

**COUNTY HOME-ARP LOAN AGREEMENT
(\$3,530,383)**

Between

County of Santa Barbara

and

**The Housing Authority
of the County of Santa Barbara**

**(Buena Tierra Affordable Housing Development,
6021 Hollister Avenue, City of Goleta)**



**HOME Investment Partnerships Program
American Rescue Plan Act (ARP) Funding: Assistance Listing Number 14.239
ARPA Funding: Assistance Listing Number 21.027**

**COUNTY HOME-ARP LOAN AGREEMENT
(BUENA TIERRA AFFORDABLE HOUSING DEVELOPMENT PROJECT - GOLETA)**

This agreement ("County HOME-ARP Loan Agreement") is made as of this 27th day of June , 2023 ("Effective Date"), by and between the County of Santa Barbara, a political subdivision of the State of California ("Lender" or "County"), and the Housing Authority of the County of Santa Barbara, a public body, corporate and politic, whose address is 815 West Ocean Avenue, Lompoc, California, 93436 ("Borrower" and, together with Lender, collectively, the "Parties" and each a "Party").

RECITALS

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

B. There is a need to expand affordable rental housing to homeless persons, and to promote projects that combine supportive services with housing, as documented in the County's 2020-2024 Consolidated Plan.

C. Borrower is the owner of that certain real property located at 6021 Hollister Avenue, in Goleta, California, as more particularly described in the legal description attached hereto as Exhibit A and incorporated herein by reference ("Property") and improvements thereon, including a sixty-five-unit building previously used as a motel ("Building").

D. Borrower intends to convert and re-purpose the Building to a permanent supportive housing residential apartment development (the "Project"). Of the sixty-five (65) existing units in the Building, five (5) units will be converted for use as community space for residents, and one (1) of the remaining sixty (60) units will be designated as a manager's unit. Of the remaining fifty-nine (59) improved units (each a "Unit"), eleven (11) shall be restricted to occupancy by Qualifying Populations ("Assisted Units"); the amount of monthly rent charged to tenants of Assisted Units shall not exceed the Qualifying Rent, as defined in Section 1.29, below.

E. Under the American Rescue Plan Act of 2021 ("ARP"), signed into law by President Biden on March 11, 2021 (Public Law 117-2), Lender has been awarded Home Investment Partnerships Program funds ("HOME-ARP Funds") from the United States Department of Housing and Urban Development ("HUD"), pursuant to the Cranston-Gonzales National Affordable Housing Act of 1990, for the purpose of expanding the supply of decent, safe, sanitary and affordable housing for low-income persons and families.

F. Funds have also been allocated to Lender under the American Recovery Plan Act ("ARPA"), State and Local Fiscal Recovery Funds, pursuant to the U.S. Department of Treasury's January 6, 2022 Final Rule regarding ARPA and related eligible activities.

G. Borrower wishes to borrow from Lender, and Lender wishes to extend to Borrower, a loan in the amount of Three Million Five Hundred Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$3,530,383) which will be used to perform construction-related work on the Project ("County HOME-ARP Loan"). The County HOME-ARP Loan is comprised of One Million Five Hundred Thousand (\$1,500,000) in ARPA funds, and Two Million Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$2,030,383) in HOME-ARP funds, which funds are subject to HOME-ARP regulations set

forth in the October 10, 2021 Federal Register Notice (86 FR 56764), *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program* (the "HOME-ARP Notice").

H. Implementation of the Project is pursuant to the County's HOME-ARP Allocation Plan, and Santa Barbara County's CDBG Urban County 2020-21 Annual Action Plan, as amended, each of which were approved by HUD in September of 2022, and the U.S Department of Treasury's January 6, 2022 Final Rule regarding ARPA and related eligible activities.

I. The Parties reasonably expect that construction and development of the Project for conversion to use as permanent supportive housing for formerly homeless persons will commence within one year of execution of this HOME-ARP Loan Agreement.

J. Concurrently herewith, the Parties are entering into that certain County HOME-ARP Loan Regulatory Agreement and Declaration of Restrictive Covenants ("County HOME-ARP Loan Regulatory Agreement") restricting rents and establishing tenant income eligibility requirements with respect to the Assisted Units.

K. The Parties desire to memorialize the terms of the County HOME-ARP Loan in this County HOME- ARP Loan Agreement, a promissory note in the original principal amount of Three Million Five Hundred Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$3,530,383), executed by Borrower in favor of Lender, and secured by a deed of trust.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations set forth herein, and in further consideration for the making of the County HOME-ARP Loan, Borrower and Lender hereby agree as follows:

ARTICLE 1 DEFINITIONS

The following terms have the meanings and content set forth in this Article 1 wherever used in this County HOME-ARP Loan Agreement, attached Exhibits, and documents incorporated into this County HOME-ARP Loan Agreement by reference.

1.1 **"AFFIRMATIVE MARKETING"** means actions taken to provide information to and otherwise encourage eligible potential tenants in the housing market area who are not likely to apply without special outreach to apply for the available Project housing, without regard to race, color, national origin, sex, religion, familial status or disability, in conformance with 24 CFR 92.351.

1.2 **"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.

1.3 **"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.

1.4 **"ASSISTED UNIT" or "HOME-ARP-ASSISTED UNIT"** means those eleven (11) Project apartment Units subject to HOME-ARP funding requirements pursuant to the HOME-ARP

Loan Documents, and subject to additional restrictions and requirements set forth the HOME-ARP Regulatory Agreement attached hereto as Exhibit E and incorporated herein by reference, which are restricted to occupancy by Qualifying Populations.

1.5 **“BORROWER”** means the Housing Authority of the County of Santa Barbara, a public body, corporate and politic.

1.6 **“BUDGET”** means that budget for the Project attached hereto as Exhibit B, which is hereby incorporated into this County HOME-ARP Loan Agreement by this reference, and which identifies the sources and uses of Project costs and specifies the costs to be paid with County HOME-ARP Loan proceeds in conformance with 24 CFR 92.206.

1.7 **“COORDINATED ENTRY SYSTEM”** means the information system utilized by Lender under the Continuum of Care for coordinating, prioritizing and insuring to the greatest extent possible non-duplication of homeless programs and services, which accordingly identifies the most vulnerable homeless persons and households and serves as basis to inform priority provision of Assisted Units to Qualifying Populations.

1.8 **“CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS REQUIRED TERMS”** means the terms and conditions attached hereto as Exhibit I and incorporated herein by reference, pursuant to Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan Act (ARPA) Pub. L. No. 117-2 (March 11 2021)(codified as 42 U.S.C. § 801 *et seq.*), which imposes certain requirements through the Act, its implementing regulations at 2 CFR Part 200, the Award Terms and Conditions imposed by the U.S. Department of the Treasury (Treasury) onto the Lender, and Treasury’s *Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance*.

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

1.10 **“COUNTY HOME-ARP LOAN”** means the loan of HOME-ARP funds from County to Borrower in the original principal amount of Three Million, Five Hundred Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$3,530,383) as provided in this County HOME-ARP Loan Agreement to finance Project construction.

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

1.12 **“COUNTY HOME-ARP LOAN DEED OF TRUST”** means that 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 HOME-ARP Loan by Borrower as trustor with Lender as beneficiary, as well as any amendments to, modifications of, and restatements of said County HOME-ARP Loan Deed of Trust, which is attached hereto as Exhibit C and hereby incorporated into this County HOME-ARP Loan Agreement by this reference.

1.13 **“COUNTY HOME-ARP LOAN DOCUMENTS”** means, collectively, the County HOME-ARP Loan Agreement, the County HOME-ARP Loan Note, the County HOME-ARP Loan Deed of Trust, and the County HOME-ARP Loan Regulatory Agreement, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to such documents.

1.14 **“COUNTY HOME-ARP LOAN NOTE”** means the promissory note executed by the Borrower concurrently herewith in favor of Lender in the amount of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383), to evidence the County HOME-ARP Loan as well as any amendments to, modifications of, or restatements of said promissory note, substantially in the form attached hereto as Exhibit D and hereby incorporated into this County HOME-ARP Loan Agreement by this reference.

1.15 **“COUNTY HOME-ARP LOAN REGULATORY AGREEMENT”** means the agreement executed by Borrower and Lender, attached hereto as Exhibit E, and recorded against the Property which regulates the use of the HOME-ARP Assisted Units.

1.16 **“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, state, or local 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. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with industry standards and in compliance with all applicable laws at the time of such use.

1.17 **“HOME-ARP AFFORDABILITY PERIOD”** means the period of twenty(20) years commencing upon Project Completion and during which the Assisted Units must meet the affordability requirements that are described in Article V herein and in the County HOME-ARP Loan Regulatory Agreement.

1.18 **“HOME-ARP FUNDS”** means funds provided to Borrower by Lender pursuant to the terms of this County HOME-ARP Loan Agreement and as defined in 24 CFR 92.2.

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

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

1.21 **“LOW-INCOME HOUSEHOLD”** means a household with household income at or below eighty-percent (80%) of the Area Median Income, as defined by the U.S. Department of Housing and Urban Development at 24 CFR Part 92.

1.22 **“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, County monitoring 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, and capital replacements with respect to the Project in an amount not to exceed \$3,000 annually, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of accountants, attorneys, consultants and other professionals; salaries,

wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; and materials and supplies. The Operating Expenses shall be reported in each Annual Financial Statement.

1.23 **“MONITORING FEE”** The County shall charge Lender an annual monitoring fee in the initial amount of \$2,500, and increased annually by 3%, to conduct on-site Project monitoring, in accordance with 24 CFR 92.504 (d)(i) and (ii).

1.24 **“PROJECT”** means the construction, operation and management of the Property and the improvements thereon according to the terms of this County HOME-ARP Loan Agreement and as defined in 24 CFR 92.2.

1.25 **“PROJECT COMPLETION”** means completion of the Project in conformance with 24 CFR 92.2 and 24 CFR 92.252(e), and as evidenced by a Certificate of Occupancy for the Project issued by the City of Goleta Building Official and delivered to Lender by Borrower.

1.26 **“PROPERTY”** means the property located at 6021 Hollister Avenue, Goleta, California, as more particularly described in Exhibit A, which is attached hereto and hereby incorporated into this County HOME-ARP Loan Agreement by this reference.

1.27 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as a member of a Qualifying Population and that is also a Low-Income Household.

1.28 **“QUALIFYING POPULATION”** means a household that qualifies for priority consideration and preference for an Assisted Unit pursuant to HUD CPD Notice 21-10, Section IV, *“Qualifying Populations, Targeting and Preferences”*. Qualifying Populations are identified broadly as individuals and families who are: 1) Homeless (as defined at 24 CFR 91.5); 2) At Risk of Homelessness (as defined at 24 CFR 91.5); 3) Fleeing or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking (as defined by HUD); and 4) “Other Populations,” where providing supportive services or assistance under Section 212(a) of the National Affordable Housing Act (NAHA) (42 U.S.C 12742(a)), would prevent the family’s homelessness or would serve those with the greatest risk of housing instability. A more detailed and specific description of Qualifying Populations, as set forth in HUD CPD Notice 21-10, is excerpted and included herein as Exhibit G.

1.29 **“QUALIFYING RENT”** means that HOME-ARP rental units occupied by low-income households must comply with the rent limitations in 24 CFR 92.252(a) (i.e., the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent of the income of a family at 65 percent of median income for the area for low-income households, as determined by HUD, or for very-low-income households, 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area with adjustments for number of bedrooms in the unit. . For Single Room Occupancy units, If the SRO units have both sanitary and food preparation facilities, the maximum HOME-ARP rent is based on the zero-bedroom fair market rent. If the SRO unit has only sanitary facilities, the maximum HOME-ARP rent is based on 75 percent of the zero-bedroom fair market rent. The rent limits for SRO units must also include the utility allowance established pursuant to Section VI.B.13.d of HUD CPD Notice CPD-21-10.

In accordance with 24 CFR 92.252(d), if the tenant pays for utilities and services (excluding telephone), 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 schedules determined by the County.

1.30 This paragraph is left intentionally blank.

1.31 “**SENIOR LENDER**” means the State of California Housing and Community Development Department pursuant to the State of California HomeKey Program.

1.32 “**SENIOR LOAN**” means the State of California Housing and Community Development Department HomeKey Program loan in the amount of \$15,357,501.

1.33 “**STANDARD INDEMNIFICATION AND INSURANCE REQUIREMENTS**” means the insurance coverages which must be in full force and effect at all times during the Term of this County HOME-ARP Loan Agreement, as specified in Exhibit F, which is attached hereto and hereby incorporated into this County HOME-ARP Loan Agreement by this reference.

1.34 “**TERM**” means the period of time that this HOME-ARP Loan Agreement will be in effect as described in Section 9.6, below.

ARTICLE 2 TERMS OF THE COUNTY HOME-ARP LOAN

2.1 **COUNTY HOME-ARP LOAN.** Subject to the terms and conditions of this County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents, Lender agrees to make, and Borrower agrees to accept, the County HOME-ARP Loan.

2.2 **AMOUNT.** The principal amount of the County HOME-ARP Loan shall be an amount not to exceed Three Million Five Hundred Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$3,530,383), and shall be evidenced by the County HOME-ARP Loan Note. In the event Lender is unable to secure HOME-ARP and/or ARPA Funds for this County HOME-ARP Loan Agreement for any reason at any time, Lender shall not be obligated to make payments to Borrower unless and until HOME-ARP and/or ARPA Funds become available to Lender, and Borrower shall hold Lender harmless.

2.3 **INTEREST.** Subject to the provisions of Section 2.4, below, the County HOME-ARP Loan Note shall bear simple interest at a rate of zero percent (0%) per annum from the date of the first disbursement under the County HOME-ARP Loan Note. Interest is not compounding.

2.4 **DEFAULT INTEREST.** In the event of a default by Borrower of any of its obligations under this County HOME-ARP Loan Agreement or any of the other County HOME-ARP Loan Documents and expiration of applicable cure periods, Borrower shall pay to Lender interest on the outstanding principal of the County HOME-ARP Loan at an annual rate equal to the lesser of (i) ten percent (10%), or (ii) the highest interest rate allowed by law (“Default Interest”), from the date of such default until the date that such default, if subject to and capable of cure, is cured in accordance with the terms of the County HOME-ARP Loan Documents, or the County HOME-ARP Loan is repaid in full (“Default Interest Period”). The Default Interest shall be paid to Lender monthly, due and payable on the first day of each month during the Default Interest Period.

2.5 **TERM OF COUNTY HOME-ARP LOAN.** The principal and interest of the County HOME-ARP Loan shall be due and payable in accordance with the provisions of the County HOME-

ARP Loan Note. In the event of default by Borrower, as defined below in Section 8.1, which has not been cured as provided for below in Section 8.2, the principal and all then-current and accrued interest shall be due and payable in accordance with Section 8.3, below. The foregoing notwithstanding, if Borrower remains compliant with the terms of the HOME-ARP Regulatory Agreement, as determined by the County through periodic inspections of the Project and tenant files documenting occupancy by Qualifying Populations, and as indicated with monitoring close-out letters from Lender to Borrower indicating compliance with the HOME-ARP Regulatory Agreement, for the entirety of the Affordability Period, then, upon the expiration of the Affordability Period, Lender may forgive the principal amount of the County HOME-ARP Loan, excluding interest accrued pursuant to Section 2.4, above.

2.6 USE OF HOME-ARPFUNDS. HOME-ARPFunds shall be used only for Project construction-related costs specified in the Budget attached hereto as Exhibit B and shall only be disbursed in accordance with the provisions of Article 3. The Budget shall not be modified unless approved in accordance with Section 9.2 of this County HOME-ARP Loan Agreement, provided that all costs set forth therein are eligible under 24 CFR 92.206, and that the level of Environmental Review completed under the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321, et seq.), and applicable related environmental authorities at 24 CFR 50.4, and HUD's implementing regulations at 24 CFR Parts 50 and 58, remain applicable. HOME-ARPFunds shall only be utilized for costs related to residential uses, and shall not be utilized for costs related to commercial uses or any other nonresidential uses associated with the Project.

2.7 SECURITY. Borrower shall secure its obligation to repay the County HOME-ARP Loan by executing a County HOME-ARP Loan Deed of Trust, in substantially the form attached hereto as Exhibit C and recording it as a lien against the Property, subordinate only to the Regulatory Agreement and the Senior Loan. Upon closing, Borrower shall cause the recordation of the County HOME-ARP Loan Deed of Trust, and the County HOME-ARP Loan Regulatory Agreement with the Recorder for the County of Santa Barbara, and shall cause the delivery of conformed copies of the recorded documents to Borrower.

2.8 REPAYMENT OF THE COUNTY HOME-ARP LOAN. All accrued interest and principal of the County HOME-ARP Loan shall be due and payable in accordance with the terms set forth in Section 2.5, above, and as provided in the County HOME-ARP Loan Note.

2.9 PREPAYMENT OF COUNTY HOME-ARP LOAN. Prepayment of the County HOME-ARP Loan shall not affect Borrower's obligations under the County HOME-ARP Loan Regulatory Agreement.

2.10 ANNUAL OPERATING EXPENSES. Thirty (30) days prior to the end of each calendar year, Borrower shall submit to Lender, for Lender's review and approval, a proposed operating budget for the Project for the following calendar year. Each such proposed operating budget shall include scheduled payments to be made into operating and replacement reserve accounts. Actual Operating Expenses incurred by Borrower shall not exceed the amount of Operating Expenses set forth in the applicable Lender-approved operating budget without Lender's prior written consent.

2.11 OPERATING AND CAPITAL REPLACEMENT RESERVE FUNDS. Prior to the first disbursement of HOME-ARP Funds to Borrower, Borrower shall fund a capital replacement reserve account in the amount of not less than Three Thousand Dollars (\$3,000) per year, and shall capitalize an operating reserve in the amount equal to three months of operating expenses as projected in the Operating Proforma, attached hereto as Exhibit B. All HOME-ARP funds expended for project operating cost

assistance reserves shall be held by Borrower in a separate interest-bearing account. Borrower shall request written approval from Lender prior to disbursing funds from the Project operating cost assistance reserve, and all such requests by Borrower shall be in writing and shall include supporting documentation demonstrating that the requested distribution is reasonable and necessary to cover the operating deficit associated with HOME-ARP Units occupied by Qualifying Households. No less than annually, Borrower shall submit to Lender for Lender's review operating cost assistance reserve account documentation sufficient for Lender to determine that the account is appropriately sized based on the projected operating deficits of HOME-ARP units restricted for occupancy by qualifying households.

ARTICLE 3 COUNTY HOME-ARP LOAN DISBURSEMENT

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

- A. Borrower has acquired title to the Property;
- B. There exists no Event of Default or any act, failure, omission or condition that with the giving of notice or passage of time would constitute an Event of Default;
- C. Borrower has executed and delivered to Lender all documents, instruments, and policies required under the County HOME-ARP Loan Documents, including but not limited to an ALTA Lender's policy of title insurance in the amount of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383) 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 requirement 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 HOME-ARP Loan Agreement, including, but not limited to, Section 3.2 and Section 5.11, as applicable, as well as all reporting requirements set forth in the other County HOME-ARP Loan Documents.

3.2 **DISBURSEMENT OF HOME-ARP FUNDS.** Lender shall provide HOME-ARP Funds to Borrower only for eligible Project costs incurred by Borrower and approved by Lender in accordance with the Project Budget (Exhibit B). HOME-ARP Funds subject to reimbursement to Borrower for eligible Project costs will be disbursed as incurred and after Borrower has submitted to Lender all Project cost and related documentation confirming cost eligibility and evidence of payment for which reimbursement is requested by Lender. Borrower may not request disbursement of HOME-ARP and/or ARPA Funds until needed for payment of eligible Project costs in accordance with the Project Budget. The amount of each Borrower reimbursement request must be limited to the amount needed. Program income must be disbursed before Borrower requests funds from Lender. Disbursement of HOME-ARP Funds to Borrower shall not exceed a total of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383).

HOME-ARPFunds shall be disbursed through periodic payments based upon construction costs incurred and construction 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 acceptable proof of payment by Borrower and that demonstrates date of payment. Borrower shall also attach copies of certified payroll reports current to within 21 calendar days of the date of the Written Disbursement Request documenting compliance with the Davis-Bacon Act, evidence of compliance with Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C., 1701u) and 24 CFR Part 75, and evidence of compliance with the requirement to take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible pursuant to 24 CFR 85.36(e). Lender reserves the right to request additional documentation as necessary to comply with Federal, state and local regulations, and Borrower shall comply with all such requests.

Written Disbursement Requests shall only be for items included in the Budget (Exhibit B) in the form of a signed Expenditure Summary Payment Request (ESPR) form attached hereto as Exhibit J. Changes shall not be made to the Budget without the prior written consent of Lender. However, Lender's obligations shall in no event exceed the amount of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383). All costs incurred in construction, development and operation of the Project shall be the responsibility and obligation solely of Borrower.

Notwithstanding the foregoing, as a special disbursement condition, Lender shall retain Ten Thousand Dollars (\$10,000) of HOME-ARPFunds until 30 days after Borrower has completed the construction of the Project and provided beneficiary data for the eleven (11) Assisted Units of the Project as required under the HOME-ARP Program, and all liens against the Property, if any, are released.

ARTICLE 4 DEVELOPMENT OF PROJECT

4.1 COMMENCEMENT OF CONSTRUCTION. Borrower shall commence construction of the Project no later than 12 months from the Effective Date of this County HOME-ARP Loan Agreement. Commencement of Project construction shall mean obtaining all final permits, entitlements and approvals required by all permitting and regulatory authorities and jurisdictions and commencing work at the Property on any task associated with a line item in the Budget that requires a permit, entitlement or approval. If Borrower fails to commence construction as set forth above, Lender may terminate this County HOME-ARP Loan Agreement pursuant to Article 8, below, without affording Borrower any opportunity to cure such default.

4.2 COMPLETION OF CONSTRUCTION. Borrower shall diligently pursue construction of the Project to completion, and shall complete construction of the Project, and shall have the Assisted Units occupied by eligible tenants no later than six (6) months after commencement of construction. Borrower shall deliver to Lender proof of Project Completion as evidenced by, inter alia, the recording of a notice of completion for the Property and certificate(s) of occupancy issued by the City of Goleta Building official for the Project.

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 such 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 in connection with the Project ("Construction Contract") shall be the result of either competitive or negotiated bids.

All costs incurred in construction, 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 of the Project site by Lender and by public authorities during business hours for the purposes of determining compliance with this County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents. Copies of monthly construction inspection reports completed by Borrower shall be provided to the County immediately upon completion of such construction inspection reports throughout the course of Project construction.

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

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, 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 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 all applicable laws, including, but not limited to:

- A. All applicable Federal, state and local statutes and regulations;
- B. All applicable Federal, state and local building codes and zoning ordinances;
- C. All permits, entitlements and approvals for the Project;
- D. International Energy Conservation Code and applicable Federal, state and local energy conservation codes; and
- E. Property standards set forth 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 HOME-ARP 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 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 HOME AND HOME-ARP PROGRAM(S) AND OTHER FEDERAL REQUIREMENTS. All requirements imposed on properties assisted under the HOME-ARP program as contained in 42 U.S.C. Sections 12701, et seq., 24 CFR Part 92, and HUD Federal Register Notice 86 FR 56764, *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program*, HUD September 13, 2021, CPD Notice 21-10, the Coronavirus State and Local Fiscal Recovery Funds Required Terms, and all other implementing rules and regulations governing the use of the HOME-ARP Funds (collectively, the "HOME-ARP Regulations") are incorporated herein by this reference. In the event of any conflict between this County HOME-ARP Loan Agreement and the HOME-ARP Regulations, the HOME-ARP Regulations shall govern, except in consideration of certain waivers and alternative requirements related and pursuant to Federal Register Notice 86 FR 56764.

