

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 COMMUNITY CORRECTIONS PARTNERSHIP (CCP), LOAN
REGULATORY AGREEMENT AND DECLARATION
OF RESTRICTIVE COVENANTS**

This County CCP Loan Regulatory Agreement and Declaration of Restrictive Covenants (this “Agreement”) is made as of this 13TH day of December, 2022 by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender”), and Sanctuary Centers of Santa Barbara, Inc., a California non-profit public benefit corporation, whose address is P.O. Box 551, Santa Barbara, CA 93102 (the “Owner”).

RECITALS

A. The Owner owns a parcel of real property located at 115 West Anapamu Street, Santa Barbara, California as more particularly described in Exhibit A (the “Property”) upon which the Owner intends to construct thirty-four (34) affordable studio apartment rental units to provide permanent housing for CCP individuals and households (the “Project”).

B. Owner has received a loan from Lender of CCP Funds in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) to provide financing for the Project (the “County CCP Loan”).

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

NOW THEREFORE, IN CONSIDERATION of the 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 definitions ascribed to such terms in the County CCP Loan Agreement. Some of the following terms are defined in the County CCP Loan Agreement and repeated here for convenience of reference. Where such terms are not defined in the County CCP Loan Agreement, the following terms have the meanings and set forth in this section wherever used in this Agreement and the attached exhibits.

1.0 **“COUNTY CCP LOAN”** means the loan of CCP Funds in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) made by the Lender to the Owner to finance certain development costs of the Project pursuant to the County CCP Loan Agreement and the County CCP Promissory Note.

1.1 **“COUNTY CCP LOAN AGREEMENT”** is that certain loan agreement by and between the Owner and the Lender on or about the date hereof, setting forth the terms and conditions governing the County CCP Loan.

1.2 **“COUNTY CCP LOAN DEED OF TRUST”** means that certain deed of trust, assignment of rents, and security recorded against the Property and the improvements to be constructed thereon as security for the County CCP Loan, with the Owner as trustor and the Lender as beneficiary, as may be amended from time to time.

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

1.4 **“COUNTY CCP LOAN NOTE”** means the promissory note executed by the Owner in favor of the Lender in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000), evidencing the County CCP Loan, and which is secured by the County CCP Loan Deed of Trust, as such note may be amended from time to time.

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

1.6 **“CCP-ASSISTED UNIT”** means one the sixteen (16) studio rental Units on the Property designated by the Owner as units with restricted occupancy and rents pursuant to and subject to the requirements of this Agreement. A Unit shall not be considered a CCP-Assisted Unit until the Unit has been constructed and made available for occupancy.

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

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

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

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

1.11 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as Homeless in accordance with Section 1.5 of this Agreement, and which has been referred by the Santa Barbara County Probation Department.

1.12 **“QUALIFYING RENT”** means the total monthly charges for rent, which shall not exceed thirty percent (30%) of the applicable Qualifying Household’s gross annual income, adjusted for family size as published annually by the U.S.Department of Housing and Community Development (HUD) for the Santa Maria/Santa Barbara Metropolitan Statistical Area. Occupants’ share of the cost of utilities must be included in the maximum rent.

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

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

1.15 **“UNIT”** means a housing unit in the Project.

2. TERM AND COMPLIANCE

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

2.2 **TERM OF AGREEMENT.** This Agreement shall commence on the earlier of a) the date of recordation of this CCP Loan Regulatory Agreement, or b) the date the Project is completed, as evidenced by a notice of completion provided to the Borrower by the County of Santa Barbara, and shall terminate thirty (30) years from the date of the issuance of a final Certificate of Occupancy by the City of Santa Barbara. The requirements of this Agreement shall apply throughout the Term without regard to the term of any loan or mortgage or any transfer of ownership of the Property.

2.3 **COMPLIANCE WITH CCP PROGRAM REQUIREMENTS.** The Owner shall comply at all times during the Term with all requirements imposed on projects assisted under the CCP Program in effect as of the first date that the County CCP Loan Agreement is executed by all

parties thereto, and as such CCP Program requirements may be amended from time to time (“CCP Program Requirements”).

3. PROJECT OCCUPANCY AND RENTS

3.1 **OCCUPANCY OF PROJECT.** Sixteen (16) studio apartment Units in the Project shall be designated as CCP-Assisted Units. The CCP-Assisted Units must be occupied, or reserved for occupancy, by Qualifying Households.

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

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

3.3 MAXIMUM RENTAL CHARGES.

A. Maximum rental charges for the CCP-Assisted Units shall not exceed the Qualifying Rent as defined above in Section 1.15.

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

3.4 **OCCUPANCY DEADLINES.** Owner shall ensure that the CCP-Assisted Units are occupied by Qualifying Households within 120 days of receiving the certificate of occupancy.

3.5 **INCOME CERTIFICATION.** This section intentionally left blank.

