the parties has been delivered to the undersigned. Further, the undersigned will have no obligation, liability or responsibility under any amendment to the Real Property Exchange Agreement unless and until the amendment is accepted by the undersigned in writing.

FIRST AMERICAN TITLE COMPANY

By: *Lisa Bertrand*
Lisa Bertrand

Date: 11-23-15