The laws and regulations governing the use of the HOME-ARP Funds include (but are not limited to) the following:

A. OMB Circulars. The applicable policies, guidelines, and requirements of OMB Circulars Nos. A-87, A-102, Revised, A-110 and A-122.

B. Audit requirements. In accordance with 24 CFR 84.26 and 85.26, agencies that expend \$500,000 or more in federal funds in a year as calculated therein must undergo a single audit in compliance with OMB Circular A-133.

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 National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321, et seq.), and applicable related environmental authorities at 24 CFR 50.4, and HUD's implementing regulations at 24 CFR Parts 50 and 58.

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. If applicable, Borrower shall comply, and cause all contractors and subcontractors to comply with (1) Davis-Bacon and Related Acts (40 U.S.C. 3141, et seq.); (2) Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. 327-333); (3) Copeland Anti-Kickback Act (40 U.S.C. 3145); and (4) Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et. seq.).

H. Section 3. The work to be performed under this HOME-ARP Loan is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing. The regulations are found at 24 CFR Part 75 ("part 75").

Borrower agrees to comply with HUD's regulations in part 75, which implement Section 3. Borrower agrees to comply with the requirements set forth in 24 CFR Sections 75.9 and 75.19, as applicable. As evidenced by their execution of this HOME-ARP Loan, Borrower certifies that it is under no contractual or other impediment that would prevent it from complying with the part 75 regulations.

Borrower shall, and shall cause its contractors and subcontractors to, implement part 75 regulatory requirements as described herein, and shall conduct its business practices in a manner that provides records and reports consistent with HUD Section 3 reporting and compliance under covered contracts, including, but not limited to: 1) certifications, records and documentation confirming contractor and business qualification as a Section 3 Business Concern, if applicable; 2) certifications, records and documentation confirming workers' qualification and status as a Section 3 and/or Targeted Section 3

Worker; if applicable; c) certified payroll records, reports and documentation reflecting time and hours for all labor performed on Section 3 covered contracts, including hours for certified Section 3 and Targeted Section 3 workers, if and as applicable; and d) any such additional records, documents and reports that Lender may request to confirm compliance with part 75 requirements.

The Borrower shall, and shall cause each of its contractors and subcontractors to, include this Section 3 clause in every contract or subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the contract or subcontract or in such Section 3 clause, upon a finding that the contractor or subcontractor is in violation of the regulations in part 75. The Borrower shall not contract with or permit its contractors to subcontract with any contractor or subcontractor where the Borrower has notice or knowledge that the contractor or subcontractor has been found in violation of the regulations in part 75.

In the event that Lender or HUD determines that it is necessary to deploy qualitative efforts in accordance with 24 CFR Sections 75.15(b) and/or 75.25(b), Borrower shall work in good faith with Lender in order to implement such qualitative efforts. Such efforts may include the qualitative efforts outlined in Lender's Section 3 Plan, Policies and Procedures, as it may be revised or amended from time to time. Lender's Section 3 Plan, Policies and Procedures are available upon request at HCD offices and provided electronically.

Noncompliance with HUD's regulations in part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

I. Minority and Women's Business Enterprise. The requirements of Executive Orders 11625, 12432 and 12138 and 24 CFR 85.36(e) whereby Borrower shall take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

J. Conditions for Faith-Based Organizations. Borrower shall comply with HOME regulations pertaining to faith-based activities set forth at 24 CFR 92.257.

K. Debarred Contractors. Borrower shall ensure that no contractors, subcontractors, or consultants in connection with the Project are 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 Section 4.12.K generated from the System for Award Management (SAM) at www.sam.gov.

L. Anti-Lobbying. Borrower hereby certifies that: (1) No Federal appropriated funds have been paid or shall be paid, by or on behalf of Borrower, 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) Borrower shall require that the language of subparagraphs (1) and (2) of this paragraph (L) and the paragraph (M), immediately below, of this certification be included in the award

documents for all awards and subawards at all tiers (including subcontracts, subgrants, contracts, and grants under grants, loans, and cooperative agreements), and that Borrower and all contractors and subcontractors shall certify and disclose accordingly.

M. 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, U.S.C. 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.

N. HUD Regulations. Any other HUD regulations present or as may be amended, or added in the future pertaining to HOME and/or HOME-ARP.

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 consents to make such payments. In the event Borrower does not make payments as requested by Lender, then this shall constitute an Event of Default, and Lender may require immediate repayment by Borrower to Lender of the County HOME-ARP 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/or Exhibit F, Borrower hereby agrees to indemnify, defend, and hold harmless Lender for any action brought against Lender arising out of any alleged failure to comply with relocation obligations with respect to this Project.

4.14 **UNAVOIDABLE DELAY IN PERFORMANCE.** The time for performance of provisions of this County HOME-ARP Loan Agreement by a Party shall be extended for a period equal to the period of any delay directly affecting such Party which is in no way attributable to the acts or omissions of such Party and is caused by: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; applicable government-mandated quarantine restrictions; freight embargoes, or other events beyond the reasonable control of, and in no way attributable to the acts or omissions of, such Party claiming the delay (the foregoing, collectively “Force Majeure Events”). An extension of time for any of the above-specified Force Majeure Events will be deemed granted only if written notice by the Party claiming such extension is sent to the other Party within ten (10) calendar days from the commencement of such Force Majeure Events, and such extension of time is either accepted by the other Party in writing, or is not rejected in writing by the other Party within ten (10) calendar days of receipt of the notice. Times of performance under this County HOME-ARP Loan Agreement may otherwise be extended only by the mutual written agreement of Lender and Borrower, duly executed by both Parties. Notwithstanding the foregoing or any other provision of this County HOME-ARP Loan Agreement or any other County HOME-ARP Loan Document, the Borrower shall immediately repay to Lender all HOME-ARP funds invested in Units that are not rented to eligible Qualifying Households or Low-Income Households, as applicable, within 12 months of Project Completion, and the time for such performance shall not be subject to extension due to Force Majeure Events or otherwise, or subject to cure.

ARTICLE 5 OPERATION

5.1 OPERATION OF PROJECT. Borrower shall operate and manage the Project after Project Completion in full conformance with the terms of the County HOME-ARP Loan Regulatory Agreement.

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

Borrower agrees that during the Term of the HOME-ARP Regulatory Agreement, Lender shall have the right to review, approve and request material changes to the Management Plan as described in Section 5.2, below, and attached hereto as Exhibit H and incorporated herein by reference, operation of the Project and property management entity, in order to preserve the affordability, physical appearance and condition of the Project. Any changes to the Management Plan requested by Lender and not reasonably disapproved by Borrower within thirty (30) days after Borrower's receipt of such request shall be deemed approved and shall be implemented by Borrower.

5.2 MANAGEMENT PLAN. In the leasing and operation of the Project, Borrower shall comply with the Management Plan attached hereto as Exhibit H and incorporated herein ("Management Plan"). No change shall be made to the Management Plan without Lender's prior written approval in each instance.

5.3 AFFIRMATIVE MARKETING PLAN. In the marketing of the Project, Borrower shall comply with the affirmative marketing provisions of the Management Plan. The Management Plan includes information on affirmative marketing efforts and compliance with fair housing laws. At a minimum, the Project must at all times during the Term meet the affirmative marketing requirements set forth in 24 CFR 92.351, as such may be amended from time to time.

5.4 TENANT SELECTION. In the selection of tenants, Borrower shall comply with the written tenant selection provisions of the Management Plan ("Tenant Selection Plan"). Tenant selection must, at a minimum, meet the requirements for tenant selection set forth in 24 C.F.R. 92.253(d), as amended from time to time.

Borrower shall rent the Assisted Units to Qualifying Populations according to the Tenant Selection Plan. Borrower shall verify each prospective HOME-ARP Assisted Unit tenant's eligibility as a Qualifying Household, and shall require from each prospective HOME-ARP Assisted Unit tenant a statement that such prospective tenant's household income from all sources does not exceed allowable limits as described in the County HOME-ARP Loan Regulatory Agreement. In selecting tenants for residence of the Project, Borrower will utilize and coordinate with the County Coordinated Entry System, Homeless Management Information System (HMIS) and rent Assisted Units to members of HOME-ARP Qualifying Populations.

5.5 INCOME CERTIFICATION. The Annual Income levels and other qualifications of applicants for Assisted Units shall be certified by Borrower no earlier than sixty (60) calendar days prior to the Qualifying Household's expected occupancy of an Assisted Unit and recertified annually thereafter by the Borrower. If the household size of a Qualifying Household occupying an Assisted Unit changes, the Borrower may request additional information and documentation to determine eligibility.

A. Initial Annual Income Verification. Before a Qualifying Household occupies an Assisted Unit, the Borrower shall verify that the Annual Income provided in an Annual Income certification for such Qualifying Household is accurate by taking both of the following steps as a part of the verification process, and this Initial Annual Income Certification will serve as basis for determining the tenant rent portion for payment of monthly rent, not for determining such Qualifying Household's income eligibility to reside in the HOME-ARP Assisted Unit:

- (1) Third-Party Verification: Borrower shall contact all third parties in writing (*e.g.*, employer, Social Security Administration, public assistance agency) to request that such third parties provide information in writing to verify such Qualifying Household's Annual Income. Written requests and responses are required; and
- (2) Review of Documents: Borrower shall require such Qualifying Household to provide documents verifying such Qualifying Household's Annual Income (*e.g.*, pay stubs, tax returns), and shall then retain such documents in the Project files.

B. Annual Income Recertification. At the time of such Qualifying Household's lease renewal, or pursuant to an annual schedule adopted by the Borrower, and no later than the one-year anniversary of the initial Annual Income verification for such Qualifying Household, and annually thereafter, Borrower shall recertify the Annual Income of each Tenant occupying a HOME-ARP Assisted Unit using the method as described in Section 5.5.A, above.

5.6 INITIAL LEASING THE PROJECT. Before leasing any Unit, Borrower shall submit its proposed form of lease for Lender's review and approval ("Lease"). The term of the Lease shall be for no less than one year and shall not contain any provision which is prohibited by 24 C.F.R. Section 92.253(b), as may amended from time to time. No rent increase shall occur at any time during the term of the Lease. Any termination of the Lease or refusal to renew must be in conformance with 24 C.F.R. 92.253(c), and must be preceded by not less than 30 days' prior written notice to the tenant by the Borrower specifying the grounds for such action. 30 days prior to leasing the HOME-ARP-Assisted Units in the Project, Borrower shall submit its proposed HOME-ARP-Assisted Units rents and utility allowance schedule to Lender for Lender's review and approval. Within six (6) months of Project Completion ("Occupancy Deadline"), Borrower shall lease all eleven (11) HOME-ARP-Assisted Units to Qualifying Populations, and shall deliver to Lender detailed occupancy data and demographic information on the tenants occupying the HOME-ARP-Assisted Units.

In the event that any HOME-ARP-Assisted Unit is not occupied by a Qualifying Populations as of the Occupancy Deadline ("HOME-ARP-Assisted Unit Vacancy"), Borrower may cure such breach by (i) providing to Lender within five (5) days after the Occupancy Deadline written notice of each such HOME-ARP-Assisted Unit Vacancy, (ii) providing to Lender within ten (10) days after the Occupancy Deadline a detailed record of Borrower's marketing efforts with respect to the Project and the HOME-ARP-Assisted Units, and (iii) comply with all of Lender's requests for additional information pertaining to such marketing efforts.

In the event that any Assisted Unit is not occupied by a Qualifying Population household, within eleven (11) months after the date of Project Completion ("Occupancy Default Deadline"), such occurrence shall constitute an Event of Default by Borrower hereunder. On or before the date that is three (3) days after the last day of the eleventh (11th) month after the date of Project Completion, Borrower shall provide to Lender written notice of each such HOME-ARP-Assisted Unit Vacancy. Within five (5) days of receipt of such notice of HOME-ARP-Assisted Unit Vacancy from Borrower, Lender shall give

written notice to Borrower of such Event of Default in accordance with Section 6.2, below, and Borrower shall have the opportunity to cure such Event of Default before the last day of the twelfth (12th) month after the date of Project Completion.

Notwithstanding any other provision of this County HOME-ARP Loan Agreement, or of any provision of any other County HOME-ARP Loan Document or subordination agreement, to the contrary, Borrower shall immediately repay to Lender, upon Lender's request, all HOME-ARP Funds invested in Units that are not rented to eligible Qualifying Households or Low-Income Households, as applicable, within 12 months of Project Completion.

5.7 AFFORDABILITY RESTRICTIONS. Eleven (11) Units in the Project shall be designated by Borrower as HOME-ARP-Assisted Units. The HOME-ARP Assisted Units shall only be occupied by Qualifying Households, as set forth in the County HOME-ARP Loan Regulatory Agreement, and the Project shall meet the following standards:

- A. Each of the Assisted Units shall be similarly constructed and of comparable quality to all other Units in the Project; and
- B. Provide tenants access and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other Units.

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

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

5.10 NONDISCRIMINATION. Borrower shall not discriminate or segregate in the development, construction, use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Property on the basis of race, color, ancestry, national origin, religion, sex, sexual preference or orientation, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC) acquired or perceived, or any basis prohibited by law. Borrower shall otherwise comply with all applicable local, state, and federal laws concerning discrimination and equal opportunity in housing.

5.11 RECORDS AND REPORTS. Borrower shall be accountable to Lender for all HOME-ARP Funds disbursed to Borrower pursuant to the County HOME-ARP Loan Documents. Borrower agrees to maintain records that accurately and fully reflect the date, amount, purpose, and payee of all expenditures for expenditures reimbursed from HOME-ARP Funds, and to keep all invoices, receipts, and other documents related to such expenditures reimbursed by HOME-ARP Funds for five (5) years after Project Completion. On each first day of April during the Term following Project Completion, Borrower shall submit reports to Lender with information regarding tenant income, rent and Unit inspection information. Tenant income, rent, Unit inspection information, and all records related to revenue received in connection with the Project must be kept until five (5) years after the Affordability Period ends. Borrower shall keep all such records accurate and current. Borrower shall retain all records of individual tenant income verifications, project rents, and project inspections for five (5) years after the creation of

such records, including such records created less than five (5) years prior to the expiration or termination of this Agreement. This Section 5.11 shall survive the termination or expiration of this County HOME-ARP Loan Agreement.

Borrower shall promptly comply with all requirements and conditions of the County HOME-ARP Loan Documents relating to notices, extensions, and other events required to be reported or requested. Borrower shall promptly provide to Lender, upon the request of Lender, any and all information and documentation which involves the Project, and shall cooperate with Lender in the development and oversight of 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 during the period commencing upon the Effective Date and concluding upon Project Completion.

Within 30 days following Project Completion, Borrower shall submit to Lender records of all permits, entitlements and approvals, inspections and sign-offs required by all permitting and regulatory authorities and jurisdictions .

Copies of the Certificate of Occupancy shall be submitted by Borrower to Lender upon receipt of same by Borrower.

Data on the initial lease-up of the Assisted Units sufficient to close-out the Project in the federal Integrated Disbursement and Information System shall be submitted by Borrower to Lender within 10 days following the first date on which all of the Assisted Units are subject to fully executed leases.

5.12 REVERSION OF ASSETS. Upon the expiration or termination of this County HOME-ARP Loan Agreement, the Borrower shall transfer to the LENDER all HOME-ARP and ARPA funds it has on hand at the time of expiration or termination, and all accounts receivable attributable to the use of such funds, if any.

5.13REPORT ON OCCUPANCY BY VETERANS. In addition to the requirements set forth above in this Section 5.11, on or before March 1 of each year during the Term, the Owner shall submit directly to the County Board of Supervisors, with a copy to the Director of the County's Community Services Department (CSD), a report on the number of HOME-ARP Assisted Units that were occupied by veterans during any portion of the immediately preceding calendar year.

5.14AUDITS. Borrower shall conduct annual audits in accordance with 24 CFR 84.26 and 85.26, and OMB Circular A-133, and shall submit to Lender an Annual Financial Statement each year during the Term. Borrower shall make available to Lender for examination at reasonable intervals and during normal business hours all books, accounts, reports, files, data, and other papers and property with respect to all matters covered by these County HOME-ARP Loan Documents, and shall permit Lender to audit, examine, and make excerpts and transcripts from such records. Lender may make audits of any conditions relating to the County HOME-ARP Loan.

Lender shall notify Borrower of any records Lender deems to be insufficient. Borrower shall have fifteen (15) calendar days from the date of said notice to correct any deficiency in the records specified by Lender in said notice, or, if more than fifteen (15) days shall be reasonably necessary to correct the deficiency, Borrower shall submit a written request to Lender for an extension specifying the requested additional time, explaining in detail the reason such extension is necessary, and providing supporting

documentation evidencing the necessity of the requested extension; provided that Borrower shall begin to correct the deficiency within such initial fifteen (15) day period, and shall diligently proceed to correct the deficiency as soon as possible. Lender shall respond to such extension requests within fifteen (15) days of Lender's receipt of such extension request.

5.15 ENCUMBRANCE OF PROPERTY. Except as otherwise provided in this County HOME-ARP 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, 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. Borrower shall notify Lender in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Project or Property, and of any encumbrance or lien on or attached to the Property whether by voluntary act of Borrower, operation of law, or otherwise.

5.16 TRANSFERS. Borrower has not made or created, and shall not at any time during the Term make or permit any sale, assignment, conveyance, or other transfer of the Property, the Project, this County HOME-ARP Loan Agreement, or of any of Borrower's rights or obligations hereunder, whether by operation of law or otherwise, including, but not limited to, the sale or transfer of any partnership interests, or other change of control of Borrower or merger involving Borrower, without the prior written consent of Lender in each instance.

5.17 ANNUAL OCCUPANCY SUITABILITY CERTIFICATION. The Borrower shall annually certify to Lender that each building and all Assisted Units in the Project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the County to meet their requirements of 24 CFR 92.251.

5.18 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 legal proceedings, and (b) upon request by Lender, Borrower deposits with Lender any funds or other forms of assurance requested by Lender in good faith from time to time to protect Lender from the consequences of such contest being unsuccessful.

5.19 DAMAGE TO PROPERTY. If any building or improvement erected by Borrower on the Property is damaged or destroyed by an insurable cause, Borrower shall, at its sole cost and expense, diligently undertake to repair or restore said buildings or improvements consistent with the original plans and specifications for the Project, if Lender reasonably determines that such restoration or repair is economically feasible. Such work or repair shall be commenced within 120 days after such damage or loss occurs, and shall be completed within one year thereafter, subject to any extensions of time granted pursuant to the provisions of Section 4.14, above. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs and restoration and, if such insurance proceeds shall be insufficient for such purpose, Borrower shall be responsible for paying for the deficiency.

If Lender determines that such restoration or repair is not economically feasible, then Lender may declare an Event of Default pursuant to Section 8.1.G, below, which Borrower shall not have opportunity to cure, and, upon request by Lender to repay the then-outstanding principal of and all accrued interest on the County HOME-ARP Loan, Borrower shall apply all available insurance proceeds thereto until the County

HOME-ARP Loan is repaid, subject to the rights of Senior Lender as provided in the Subordination Agreement.

5.20 **EQUAL EMPLOYMENT OPPORTUNITY.** Borrower and all contractors, subcontractors, and professional service providers for the Project shall comply with all requirements concerning equal employment opportunity. Borrower and all contractors, subcontractors, and professional service providers for the Project shall 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 Exhibit F "Standard Indemnification and Insurance Provisions," attached hereto and incorporated herein by reference.

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

6.3 **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** No officials, officers, representatives, directors, employees, or agents of Lender shall be personally liable to Borrower for any obligation created hereunder or under any of the other County HOME-ARP 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 Effective Date and except as previously disclosed by Borrower to Lender in writing and acknowledged in writing by Lender, or as disclosed in the written reports based on environmental audit(s) performed on the Property and submitted to Lender by Borrower, that (a) the Property is not and has not been a site for the use, generation, manufacture, transportation, storage, or disposal of Hazardous Materials; (b) the Property is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, and 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 in connection therewith.

7.2 **NOTIFICATION TO LENDER.** Borrower shall promptly notify Lender in writing of: (a) the discovery of any concentration or amount of Hazardous Materials on or under the Property during the Term requiring or which may require notice to be given to any governmental entity or agency under Hazardous Materials Laws; (b) any knowledge of Borrower, or of any of Borrower's officials, officers, representatives, partners, employees, or agents that the Property is not in compliance with any Hazardous Materials Laws at any time during the Term; (c) the receipt by Borrower of notice of any Hazardous Materials claims during the Term; and (d) the discovery by or knowledge of Borrower or of any of

Borrower's officials, officers, partners, representatives, employees, or agents, at any time during the Term, 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 not, and shall not permit any of its agents, employees, or contractors, or any other person to, use the Property or allow the Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. At all times during the Term, Borrower shall comply and shall cause the Project and the Property to be in compliance with Hazardous Materials Laws.

7.4 REMEDIAL ACTIONS. If Borrower or any of Borrower's officials, officers, partners, representatives, employees, or agents knows or has reason to know 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 other remedial action, if any, required by any Hazardous Materials Laws or by any orders or requests of any governmental entity or agency, or any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials claims. The foregoing, however, shall be subject to Borrower's right of contest as described below.

7.5 RIGHT OF CONTEST. Borrower may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws, and such contest shall not be deemed to constitute an Event of Default, if: (a) such contest is based on a material question of law or fact raised by Borrower in good faith and reasonably objectively substantiated, (b) Borrower promptly commences and thereafter diligently pursues such contest, (c) such contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (d) upon request by Lender, Borrower deposits with Lender any funds or other forms of assurance requested by Lender in good faith from time to time as Lender determines appropriate to protect Lender from the consequences of such contest being unsuccessful and to cover the costs of any remedial action then reasonably necessary.

7.6 ENVIRONMENTAL INDEMNITY. Without limiting or otherwise affecting the standard indemnity and insurance provisions set forth in Article 6 and/or Exhibit F, Borrower shall defend, indemnify, and hold Lender free and harmless against all 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 as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this County HOME-ARP Loan Agreement with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not Borrower knew of same) of any Hazardous Materials occurring prior to or during Borrower's use or occupancy of the Property.