4. LEASING THE PROJECT.

4.1 **TENANT LEASES.** The Owner shall execute a written lease with Tenants of each CCP-Assisted Unit for a term of at least 12 months, unless the Owner and the Tenant mutually agree to a shorter period; provided, however, that each such lease shall not be for a period less than thirty (30) days. Each such Tenant lease, and any changes thereto, must be approved in advance by Lender.

Owner shall not terminate a tenancy, or refuse to renew the lease, of a Tenant of a CCP-Assisted Unit except for serious or repeated violation(s) of the terms and conditions of such Tenant’s lease, for violation of applicable Federal, State, or local law, or for other failure to meet lease agreement

requirements. All efforts should be made to prevent termination of tenancy through connection to services and reasonable accommodations when available to terminate or refuse to renew the tenancy of a Tenant of a CCP-Assisted Unit, the Owner shall serve written notice upon such Tenant specifying the grounds for such action at least thirty (30) days prior to termination of tenancy.

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

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

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

5. PROPERTY MANAGEMENT

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

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

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 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.

5.4 COMPLIANCE MONITORING. The Owner shall operate the Property in full compliance with this Agreement and all State and local building, safety, and occupancy laws and regulations, and CCP Program Requirements in effect during the Term, and shall remain in compliance therewith throughout the Term of this Agreement. The Owner shall permit the Lender to conduct 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. The Owner shall submit to the Lender annually, no later than March 1st of each year during the Term, a report in a form approved by Lender for the preceding period of January 1st through December 31st, containing the information requested by Lender so as to allow the Lender to determine the Owner's compliance with this Agreement. The report shall include, at a minimum: (i) an Annual Financial Statement, as defined in Section 1.1 of the County CCP Loan Agreement, (ii) a report on the occupancy of the Project, (iii) a report on the physical condition of the Project, (iv) a report on the general management of the Project, and (v) for each CCP-Assisted Unit, the rent, documented eligibility of the occupant as a Qualifying Household. The report shall also state the date the tenancy commenced for each CCP-Assisted Unit and such other information as the Lender may be request.

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

5.8 MAINTENANCE OF EXISTING STRUCTURES. Owner shall maintain all buildings on the Property in good condition, in good repair and in a decent, safe, sanitary, habitable and 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. 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. County may, at the its sole discretion, agree to subordinate this Agreement to one or more of the Senior Loans as specified in the County CCP Loan Agreement, and the lien of any deed of trust or mortgage securing the Senior Loans. In the event of refinancing any loan referenced in the CCP Loan Agreement, the County may subordinate the County CCP loan; however, the County may require that this Agreement not be subordinated and shall remain in full force and effect.

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

6.3 EVENT OF DEFAULT. In the event that the Project fails to meet the affordability requirements included in this Agreement 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 CCP Loan Agreement.

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

6.5 INSURANCE AND INDEMNITY. Owner shall comply with the insurance and indemnification provisions set forth in Exhibit F 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 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, Room 202
Santa Barbara, CA 93101
Attn: Deputy Director

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

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

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 CCP Loan or County CCP Loan Note, any reconveyance of the County CCP 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 CCP Loan Documents, or applicable law. Any extension of time granted to the Owner to perform any obligation under this Agreement shall not operate as a waiver or release from any of Owner's obligations under this Agreement. Consent by the Lender to any act or omission by the Owner shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the Lender's written consent to future waivers.

6.14 AMENDMENTS AND MODIFICATIONS. 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.

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

ATTEST:

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

MONA MIYASATO
Clerk of the Board

By: _____
Deputy Clerk of the Board

By: _____
Joan Hartmann, Chair
Board of Supervisors

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

DocuSigned by:
George Chapjian
By: _____
George Chapjian
Community Services Director

DocuSigned by:
Robert Geis
By: _____
Deputy Auditor Controller

APPROVED AS TO FORM

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

RACHEL VAN MULLEM
COUNTY COUNSEL

DocuSigned by:
Lauren Wideman
By: _____
Deputy County Counsel

DocuSigned by:
Barry R. Schoer
By: _____
Barry Schoer
CEO

APPROVED AS TO FORM:
RISK MANAGEMENT

DocuSigned by:
Gregory Milligan
By: _____
Greg Milligan, ARM, AIC
Risk Manager

EXHIBIT "A"
Legal Description

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

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

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

Lot 7 as designated and shown on the plat or map and report filed in the Superior Court of said County of Santa Barbara, in the Partition Suit of Eugene S. Upson vs Julia E. VanSlyke, et ux., August 18, 1898, the Final Decree of Partition in said suit being rendered August 31, 1898, and a copy thereof filed in the Office of the County Recorder of said Santa Barbara County on the 31st day of August 1898, and recorded in Book 65 of Deeds, Page 132, said Lot 7 being particularly described as follows:

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