ARTICLE 8 DEFAULT AND REMEDIES

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

A. Monetary. (1) Borrower's failure to pay when due any sums payable under the County HOME-ARP Loan Note or any advances made by Lender under the County HOME-ARP Loan

Deed of Trust or this County HOME-ARP Loan Agreement; (2) Borrower's use of HOME-ARPFunds for costs other than approved construction costs or for uses inconsistent with other terms and restrictions in the County HOME-ARP Loan Documents; (3) Borrower's failure to obtain and maintain the insurance coverage required under this County HOME-ARP Loan Agreement; (4) Borrower's failure to make any other payment or assessment due under the County HOME-ARP Loan Documents; (5) Borrower's failure to pay taxes when due; (6) Borrower's default under other debt secured by the Property after the applicable notice and cure periods have expired;

B. Construction. (1) Borrower's deviation from the Budget, without Lender's prior written consent; (2) the use of defective or unauthorized materials or defective workmanship in constructing the Project; (3) Borrower's failure to commence or complete construction pursuant to Section 4.1 or 4.2, above; (4) the cessation of construction prior to completion of the Project for a period of more than thirty (30) consecutive calendar days without prior written approval from Lender; (5) Borrower's failure to remedy any deficiencies in recordkeeping or failure to provide records to Lender upon Lender's request; (6) Borrower's failure to substantially comply with any applicable federal, state, or local laws or Lender policies governing construction, development, or operation of the Project, including, but not limited to, provisions of this County HOME-ARP Loan Agreement pertaining to affirmative action and equal employment opportunity, minority and women-owned business enterprises, disabled access, lead paint, Hazardous Materials, and provision or relocation benefits and assistance;

C. Operation. (1) Discrimination by Borrower on any basis prohibited by this County HOME-ARP Loan Agreement or applicable law, or (2) the imposition of any encumbrances or liens on the Property without Lender's prior written approval that have the effect of invalidating, reducing the priority of, or materially impairing the value of the County's interest in the Security (as defined in the HOME-ARP Loan Deed of Trust);

D. General performance of County HOME-ARP Loan obligations. Any breach by Borrower of any provision of any of the County HOME-ARP Loan Documents and which, if subject to cure, is not cured by Borrower within the applicable cure period;

E. General performance of other obligations. Any breach by Borrower of any provision of 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, and which breach may materially impair Lender's interest in the Security (as defined in the County HOME-ARP Loan Deed of Trust);

F. Representations and warranties. A determination by Lender that the Security has or will be materially impaired due to the fact that any of Borrower's representations or warranties made in the County HOME-ARP Loan Documents, or in any certificates, documents, or schedules supplied to Lender by 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 HOME-ARP 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 HOME-ARP Program requirements by or on behalf of Borrower, including, but not limited to, the provisions of Section 4.12 and the County HOME-ARP Loan Regulatory Agreement pursuant to the HOME Investment Partnerships Program Final Rule at 24 CFR Part 92, and other Federal requirements set forth at 24 CFR 92 Subpart H and in the HOME-ARP Notice. Borrower shall be required to repay the funds disbursed to Borrower hereunder if the Project does not meet the requirements set forth in the HOME-ARP Notice for the time period specified therein, and such an Event of Default shall not be subject to cure.

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

8.2 NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For all Events of Default, Lender shall give written notice to Borrower of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) whether the Event of Default is subject to cure, and the action required to cure the Event of Default, if applicable, and (c) a date, which shall not be less than thirty (30) calendar days from the date of such notice or the date such notice was refused, by which such action to cure must be taken, or if a cure is not possible within thirty (30) days, to begin such cure and diligently prosecute such cure to completion within the additional period of time specified by Lender in such notice, and in no event later than the date that is ninety (90) days after the date of such notice. The Lender has the sole discretion to determine reasonable time needed to cure.

8.3 LENDER'S REMEDIES. Upon the happening of an Event of Default by Borrower and a failure to cure said Event of Default, if applicable, within the time specified in Section 8.2 above, Lender's obligation to disburse HOME-ARP Funds shall terminate, and Lender may also, in addition to other rights and remedies permitted by the County HOME-ARP Loan Documents and 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 HOME-ARP Loan Agreement, in which event the entire principal amount outstanding and all accrued interest under the County HOME-ARP Loan Note, as well as any other monies advanced to Borrower by Lender under the County HOME-ARP Loan Documents, including, but not limited to, administrative costs and relocation benefits described in Section 4.13, above, shall immediately become due and payable by Borrower at the option of Lender;

B. Bring an action in equitable relief (1) seeking the specific performance by Borrower of the terms and conditions of the County HOME-ARP 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 HOME-ARP Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the County HOME-ARP Loan Note, as well as any other monies advanced to Borrower by Lender under the County HOME-ARP 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 Lender's judgment to complete construction of the Project, including without limitation (1) making changes in the construction work as described in the Budget 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 HOME-ARP 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 HOME-ARP Loan Deed of Trust and apply them to operate the Property or to pay off the County HOME-ARP Loan or any advances made under the County HOME-ARP Loan Documents, as provided for by the County HOME-ARP Loan Deed of Trust;

I. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the County HOME-ARP 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 HOME-ARP Loan Deed of Trust in the Event of Default by Borrower and failure to cure, if applicable, as provided in Section 8.2, above.

Notwithstanding the foregoing or any other provision of this County HOME-ARP Loan Agreement or any of the other County HOME-ARP Loan Documents, in accordance with 2 CFR 200.338, suspension or termination of this County HOME-ARP Loan Agreement may occur if Borrower materially fails to comply with any term of this County HOME-ARP 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 HOME-ARP Loan Documents and the County HOME-ARP 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 HOME-ARP Loan Documents, (4) that the persons executing and delivering the County HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan.

9.2 **CONTRACT ADMINISTRATION.** The County's Department of Community Services (CSD) will serve as the County's (or Lender's) administrator of the Project, this County HOME-ARP Loan Agreement, the HOME-ARP Promissory Note, and the HOME-ARP Regulatory Agreement. CSD is authorized to approve Budget revisions as authorized under Section 2.6 of this County HOME-ARP 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 HOME-ARP Loan Agreement, Borrower shall maintain and submit records to Lender, within ten (10) business days of Lender's request for same, which clearly document Borrower's performance under each requirement under the County HOME-ARP 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 HOME-ARP 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 9.3 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, 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Agreement shall commence as of the Effective Date, and shall remain in full force and effect.

9.7 **GOVERNING LAW.** This County HOME-ARP Loan Agreement and the other County HOME-ARP 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 this County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the County of Santa Barbara shall be deemed to include the same statute, regulation, ordinance, or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject as the provision to which specific reference was made.

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

9.10 **CONSENTS AND APPROVALS.** Any consent or approval of Lender or Borrower required under this County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents shall not be unreasonably withheld. All approvals provided under this County HOME-ARP 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 be sufficiently given if, and shall not be deemed given unless, dispatched by registered or certified United States Postal Service mail, postage prepaid, return receipt requested, or delivered personally, to the respective principal offices of Borrower and Lender as follows:

LENDER: 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

BORROWER: Housing Authority of the County of Santa Barbara
815 West Ocean Avenue
Lompoc, CA 93436
Attn: Executive Director

With copy to: Mark S. Manion
Price Postel and Parma, LLC
200 E. Carrillo Street

Santa Barbara, CA 93101

9.12 **BINDING UPON SUCCESSORS.** All provisions of this County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents shall be binding upon and inure to the benefit of the permitted successors-in-interest, transferees, and assigns of each of the Parties; provided, however, that this Section 9.12 does not waive the prohibition on assignment or transfer of this County HOME-ARP Loan Agreement by Borrower without Lender's prior written consent, as provided in Section 9.14, below.

9.13 **RELATIONSHIP OF PARTIES.** The relationship of Borrower and Lender under this County HOME-ARP Loan Agreement and with respect to the Project 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 HOME-ARP Loan.

9.14 **ASSIGNMENT AND ASSUMPTION.** Borrower shall not assign or otherwise transfer, by operation of law or otherwise ("Transfer"), this County HOME-ARP Loan Agreement or any of the County HOME-ARP Loan Documents, or any of Borrower's rights or obligations hereunder or thereunder, except as expressly and specifically permitted herein, without the prior written consent of Lender. Any unauthorized Transfer shall be voidable at the sole discretion of Lender.

9.15 **WAIVER.** Any waiver by Lender of any obligation in this County HOME-ARP Loan Agreement and the other County HOME-ARP 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 this County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation under the County HOME-ARP Loan Documents shall not operate as a waiver of or release from any of the Borrower's obligations under the County HOME-ARP Loan Documents. Consent by Lender to any act or omission by Borrower shall not be construed to constitute consent to any other or subsequent act or omission, or to waive the requirement for Lender's written consent for all future waivers.

9.16 **INTEGRATION.** This County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents, including all exhibits and attachments hereto and thereto, contain the entire agreement of the parties hereto and thereto with respect to the subject matter hereof and thereof, and supersede any and all prior negotiations, representations, and agreements regarding same.

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

9.18 **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this County HOME-ARP Loan Agreement and the other County HOME-ARP Loan Documents must be in writing, and shall be valid only if duly executed by both Borrower and Lender.

9.19 **SEVERABILITY.** Each provision of this County HOME-ARP Loan Agreement is intended to be severable in the event that any provision of this County HOME-ARP Loan Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, in which case the validity, legality, and enforceability of the remaining provisions hereof shall not in any way thereby be affected or impaired.

9.20 **COUNTERPARTS.** This County HOME-ARP 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.

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

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

ATTEST:

MONA MIYASATO
Clerk of the Board

By: *Shirley de la Guerra*
Deputy Clerk of the Board
Board of Supervisors

LENDER:

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

By: *[Signature]*
Das Williams, Chair

APPROVED AS TO ACCOUNTING FORM:

BETSY SCHAFFER, CPA
AUDITOR-CONTROLLER

By: *Robert Geis*
Deputy

DocuSigned by:
George Chagjian
89FB8FFFFE9E4F2
Director, Community Services Dept.

APPROVED AS TO FORM

RACHEL VAN MULLEM
COUNTY COUNSEL

By: *Lauren Wideman*
8F464D822C84458...
Deputy County Counsel

BORROWER

Housing Authority of the County of Santa Barbara, a public body, corporate and politic,

By: *Robert P. Haulbeck Jr.*
6623E5FAC383407
Executive Director

APPROVED AS TO FORM:

RISK MANAGEMENT

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

Exhibit A

LEGAL DESCRIPTION

Real property in the City of Goleta, County of Santa Barbara, State of California, described as follows:

PARCEL 1:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT A 1-½ INCH PIPE SURVEY MONUMENT SET AT THE SOUTHWESTERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO E.D. DIXON, ET UX., RECORDED APRIL 6, 1960, INSTRUMENT NO. 11078, IN BOOK 1731, PAGE 117 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID PIPE BEING SHOWN ON THE MAP OF SURVEY FILED IN BOOK 61, PAGE 76 OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, THENCE NORTH 120.83 FEET, ALONG THE MOST WESTERLY LINE OF SAID DIXON TRACT OF LAND, TO THE NORTHWESTERLY CORNER THEREOF AND A POINT IN A CURVE IN THE SOUTHEASTERLY LINE OF HOLLISTER AVENUE, AS SHOWN ON SAID ABOVE MENTIONED MAP OF SURVEY, THE RADIAL CENTER OF WHICH BEARS NORTH 29° 46' 14" WEST 5730.00 FEET, THENCE

NORTHEASTERLY ALONG SAID CURVE, HAVING A DELTA OF 0° 02' 46", A DISTANCE OF 4.61 FEET, THENCE CONTINUING ALONG SAID LINE OF HOLLISTER AVENUE, NORTH 60° 11' EAST 60.35 FEET, THENCE, LEAVING SAID LINE OF HOLLISTER AVENUE, SOUTH 29° 49' EAST 128.40 FEET, THENCE SOUTH 4° 00' WEST 50.00 FEET TO A POINT ON THE MOST SOUTHERLY LINE OF SAID DIXON TRACT OF LAND, THENCE ALONG SAID LINE, NORTH 86° 00' WEST 117 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED FROM W.D.V. SMITH, ET UX., TO SEASIDE OIL COMPANY, RECORDED SEPTEMBER 14, 1929, INSTRUMENT NO. 10215, IN BOOK 197, PAGE 247 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WHICH POINT IS IDENTIFIED ON A MAP OF SURVEY RECORDED IN BOOK 22, PAGE 27 OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, AS BEING IN THE WESTERLY LINE OF FAIRVIEW AVENUE A DISTANCE OF 164.55 FEET SOUTH OF THE INTERSECTION OF THE SOUTHERLY LINE OF THE STATE HIGHWAY (HOLLISTER AVENUE) AND THE WESTERLY LINE OF SAID FAIRVIEW AVENUE, THENCE 1ST, NORTH 89° 41' WEST, ALONG THE SOUTH LINE OF THE TRACT OF LAND DESCRIBED IN SAID DEED 93.52 FEET, MORE OR LESS TO THE SOUTHWEST CORNER OF SAID TRACT, THENCE 2ND, NORTH 0° 19' EAST 20.55 FEET, MORE OR LESS TO THE MOST SOUTHERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED FROM LYDIA K. BANGERTER TO SEASIDE OIL COMPANY, RECORDED OCTOBER 21, 1954, INSTRUMENT NO. 18212, IN BOOK 1275, PAGE 168 OF SAID OFFICIAL RECORDS, THENCE 3RD, NORTH 29° 50' 30" WEST, ALONG THE SOUTHWESTERLY LINE OF SAID LAST MENTIONED TRACT, 94.89 FEET, MORE OR LESS TO THE SOUTHEASTERLY LINE OF HOLLISTER AVENUE, THENCE 4TH, SOUTH 60° 09' 30" WEST, ALONG SAID SOUTHEASTERLY LINE 53.29 FEET, MORE OR LESS TO THE MOST NORTHERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THAT CERTAIN DEED OF TRUST EXECUTED BY E.D. DIXON, ET UX., RECORDED MAY 16, 1961, AS INSTRUMENT NO. 16977, IN BOOK 1847, PAGE 340 OF OFFICIAL RECORDS, THENCE 5TH, SOUTH 29° 49' EAST, ALONG THE LINE OF SAID LAST MENTIONED TRACT, 128.40 FEET TO AN ANGLE POINT THEREIN, THENCE 6TH, SOUTH 4° 00' WEST, ALONG THE EASTERLY LINE OF SAID LAST MENTIONED TRACT, 50 FEET TO THE SOUTHEAST CORNER THEREOF, THENCE 7TH, SOUTH 86° 00' EAST ALONG THE SOUTHERLY LINE OF THE TRACT OF LAND DESCRIBED IN THE DEED TO E.D. DIXON, ET UX., RECORDED APRIL 6, 1960, AS INSTRUMENT NO. 11078, IN BOOK 1731, PAGE 117 OF SAID OFFICIAL RECORDS, 127 FEET MORE OR LESS TO THE WESTERLY LINE OF FAIRVIEW AVENUE, THENCE 8TH, NORTH 0° 19' EAST ALONG SAID WESTERLY LINE, 93.45 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THE DEED TO THE COUNTY OF SANTA BARBARA, RECORDED JULY 25, 1966, AS INSTRUMENT NO. 24059, IN BOOK 2159, PAGE 804 OF OFFICIAL RECORDS.

BEGINNING AT THE MOST EASTERLY NORTHEAST CORNER OF THE 830.592 ACRE PARCEL OF LAND SHOWN ON THE MAP FILED IN BOOK 88, PAGE 30 OF RECORD OF SURVEYS IN THE OFFICE OF THE SANTA BARBARA COUNTY RECORDER; THENCE ALONG THE NORTHERLY BOUNDARY LINE OF SAID LAND, NORTH 85° 39' 40" WEST 265.49 FEET TO AN ANGLE POINT IN SAID LINE AND NORTH 00° 28' 46" EAST 13.07 FEET TO THE SOUTHWESTERLY CORNER OF THE W.D.V. SMITH TRACT SHOWN ON THE MAP FILED IN BOOK 22 PAGE 27 OF SAID RECORD OF SURVEYS, SAID SMITH TRACT ALSO BEING SHOWN ON THE MAP FILED IN BOOK 61, PAGE 76 OF SAID RECORD OF SURVEYS; THENCE ALONG THE SOUTHERLY BOUNDARY LINE OF SAID SMITH TRACT SOUTH 84° 57' 55" EAST 265.79 FEET TO THE EASTERLY BOUNDARY LINE OF SAID RANCHO; THENCE ALONG SAID EASTERLY LINE SOUTH 00° 51' 05" WEST 9.83 FEET TO THE POINT OF BEGINNING.

APN: 073-080-028

SOURCES & USES

Super 8 - Goleta

Financial Model: 11/21/2022
Units: 60

CONSTRUCTION PHASE

Uses of Funds	\$
Acquisition	11,500,000
Demolition	548,904
Renovation	5,569,190
Soft Costs	1,412,694
Project Management Fee	450,000
	<u>19,480,788</u>

Sources of Funds	\$
Construction Loan	-
HomeKey	15,357,501
ARPA - County	1,500,000
HOME ARP (Requires approval of HOME Consortium)	2,030,382
City Sources (ARPA, General Fund)	592,905
Financing GAP - Additional County Funds	-
	<u>19,480,788</u>

Key assumptions:

Number of acquired units	65
Number of units covered to offices	5
Hard cost construction per unit	\$ 101,968

PERMANENT PHASE

Uses of Funds	\$
Acquisition	11,500,000
Construction	548,904
Prevailing Wages	5,569,190
Soft Costs	1,412,694
Project Management Fee	450,000
	<u>19,480,788</u>

Sources of Funds	\$
Permanent Loan	-
HomeKey	15,357,501
ARPA - County	1,500,000
HOME ARP (Requires approval of HOME Consortium)	2,030,382
City Sources (ARPA, General Fund)	592,905
Financing GAP	-
	<u>19,480,788</u>

Project management fee: The Housing Authority will utilize project management staff as well as engage 3rd party project management consultants to complete the project.

	-	-	-	-	-	-	-	-
50	64,021	65,622	67,262	68,944	70,667	72,434	74,245	76,101
00	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
1	1,092,639	1,119,205	1,146,435	1,174,346	1,202,955	1,232,278	1,262,335	1,293,144
0)	(397,575)	203,220	209,051	215,028	221,155	227,435	233,871	240,469

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 HOME-ARP LOAN DEED OF TRUST,
ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT**

THIS COUNTY HOME--ARP LOAN DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT ("County HOME-ARP Loan Deed of Trust") is made as of this 6th day of June, 2023, by the Housing Authority of the County of Santa Barbara, a public body corporate and politic, ("Trustor"), to First American 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 HOME-ARP Loan Deed of Trust is junior and subordinate to the Deed of Trust recorded prior to or concurrently herewith in favor of the State of California Housing and Community Development Department HomeKey loan in the amount of Fifteen Million Three Hundred Fifty-Seven Thousand Five Hundred and One Dollars (\$15,357,501).

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 6021 Hollister Avenue, city of Goleta, in the 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, panelling, 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 HOME-ARP 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

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 Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383) with interest thereon, evidenced by the County HOME-ARP Loan Promissory Note executed by Trustor, in the amount of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383), (the "County HOME-ARP Loan Note"), on file at the offices of Beneficiary and hereby incorporated by reference into this County HOME-ARP Loan Deed of Trust, or as much as has been disbursed to Trustor therewith; and

B. Payment of any sums advanced by Beneficiary to protect the Security and priority of this County HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Deed of Trust, the County HOME-ARP Loan Note, and the County HOME-ARP Loan Agreement executed between Trustor and Beneficiary on file at the offices of Beneficiary and hereby incorporated into this County HOME-ARP Loan Deed of Trust by this reference ("County HOME-ARP Loan Agreement"), and the County HOME-ARP Loan Regulatory Agreement executed between Trustor and Beneficiary of even date herewith ("County HOME-ARP Loan Regulatory Agreement"), including all modifications, extensions and renewals of these 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 HOME-ARP 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

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 HOME-ARP Loan Documents"). This assignment 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 HOME-ARP Loan Deed of Trust.

4. **ENFORCEMENT.** Upon the happening of an Event of Default which remains uncured after expiration of the applicable cure period pursuant to the terms of the County HOME-ARP Loan Agreement or other County HOME-ARP Loan Documents, Beneficiary may, in addition to other rights and remedies permitted by the County HOME-ARP Loan Agreement, this County HOME-ARP 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Deed of Trust, in the County HOME-ARP 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 HOME-ARP 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 HOME-ARP 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. Notwithstanding the foregoing, in addition to the senior liens listed in the first paragraph hereof, Beneficiary also approves of the following subordinate liens: A City of Goleta Loan in the amount of Five Hundred Ninety-Two Thousand Nine Hundred and Five Dollars (\$592,509). This

8. **REMEDIES.** Upon Trustor's breach of any obligation or agreement in the County HOME-ARP 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 HOME-ARP Loan Deed of Trust or County HOME-ARP 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 HOME-ARP Loan Deed of Trust in accordance with the County HOME-ARP 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 HOME-ARP 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 tenantable 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 standards in this County HOME-ARP Loan Deed of Trust or the County HOME-ARP 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Deed of Trust, as provided for in the County HOME-ARP 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

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 HOME-ARP Note, HOME-County HOME-ARP Loan Agreement, this County HOME-ARP Loan Deed of Trust and County HOME-ARP 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 HOME-ARP Loan Documents. In the event Trustor fails to maintain the full insurance coverage required by this County HOME-ARP Loan Deed of Trust and the County HOME-ARP 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Deed of Trust or the County HOME-ARP 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 HOME-ARP 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 HOME-ARP 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, transfer or convey, its interest in the Security or any part thereof or interest therein, Beneficiary may at its option declare all sums secured by this County HOME-ARP Loan Deed of Trust to be immediately due and payable. This option shall not apply in case of:

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

B. Sale or transfer of personal property pursuant to the grant provisions in this County HOME-ARP Loan Deed of Trust. Consent to one sale or transfer shall not be deemed to be a waiver of the right to require such consent to future or successive transactions;

C. This Section intentionally left blank.

D. This Section intentionally left blank.

E. This Section intentionally left blank.

23. **RECONVEYANCE BY TRUSTEE.** This trust is intended to continue for the entire term of the HOME-ARP Loan. Upon written request of Beneficiary stating that all sums secured by this County HOME-ARP Loan Deed of Trust have been paid and upon surrender of this County HOME-ARP 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 HOME-ARP Loan Agreement as an Event of Default shall also constitute an Event of Default under this County HOME-ARP 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 HOME-ARP Loan Agreement, Beneficiary may declare all sums advanced to Trustor under the County HOME-ARP Loan Note and this County HOME-ARP 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 HOME-ARP Loan Agreement, Beneficiary may, in addition to other rights and remedies permitted by the County HOME-ARP Loan Agreement, the County HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Deed of Trust, the County HOME-ARP Loan Agreement, or the County HOME-ARP Loan Note;

D. Commence an action to foreclose this County HOME-ARP 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.

of the power of sale contained in this County HOME-ARP Loan Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this County ARP HOME- Loan Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the County HOME-ARP 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 HOME-ARP 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 ARP HOME- 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 HOME-ARP 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 HOME-ARP 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 a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

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

33. TIME. Time is of the essence in this County HOME-ARP 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

TRUSTOR: Housing Authority of the County of Santa Barbara
815 West Ocean Avenue
Lompoc, CA 93436
Attn: Executive Director

With copy to: Mark S. Manion
Price, Postel & Parma, LLP
200 E. Carrillo St., Suite 400
Santa Barbara, CA 93101

35. **BINDING UPON SUCCESSORS.** All provisions of this County HOME-ARP 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.** Any waiver by Beneficiary of any obligation of Trustor in this County HOME-ARP Loan Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or Event of Default of Trustor or to pursue any remedy allowed under the County HOME-ARP Loan Deed of Trust, the County HOME-ARP Loan Documents or applicable law. Any extension of time granted to Trustor to perform any obligation under this County HOME-ARP Loan Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this County HOME-ARP 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.** Any amendments or modifications to this County HOME-ARP Loan Deed of Trust must be in writing, and shall be made only if mutually agreed upon by Beneficiary and Trustor.

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

39. **DEFINITIONS.** Capitalized terms not otherwise defined in this County HOME-ARP Loan Deed of Trust shall have the same meaning as defined terms in the County HOME-ARP 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 HOME-ARP Loan Deed of Trust is intended to be severable. If any term or provision of this County HOME-ARP Loan Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected. If the lien of this County HOME-ARP 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 HOME-ARP 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.

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 HOME-ARP 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 HOME-ARP Loan Note. The sole recourse of the Beneficiary with respect to the principal of, or interest on, the County HOME-ARP Loan Note shall be to the property securing the indebtedness evidenced by this County HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the County HOME-ARP 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP 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 HOME-ARP Loan Deed of Trust.

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

TRUSTOR:

**HOUSING AUTHORITY OF THE COUNTY OF SANTA
BARBARA**, a public body, corporate and politic,

By:

Robert P. Havlicek, Jr.
Executive Director

[TRUSTOR'S SIGNATURE MUST BE ACKNOWLEDGED]

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)

LEGAL DESCRIPTION

Real property in the City of Goleta, County of Santa Barbara, State of California, described as follows:

PARCEL 1:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT A 1-½ INCH PIPE SURVEY MONUMENT SET AT THE SOUTHWESTERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO E.D. DIXON, ET UX., RECORDED APRIL 6, 1960, INSTRUMENT NO. 11078, IN BOOK 1731, PAGE 117 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID PIPE BEING SHOWN ON THE MAP OF SURVEY FILED IN BOOK 61, PAGE 76 OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, THENCE NORTH 120.83 FEET, ALONG THE MOST WESTERLY LINE OF SAID DIXON TRACT OF LAND, TO THE NORTHWESTERLY CORNER THEREOF AND A POINT IN A CURVE IN THE SOUTHEASTERLY LINE OF HOLLISTER AVENUE, AS SHOWN ON SAID ABOVE MENTIONED MAP OF SURVEY, THE RADIAL CENTER OF WHICH BEARS NORTH 29° 46' 14" WEST 5730.00 FEET, THENCE

NORTHEASTERLY ALONG SAID CURVE, HAVING A DELTA OF 0° 02' 46", A DISTANCE OF 4.61 FEET, THENCE CONTINUING ALONG SAID LINE OF HOLLISTER AVENUE, NORTH 60° 11' EAST 60.35 FEET, THENCE, LEAVING SAID LINE OF HOLLISTER AVENUE, SOUTH 29° 49' EAST 128.40 FEET, THENCE SOUTH 4° 00' WEST 50.00 FEET TO A POINT ON THE MOST SOUTHERLY LINE OF SAID DIXON TRACT OF LAND, THENCE ALONG SAID LINE, NORTH 86° 00' WEST 117 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED FROM W.D.V. SMITH, ET UX., TO SEASIDE OIL COMPANY, RECORDED SEPTEMBER 14, 1929, INSTRUMENT NO. 10215, IN BOOK 197, PAGE 247 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WHICH POINT IS IDENTIFIED ON A MAP OF SURVEY RECORDED IN BOOK 22, PAGE 27 OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, AS BEING IN THE WESTERLY LINE OF FAIRVIEW AVENUE A DISTANCE OF 164.55 FEET SOUTH OF THE INTERSECTION OF THE SOUTHERLY LINE OF THE STATE HIGHWAY (HOLLISTER AVENUE) AND THE WESTERLY LINE OF SAID FAIRVIEW AVENUE, THENCE 1ST, NORTH 89° 41' WEST, ALONG THE SOUTH LINE OF THE TRACT OF LAND DESCRIBED IN SAID DEED 93.52 FEET, MORE OR LESS TO THE SOUTHWEST CORNER OF SAID TRACT, THENCE 2ND, NORTH 0° 19' EAST 20.55 FEET, MORE OR LESS TO THE MOST SOUTHERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED FROM LYDIA K. BANGERTER TO SEASIDE OIL COMPANY, RECORDED OCTOBER 21, 1954, INSTRUMENT NO. 18212, IN BOOK 1275, PAGE 168 OF SAID OFFICIAL RECORDS, THENCE 3RD, NORTH 29° 50' 30" WEST, ALONG THE SOUTHWESTERLY LINE OF SAID LAST MENTIONED TRACT, 94.89 FEET, MORE OR LESS TO THE SOUTHEASTERLY LINE OF HOLLISTER AVENUE, THENCE 4TH, SOUTH 60° 09' 30" WEST, ALONG SAID SOUTHEASTERLY LINE 53.29 FEET, MORE OR LESS TO THE MOST NORTHERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THAT CERTAIN DEED OF TRUST EXECUTED BY E.D. DIXON, ET UX., RECORDED MAY 16, 1961, AS INSTRUMENT NO. 16977, IN BOOK 1847, PAGE 340 OF OFFICIAL RECORDS, THENCE 5TH, SOUTH 29° 49' EAST, ALONG THE LINE OF SAID LAST MENTIONED TRACT, 128.40 FEET TO AN ANGLE POINT THEREIN, THENCE 6TH, SOUTH 4° 00' WEST, ALONG THE EASTERLY LINE OF SAID LAST MENTIONED TRACT, 50 FEET TO THE SOUTHEAST CORNER THEREOF, THENCE 7TH, SOUTH 86° 00' EAST ALONG THE SOUTHERLY LINE OF THE TRACT OF LAND DESCRIBED IN THE DEED TO E.D. DIXON, ET UX., RECORDED APRIL 6, 1960, AS INSTRUMENT NO. 11078, IN BOOK 1731, PAGE 117 OF SAID OFFICIAL RECORDS, 127 FEET MORE OR LESS TO THE WESTERLY LINE OF FAIRVIEW AVENUE, THENCE 8TH, NORTH 0° 19' EAST ALONG SAID WESTERLY LINE, 93.45 FEET, MORE

OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THE DEED TO THE COUNTY OF SANTA BARBARA, RECORDED JULY 25, 1966, AS INSTRUMENT NO. 24059, IN BOOK 2159, PAGE 804 OF OFFICIAL RECORDS.

PARCEL 3:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY NORTHEAST CORNER OF THE 830.592 ACRE PARCEL OF LAND SHOWN ON THE MAP FILED IN BOOK 88, PAGE 30 OF RECORD OF SURVEYS IN THE OFFICE OF THE SANTA BARBARA COUNTY RECORDER; THENCE ALONG THE NORTHERLY BOUNDARY LINE OF SAID LAND, NORTH 85° 39' 40" WEST 265.49 FEET TO AN ANGLE POINT IN SAID LINE AND NORTH 00° 28' 46" EAST 13.07 FEET TO THE SOUTHWESTERLY CORNER OF THE W.D.V. SMITH TRACT SHOWN ON THE MAP FILED IN BOOK 22 PAGE 27 OF SAID RECORD OF SURVEYS, SAID SMITH TRACT ALSO BEING SHOWN ON THE MAP FILED IN BOOK 61, PAGE 76 OF SAID RECORD OF SURVEYS; THENCE ALONG THE SOUTHERLY BOUNDARY LINE OF SAID SMITH TRACT SOUTH 84° 57' 55" EAST 265.79 FEET TO THE EASTERLY BOUNDARY LINE OF SAID RANCHO; THENCE ALONG SAID EASTERLY LINE SOUTH 00° 51' 05" WEST 9.83 FEET TO THE POINT OF BEGINNING.

APN: 073-080-028

EXHIBIT D

COUNTY HOME-ARP LOAN PROMISSORY NOTE

Santa Barbara, California

\$3,530,383

June 6, 2023

FOR VALUE RECEIVED, the Housing Authority of the County of Santa Barbara, a public body, corporate and politic, ("Borrower"), whose address is 815 West Ocean Avenue, Lompoc, California 93436, hereby promises to pay to the order of the County of Santa Barbara, a political subdivision of the State of California ("Lender"), whose address is 123 E. Anapamu Street, 2nd Floor, Santa Barbara, California 93101, the principal amount equal to Three Million Five Hundred Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$3,530,383), or so much thereof as may be advanced by Lender to Borrower, together with interest thereon, as may be required subject to Section 4 that follows, and as set forth below.

1. **PURPOSE.** In order to assist Borrower in developing fifty-nine (59) affordable rental housing units and one (1) manager's unit located at 6021 Hollister Avenue, in the city of Goleta, Santa Barbara County, California ("Project"), Lender has agreed to loan the amount of Three Million Five Hundred Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$3,530,383), which are derived from funds received by the Lender from the United States Department of Housing and Urban Development through the HOME Investment Partnerships Program, under the American Rescue Plan (HOME-ARP) and through the American Recovery Plan Act (ARPA).

2. **BORROWER'S OBLIGATION.** This promissory note ("County HOME-ARP Loan Note") evidences Borrower's obligation to pay Lender the principal amount of Three Million Five Hundred Thirty Thousand, Three Hundred and Eighty-Three Dollars (\$3,530,383), ("County HOME-ARP Loan") for the HOME ARP Funds loaned to Borrower by Lender for the specific uses designated in a loan agreement between Borrower and Lender dated June 6, 2023 ("County HOME-ARP Loan Agreement").

3. **INTEREST.** Subject to Section 4, this County HOME-ARP Loan Note shall bear zero percent interest (0%) per annum from the date of the HOME-ARP Note.

4. **DEFAULT INTEREST.** In the Event of Default by Borrower of any of its obligations under this County HOME ARP Loan Note or the HOME-ARP Loan Documents, Borrower shall pay to Lender interest on the outstanding principal of this County HOME-ARP Loan Note, at an annual rate equal to the lesser of (i) ten percent (10%) or (ii) the highest interest allowed by law, in addition to the interest rate provided in Section 3 above, from the date of the Event of Default until the date that the Event of Default is cured or the County HOME-ARP Loan is repaid in full. The default interest shall be paid monthly and is due to the County on the first day of each month.

5. **AMOUNT AND TIME OF PAYMENT.** The principal and interest of the County HOME-ARP Loan shall be due and payable on the earlier of: (a) twenty (20) years after the date of Project completion in conformance with 92 CFR 92.2 and 24 CFR 92,252(e) and evidenced by a written notice of completion provided by Borrower to County, or (b) the date the Property is sold or otherwise transferred, or (c) Borrower has failed to commence construction as set forth in Section 4.1 of the County HOME-ARP Loan Agreement, or (d) an event of default by Borrower, as defined in Section 8.1 of the County HOME-ARP Loan Agreement, which has not been cured as provided for in Section 8.2 of the County HOME-ARP Loan Agreement, the principal and all current and accrued interest shall be due and payable in accordance with Section 9 of this County HOME-ARP Loan Note. The foregoing notwithstanding, if Borrower remains compliant with the terms of the County's HOME-ARP Regulatory Agreement, as determined by the County through periodic inspections of the Project and tenant files

documenting occupancy by Qualified Households, and as indicated with monitoring close-out letters from Lender to Borrower indicating compliance with the HOME-ARP Regulatory Agreement, for the twenty (20) year term described therein, then the principal amount of the loan, along with all accrued interest, except interest accrued pursuant to Section 2.4 of the County HOME-ARP Loan Agreement, shall be forgiven.

6. **DEFINITIONS.** All initially capitalized terms in this County HOME-ARP Loan Note shall have the definition ascribed to such terms in the County HOME-ARP Loan Agreement. The following terms are defined in the County HOME-ARP Loan Agreement and repeated here for convenience of reference:

- a. "Annual Financial Statement" means the audited 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 HOME-ARP Loan Deed of Trust" means that deed of trust, assignment of rents, and security agreement placed on the Property and the improvements to be constructed thereon as security for the County HOME-ARP Loan by Borrower as trustor with Lender as beneficiary, as well as any amendments to, modifications of, and restatements of said County HOME-ARP Loan Deed of Trust.
- c. "County HOME-ARP Loan Regulatory Agreement" means the agreement executed by Borrower and Lender and recorded against the Property which regulates the use of the twenty-four (24), HOME ARP-Assisted Units in the Project.
- d. "County HOME-ARP Loan Documents" are collectively the County HOME-ARP Loan Agreement, the County HOME-ARP Loan Note, the County HOME-ARP Loan Deed of Trust, and the County HOME-ARP Loan Regulatory Agreement, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.
- e. "Fiscal Year" means the twelve (12) month accounting period, beginning July 1 and ending June 30, for which annual financial statements are regularly prepared.
- f. "Operating Expenses" 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, annual County Monitoring Fee of \$2,500 increasing 3% annually, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, lease payments if any, cash deposited into reserves for operating expenses and capital replacements pursuant to Section 2.12 of the County HOME-ARP Loan Agreement, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of accountants, attorneys, consultants and other professionals, and reasonable and actual costs of staff salaries for the delivery of social services and/or case management. The Operating Expenses shall be reported in the Annual Financial Statement.
- g. "Project" means the construction, operation and management of the Property and the improvements to be constructed thereon according to the terms of the County HOME-ARP Loan Agreement and as defined in 24 CFR 92.2.

- h. "Property" means the property located at 6021 Hollister Avenue in the city of Goleta, County of Santa Barbara, California as is more fully described in Exhibit A of the County HOME-ARP Loan Agreement and County HOME-ARP Loan Deed of Trust, executed concurrently herewith.
- i. This paragraph left intentionally blank.
- j. This paragraph left intentionally blank.
- k. "Senior Loans" means that certain HomeKey loan provided to the Project by the State of California Housing and Community Development Department ("State HCD") in the amount of Fifteen Million Three Hundred Fifty-Seven Thousand Five Hundred and One Dollars (\$15,357,501).
 - l. "Term" means the period of time commencing with the date of the County HOME-ARP Loan Note and terminating twenty (20) years from the date of this HOME-ARP Loan Note.

7. **PAYMENTS.** All accrued interest and principal shall be due and payable in accordance with the terms set forth in Section 5.

8. All payments made by Borrower shall be applied as follows: first to pay current annual interest due, if any; then to the cumulative interest owed, if any; then to reduce the principal amount of the County HOME-ARP Loan.

9. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this County HOME-ARP 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.

10. **DEFAULT AND ACCELERATION.** This County HOME-ARP Loan Note is secured by a County HOME-ARP Loan Deed of Trust. All covenants, conditions and agreements contained in the County HOME-ARP Loan Deed of Trust and the County HOME-ARP Loan Agreement are hereby made a part of this County HOME-ARP Loan Note. Borrower agrees that the principal and all current and accrued interest, shall, at the option of Lender, be immediately due and payable upon any event of default as defined in the County HOME-ARP Loan Agreement which has not been cured pursuant to that County HOME-ARP Loan Agreement, including without limitation the failure of Borrower to make any payment when due. Upon any event of default, Lender may exercise any other right or remedy permitted under this County HOME-ARP Loan Note and the HOME- ARP Loan Documents. Notwithstanding anything to the contrary contained in the HOME-ARP Loan Documents, Lender hereby agrees that any cure of any event of default made or tendered by Borrower's limited partners shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

11. **PREPAYMENT OF COUNTY HOME LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County HOME-ARP Loan amounts prior to the end of the term described herein. However, prepayment of the County HOME-ARP Loan shall not affect Borrower's obligations under the County HOME-ARP Loan Regulatory Agreement.

12. **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 terms of this County HOME-ARP Loan Note.

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

14. **CONSENTS AND APPROVALS.** Any consent or approval of Lender required under this County HOME-ARP Loan Note shall not be unreasonably withheld or delayed.

15. **NOTICES.** Except as may be otherwise specifically provided herein, any approval, notice, direction, consent request or other action by Lender shall be in writing and may be communicated to Borrower at the principal office of Borrower set forth below, or at such other place or places as Borrower shall designate in writing, from time to time, for the receipt of communications from Lender. Copies of all notices which are sent to Borrower under the terms of the HOME-ARP Loan Documents shall also be sent to Borrower's limited Partner at the address below.

BORROWER: Housing Authority of the County of Santa Barbara
815 West Ocean Avenue
Lompoc, CA 93436
Attn: Executive Director

With copy to: Mark S. Manion
Price, Postel & Parma, LLP
200 E. Carrillo St., Suite 400
Santa Barbara, CA 93101

16. **BINDING UPON SUCCESSORS.** All provisions of this County HOME-ARP Loan Note shall be binding upon and inure to the benefit of the successors-in-interest, transferees, and assigns of Borrower and Lender.

17. **GOVERNING LAW.** This County HOME-ARP 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.

18. **SEVERABILITY.** Every provision of this County HOME-ARP Loan Note is intended to be severable. If any provision of this County HOME-ARP Loan Note shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

19. **TIME.** Time is of the essence in this County HOME-ARP Loan Note.

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

21. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this County HOME-ARP Loan Note must be in writing, and shall be made only if executed by both Borrower and Lender.

21 NONRECOURSE. Except as expressly provided in the second paragraph of this Section 21, the Borrower, and the Borrower's partners, officers, directors, employees and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, this County HOME-ARP Loan Note. The sole recourse of the Lender with respect to the principal of, or interest on, the County HOME-ARP Loan Note shall be to the property securing the indebtedness evidenced by the County HOME-ARP Loan Note. However, nothing contained in the foregoing limitation of liability shall (i) limit or impair the enforcement against all such security for the County HOME-ARP 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 HOME-ARP 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 of, and payment of interest on the County HOME-ARP Loan Note, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of personal liability to the extent of actual damages for (i) Borrower's fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges (which are not contested by the Borrower in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the County HOME- ARP Loan Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the County HOME-ARP 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 HOME-ARP Loan Agreement; and (vi) payment to the Lender of any rental income or other income arising with respect to the Property received by the Borrower after the Lender has given notice to the Borrower of the occurrence of an Event of Default and after the expiration of all applicable notice and cure periods, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the County HOME- ARP Loan Deed of Trust.

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

BORROWER:

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA, a public body, corporate and politic,

By: _____
Robert P. Havlicek, Jr.
Executive Director

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 HOME-ARP LOAN REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

This County HOME-ARP Loan Regulatory Agreement and Declaration of Restrictive Covenants (this “Agreement”) is made as of this 10th of January, 2023 by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender”), and the Housing Authority of County of Santa Barbara, a California public body corporate and politic, (the “Owner”).

RECITALS

A. The Owner owns a parcel of real property located at 6021 Hollister Avenue, in Goleta, California as more particularly described in Exhibit A (the “Property”) upon which the Owner intends to construct sixty (60) units of permanent rental housing, of which one unit is designated as a manager’s unit not subject to income and rent limits and fifty-nine (59), units targeted to serving HOME-ARP Qualifying Populations pursuant to the October 10, 2021, Federal Register Notice 86 FR 56764, *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program*, (the “Project”).

B. The Lender has received HOME-ARP Investment Partnerships Program funds (“HOME-ARP Funds”) from the United States Department of Housing and Urban Development (“HUD”) pursuant to the Cranston-Gonzales National Affordable Housing Act of 1990 for the purpose of expanding the supply of decent, safe, sanitary and affordable housing for low-income persons and families.

C. Owner has received a loan from Lender in the amount of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383) of which amount Two Million Thirty Thousand Three Hundred Eighty-Three Dollars (\$2,030,383), is in the form of HOME-ARP and One Million Five Hundred Thousand (\$1,500,000), is in form of American Rescue Plan Act (ARPA), State and Local Fiscal Recover Funds, to provide financing for the Project (the “County HOME-ARP Loan”).

D. As further consideration for this 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

The covenants in this Agreement are intended to run with the land and be binding on the Owner and its successors and assigns in the Property.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, 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 definition ascribed to such terms in the County HOME-ARP Loan Agreement. Some of the following terms are defined in the County HOME-ARP Loan Agreement and repeated here for convenience of reference. Where such terms are not defined in the County HOME-ARP Loan Agreement, the following terms have the meanings and content set forth in this section wherever used in this Agreement or attached exhibits.

1.1 **“ANNUAL INCOME”** means the definition of Annual Income as more particularly defined at 24 CFR 5.609.

1.2 **“AREA MEDIAN INCOME”** means the area median income for the Santa Maria-Santa Barbara Metropolitan Statistical Area, with adjustments for household size, as determined from time to time by the United States Department of Housing and Urban Development (“HUD”) pursuant to the United States Housing Act of 1937, as amended, or such other method of median income calculation applicable to the Lender that HUD may hereafter adopt in connection with said Act.

1.3 **“COORDINATED ENTRY SYSTEM”** means the information system utilized by Lender under the Continuum of Care for homeless, for coordinating, prioritizing and insuring to the greatest extent possible non-duplication of homeless programs and services, which accordingly identifies the most vulnerable homeless persons and households and serves as basis to inform priority provision of Assisted Units to Qualifying Populations as defined in Section 1.29 herein.

1.4 **“COUNTY HOME-ARP LOAN”** means the loan of HOME-ARP Funds in the amount of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383) made by the Lender to the Owner to finance certain development costs of the Project pursuant to the County HOME-ARP Loan Agreement and the County HOME-ARP Loan Note.

1.5 **“COUNTY HOME-ARP LOAN AGREEMENT”** is the loan agreement executed by and between the Owner and the Lender, setting forth the terms and conditions governing the County HOME-ARP Loan.

1.6 **“COUNTY HOME-ARP LOAN DEED OF TRUST”** means that certain deed of trust, assignment of rents, and security agreement placed on the Property and the improvements to be constructed thereon as security for the County HOME-ARP Loan with the Owner as trustor and the Lender as beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust.

1.7 **“COUNTY HOME-ARP LOAN DOCUMENTS”** are collectively the County HOME-ARP Loan Agreement, the County HOME-ARP Loan Note evidencing the County HOME-ARP Loan, the County HOME-ARP Loan Deed of Trust securing the County HOME-ARP Loan Note, and this Agreement as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

1.8 **“COUNTY HOME-ARP LOAN NOTE”** means the promissory note executed by the Owner in favor of the Lender in the amount of Three Million Five Hundred Thirty Thousand Three Hundred and Eighty-Three Dollars (\$3,530,383) evidencing the County HOME-ARP Loan.

1.9 **“HOME-ARP-ASSISTED UNIT”** means any of the twenty-four (24) Units on the Property designated by the Owner as HOME-ARP units with restricted occupancy and rents pursuant to and subject to the requirements of this Agreement. A HOME-ARP-assisted designation, must be occupied by HOME-ARP Qualifying Households pursuant to Section 1.16 following herein, and must be at least comparable in terms of size, features and number of bedrooms to the units originally designated at initial occupancy, although the specific unit(s) so designated may vary with availability. A unit shall not be considered a HOME-ARP-Assisted Unit until the Unit has been constructed and made available for occupancy.

1.10 This section intentionally left blank.

1.11 **“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.

1.12 This section intentionally left blank.

1.13 **“OWNER”** means the Housing Authority of the County of Santa Barbara, a public body corporate and politic.

1.14 **“PROJECT”** means the construction, operation and management of the Property and the improvements to be constructed thereon according to the terms of the County HOME-ARP Loan Agreement.

1.15 **“PROPERTY”** means the real property located at 6021 Hollister Avenue, in Goleta, California as more particularly described in Exhibit A attached hereto and incorporated herein, including the improvements constructed thereon pursuant to the County HOME-ARP Loan Agreement.

1.16 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as meeting the definition of a Qualifying Population pursuant to the October 10, 2021, Federal Register Notice 86 FR 56764, *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program*. A Qualifying Household who meets the definition of Veteran must be given a preference to be first considered for a vacancy or may be moved to the top of a waiting list, if applicable. “Veteran” is defined as the Head of Household or Spouse who has served in active duty in the United States Armed Forces for a minimum of six (6) continuous months, and if separated from military service, received other than dishonorable discharge. The veteran preference will also be given to a surviving spouse or registered domestic partner of a deceased veteran, as defined herein. Verification of veteran status will be by the submittal of a copy of the veteran's DD-214.

1.17 **“QUALIFYING RENT”** means the total monthly charges for rent, which shall not exceed

a) “HOME-ARP” Rent that does not exceed 30 percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit and smaller and larger families, or

HOME-ARP rents are not required to be lower than the HOME-ARP rent limits for the project in effect on the date of this Agreement.

In accordance with 24 CFR 92.252(d), if the tenant pays for utilities and services (excluding telephone, television and Internet services), then the Qualifying Rent shall be reduced by the

1.18 This section left intentionally blank.

1.19 “TENANT” means a household meeting the definition of a “Qualifying Household” occupying a Unit, per Section 1.16 of this Agreement.

1.20 “TERM” means the period of time during which the HOME-ARP-Assisted Units must meet the affordability requirements imposed under the HOME-ARP Program, commencing upon project completion in conformance with 24 CFR 92.2 and 24 CFR 92.252(e) and terminating twenty (20) years from the date of the issuance of a certificate of occupancy issued for the Project plus six months.

1.21 “UNIT” means a housing unit in the Project.

1.22 “VERY LOW-INCOME HOUSEHOLD” means a household, as defined in 24 CFR 92.2, whose annual income does not exceed fifty percent (30%) of the Area Median Income with adjustments for household size.

2. TERM AND COMPLIANCE

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

2.2 TERM OF AGREEMENT. This Agreement shall commence upon project completion in conformance with 24 CFR 92.2 and 24 CFR 92.252(e) and terminate twenty (20) years from the date of the issuance of a certificate of occupancy by the City of Goleta Building Official, plus six months. 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. Upon termination of this Agreement.

2.3 COMPLIANCE WITH PROGRAM REQUIREMENTS. The Owner shall comply with all requirements imposed on projects assisted under the HOME-ARP Program in effect on the date the County HOME-ARP Loan is executed by all parties, and as may be amended from time to time.

3. PROJECT OCCUPANCY AND RENTS

3.1 OCCUPANCY OF PROJECT. A total of twenty-four (24) Units in the Project shall be designated as HOME-ARP Assisted. Each HOME-ARP-Assisted Unit must be occupied, or reserved for occupancy by Qualifying Household(s).

3.2 HOME-ARP ASSISTED UNITS. The Owner shall limit for the full Term of this Agreement the rental of twenty-four (24) HOME-ARP Assisted Unit(s) to Qualifying Households at Qualifying Rents that do not exceed the maximum rental charges for each HOME-ARP Assisted Unit as set forth in Section 1.17 and 3.4 herein. The HOME-ARP Assisted Unit(s) shall be designated as “floating” so the HOME-ARP-Assisted Unit(s) may change over time as long as the total number and type of HOME-ARP-Assisted Units in the Project remains constant.

The HOME-ARP Assisted Unit(s) shall meet the following standards:

- A. Be similarly constructed and of comparable quality to all other Units in the Project and be dispersed throughout the Project; and

common areas and facilities of the Project on the same basis as Tenants of other Units.

3.3 OTHER PROJECT UNITS. The remaining non-HOME-ARP Assisted units of the Project, excluding any manager's unit, shall comply with the rent and income restrictions pursuant to the funding sources regulating those units, including the State of California HomeKey Program, through which the Project has also received financial assistance. Non-compliance under the terms of the HOME-ARP Regulatory Agreement shall constitute an event of default, pursuant to the County HOME-ARP Loan Agreement, subject to applicable cure periods.

The Project 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 USC 794), as amended, and with implementing regulations at 24 CFR, Part 8, and the Fair Housing Act (42 USC 3601-3619), implemented at 24 CFR Part 100, Subpart D. Within thirty (30) days after Borrower has completed the construction of the Project, Borrower shall submit satisfactory documentation of compliance with these requirements, including, but not limited to, a certification from the Project architect documenting the unit numbers and type of accessibility features of no less than two (2) units accessible for mobility impairments and one (1) unit accessible for either hearing or visual impairments.

3.4 MAXIMUM RENTAL CHARGES.

A. Maximum rental charges for the HOME-ARP Assisted Units shall not exceed the Qualifying Rent as defined above in Section 1.17 and Section 3.2.

B. The Qualifying Rent for each HOME-ARP Assisted Unit shall be set by the Lender 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. At least sixty (60) calendar days prior to increasing Qualifying Rents on any HOME-ARP Assisted Unit on the Project, Owner shall submit to the Lender for review and approval a written request for such increase. Tenants of HOME-ARP Assisted Units shall be given at least thirty (30) days written notice prior to any increase in Qualifying Rents, consistent with state law. Lender shall approve such request if the increased Qualifying Rents will comply with all applicable HOME-ARP Program requirements.

3.4.1 OCCUPANCY DEADLINES. Owner shall ensure that each HOME-ARP-Assisted Unit is occupied by a Qualifying Household in accordance with the deadlines for occupancy set forth at 24 CFR 92.252. Qualifying Households shall occupy each HOME-ARP Assisted Unit within six (6) months from securing Certificate(s) of Occupancy. In the event that any HOME-ARP-Assisted Unit is not occupied by a Qualifying Household six (6) months after the date of the issuance of a certificate of occupancy, Owner shall submit to Lender within ten (10) days a detailed record of its marketing efforts and comply with Lender's requests for additional information pertaining to the marketing efforts. In the event any HOME-ARP Assisted Unit is not occupied by a Qualifying Household within seventeen (17) months after the date of the issuance of a certificate of occupancy, then this shall constitute an Event of Default. On or before the last day of the seventeenth (17th) month after the date of the issuance of a certificate of occupancy, Lender shall give written notice to Owner in accordance with Section 6.2 herein. Owner shall have thirty (30) days from receipt of such notice to cure the breach, but in any event shall cure the breach before the end of the eighteenth (18th) month after the date of the issuance of a certificate of occupancy.

3.5 INCOME CERTIFICATION.

The Annual Income levels and other qualifications of applicants for HOME-ARP Assisted Units shall be certified by Owner no earlier than six (6) months prior to the Qualifying Household's expected occupancy of a HOME-ARP-Assisted Unit and recertified annually, in compliance with

ana Alternative requirements for implementation of the HOME American Rescue Plan (HOME-ARP) Program, initial income certification of Qualifying Households, shall be used to determine the portion of the Qualifying Household's 30% portion of payment toward rent. As the household is de facto is a member of one on the HOME-ARP defined Qualifying Populations as incorporated into Section IV, of Federal Register Notice 86 FR 56764, and evidenced by referral through the Coordinated Entry System, the tenant's definition as such enables occupancy of the HOME-ARP Assisted Unit.

A. Initial Annual Income Verification. Before the Qualifying Household occupies a HOME-ARP-Assisted Unit, the Owner shall verify that the Annual Income calculated in an Annual Income certification is accurate by taking both of the following steps as a part of the verification process:

- (1) Third Party Verification: All third parties (e.g., employer, Social Security Administration, public assistance agency, etc.) are contacted in writing to obtain written verification of Annual Income; and
- (2) Review of Documents: The Qualifying Household provides documents verifying their Annual Income (e.g., pay stubs, tax returns, etc.), which are to then be retained in the Project files.

B. Annual Income Recertification. At the time of lease renewal or pursuant to an annual schedule adopted by the Owner, and no later than the one-year anniversary of the initial Annual Income verification and annually thereafter, Owner shall recertify the Annual Income of each Tenant occupying a HOME-ARP Assisted Unit using the method as described in Section 3.5.A, above. This annual recertification is used in order to determine 30% of Qualifying Household's tenant portion of rent payment. Each subsequent year during the HOME-ARP compliance period, starting year 1 after initial occupancy, Owner must use the definition of annual income as defined in 24 CFR 5.609 to examine the household's contribution to rent.

3.6 INCREASES IN QUALIFYING HOUSEHOLD INCOMES. In the event that recertification of a previously-Qualifying Household's Annual Income indicates that the Annual Income exceeds the maximum designated for a Unit reserved for a Low-Income Household, the Owner may increase rents on such Unit only as permitted in accordance with HOME-ARP regulations regarding "over-income tenants" at 24 CFR 92.252(i). If the previously-Qualifying Household's income exceeds eighty-percent (80%) of AMI, then the unit occupied by the previously-Qualifying Household no longer qualifies as a HOME-ARP-Assisted Unit and the next available unit of comparable size and amenities or larger must be designated as the replacement HOME-ARP-Assisted Unit.

4. LEASING THE PROJECT

4.1 TENANT LEASES. The Owner shall execute a written lease with Tenants of HOME-ARP Assisted Units for a term of at least one year, unless the Owner and the Tenant mutually agree to a shorter period. A lease may not be for a period less than thirty (30) days. The Tenant lease and any changes thereto must be approved by Lender.

A. The Owner shall include in leases for all HOME-ARP Assisted Units provisions which provide that a Qualifying Household is subject to annual certification of Annual Income and that the tenancy of the Qualifying Household shall be terminated as soon as possible in accordance with state law should one or more of the Qualifying Household's members misrepresent any material fact regarding the Qualifying Household's qualification as a Low-Income Household. The Owner shall include in all leases for HOME-ARP Assisted Units provisions which prohibit the Qualifying Household from subleasing the HOME-ARP Assisted Unit.

B. In addition to executing a lease for a HOME-ARP Assisted Unit, the Owner shall require that each Qualifying Household leasing a HOME-ARP-Assisted Unit execute a declaration of intent to occupy which shall require the Qualifying Household to occupy the HOME-ARP-Assisted Unit as the Qualifying Household's primary residence.

C. The lease for each HOME-ARP Assisted Unit shall not contain any of the prohibited provisions identified at 24 CFR §92.253(b) including the following:

1. *Agreement to be sued.* Agreement by the Tenant to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;

2. *Treatment of property.* Agreement by the Tenant that the Owner may take, hold or sell personal property of Qualifying Household members without notice to the Tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the Tenant concerning disposition of personal property remaining in the HOME-ARP Assisted Unit after the Tenant has moved out of the HOME-ARP Assisted Unit. The Owner may dispose of this personal property in accordance with State law;

3. *Excusing Owner from responsibility.* Agreement by the Tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

4. *Waiver of notice.* Agreement of the Tenant that the Owner may institute a lawsuit without notice to the Tenant;

5. *Waiver of legal proceedings.* Agreement by the Tenant that the Owner may evict the Tenant or Qualifying Household members without instituting a civil court proceeding in which the Tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

6. *Waiver of a jury trial.* Agreement by the Tenant to waive any right to a trial by jury;

7. *Waiver of right to appeal court decision.* Agreement by the Tenant to waive the Tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

8. *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding by the Owner against the Tenant. The Tenant, however, may be obligated to pay costs if the Tenant loses.

9. *Mandatory support services.* Agreement by the Tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

D. Owner shall not terminate the tenancy or refuse to renew the lease of a Tenant of a HOME-ARP Assisted Unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; or for other good cause. To terminate or refuse to renew the tenancy, the Owner shall serve written notice upon the Tenant specifying the grounds for the action at lease thirty (30) days prior to termination of tenancy.

E. Owner shall comply with all requirements of the Violence Against Women Act (VAWA) set forth in 24 CFR part 5, subpart L. Owner shall provide the notice and certification form described in 24 CFR 5.2005(a) to an applicant for a HOME-ARP Assisted Unit at the time the applicant is admitted to a HOME-ARP Assisted Unit, or denied admission to a HOME-ARP Assisted Unit based on the Owner's tenant selection policies and criteria. Owner shall further provide the notice and certification form described in 24 CFR 5.2005 with any notification of eviction from a HOME-ARP Assisted Unit. If a family living in a HOME-ARP-Assisted Unit separates under 24 CFR 5.2009(a), the remaining tenant(s) may remain in the Unit. All leases for HOME-ARP Assisted Units must include a VAWA lease term/addendum to incorporate all requirements that apply to the Owner or lease under 24 CFR part 5, subpart L, and 24 CFR 92.359, including the prohibited bases for eviction and restrictions on construing lease terms under 24 CFR 5.2005(b) and (c). The VAWA lease term/addendum must also provide that the tenant may terminate the lease without penalty if it is determined that the tenant has met the conditions for an emergency transfer under 24 CFR 5.2005(e). The lease term/addendum must require the Owner to notify the participating jurisdiction before the owner bifurcates the lease or provides notification of

F. Owner and Lender shall work together to comply with the requirements of the Coordinated Entry System under the Continuum of Care program, as set forth at 24 CFR Part 578, PIH Notice 2013-15 and other guidance from HUD on CoC and PHA collaboration. The Coordinated Entry System will refer Qualifying Households to the Project for consideration of tenancy at the Project.

4.2 TENANT SELECTION. Before leasing the Project, the Owner must provide Lender for its review and approval the Owner's written tenant selection plan. HOME-ARP unit tenant selection will be coordinated and referred to Owner for Qualifying Populations under the CoC Coordinated Entry System and must, at a minimum, meet the requirements for tenant selection pursuant to Section IV(C)(2) of HUD September, 13, 2021 CPD Notice 21-10, *Requirements for the Use of Funds in the HOME American Rescue Plan Act*, and any modifications thereto. A Veteran's preference must be applied pursuant to amended Section 1.16 as described above. Any changes to the tenant selection plan require prior written approval from Lender.

4.3 SECTION 8 CERTIFICATE HOLDERS. The Owner will 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 CONDOMINIUM CONVERSION. The Owner shall not convert Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights in the Property during the Term of Agreement.

4.5 NONDISCRIMINATION. The Owner shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of Units on the basis of race, color, ancestry, national origin, religion, sex, gender, gender identity or expression, sexual preference, age, marital status, family status, source of income, military or veteran status, physical or mental disability, medical condition, genetic information, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any basis prohibited by law. The Owner shall include a statement in all advertisements, notices and signs for the availability of Units for rent to the effect that the Owner is an Equal Housing Opportunity Provider.

4.6 MARKETING PLAN. Pursuant to the September 13, 2021, HUD CPD Notice CPD-21-10, *Requirements for the Use of Funds in the HOME American Rescue Plan Act*, Section 10(a)(ii)(1): "For HOME-ARP units for Qualifying Households, a market assessment is not required. Rather the Owner can demonstrate that there is an unmet need among Qualifying Populations for the type of housing proposed through their gap analysis, Continuum of Care (CoC), data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for permanent housing for the Qualifying Populations." The County CoC Coordinated Entry system will provide Owner with referrals for Qualifying Populations and Households for consideration of tenancy.

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 Tenants, certification and recertification of Qualifying Household size and Annual Income, 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

property manager. Lender hereby preapproves the Housing Authority of the County of Santa Barbara as the 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 its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement, the requirements of the existing HOME-ARP Program, as may be amended from time to time, and the requirements of all lenders providing financing for the Project.

5.3 INSPECTION AND RECORDS. The Owner shall maintain records which clearly document the Owner's performance of its obligations to operate the Property under the terms of this Agreement. The Owner shall submit all requested records to the Lender within ten (10) business days of the Lender's request. The Owner shall permit the Lender to enter and inspect the Property for compliance with Owner's obligations under this Agreement at all reasonable times upon twenty-four (24) hours advance notice of such visit by the Lender to the Owner or the Owner's Property manager and to Tenants of any Units. Owner must include provisions in tenant leases that allow for County inspections of the units.

5.4 COMPLIANCE MONITORING. The Owner shall operate the Property in full compliance with this Agreement and the HOME-ARP Program regulations at 24 CFR Part 92 and the Requirements of the Use of HOME Funds in HOME American Rescue Plan Program cited in HUD CDP Notice: CDP 21-10, September 13, 2021, *Requirements for the Use of Funds in the HOME American Rescue Plan Act*, in effect on the date the County HOME-ARP Loan is executed by all parties, and as may be amended from time to time, and shall remain in compliance therewith throughout the Term of this Agreement. The Owner shall permit the Lender to conduct annual compliance monitoring, including performing on-site records review and inspections of the Property, as required by regulation or reasonably requested by Lender.

5.5 ANNUAL REPORT. Following recordation of a notice of completion issued for the Project, the Owner shall annually submit to the Lender a report in a form approved by Lender for the preceding period of January 1st through December 31st or portion thereof, containing the information requested by Lender so as to allow the Lender to determine the Owner's compliance with this Agreement. The report shall be submitted annually no later than March 1st, and shall include, at a minimum: (i) an Annual Financial Statement as defined in Section 1.2 of the County HOME-ARP 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, (v) for each HOME-ARP-Assisted Unit, the rent, Annual Income, and household size of the household in occupancy. The report shall also state the date the tenancy commenced for each HOME-ARP-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 United States Department of Housing and Urban Development, or 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 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 will be applying for a property tax exemption for the property and hereby provides its consent

MAINTENANCE OF EXISTING STRUCTURES. Owner shall maintain all buildings on the Property in good condition, in good repair, ordinary wear and tear excepted, and in a decent, safe, sanitary, habitable and tenable condition. All Units in the Project must meet the standards set out in 24 CFR 92.251(f)(2) throughout the Term of this Agreement. In the event that Lender establishes property standards in accordance with 24 CFR 92.251(f)(1) and determines in its sole discretion that these standards are applicable to the Project, Lender shall send written notice of this determination to Owner. Upon Owner's receipt of such written notice, the property standards established by Lender pursuant to 24 CFR 92.251(f)(1) shall apply to all Units in the Project throughout 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 have no responsibility over maintenance of the Property.

6. GENERAL PROVISIONS

6.1 SUBORDINATION. This Agreement shall be senior and not be subordinate to any deed of trust, note, agreement and/or to any other obligations of Lender concerning the Property and may be subordinated in priority only as to liens and encumbrances otherwise approved in writing by the Lender in its sole and absolute discretion.

6.2 DEFAULT AND REMEDIES In the event of any breach of any agreement or obligation under this Agreement by the Owner, the Lender shall provide written notice to the Owner of such breach. The Owner shall have an opportunity to cure such breach within thirty (30) days from the Owner's receipt of such written notice or such longer period of time as the Lender determines is necessary to cure the breach if the Owner diligently undertakes to cure such breach. Lender shall accept a cure by the Owner's limited partner on the same basis as Lender accepts a cure by the Owner. If the Owner fails to perform a timely cure of the specified breach, the Lender may proceed with any or all of the following remedies upon the Owner's failure to cure:

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

C. Pursue any other remedy provided under the County HOME-ARP Loan Documents or allowed at law or in equity.

6.3 EVENT OF DEFAULT. In the event that the Project fails to meet the HOME-ARP affordability requirements included in this Agreement for the Term of the Agreement, subject to applicable notice and cure periods contained herein, this shall constitute an Event of Default under Sections 8.1.D, 8.1.E, and/or 8.1.I of the County HOME-ARP Loan Agreement. In the event that the Project fails to meet the terms of the State HCD HomeKey Regulatory Agreement, of which the Project has also received financial assistance, this shall constitute an Event of Default under Sections 8.1.D, 8.1.E, 8.1.I and/or 8.1.J of the County HOME-ARP 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.

indemnification provisions set forth in Exhibit B and incorporated herein by this reference.

6.6 GOVERNING LAW. This Agreement shall be interpreted under and be 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.

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

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

6.9 CONSENTS AND APPROVALS. Any consent or approval of the Lender required under this Agreement shall not be unreasonably withheld. Any approval must be in writing and executed by an authorized representative of the Lender.

6.10 NOTICES, DEMANDS AND COMMUNICATIONS. Formal notices, demands and communications between the Owner and the Lender 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 the Owner and the Lender as follows:

Lender: 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

Owner: Housing Authority of the County of Santa Barbara
815 West Ocean Avenue
Lompoc, CA 93436
Attn: President

With copy to: Mark Mannion
Price, Postel & Parma, LLP
200 E. Carrillo St., Suite 400
Santa Barbara, CA 93101

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 heirs, administrators, executors, successors-in-interest, transferees, and assigns of the Owner, and the Lender, and shall run with the land for the full Term of this Agreement, regardless of any assignment, payment, prepayment, expiration, extinguishment of the County HOME-ARP Loan or County HOME-ARP Loan Note, any reconveyance of the County HOME-ARP Loan Deed of Trust, or any conveyance or transfer of the Property or portion thereof.

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 HOME-ARP Loan Documents, or applicable law. Any extension of time granted to the Owner to

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. Any amendment to or modification of this Agreement must be in writing, and shall be made only if executed by both the Owner and the Lender.

6.15 SEVERABILITY. Every provision of this Agreement is intended to be severable. If any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

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

COUNTY:

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

By: _____

DAS WILLIAMS
Chair, Board of Supervisors

By: _____

GEORGE CHAPJIAN
Community Services Department, Director

**APPROVED AS TO ACCOUNTING
FORM:**

BESTY M. SCHAFFER, CPA, CPFO
AUDITOR-CONTROLLER

BORROWER

Housing Authority of the County of Santa Barbara,
a public body, corporate and politic

By: _____

Deputy

By: _____

ROBERT P. HAVLICEK, JR.
Executive Director

APPROVED AS TO FORM

RACHEL VAN MULLEM
COUNTY COUNSEL

By: _____

Deputy County Counsel

APPROVED AS TO FORM:

RISK MANAGEMENT

By: _____

GREGORY MILLIGAN, ARM, AIC
Risk Manager

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)

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

Real property in the City of Goleta, County of Santa Barbara, State of California, described as follows:

PARCEL 1:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT A 1-½ INCH PIPE SURVEY MONUMENT SET AT THE SOUTHWESTERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO E.D. DIXON, ET UX., RECORDED APRIL 6, 1960, INSTRUMENT NO. 11078, IN BOOK 1731, PAGE 117 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID PIPE BEING SHOWN ON THE MAP OF SURVEY FILED IN BOOK 61, PAGE 76 OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, THENCE NORTH 120.83 FEET, ALONG THE MOST WESTERLY LINE OF SAID DIXON TRACT OF LAND, TO THE NORTHWESTERLY CORNER THEREOF AND A POINT IN A CURVE IN THE SOUTHEASTERLY LINE OF HOLLISTER AVENUE, AS SHOWN ON SAID ABOVE MENTIONED MAP OF SURVEY, THE RADIAL CENTER OF WHICH BEARS NORTH 29° 46' 14" WEST 5730.00 FEET, THENCE

NORTHEASTERLY ALONG SAID CURVE, HAVING A DELTA OF 0° 02' 46", A DISTANCE OF 4.61 FEET, THENCE CONTINUING ALONG SAID LINE OF HOLLISTER AVENUE, NORTH 60° 11' EAST 60.35 FEET, THENCE, LEAVING SAID LINE OF HOLLISTER AVENUE, SOUTH 29° 49' EAST 128.40 FEET, THENCE SOUTH 4° 00' WEST 50.00 FEET TO A POINT ON THE MOST SOUTHERLY LINE OF SAID DIXON TRACT OF LAND, THENCE ALONG SAID LINE, NORTH 86° 00' WEST 117 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED FROM W.D.V. SMITH, ET UX., TO SEASIDE OIL COMPANY, RECORDED SEPTEMBER 14, 1929, INSTRUMENT NO. 10215, IN BOOK 197, PAGE 247 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WHICH POINT IS IDENTIFIED ON A MAP OF SURVEY RECORDED IN BOOK 22, PAGE 27 OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, AS BEING IN THE WESTERLY LINE OF FAIRVIEW AVENUE A DISTANCE OF 164.55 FEET SOUTH OF THE INTERSECTION OF THE SOUTHERLY LINE OF THE STATE HIGHWAY (HOLLISTER AVENUE) AND THE WESTERLY LINE OF SAID FAIRVIEW AVENUE, THENCE 1ST, NORTH 89° 41' WEST, ALONG THE SOUTH LINE OF THE TRACT OF LAND DESCRIBED IN SAID DEED 93.52 FEET, MORE OR LESS TO THE SOUTHWEST CORNER OF SAID TRACT, THENCE 2ND, NORTH 0° 19' EAST 20.55 FEET, MORE OR LESS TO THE MOST SOUTHERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED FROM LYDIA K. BANGERTER TO SEASIDE OIL COMPANY, RECORDED OCTOBER 21, 1954, INSTRUMENT NO. 18212, IN BOOK 1275, PAGE 168 OF SAID OFFICIAL RECORDS, THENCE 3RD, NORTH 29° 50' 30" WEST, ALONG THE SOUTHWESTERLY LINE OF SAID LAST MENTIONED TRACT, 94.89 FEET, MORE OR LESS TO THE SOUTHEASTERLY LINE OF HOLLISTER AVENUE, THENCE 4TH, SOUTH 60° 09' 30" WEST, ALONG SAID SOUTHEASTERLY LINE 53.29 FEET, MORE OR LESS TO THE MOST NORTHERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THAT CERTAIN DEED OF TRUST EXECUTED BY E.D. DIXON, ET UX., RECORDED MAY 16, 1961, AS INSTRUMENT NO. 16977, IN BOOK 1847, PAGE 340 OF OFFICIAL RECORDS, THENCE 5TH, SOUTH 29° 49' EAST, ALONG THE LINE OF SAID LAST MENTIONED TRACT, 128.40 FEET TO AN ANGLE POINT THEREIN, THENCE 6TH, SOUTH 4° 00' WEST, ALONG THE EASTERLY LINE OF SAID LAST MENTIONED TRACT, 50 FEET TO THE SOUTHEAST CORNER THEREOF, THENCE 7TH, SOUTH 86° 00' EAST ALONG THE SOUTHERLY LINE OF THE TRACT OF LAND DESCRIBED IN THE DEED TO E.D. DIXON, ET UX., RECORDED APRIL 6, 1960, AS INSTRUMENT NO. 11078, IN BOOK 1731, PAGE 117 OF SAID OFFICIAL RECORDS, 127 FEET MORE OR LESS TO THE WESTERLY LINE OF FAIRVIEW AVENUE, THENCE 8TH, NORTH 0° 19' EAST ALONG SAID WESTERLY LINE, 93.45 FEET, MORE

OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THE DEED TO THE COUNTY OF SANTA BARBARA, RECORDED JULY 25, 1966, AS INSTRUMENT NO. 24059, IN BOOK 2159, PAGE 804 OF OFFICIAL RECORDS.

PARCEL 3:

THAT PORTION OF RANCHO LOS DOS PUEBLOS IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY NORTHEAST CORNER OF THE 830.592 ACRE PARCEL OF LAND SHOWN ON THE MAP FILED IN BOOK 88, PAGE 30 OF RECORD OF SURVEYS IN THE OFFICE OF THE SANTA BARBARA COUNTY RECORDER; THENCE ALONG THE NORTHERLY BOUNDARY LINE OF SAID LAND, NORTH 85° 39' 40" WEST 265.49 FEET TO AN ANGLE POINT IN SAID LINE AND NORTH 00° 28' 46" EAST 13.07 FEET TO THE SOUTHWESTERLY CORNER OF THE W.D.V. SMITH TRACT SHOWN ON THE MAP FILED IN BOOK 22 PAGE 27 OF SAID RECORD OF SURVEYS, SAID SMITH TRACT ALSO BEING SHOWN ON THE MAP FILED IN BOOK 61, PAGE 76 OF SAID RECORD OF SURVEYS; THENCE ALONG THE SOUTHERLY BOUNDARY LINE OF SAID SMITH TRACT SOUTH 84° 57' 55" EAST 265.79 FEET TO THE EASTERLY BOUNDARY LINE OF SAID RANCHO; THENCE ALONG SAID EASTERLY LINE SOUTH 00° 51' 05" WEST 9.83 FEET TO THE POINT OF BEGINNING.

APN: 073-080-028

Exhibit B

Standard Indemnification and Insurance Provisions

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 prohibited by law. CONTRACTOR's indemnification obligation applies to COUNTY's active as well as passive negligence but does not apply to COUNTY's sole negligence or willful misconduct.

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 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 \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if CONTRACTOR has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
3. **Workers' Compensation:** 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.

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 if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used).
2. **Primary Coverage** – For any claims related to this Agreement, the CONTRACTOR's insurance coverage shall be primary insurance 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 grants to COUNTY a waiver of any right to subrogation which any insurer of said CONTRACTOR may acquire against the COUNTY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.
5. **Deductibles and Self-Insured Retention** – Any deductibles or self-insured retentions must be declared to and approved by the COUNTY. The COUNTY may require the CONTRACTOR to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
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.
10. **Special Risks or Circumstances** – COUNTY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

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 C

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
QUALIFYING POPULATIONS**

IV. QUALIFYING POPULATIONS, TARGETING AND PREFERENCES

ARP requires that funds be used to primarily benefit individuals and families in the following specified "qualifying populations." Any individual or family who meets the criteria for these populations is eligible to receive assistance or services funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria). All income calculations to meet income criteria of a qualifying population or required for income determinations in HOME-ARP eligible activities must use the annual income definition in 24 CFR 5.609 in accordance with the requirements of 24 CFR 92.203(a)(1).

A. Qualifying Populations

1. Homeless, as defined in 24 CFR 91.5 Homeless (I), (2), or (3):

(I) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

2. At risk of Homelessness, as defined in 24 CFR 91.5 At risk of homelessness:

(1) An individual or family who:

(i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;

(ii) Does not have sufficient resources or support networks, *e.g.*, family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "Homeless" definition in this section; and

(iii) Meets one of the following conditions:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

(2) A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(1)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as "homeless" under this section but qualifies as "homeless" under section 725(2) of the McKinney-Vento Homeless Assistance Act (42

U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

3. Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD.

For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

Domestic violence, which is defined in 24 CFR 5.2003 includes felony or misdemeanor crimes of violence committed by:

- 1) A current or former spouse or intimate partner of the victim (the term 'spouse or intimate partner of the victim' includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);
- 2) A person with whom the victim shares a child in common;
- 3) A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;
- 4) A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or
- 5) Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

Dating violence which is defined in 24 CFR 5.2003 means violence committed by a person:

- 1) Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
- 2) Where the existence of such a relationship shall be determined based on a consideration of the following factors:
 - a. The length of the relationship;
 - b. The type of relationship; and
 - c. The frequency of interaction between the persons involved in the relationship.

Sexual assault which is defined in 24 CFR 5.2003 means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.

Stalking which is defined in 24 CFR 5.2003 means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:

- 1) Fear for the person's individual safety or the safety of others; or
- 2) Suffer substantial emotional distress.

Human Trafficking includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:

- 1) *Sex trafficking* means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
- 2) *Labor trafficking means* the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

4. Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

(1) **Other Families Requiring Services or Housing Assistance to Prevent**

Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.

(2) **At Greatest Risk of Housing Instability** is defined as household who meets either paragraph (i) or (ii) below:

- (i) has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs):

- (ii) has annual income that is less than or equal to 50% of the area median income, as determined by HUD, **AND** meets one of the following conditions from paragraph (iii) of the "At risk of homelessness" definition established at 24 CFR 91.5:
- (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - (B) Is living in the home of another because of economic hardship;
 - (C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
 - (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
 - (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
 - (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan

Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

B. Use of Funds to Benefit Qualifying Populations

ARP states that funds must be used to primarily benefit the qualifying populations through the four eligible activities: (1) TBRA, (2) development and support of affordable housing, (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter (NCS) units. Recognizing the urgent needs of individuals and families in qualifying populations, HUD is requiring that:

- 100% of HOME-ARP funds used by a PJ for TBRA, supportive services, and acquisition and development of non-congregate shelter units must benefit individuals and families in qualifying populations. Individuals and families in qualifying populations may be assisted by one or more of the HOME-ARP eligible activities, consistent with the requirements in this Notice.
- Not less than 70 percent of affordable rental housing units acquired, rehabilitated, or constructed with HOME-ARP funds by a PJ must be occupied by households in the qualifying populations. Units that are not restricted to occupancy by qualifying populations are subject to income targeting and rent requirements established under the

HOME-ARP Rental Program rules and are only permitted in projects with rental units restricted for occupancy by qualifying populations.

HUD recognizes that, because many households in the qualifying populations are unable to pay rents sufficient to cover unit operating costs, PJs and project owners should attempt to obtain Federal or state project-based rental subsidies, if available. Since project-based rental subsidies can be difficult to secure, additional flexibility may be necessary to structure and underwrite projects so that they remain both affordable and financially viable. HUD is providing PJs with additional flexibilities in Section VLB, to structure and underwrite HOME-ARP rental projects so they remain financially viable during the minimum compliance period. One of these flexibilities is permitting up to 30 percent of HOME-ARP rental housing units funded by a PJ to be occupied by low-income households. PJs are encouraged to use this flexibility only when it is required to facilitate development of a HOME-ARP rental project.

PJs must determine and document that households meet the definition of a qualifying population or, for the portion of HOME-ARP rental units not restricted to these populations, that households are low-income.

C. Preferences Among Qualifying Populations, Referral Methods, and Subpopulations

1. Preferences

ARP establishes the qualifying populations that are eligible for assistance with HOME-ARP funds. A PJ may establish reasonable preferences among the qualifying populations to prioritize applicants for HOME-ARP projects or activities based on the PJ's needs and priorities, as described in its HOME-ARP allocation plan. For example, a PJ may set a preference among qualifying individuals and families for a HOME-ARP non-congregate shelter for individuals and families who are homeless; fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; and veterans and families with a veteran family member that meet the criteria of one of these prior qualifying populations, consistent with its HOME-ARP allocation plan.

The PJ must comply with all applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR 5.105(a) when applying preferences through its referral methods. Persons who are eligible for a preference must have the opportunity to participate in all HOME-ARP activities of the PJ in which they are eligible under this Notice, including activities that are not separate or different, and cannot be excluded because of any protected characteristics or preferential status.

Targeted assistance: If HOME-ARP funds are used for TBRA, the PJ may establish a preference for individuals with special needs or persons with disabilities among the HOME-ARP qualifying populations. Within the qualifying populations, participation may be limited to persons with a specific disability only, if necessary, to provide effective housing, aid, benefit, or services that would be as effective as those provided to others in accordance with 24 CFR 8.4(b)(1)(iv). The PJ may also provide a preference for a specific category of individuals with disabilities (e.g., persons with HIV/AIDS or chronic mental illness) within the qualifying

Exhibit H

PROPERTY MANAGEMENT AGREEMENT (Draft)

I. PARTIES

1. This agreement (“Agreement”) made this 1st day of January, 2022, at Lompoc, California, for the Super 8 Motel hereinafter referred to as "Buena Tierra".

The parties hereto agree as follows:

II. PROFESSIONAL MANAGEMENT STANDARDS

1. Job Description

The Housing Authority of the County of Santa Barbara hereinafter referred to as “Agent” will manage, operate, maintain, lease and rent the "property" described hereinafter and the Agent accepts the appointment subject to the terms and conditions set forth in this Agreement.

2. Property Description

The property to be managed is described as follows:

Name:	Buena Tierra Apartments
Address:	6021 Hollister Avenue
City & State:	Goleta, CA
County:	Santa Barbara
Number of units:	60
Type of facility:	Rental housing for low-income Homeless Individuals, Chronically Homeless Individuals and Transition Age Youth.

3. Professional Management Standards

Agent agrees to exert its best efforts, to furnish the services of its organization, and to exercise the highest degree of professional competence in managing the property so as to provide Owner with sufficient revenue to pay current debts and expenses of the property and to comply with regulatory agreements affecting the property consistent with proper management. The Agent shall carry out management of the property in accordance with the Property Management Plan ("Management Plan"). A copy of the Agent's Management Plan is attached (Exhibit A).

4. Initial Professional Analysis

Agent shall do the following at the outset of its stewardship:

Inform itself with respect to the neighborhood, layout, construction, location, character, plan, and operation of the property and any mechanical or physical systems operating within the property.

5. Requirements

Agent shall manage the property subject to all requirements imposed on the property by (i) HUD, or (ii) Section 42 of the Internal Revenue Code with respect to the Owner receiving Tax Credits for each of the Tax Credit Units; (iii) the California Tax Credit Allocation Committee; or (iv) any financing relating to the property, including No Place Like Home Program Guidelines ("Requirements").

III. LEASING OF PROPERTY

1. Obligation to Lease

Agent agrees to use its best efforts, utilizing the full range of services and facilities of its organization, to obtain qualified tenants for presently vacant space within the property, or space which may become vacant during the term of this Agreement.

2. Advertisements

Agent agrees to promote leasing and renting by full use of available advertising devices such as newspapers and the display of signs on the property, the cost of which shall be a property expense.

3. Leasing Standards

All renting shall be accomplished by lease on terms and conditions provided by Owner and governmental agencies, as applicable.

The Agent shall follow a tenant selection policy based on the tenants' credit history, tenants occupancy history and tenants qualification under any governmental regulation. If a tenant is rejected because of information obtained from a credit report, the source of the report will be revealed to the tenant in accordance with the Fair Credit Reporting Act.

The Agent will also use its best efforts to maintain eligibility under any governmental programs providing financial assistance to the property.

4. Nondiscrimination

In the performance of its obligations under this Agreement, the Agent will comply with the provisions of any Federal, State or local law prohibiting discrimination in housing on the grounds of race, color, religion, sex, age, marital status, national origin, or physical or mental handicap.

5. Action Authorized With Respect to Leases

Agent is authorized to execute all leases, rental agreements, renewals, and cancellations. Agent may also serve notice on any tenant to quit a property when the Agent deems such notice necessary and is authorized to institute such actions or other proceedings as may be deemed advisable in Agent's or Owner's name in order to evict tenants, recover rent, charges, or other sums payable to Owner. Agent may discontinue any such action or proceeding, or compromise or settle any such action or proceeding.

6. Tenants' Problems

Agent shall maintain businesslike relations with tenants. Problems of a serious nature shall, after thorough investigation, be reported to the Owner with appropriate recommendations.

IV. OPERATION AND MAINTENANCE

1. Employees

Agent shall hire, discharge, and supervise, all labor and persons and/or services to perform duties and responsibilities at the property site to properly maintain and operate the property. Compensation of such persons and/or services will be paid

as provided in the "Management Plan". The number of employees hired will be consistent with those contemplated by the property's annual budget. Employees of the property will be treated as employees of the Agent and not as employees of the Owner.

2. Maintenance, Repairs and Rehabilitation

- a. Agent shall cause the property, and its appurtenances and grounds, to be maintained according to standards acceptable to Owner, or a governmental agency, if applicable, including but not limited to interior and exterior cleaning, painting, decorating, plumbing, heating and ventilating systems, elevators, carpentry, and such other normal maintenance and repair work as may be necessary. Agent is authorized by Owner to conduct rehabilitation necessary to have the property meet building codes and maintain the appearance to complement the surrounding community.
- b. In fulfillment of its duties under (a) of this section, Agent may purchase from a third party company such supplies, equipment, and services as necessary for the operation and maintenance of the property; provided, however, that no single disbursement for this purpose shall be made which is not in the annual budget approved by the Owner or which would cause Agent to exceed a budget line item by more than \$2,000.00 unless specifically authorized by Owner or authorized representative except that emergency repairs, involving manifest danger to life or property, or immediately necessary for the preservation and safety of the property, or for the safety of its tenants, or required to avoid the suspension of any necessary service to the property, may be made by Agent irrespective of the cost limitation imposed by this section.
- c. If major repairs are required, the Agent will solicit bids from third party companies to complete such repairs. From comparable bids, the most reasonable and qualified bid will be selected.

3. Services and Utilities

Agent shall implement and maintain the contracts considered in its name or in the name of Owner for all services and utilities necessary for the efficient operation and maintenance of the property, including but not limited to water, electricity, gas, fuel, telephone, vermin extermination and rubbish hauling.

4. Compliance with Governmental Regulations

Agent shall take such action as may be necessary to comply promptly with any and all orders or requirements affecting the property placed thereon by federal, state, county, or municipal authority having jurisdiction therefore, subject to the same limitation contained herein regarding maximum amounts which may be disbursed without Owner's written consent. Agent, however, shall not take any action under this section so long as Owner is contesting, or has, after prompt notification of the facts by Agent, affirmed its intention to contest any such order or requirement. Agent shall promptly notify Owner in writing of all such orders and notices of requirements.

5. Insurance Coverage

When specifically directed by Owner in writing, Agent will cause insurance coverage, in the types and amounts so specified by Owner, or as required by law, lender, or unit(s) of government, to be placed and kept in effect at all times with insurance companies satisfactory to Owner. Typically, coverage will include, but not be limited to, workers' compensation insurance, public liability insurance, fire and extended coverage insurance, and burglary and theft insurance. All of the various types of insurance coverage required for the benefit of Owner shall be placed with the company or companies whose bids have been accepted by Agent, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to Owner; provided, however, that the Agent shall be named as a coinsured in all policies related to public liability insurance. Proof of all such insurance shall be delivered to Owner in a form acceptable to Owner. Agent shall promptly investigate and make a full written report as to all accidents or claims for damage relating to the ownership, operation, and maintenance of the property including any damage or destruction to the property, the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection herewith.

V. COLLECTION AND DISBURSEMENT OF REVENUES

1. Operating Account

Agent will designate and maintain an Operating Account which will be in the Agent's name and designated of record in an account name identifying the property. The account shall be opened in a bank whose deposits shall be insured by the Federal Deposit Insurance Corporation.

2. Collection of Rent

Agent shall use its best efforts to collect all rents and revenues from the

property.

3. Deposit of Collections

Agent shall promptly deposit all monies collected from the property in the Operating Account. Agent shall have the authority to draw on this account for any payments which Agent must make to discharge any liabilities or obligations incurred pursuant to this Agreement, and for the payment of Agent's fee, all of which payments shall be subject to the limitations of this Agreement.

4. Tenant Security Deposit Account (When Applicable)

Upon receipt, all tenant security deposit funds collected shall be deposited in a separate account at a federally insured financial institution and shall be handled according to any State or local laws governing tenant security deposits. All tenant security deposit funds collected shall be recorded in a bookkeeping account that is separate from the Property's bookkeeping accounts. Funds in the Tenant Security Deposit Account shall only be used for authorized purposes as intended. They shall be held by the Agent in trust for the respective tenants until so used. Any amount in the Tenant Security Deposit Account which is retained by the Agent as a result of lease violations shall be transferred to the Operating Account and treated as income of the property.

5. Replacement Reserve Account

A separate bank account shall be set up called replacement reserve account. Deposits shall be made to this account at a rate of \$300.00 per unit per year. Annual deposits are due from the anniversary funding date of the permanent loan. Uses of this reserve are restricted to capital expenditures. Withdrawals from the replacement reserve account shall be monitored by the permanent lender during its review process.

6. Bonding

The Agent directly and those employees of Agent who handle or are responsible for the handling of Owner's monies shall, be bonded by a fidelity bond acceptable both to Agent and Owner, indemnifying Owner as obligee against loss, theft, embezzlement, or other fraudulent acts on the part of Agent or Agent's employees.

7. Disbursements

Disbursements from the Operating Account shall be governed by the following:

- (a) From the funds collected and held by Agent in the Operating Account pursuant to paragraph V.2 hereof, and subject to the Owner-approved operating budget, Agent shall make the following disbursements promptly when payable, in the following order of priority:
- (i) Salaries and any other compensation due and payable to the employees referred to in the "Management Plan", including Agent's compensation, together with related payroll taxes;
 - (ii) Fire and other hazard insurance premiums, utilities, debt service on first trust deed, and establishment and maintenance of replacement reserve funds;
 - (iii) Other payments due and payable by Owner as operating expenses incurred pursuant to Owner-approved operating budget and in accordance with this Agreement;
 - (iv) Distributions to Owner's partners in accordance with Owner's partnership agreement, and
 - (v) Payments of interest on loans specified in the Owner's partnership agreement.
- (b) In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under subparagraph 6(a) hereof, Agent shall promptly inform Owner of the fact and Owner may then remit to Agent sufficient funds to cover the deficiency. In no event shall Agent be required to use its own funds to pay such disbursements.

8. Controls on Disbursements

Agent shall maintain proper internal controls appropriate to organize and maintain a system of controls designed to insure the authenticity of bills paid, and the fairness of the price charged. In furtherance of this goal, Agent shall authorize all purchasing and hiring of services only by supervisory personnel.

VI. FINANCIAL RECORDS AND REPORTS

1. Records

Agent agrees to keep accurate, complete, and separate records in accordance with generally accepted accounting standards and procedures, showing income and expenditures in connection with the operation of the property, to the end that any accounts payable, other obligations, cash, accounts receivable, and other assets pertaining thereto can be identified and the amount determined at all times. Owner shall have the right at any reasonable time, through his representatives or in person, to inspect any record of Agent which in his opinion may verify the financial or monthly reports, including, but not limited to, all checks, bills, vouchers, statements, cash receipts, correspondence, and all other records in connection with management of the property. Owner shall further have the right to cause an audit to be made of all account books and records connected with the management of the property.

2. Monthly and Annual Statements

Agent shall prepare and deliver to Owner (i) within twenty (20) days after the end of each calendar month during the term of this Agreement a written statement showing in detail acceptable to Owner, all receipts and disbursements with respect to the property for the immediately preceding calendar month, and itemizing all delinquent accounts and vacant space, and (ii) within forty-five (45) days after the end of each calendar year during the term of this Agreement a written statement showing, in detail acceptable to Owner and sufficient to enable Owner to prepare its income tax returns for such calendar year, the actual receipts and disbursements with respect to the property during the immediately preceding calendar year.

3. Operating Budget

Agent shall prepare a recommended annual operating budget for the property for each fiscal year during the term of this Agreement, and will submit same to Owner at least sixty (60) days before the beginning of such fiscal year. The annual operating budget shall include a schedule of rent increases with respect to Lease renewals and new Leases. Proposed annual operating budgets for the property shall be subject to approval by Owner. Owner will promptly inform Agent of any changes to be incorporated in the approved operating budget, and Agent shall make no expenditures in excess of the amounts set forth in such approved operating budget, for each line item of operating expense itemized, without the prior written approval of Owner, except as permitted pursuant to paragraph IV.2.b. hereof for

emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any services to the property.

4. Reports

Agent agrees to prepare, or cause to be prepared, on behalf of Owner, and deliver to Owner a reasonable period prior to the due date for such forms and declarations:

- (a) All payroll forms and reports concerning property employees;
- (b) Workers' compensation forms;
- (c) Business tax forms;
- (d) Personal property declarations.

All corporate, partnership, and individual income tax returns are the responsibility of Owner, except that the records and reports furnished Owner by Agent shall be sufficient for these purposes.

Agent shall file, on behalf of Owner, the customary property management compliance reports required by the Tax Credit Allocation Committee and the Internal Revenue Service. Agent shall also file compliance reports with the County of Santa Barbara Affordable Housing Program as required in the City and County regulatory agreements and loan agreements. Agent shall, at Owner's request, provide copies of all compliance reports to the General Partner.

VII. COMPENSATIONS

1. Fee

For on-going management services rendered pursuant to this Agreement, Owner shall pay Agent a fee equal to 5% of the rental revenue per unit per month for each unit in a building which is occupied. Rental revenue is defined as rents approved annually by the County of Santa Barbara excluding any subsidized rents in excess of the County of Santa Barbara approved rent amounts. Management fees will be computed and paid according to HUD requirements.

2. Other Reimbursements

Agent shall be entitled to the following reimbursements: For full time or part time personnel employed at the property, who shall be the employees of the Agent,

salaries, employer contributions mandated by any governmental agency, worker's compensation insurance premiums, employer health benefits and other costs incurred for the benefit of the property. Such costs shall be advanced by the Agent and Agent shall be reimbursed the amount of such payments on the first of each month from the property operating account.

VIII. AGENT'S AND OWNER'S OBLIGATIONS

1. Information to be furnished

As soon as possible the Owner will furnish the Agent with a complete set of "as built" plans and specifications and copies of all guarantees and warranties relevant to construction, fixtures and equipment, and all regulatory agreements affecting the property. With the aid of this information and inspection by competent personnel, the Agent will become thoroughly familiar with the character, location, construction, layout, plan and operation of the Property, and especially with the physical plant.

2. Agent's Indemnification

Notwithstanding any provision of this Agreement or any obligation of Agent hereunder, it is understood and agreed:

(a) That Owner has assumed and will maintain their responsibility and obligation throughout the term of this Agreement for the finances and the financial stability of the Property, and

(b) That Agent shall have no obligation, responsibility or liability to fund authorized Property costs, expenses or accounts other than those funds generated by the Property itself or provided to the Property or to Agent by Owner, and

(c) That Owner shall be solely responsible for bearing that portion of the costs of the Property which exceed the amount of income generated by the Property.

In accordance with the foregoing, Owner agrees that Agent shall have the right at all times to secure payment of its compensation, as provided for under this Agreement, from the General Operating Account immediately when such compensation is due and without regard to other Property obligations or expenses provided the agent has satisfactorily discharged all duties and responsibilities under this Agreement. Moreover, except for losses, costs, expenses, liabilities, and obligations arising by reason of Agent's negligence or breach of its obligations under this Agreement, Owner hereby indemnifies Agent and agrees to hold it

harmless from any loss, with respect to Property costs, expenses, accounts, liabilities, and obligations during the term of this Agreement and further agrees to guarantee to Agent the payment of its compensation under this Agreement during the term of this Agreement to the extent that the Project's General Operating Account for this purpose is insufficiently funded. Failure of Owner at any time to abide by and to fulfill the foregoing shall be a breach of this Agreement entitling Agent to obtain from Owner upon demand, full payment of all compensation owed to Agent through the date of such breach and entitling Agent, at its option, to terminate this Agreement forthwith.

3. Owner's Indemnification

Agent shall indemnify, defend, and hold Owner free and harmless from and against all claims, costs, damages, causes of action, and liabilities of whatsoever type and kind arising from or relating to Agent's breach of its obligations under this Agreement.

4. Tax Credit Compliance

Agent shall indemnify, defend and hold Owner and its partners harmless from and against all damages, losses, costs, causes of action, actions, suits, liabilities, claims, costs and expenses (including, without limitation, attorney's fees and court costs) in the event Agent (a) leases any unit to a third party or parties who fail to satisfy the eligibility or income requirements established for such unit(s), or (b) charge rent for any unit in excess of the amount allowed by any lender, Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), or any regulatory agreement recorded against or otherwise binding upon the Property or Owner. Agent shall not be responsible under this paragraph for the fraudulent acts of any third party or parties if the Agent properly followed the income verification procedure required by the Code, or otherwise approved by Owner. Such indemnity obligation shall survive the expiration or earlier termination of this Agreement.

IX. TERM AND TERMINATION

1. Basic Period

Subject to termination pursuant to subparagraph IX(3), below, the term of this Agreement shall commence on January 1st of each year. The length/term of this Agreement will be for a minimum one-year term.

2. Renewals

Subject to termination pursuant to subparagraph 3, below, this Agreement shall be automatically renewed for consecutive one-year terms. Notwithstanding any such automatic renewal, Owner and Agent shall meet prior to each renewal term and negotiate in good faith to determine whether the amount of compensation being paid to Agent is fair and reasonable under the circumstances and whether any other changes in this Agreement may be appropriate, and shall exercise their reasonable best efforts to agree, prior to the commencement of each renewal term, upon the amount of compensation to be paid to Agent and other appropriate changes, if any, in this Agreement. If the parties are unable to agree upon a revised compensation schedule or other changes in this Agreement prior to the commencement of a renewal term, then the amount of compensation in effect immediately prior to such renewal term and the remainder of this Agreement shall remain in effect during such renewal term.

3. Termination

This Agreement shall be terminated for cause three (3) business days after one party delivers to the other written notice of its election to terminate for cause. For purposes of this Agreement, the term "cause" shall mean (i) material breaches of a party's obligations under this Agreement which are not cured within fourteen (14) days after delivery of written notice that such breach has occurred, (ii) substantial and repeated material violations of a party's obligations under this Agreement, and (iii) gross negligence or intentional misconduct.

The Agent hereby acknowledges that the Owner has entered into an agreement in which it agrees that Super Motel is to be managed in accordance with the terms specified by the California Housing Finance Agency Regulatory Agreement, which is attached hereto and made part of this Agreement. The Agent agrees to abide by the requirements stated therein. And specifically acknowledges that this Agreement may be terminated by the California Housing Finance Agency in accordance with Section 11 of the Regulatory Agreement.

In addition, HUD may require the owner to terminate the Agreement:

- (1) Immediately if a default occurs under the Mortgage, Note, Regulatory Agreement, or Rental Assistance Contract that is attributable to the actions of the management agent;
- (2) Upon 30 days written notice, for failure to comply with the provisions of the Management Certification or for other good cause; or,

(3) When HUD takes over the property as Mortgagee in Possession.

If HUD terminates the Agreement pursuant to its authority under the loan documents, the owner will promptly make arrangements for obtaining an alternative management agent that is satisfactory to HUD.

HUD's rights and requirements will prevail in the event of any conflicts with the terms of this Agreement.

4. Consequences of Termination

Upon termination of this Agreement, it is agreed:

(a) That all of the records in the possession of Agent pertaining to the operation of the premises, together with any other property of Owner in Agent's possession, shall be immediately delivered to Owner, including all of the project's cash, accounts, deposits, investments, and records immediately, but in no event more than 30 days after the date the Agreement is terminated.

(b) That Agent's right to compensation shall immediately cease, except for any amounts payable hereunder before the date of the termination.

X. MISCELLANEOUS

1. Notices

All notices required under this or any article of this Agreement shall be in writing and: (1) delivered by certified mail, postage prepaid, return receipt requested; (2) express delivery with a delivery receipt; or (3) by personal delivery with a delivery receipt. Notice shall be deemed communicated on the date shown on the delivery receipt as: (1) the date of delivery, (2) the date delivery was refused, or (3) the date the notice was returned as undeliverable. The place to which notices shall be addressed to each party appears after the signatures below; provided, however, that each party may change his address by notice in accordance with this section.

2. Status of Parties

The parties hereto do not intend to create an employer-employee relationship. The Agent is an independent contractor.

3. Timely Performance

Owner and Agent shall each perform all of their respective obligations under this Agreement in a proper, prompt, and timely manner. Each shall furnish the other with such information and assistance as the other may from time to time reasonably request in order to perform its responsibilities under this Agreement. Owner and Agent each shall take all such actions as the other may from time to time reasonably request and otherwise cooperate with the other so as to avoid or minimize any delay or impairment of either party's performance of its obligations under this Agreement.

4. Arbitration

(a) Except as provided in subparagraph (b), if a dispute arises between the parties with respect to the interpretation or enforcement of rights and duties created under this Agreement, and such dispute is not resolved within thirty (30) days after one party delivers to the other written notice invoking the provisions of this Paragraph X(4), then such dispute shall be resolved by arbitration in Santa Barbara, California, in accordance with the rules then-obtaining of the American Arbitration Association. This agreement to arbitrate shall be specifically enforceable, and judgment may be entered on the order of the arbitrator.

(b) Notwithstanding the foregoing, this paragraph X(4) is not intended to prevent, and shall not be construed as preventing, one party from exercising its power to terminate this Agreement for cause. If a dispute arises with respect to the existence of cause, then a party may consent to a termination while reserving the ability to contest the existence of cause, and any dispute concerning whether cause existed or whether such termination was wrongful shall be resolved by arbitration pursuant to subparagraph (a), above.

5. General Provisions

This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State wherever this Agreement has been executed. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings relating to the subject matter hereof.

This Agreement may not be modified, amended, or terminated, nor may any term or provision hereof be waived or discharged, except in writing signed by the party against whom such amendment, modification, termination, waiver, or discharge is sought to be enforced. All of the terms of this Agreement, whether so expressed or not, shall be binding upon the respective successors and permitted assigns of the parties hereto and shall insure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns. If any of the provisions of this Agreement shall to any extent be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. The headings of this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any references in this Agreement to any one gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

If any legal action is brought to enforce this Agreement, the prevailing party shall be entitled to its attorney's fees and costs of its suit.

XI. EXECUTION

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed by their duly authorized officers as of the day and year first above written.

AGENT:

Housing Authority of the
County of Santa Barbara.
a public body corporate and politic

By: _____
Robert P. Havlicek Jr.

Title: Executive Director
a California non-profit public
benefit corporation

EXHIBIT A
MANAGEMENT PLAN

PROJECT: Buena Tierra Apartments, Goleta, California
OWNER: Housing Authority of the County of Santa Barbara
MANAGING AGENT: Housing Authority of the County of Santa Barbara

This Management Plan has been developed as Exhibit A to the Management Agreement ("the Agreement") for the Buena Tierra Apartments.

ON-SITE AND INDIRECT MANAGEMENT

Indirect management services will be provided out of the Agent's offices at Goleta, California. These managerial services are identified in the Agreement and are more specifically detailed in this Management Plan.

Agent will also employ an "on-site" manager who will reside in the development. All direct management services such as this, will be considered Project costs which are chargeable to the rental agency account. Other more indirect forms of management services including overall project management, supervision of management staff, cost of replacement staff while the manager is away for vacation, sick or personnel time from his/her role of employment as manager and an on-site presence would ordinarily be provided and coordination of management services will not be considered as Project costs, but will instead be compensated for out of the Project's management fee.

Management staff, including their duties and responsibilities, are identified and discussed in greater detail under the various sections of this plan. Management positions and project expense relationships are presented as part of the Project's Operating Budget.

The Agent will assume the responsibility for making and carrying out the daily decisions which are necessary to provide this project with the management services identified in this Plan and the Agreement. Where either this Plan or the Agreement requires prior authorization from the Owner before action by the Agent, it is understood that the President or Executive Director of the General Partner of the Owner must provide necessary authorization.

Management will comply fully with all federal, state, and local nondiscrimination laws, and with rules and regulations governing fair housing and equal opportunity in housing and employment.

Typical activities are as follows:

INITIAL RENT-UP AND CONTINUED OCCUPANCY

- Marketing
- Publications, as required
- Tenant Screening and Selection
- Tenant Eligibility Certification and Recertification
- Tenant Orientation
- Rental Agreements
- Move-In and Move-Out Inspections

RENT COLLECTION

- Rent Roll and Service Charge Collection Management
- Rent Delinquencies
- Security Deposit Collection and Refunds
- Eviction

MAINTENANCE

- Routine
- Non-Routine
- Extraordinary Maintenance
- Betterments and Additions
- Preventive

ACCOUNTING AND FINANCIAL

- General Ledger
- Purchasing and Disbursements
- Financial Reports
- Investments
- Governmental Reporting

TENANT RELATIONS AND SERVICES

- Tenant Services
- Tenant Grievances and Problems
- Housing Rules and Policies

More detailed descriptions of the above-listed typical activities are as follows:

RENT-UP AND OCCUPANCY

Appropriate Housing Authority Agent staff will:

- 1) Determine and certify eligibility of all new residents, including screening, selection and orientation of residents and establishment of a waiting list in accordance with Agent's Affirmative Fair Housing Marketing Plan and appropriate eligibility criteria as established by Agent in compliance with local, State and Federal regulations. Tenant selection and assignment will be made based on the relevant sections in Agent's Public Housing Statement of Policies. Agent shall comply with the express requirements of Section 202 (h) (4) of the No Place Like Home Program Guidelines.
- 2) Management will ensure that persons with disabilities have full access to the program and services by following the policy set forth in the Housing Authority's continued occupancy plan concerning reasonable accommodations.
- 3) Annually re-determine and certify eligibility and rent payments for all tenants.
- 4) Conduct all move-in and move-out inspections.
- 5) Practices to facilitate Voluntary Moving On Strategies – To the extent available the Housing Authority will issue Housing Choice Vouchers to applicants moving into this Homekey Development. After the first year, any resident with a Housing Choice Voucher could take their voucher to a private market unit. In addition the supportive service providers will work with the clients to assess stability and capability to live independently and encourage moving if feasible.

RENT COLLECTION

- 1) Agent will collect all rents and service charges. Residents may pay rent by mail or direct payment at Agent-designated locations. All rents will be due and payable on the first day of each month. Residents will have five days to make rent payments, after which time the Goleta Area Housing Manager will initiate appropriate delinquency procedures. As necessary, residents will be contacted in person regarding payment of delinquent accounts. A \$10.00 late charge will be assessed for delinquent rents and the current bank charge for returned checks.
- 2) Assume responsibility for the collection and disbursement of resident security deposits. Security deposits will be established at an amount determined by the Owner.

All security deposits will be placed in a separate account as specified in the Agreement.

- 3) The Agent will assume responsibility for dealing with all delinquencies regarding rents and charges including taking any legal action as may be required. Any legal action which may be instituted will be in compliance with applicable local, state and federal laws as well as the provisions of the lease.
- 4) Before moving towards eviction proceedings due to missed rent payments, management may allow tenants to enter into repayment agreement for rent arrearages.
- 5) Alcohol or drug use in and of itself will not be considered a lease violation, unless such use results in disturbances to neighbors or is associated with illegal activity (e.g. selling illegal substances). Also, any form of violence will not be tolerated.
- 6) Appeal and Grievance – Every applicant and/or tenant has the right to appeal any adverse action taken against them. Management will follow the Housing Authority's Continued Occupancy Plan for any appeal or grievance.

MAINTENANCE SERVICES

All maintenance services, unless otherwise identified, will be provided by Housing Authority maintenance employees. Maintenance personnel will schedule time on a weekly basis to perform routine, responsive and preventive maintenance as required. The Agent will assume responsibility for the following maintenance related services:

- 1) Screening and hiring of Maintenance employees.
- 2) Supervision and training.
- 3) Monitoring of service order requests for efficient and timely processing.

Availability and response to emergency maintenance requests will be part of maintenance employees' job descriptions. However, in those instances where extraordinary repairs are required or when maintenance employees are unavailable, the Agent will execute "stand-by" contracts with licensed Contractors for completion of such repairs.

The Agent will secure bids for such contracts.

ACCOUNTING AND FINANCIAL

All routine accounting and financial services required by the Project will be provided by the Agent. The Agent will establish a separate set of books and accounts and an inventory of equipment for the Project. The Agent will be responsible for making the routine operating expense disbursements required of the Project. A rental agency account will be established for the purpose of depositing all Development operating receipts and disbursing all Project operating expenses. Operating funds will be disbursed in accordance with the approved operating budget, however, in the event that any incurred monthly routine operating expenditure exceeds the estimated monthly expense by more than 10% the Owner will be notified and an agreement shall be reached regarding payment. In addition, prior approval of the Owner will be required for any single maintenance or repair expenditure which is not in the annual budget approved by the Owner or which would cause the Agent to exceed a budget line item by more than Two Thousand Dollars (\$2,000) for labor and materials, except where emergency repairs may be required because of danger to the residents or to the property or to avoid suspension of any necessary service to the Project.

Routine accounting will be completed by the Agent's clerical and technical staff, under the supervision of the Agent's Controller. Agent will provide Owner with monthly financial reports. All reporting, accounting and purchasing will be consistent with generally accepted accounting principles.

All financial operations of the Agent are audited on an annual basis. The expense of a similar audit will be borne by the Project, not by the Management Fee. The Agent will make all financial information necessary to complete the audit available to the Auditor on a timely basis.

The Agent will also prepare and submit to the Owner within 60 days of the beginning of a new fiscal year a proposed operating budget for review.

TENANT RELATIONS AND SERVICES

Confidentiality – Management and staff are committed to safeguard confidential information related to our program participants. In order to ensure the security of confidential participant information, staff will refrain from sharing confidential participant information with anyone except authorized parties,(this includes supportive services staff) and will ensure that participant files are kept in a secure location at all times, and maintain heightened electronic security measures.

The Agent will maintain good-faith communication with the tenants so that problems may be avoided or solved on the basis of mutual self-interest. Grievances will be heard in accordance with the Agent's established grievance procedures for its public housing program. The Agent will counsel tenants and make referrals to available community social service agencies in cases of financial hardship or under similar circumstances to avoid involuntary termination of tenancies.

A quarterly newsletter will be published and distributed to the tenants which will include reminders about their obligations relative to various housing rules and policies.

AFFIRMATIVE FAIR MARKETING HOUSING PLAN

As a Public Housing Agency, Agent is acutely aware of the need to Affirmatively Fair Market the project's units. Agent will make outreach efforts through various community organizations and newspapers. Statistical reports will be reviewed on a regular basis to target outreach to specific groups where representation is weakest.

An Outreach Program will be maintained to ensure that public notices and other information about the availability and nature of the housing will reach qualified individuals with handicaps, and organizations serving such individuals. The outreach will include, but not be limited to:

- The advertisement of the availability of accessible units in local newspapers;
- Regular notices to organizations serving handicapped individuals;
- Public posting of information about the availability of accessible units;
- Individual counseling to assist applicants being placed in suitable, accessible units; and
- All advertisements, brochures, etc., will feature Equal Opportunity and Fair Housing logos and information.

MANAGEMENT FEE

The Agent shall be compensated for its service under the Agreement as follows:

- 1) A fee payable each month, equal to the amount specified in paragraph VII.1 of the Agreement.
- 2) Maintenance expenses are to be reimbursed directly by the Project at actual material and contract costs. Where Agent's maintenance personnel are used the Project will be charged the rate currently being charged tenants in the Agent's Public Housing program.
- 3) Utility expenses such as water, sewer, telephone, gas, and electricity will be reimbursed directly by the Project.
- 4) Any Legal Costs for evictions carried out by the Agent will be reimbursed directly by the Project.

MISCELLANEOUS

It is hereby understood that the Agent has in place numerous standard operating procedures and policies that it follows in the normal course of all its business operations as a Public Housing Authority. Where relevant and appropriate, these procedures and policies will be followed in the management of this property.

EXHIBIT I

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND REQUIRED TERMS SUBRECIPIENT AGREEMENT

This Agreement is funded through the Coronavirus State and Local Fiscal Recovery Fund (SLFRF), a part of the American Rescue Plan Act (ARPA or Act), Pub. L. No. 117-2 (March 11, 2021) (codified as 42 U.S.C. § 801 *et seq.*). ARPA imposes certain requirements through the Act, its implementing regulations at 2 CFR Part 200, the Award Terms and Conditions imposed by the U.S. Department of the Treasury (Treasury) onto the COUNTY, and Treasury's *Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance*. In recognition of these funding requirements, SUBRECIPIENT agrees to the following provisions:

1. GENERAL COMPLIANCE.

- A. SUBRECIPIENT shall comply with the requirements of the Act; the SLFRF; the United States Department of the Treasury Coronavirus State Fiscal Recovery Fund Award Terms and Conditions imposed by the U.S. Department of the Treasury (Treasury) onto the COUNTY; and all other applicable federal, state, and local laws, regulations, ordinances, orders, rules, guidelines, directives, circulars, bulletins, notices, and policies governing SLFRF currently and as they may be amended from time to time.
- B. SUBRECIPIENT agrees to comply with the requirements of Section 603 of the Act, regulations adopted by Treasury pursuant to Section 603(f) of the Act, and guidance issued by Treasury regarding the foregoing. SUBRECIPIENT also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and SUBRECIPIENT shall provide for such compliance by other parties in any agreements it enters into with other parties relating to this subaward.
- C. Federal regulations applicable to this subaward include, without limitation, the following:
 - i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this subaward.
 - ii. Universal Identifier and System for Award Management (SAM) 2 CFR Part 25, pursuant to which the award term set forth in Appendix A to 2 CFR Part 25, is hereby incorporated by reference.
 - iii. Reporting Subaward and Executive Compensation Information, 2 CFR Part 170, pursuant to which the award term set forth in Appendix A to 2.CFR Part 170 is hereby incorporated by reference.

- iv. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), 2 CFR Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 CFR Part 180, subpart B) that the award is subject to 2 CFR Part 180 and Treasury's implementing regulation at 31 CFR Part 19.
- v. Recipient Integrity and Performance matters, pursuant to which the award term set forth in 2 CFR Part 200, Appendix XII to Part 200 is hereby incorporated by reference.
- vi. Governmentwide Requirements for Drug-Free Workplace, 31 CFR Part 20.
- vii. New Restrictions on Lobbying, 31 CFR Part 21.
- viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. Sections 4601-4655) and implementing regulations.
- ix. Generally applicable federal environmental laws and regulations.

D. Statutes and regulations prohibiting discrimination applicable to this subaward, include without limitation, the following:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. Sections 2000d et seq.) and Treasury's implementing regulations at 31 CFR Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;
- ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. Sections 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
- iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Section 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;
- iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. Sections 6101 et seq.), and Treasury's implementing regulations at 31 CFR Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and
- v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. Sections 12010 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

2. USE OF FUNDS.

- A. SUBRECIPIENT agrees that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of this Agreement.
- B. SUBRECIPIENT understands and agrees the funds disbursed under this subaward may only be used in compliance with Sections 603(c) of the Act and Treasury's regulations implementing those sections and guidance.

3. REPORTING.

SUBRECIPIENT shall comply with any reporting obligations established by the Treasury, as they relate to this Agreement, upon request from COUNTY.

4. MAINTENANCE OF AND ACCESS TO RECORDS.

- A. Pursuant to 2 CFR section 200.337 and Section 4 of the Award Terms and Conditions, SUBRECIPIENT shall maintain records and financial documents sufficient for COUNTY to show compliance with Sections 602(c) and 603(c) of the Act, Treasury's regulations implementing those sections, and guidance regarding the eligible uses of funds.
- B. The Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of SUBRECIPIENT in order to conduct audits or other investigations.
- C. Records shall be maintained by SUBRECIPIENT for a period of five (5) years after final payment for the Services.

5. PRE-AWARD COSTS.

Pre-award costs, as defined in 2 CFR section 200.458, may not be paid with funding from this subaward.

6. ADMINISTRATIVE COSTS.

SUBRECIPIENT may use funds provided under this subaward to cover both direct and indirect costs.

7. CONFLICT OF INTEREST.

- A. SUBRECIPIENT covenants that SUBRECIPIENT presently has no employment or interest and shall not acquire any employment or interest, direct or indirect, including any interest in any business, property, or source of income, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. SUBRECIPIENT further covenants that in the performance of this Agreement, no person having any such interest shall be employed by SUBRECIPIENT. SUBRECIPIENT must promptly disclose to COUNTY, in writing, any potential conflict of interest. COUNTY retains the right to waive a conflict of interest disclosed by SUBRECIPIENT if COUNTY determines it to be immaterial, and such waiver is only effective if provided by COUNTY to SUBRECIPIENT in writing.

- B. SUBRECIPIENT understands and agrees it must maintain a conflict of interest policy consistent with 2 CFR section 200.318(c) and that such conflict of interest policy is applicable to each activity funded under this award. SUBRECIPIENTS must disclose in writing to Treasury or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in accordance with 2 CFR section 200.112.

8. TERMINATION.

- A. By COUNTY. COUNTY may, by written notice to SUBRECIPIENT, terminate this Agreement in whole or in part at any time, whether for COUNTY's convenience, for nonappropriation of funds, or because of the failure of SUBRECIPIENT to fulfill the obligations herein.
- i. **For Convenience.** COUNTY may terminate this Agreement in whole or in part upon thirty (30) days written notice. During the thirty (30) day period, SUBRECIPIENT shall, as directed by COUNTY, wind down and cease its services as quickly and efficiently as reasonably possible, without performing unnecessary services or activities and by minimizing negative effects on COUNTY from such winding down and cessation of services.
 - ii. **For Nonappropriation of Funds.** Notwithstanding any other provision of this Agreement, in the event that no funds or insufficient funds are appropriated or budgeted by federal, state or COUNTY governments, or funds are not otherwise available for payments in the fiscal year(s) covered by the term of this Agreement, then COUNTY will notify SUBRECIPIENT of such occurrence and COUNTY may terminate or suspend this Agreement in whole or in part, with or without a prior notice period. Subsequent to termination of this Agreement under this provision, COUNTY shall have no obligation to make payments with regard to the remainder of the term.
 - iii. **For Cause.** Should SUBRECIPIENT default in the performance of this Agreement or materially breach any of its provisions, COUNTY may, at COUNTY's sole option, terminate or suspend this Agreement in whole or in part by written notice. Upon receipt of notice, SUBRECIPIENT shall immediately discontinue all services affected (unless the notice directs otherwise) and notify COUNTY as to the status of its performance. The date of termination shall be the date the notice is received by SUBRECIPIENT, unless the notice directs otherwise.
- B. By SUBRECIPIENT. Should COUNTY fail to pay SUBRECIPIENT all or any part of the payment set forth in EXHIBIT B, SUBRECIPIENT may, at SUBRECIPIENT's option terminate this Agreement if such failure is not remedied by COUNTY within thirty (30) days of written notice to COUNTY of such late payment.
- C. Upon termination, SUBRECIPIENT shall deliver to COUNTY all data, estimates, graphs, summaries, reports, and all other property, records, documents, or papers as may have been accumulated or produced by SUBRECIPIENT in performing this Agreement, whether completed or in process, except such items as COUNTY may, by written permission, permit SUBRECIPIENT to retain. Notwithstanding any other payment provision of this Agreement, COUNTY shall pay SUBRECIPIENT for

satisfactory services performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall SUBRECIPIENT be paid an amount in excess of the full price under this Agreement nor for profit on unperformed portions of service. SUBRECIPIENT shall furnish to COUNTY such financial information as in the judgment of COUNTY is necessary to determine the reasonable value of the services rendered by SUBRECIPIENT. In the event of a dispute as to the reasonable value of the services rendered by SUBRECIPIENT, the decision of COUNTY shall be final. The foregoing is cumulative and shall not affect any right or remedy which COUNTY may have in law or equity.

9. OWNERSHIP OF DOCUMENTS AND INTELLECTUAL PROPERTY.

- A. COUNTY shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected, all documents of any type whatsoever, all photos, designs, sound or audiovisual recordings, software code, inventions, technologies, and other materials, and any material necessary for the practical use of such items, from the time of collection and/or production whether or not performance under this Agreement is completed or terminated prior to completion. SUBRECIPIENT shall not release any of such items to other parties except after prior written approval of COUNTY.

- B. Unless otherwise specified in the Agreement, SUBRECIPIENT hereby assigns to COUNTY all copyright, patent, and other intellectual property and proprietary rights to all data, documents, reports, photos, designs, sound or audiovisual recordings, software code, inventions, technologies, and other materials prepared or provided by SUBRECIPIENT pursuant to this Agreement (collectively referred to as "Copyrightable Works and Inventions"). COUNTY shall have the unrestricted authority to copy, adapt, perform, display, publish, disclose, distribute, create derivative works from, and otherwise use in whole or in part, any Copyrightable Works and Inventions. SUBRECIPIENT agrees to take such actions and execute and deliver such documents as may be needed to validate, protect, and confirm the rights and assignments provided hereunder. SUBRECIPIENT warrants that any Copyrightable Works and Inventions and other items provided under this Agreement will not infringe upon any intellectual property or proprietary rights of any third party. SUBRECIPIENT at its own expense shall defend, indemnify, and hold harmless COUNTY against any claim that any Copyrightable Works or Inventions or other items provided by SUBRECIPIENT hereunder infringe upon intellectual or other proprietary rights of a third party, and SUBRECIPIENT shall pay any damages, costs, settlement amounts, and fees (including attorneys' fees) that may be incurred by COUNTY in connection with any such claims. This Ownership of Documents and Intellectual Property provision shall survive expiration or termination of this Agreement.

10. EQUAL EMPLOYMENT OPPORTUNITY.

During the performance of this Agreement, SUBRECIPIENT agrees as follows:

- A. SUBRECIPIENT will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. SUBRECIPIENT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion,

sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SUBRECIPIENT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

B. SUBRECIPIENT will, in all solicitations or advertisements for employees placed by or on behalf of SUBRECIPIENT, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.

i. SUBRECIPIENT will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of SUBRECIPIENT'S commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

ii. SUBRECIPIENT agrees to comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, as supplemented in Department of Labor regulations (41 CFR Part 60) and all other applicable rules, regulations, and relevant orders of the Secretary of Labor. Title 41 CFR section 60.14 applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the regulation were specifically set out herein and SUBRECIPIENT agrees to comply with said regulation.

iii. SUBRECIPIENT will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

iv. In the event of SUBRECIPIENT'S noncompliance with the nondiscrimination clauses of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be cancelled, terminated, or suspended in whole or in part and SUBRECIPIENT may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

v. SUBRECIPIENT will include the portion of the sentence immediately preceding paragraph (A) and the provisions of paragraphs (A) through (F) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon

each contractor or vendor. SUBRECIPIENT will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a SUBRECIPIENT becomes involved in, or is threatened with, litigation with a contractor or vendor as a result of such direction by the administering agency SUBRECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.

11. NONDISCRIMINATION.

- A. SUBRECIPIENT shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.
- B. SUBRECIPIENT shall report any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome.
- C. SUBRECIPIENT shall incorporate the language in Section 10 (A) through (B). in every agreement with a contract or purchase order funded under this Agreement.
- D. SUBRECIPIENT shall comply with the Age Discrimination Act of 1975, 42 U.S.C. 6101 et seq., as codified at 45 CFR Part 91, which prohibits discrimination on the basis of age in any program or activity receiving Federal financial assistance.
- E. SUBRECIPIENT shall comply with Title IX of the Education Amendments of 1972, 20 U.S.C. 1681, 1682, 1683, 1685, and 1686, as codified at 45 CFR Part 86, which provides that no person in the United States will, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving Federal financial assistance.

12. CLEAN AIR ACT.

- A. SUBRECIPIENT agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
- B. SUBRECIPIENT agrees to report each violation to the California Environmental Protection Agency and understands and agrees that the California Environmental Protection Agency will, in turn, report each violation as required to assure notification to the COUNTY, the Federal Agency which provided funds in support of this Agreement, and the appropriate Environmental Protection Agency Regional Office.

- C. SUBRECIPIENT agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance.

13. FEDERAL WATER POLLUTION CONTROL ACT.

- A. SUBRECIPIENT agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
- B. SUBRECIPIENT agrees to report each violation to the California State Water Resources Control Board and understands and agrees that the California State Water Resources Control Board will, in turn, report each violation as required to assure notification to the COUNTY, the Federal Agency which provided funds in support of this Agreement, and the appropriate Environmental Protection Agency Regional Office.
- C. SUBRECIPIENT agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance.

14. DEBARMENT AND SUSPENSION.

- A. As required by 2 CFR section 200.214, SUBRECIPIENT warrants that it is not subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180, which restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. SUBRECIPIENT certifies that it shall not contract with a contractor that is so debarred or suspended.
- B. This certification is a material representation of fact relied upon by COUNTY. If it is later determined that SUBRECIPIENT did not comply with 2 CFR Part 180, subpart C and 2 CFR Part 3000, subpart C, in addition to remedies available to the California Governor's Office of Emergency Services and COUNTY, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.
- C. This Agreement is a covered transaction for purposes of 2 CFR Part 180 and 2 CFR Part 3000. As such SUBRECIPIENT is required to verify that none of the SUBRECIPIENT, its principals (defined at 2 CFR section 180.995), or its affiliates (defined at 2 CFR section 180.905) are excluded (defined at 2 CFR section 180.940) or disqualified (defined at 2 CFR section 180.935).
- D. SUBRECIPIENT must comply with 2 CFR Part 180, subpart C and 2 CFR Part 3000, subpart C and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
- E. The bidder or proposer agrees to comply with the requirements of 2 CFR Part 180, subpart C and 2 CFR Part. 3000, subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

15. BYRD ANTI-LOBBYING AMENDMENT, 31 U.S.C. § 1352 (AS AMENDED).

SUBRECIPIENT shall file the required certification attached as Attachment A Certification for Contracts, Grants, Loans, and Cooperative Agreement (Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352 (As Amended), which is incorporated herein by this reference. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

16. PROCUREMENT OF RECOVERED MATERIALS.

- A. In the performance of this Agreement, SUBRECIPIENT shall make maximum use of products containing recovered materials that are EPA- designated items unless the product cannot be acquired—
- i. Competitively within a timeframe providing for compliance with the contract performance schedule;
 - ii. Meeting contract performance requirements; or
 - iii. At a reasonable price.
- B. Information about this requirement, along with the list of EPA-designate items, is available at EPA’s Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.

17. DOMESTIC PREFERENCES FOR PROCUREMENTS.

- A. As appropriate and to the extent consistent with law, the SUBRECIPIENT should, to the greatest extent practicable, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all contract agreements.
- B. For purposes of this section:
- i. “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
 - ii. “Manufactured products” means items and construction materials composed in whole or in part of nonferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

18. PROHIBITION ON CERTAIN TELECOMM PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR

EQUIPMENT.

- A. SUBRECIPIENT is prohibited from obligating or expending loan or grant funds to:
- i. Procure or obtain;
 - ii. Extend or renew a contract to procure or obtain; or
 - iii. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
- B. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
- C. Telecommunications or video surveillance services provided by such entities or using such equipment.
- D. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.
- E. In implementing the prohibition under Public Law 115-232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.
- F. See Public Law 115-232, section 889 for additional information.
- G. See also 2 CFR section 200.471.

19. MANDATORY DISCLOSURE.

SUBRECIPIENT must disclose, in a timely manner, in writing to the COUNTY all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award. SUBRECIPIENT is required to report certain civil, criminal, or administrative proceedings to the System for Award Management (SAM) located at www.sam.gov. Failure to make required disclosures can result in any of the remedies described in 2 CFR section 200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR Part 180 and 31 U.S.C. 3321.)

20. REMEDIES FOR NONCOMPLIANCE.

- A. In the event of SUBRECIPIENT's noncompliance with Sections 602 and 603 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury or the COUNTY may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 CFR Section 200.339. In the case of a violation of Section 603(c) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in Section 603(e) of the Act.
- B. In addition, in the event COUNTY determines that SUBRECIPIENT is not in compliance with the terms and conditions set forth herein, COUNTY may:
- i. Wholly or partly suspend or terminate the Agreement.
 - ii. Require payments as reimbursements rather than advance payments;
 - iii. Withhold authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
 - iv. Require additional, more detailed financial reports;
 - v. Require additional project monitoring;
 - vi. Requiring SUBRECIPIENT to obtain technical or management assistance;
or
 - vii. Establish additional prior approvals.
 - viii. Take other remedies that may be legally available.

21. PREVAILING WAGE

If this project meets the requirements under U.S. Treasury's FAQ dated April 27, 2022, section 6.15, the Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with ARPA awarded funds. Subrecipients and contractors may be otherwise subject to the requirements of Davis-Bacon Act, when APRA funds are used on a construction project in conjunction with funds from another federal program that requires enforcement of the Davis-Bacon Act.

State of California Prevailing Wage Laws will apply to these funds.

22. COPELAND ACT.

The SUBRECIPIENT shall comply with the requirements of 29 CFR Part 3 as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States") which are hereby incorporated by reference in this Agreement.

SUBRECIPIENT is prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. In the case of a conflict with California Prevailing Wage law, California Prevailing Wage Law shall apply.

23. CONTRACT WORK HOURS AND SAFETY STANDARDS - OVERTIME COMPENSATION.

- A. Overtime requirements. No SUBRECIPIENT or contractor employing laborers or mechanics shall require or permit them to work over 40 hours in any workweek unless they are paid at least 1 and 1/2 times the basic rate of pay for each hour worked over 40 hours.
- B. Violation; liability for unpaid wages; liquidated damages. The responsible SUBRECIPIENT or contractor are liable for unpaid wages if they violate the terms in paragraph A. of this clause. In addition, the SUBRECIPIENT or contractor are liable for liquidated damages payable to the Government. The COUNTY will assess liquidated damages at the rate of \$10 per affected employee for each calendar day on which the employer required or permitted the employee to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the Contract Work Hours and Safety Standards statute (found at 40 U.S.C. chapter 37).
- C. Withholding for unpaid wages and liquidated damages. The COUNTY will withhold from payments due under the contract sufficient funds required to satisfy any contractor or subcontractor liabilities for unpaid wages and liquidated damages. If amounts withheld under the contract are insufficient to satisfy SUBRECIPIENT or contractor liabilities, the COUNTY will withhold payments from other Federal or Federally assisted contracts held by the same SUBRECIPIENT that are subject to the Contract Work Hours and Safety Standards statute.
- D. Payrolls and basic records.
- i. The SUBRECIPIENT or its contractors shall maintain payrolls and basic payroll records for all laborers and mechanics working on the contract during the contract and shall make them available to the Government until 3 years after contract completion. The records shall contain the name and address of each employee, social security number, labor classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. The records need not duplicate those required for construction work by Department of Labor regulations at 29 CFR 5.5(a)(3) implementing the Construction Wage Rate Requirements statute.
 - ii. The SUBRECIPIENT and its contractors shall allow authorized representatives of the COUNTY or the Department of Labor to inspect, copy, or transcribe records maintained under paragraph D.1. of this clause. The SUBRECIPIENT or contractor also shall allow authorized representatives of the COUNTY or Department of Labor to interview employees in the workplace during working hours.
- E. Subcontracts. The SUBRECIPIENT shall insert the provisions set forth in paragraphs A. through D. of this clause in subcontracts may require or involve the employment of laborers and mechanics and require contractors to include these provisions in any such lower-tier contracts. The SUBRECIPIENT shall be responsible for compliance by any contractors or lower-tier contractors with the provisions set forth in paragraphs "A" through "D" of this clause.

- F. In the case of a conflict with California Prevailing Wage law, California Prevailing Wage Law shall apply.

24. HATCH ACT.

SUBRECIPIENT agrees to comply, as applicable, with the requirements of the Hatch Act (5 U.S.C. Sections 1501-1508 and 7234-7238), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.

25. FALSE STATEMENTS.

SUBRECIPIENT understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.

26. PUBLICATIONS.

Any publications produced with funds from this subaward must display the following language: "This project [is being] [was] supported, in whole or in part, by federal award number SLFRP5502 awarded to the County of Santa Barbara by the U.S. Department of the Treasury."

27. DEBTS OWED TO THE FEDERAL GOVERNMENT.

- A. Any funds paid to SUBRECIPIENT (1) in excess of the amount to which SUBRECIPIENT is finally determined to be authorized to retain under the terms of this subaward; (2) that are determined by the Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury to be subject to a repayment obligation pursuant to Sections 603(e) of the Act and have not been repaid by SUBRECIPIENT shall constitute a debt to the federal government.
- B. Any debts determined to be owed the federal government must be paid promptly by SUBRECIPIENT. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made or if the SUBRECIPIENT knowingly or improperly retains funds that are a debt described in subsection i. above. Treasury will take any actions available to it to collect such a debt.
- C. If U.S. Department of the Treasury demand reimbursement from COUNTY for COUNTY's payments to SUBRECIPIENT due to SUBRECIPIENT's failure to comply with the terms of, including but not limited to, a notice of award, any applicable term of this Agreement, or any law, regulation, ordinance, order, rule, directive, circular, bulletin, notice guideline or policy referred to herein, or as may become applicable at any time, SUBRECIPIENT shall fully and completely reimburse COUNTY in the total amount of such disallowed payments. This provision shall survive the termination or expiration of this Agreement.

28. DISCLAIMER.

- A. The United States and COUNTY expressly disclaim any and all responsibility or liability to SUBRECIPIENT or third persons for the actions of the SUBRECIPIENT or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of this subaward or any other losses resulting in any way from the performance of this subaward or any contract or subcontract under this award.
- B. The acceptance of this subaward by SUBRECIPIENT does not in any way establish an agency relationship between the United States and SUBRECIPIENT.

29. PROTECTION FOR WHISTLEBLOWERS.

- A. In accordance with 41 U.S.C. Section 4712, SUBRECIPIENT may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.
 - i. The list of persons and entities referenced in the paragraph above includes the following:
 - 1. A member of Congress or a representative of a committee of Congress;
 - 2. An Inspector General;
 - 3. The Government Accountability Office;
 - 4. A Treasury employee responsible for contract or grant oversight or management;
 - 5. An authorized official of the Department of Justice or other law enforcement agency;
 - 6. A court or grand jury; or
 - 7. A management official or other employee of SUBRECIPIENT, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct.
 - ii. SUBRECIPIENT shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.

30. INCREASING SEAT BELT USE IN THE UNITED STATES.

Pursuant to Executive Order 13043, 62 FR 19217 (April 18, 1997), SUBRECIPIENT should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.

31. REDUCING TEXT MESSAGING WHILE DRIVING.

Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), SUBRECIPIENT should encourage its employees, SUBRECIPIENTs, and contractors to adopt and enforce policies that ban text messaging while driving, and SUBRECIPIENT should establish workplace safety policies to decrease accidents caused by distracted drivers.

32. TABLE 1: FEDERAL AWARD INFORMATION: COUNTY.

The following Federal Award Information is provided in accordance with 2 CFR section 200.332.

Federal Award Identification		
1	SUBRECIPIENT Name	
2	Place of Performance (Address, City, State, Zip)	
3	SUBRECIPIENT Contact (Email)	
4	SUBRECIPIENT Unique Entity Number (DUNS; UEI Number)	
5	Federal Award Identification Number (FAIN)	SLFRP5502
6	Federal Award Date	September 2021
7	Subaward Period of Performance & Budget Period- Start Date	
8	Subaward Period of Performance & Budget Period- End Date	
9	Amount of Federal Funds Obligated by this Action by Pass Through to SUBRECIPIENT	\$1,500,000
10	Total Amount of Federal Funds Obligated to SUBRECIPIENT by Pass Through Including Current Financial Obligation	
11	Total Amount of Federal Award Committed to the SUBRECIPIENT by the Pass Through Entity	
12	Federal Award Project Description	
13	Federal Awarding Agency	Department of the Treasury
14	Pass Through Entity	County of Santa Barbara
15	Contact Information for Awarding Official of Pass Through Entity	Mona Miyasato, County Executive Officer, (805) 568-3400
16	CFDA Number	21.027
17	CFDA Name	Coronavirus State and Local Fiscal Recovery Funds
18	Is Award for Research and Development?	No
19	Indirect Cost Rate for Award	
20	Requirements Imposed by Pass Through Entity	See Sections 10-31 of this Exhibit
21	Additional requirements- Financial and Performance Reports	See Sections 3-4 of this Exhibit
22	Access to SUBRECIPIENT Records	See Section 4 of this Exhibit
23	Closeout Terms and Conditions	See Section 8(C) of this Exhibit

24	Is the SUBRECIPIENT Registered on SAM.gov (Yes/No)	Yes
25	If not registered on SAM.gov (Question #24) did the SUBRECIPIENT receive 80% or more of its annual gross revenue from federal funds in the preceding fiscal year (Yes/No)	
26	If not registered on SAM.gov (Question #24) did the SUBRECIPIENT receive \$25 million or more of its annual gross revenue from federal funds in the preceding fiscal year (Yes/No)	

Attachment A

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

(Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352 (As Amended))

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

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form- LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all SUBRECIPIENTs shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). 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.

SUBRECIPIENT certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, SUBRECIPIENT understands and agrees that the provisions of 31 U.S.C. § 3801 et seq., apply to this certification and disclosure, if any.

Signature of SUBRECIPIENT's Authorized Official

Date

Name and Title of SUBRECIPIENT's Authorized Official

UDDG FIVE
 Check one:
 IDIS # _____
 HCD Project # _____
 PO/Contract No Expiration
 Report Period: _____
 Month August
 Quarter Qtr 1 (July - Sep) Qtr 2 (Oc
 Qtr 3 (Jan - Mar) Qtr 4 (Ap

Carlos Jimenez
 Email: cjimenez@countyofsb.org

URES

ITEM	ACTIVITY	TOTAL GRANT BUDGET	TOTAL OF PREVIOUS DRAWDOWNS	REQUES DRAWN THIS PER
Project Costs	Hard costs for construction of Buena Tierra Apartments	\$3,530,383.00		\$
				\$
	TOTAL	\$ 3,530,383.00	-	\$

the final payment. Any balances will be rescinded and returned to the County.

I certify that this report is true and complete, and I have reviewed all supporting documentation. Disbursements have been made
 not been paid by any other source.

Administrator / Executive Director
 Name Jackie Carrera Title President and

Signature _____ Date _____

requests are due for each quarter by the **15th** of the month following quarter end.
 requests are due monthly by the **15th** of the month following the reporting month.
 funding year noted in the upper-right corner of this form. Other ESPR forms are obsolete.

USE BY THE SANTA BARBARA FOUNDATION EMERGENCY BUSINESS ASSISTANCE PROGRAM ONLY

ENTER INFORMATION IN WHITE CELLS ONLY - DO NOT OVERWRITE INFORMATION IN GRAY CELLS!

Information in blank white cells. Information in gray cells is for each pay period, mileage log, invoice, etc. necessary and copy formulas as applicable. Information in gray are auto-calculated. Do not enter information in these cells. Information added in your contract budget may be used. All others must be left blank. "Documentation Requirements" tab below for a detailed list of required supporting documentation. Documentation is required for 10% de minimis indirect costs.

Unpaid Benefits

Enter pay for each pay period on a separate line. If an employee does not incur grant hours during a pay period, that pay period may be omitted. If you request reimbursement for a corresponding column.

Pay Date	Pay Period	Grant Hours	Total Hours	Grant %	Gross Pay	Grant Pay	Employer 401(k) Contribution Match
2022	07/16/2022 - 07/29/2022	21	79.75	26.33%	\$1,993.75	\$525.00	\$75
2022	07/30/2022 - 08/12/2022	17.75	79	22.47%	\$1,975.00	\$443.75	\$75
2022	07/30/2022 - 08/12/2022	7.5	70	10.71%	\$4,576.64	\$490.35	\$45
Total:					\$1,459.10		

Do not exceed the IRS Standard Mileage Rate for the current calendar year.

Mileage Log Period	Grant Miles	Mileage Rate	Total Grant Reimbursement
			\$0.00
			\$0.00
Total:			\$0.00

Direct Program Costs

Vendor Name	Invoice Number	Invoice Date	Check Number	Check Date	Date Paid	Total Amount

enter the amount	
tal	Grant
nefits	Benefits
\$232.27	\$61.16
\$230.10	\$51.70
\$798.21	\$85.52
Total:	\$198.38

Timesheets must include the following information:

Employee Name	Employee Name and Title
Pay Period	The applicable pay period. The period may be for a duration of two weeks, twice a month, period, depending on your organization's payroll period.
Daily Hours Worked	The number of hours worked each day in the pay period must be allocated by funding source.
Total Hours Worked in the Pay Period	The total number of hours worked during the pay period must be shown. Transfer only the HSG grant to the Itemized Expenditure tap on the ESPR form.

Payroll summaries or paycheck stubs must include the following information:

Employee Name	Employee Name and Title
Check Number	Paycheck Number applicable to Pay Period. If Direct Deposit, show direct deposit transaction number.
Pay Period	The applicable pay period. The period may be for a duration of two weeks, twice a month, period, depending on your organization's payroll period.
Total Hours Worked in Pay Period	Total number of hours worked by the employee during the pay period.
Gross Pay for Pay Period	Total gross amount of pay earned by the employee during Pay Period.
Deductions	All deductions must be clearly identified, including federal, state, local taxes, deductions for benefits and all other deductions.
Net Pay	Gross pay, less deductions, paid to employee.

Mileage/travel documentation must include the following information:

Travel Log	Must include employee name, trip purpose, miles traveled, and reimbursement rate.
Maps	Maps showing start and end location and distance traveled, which must match the travel log using Google Maps or equivalent. If the same trip is made multiple times, only one map is required.
Proof of Payment	Bank records, cancelled checks, or payroll journal entries, depending on how mileage was reimbursed.

Supply/audit documentation must include the following information:

Proof of Purchase	A receipt or a third-party invoice.
Proof of Payment	Bank records or cancelled checks. Documentation must clearly indicate which payment corresponds to the purchase.

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once a month, or other
or employee-paid health

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necessary.
reimbursed.

responds with which