

NO FEE DOCUMENT

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

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

NO FEE DOCUMENT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTIONS 6103 AND 27383

**COUNTY LOAN REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

This County Loan Regulatory Agreement and Declaration of Restrictive Covenants (this “Agreement”) is made as of June __, 2026 (“Effective Date”) by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender” or “County”), and FLT San Simeon Oaks, L.P., a Delaware limited partnership (the “Borrower” and, together with the County, collectively, the “Parties” and each individually a “Party”).

RECITALS

A. As of the Effective Date, the Santa Barbara Unified School District, a public body, corporate and politic (the “School District”) is the fee owner of that certain real property located in the unincorporated south Santa Barbara County, California, consisting of approximately 3.8 acres and more particularly described in Exhibit A attached hereto and made a part hereof (the “Affordable Parcel”).

B. As of the Effective Date, the School District has entered into that certain Ground Lease, as evidenced by that certain Memorandum of Ground Lease recorded in the real property records of Santa Barbara County on June [], 2025 as Document Number [] (the “Ground Lease”), pursuant to which the School District, in its capacity as lessor, has ground leased the Affordable Parcel for a term of 99 years to the Borrower, in its capacity as lessee (such leasehold interest in the Affordable Parcel (the “Leasehold Interest” and, together with all improvements thereon during the Term, the “Property”); and

C. The Borrower will construct one hundred and six (106) units of rental housing on the Affordable Parcel, including one hundred and five (105) units of affordable rental housing which will be subject to occupancy and rent restrictions as set forth in this Agreement and one (1) unit designated as a manager’s unity which will not be subject to occupancy and rent restrictions (the “Project”). During the term of the Ground Lease, the Borrower will own all improvements constituting the Project.

D. Upon satisfaction of the conditions to advance set forth in that certain Loan Agreement, dated on or around the date hereof, between the Borrower and the Lender (the "County Loan Agreement"), the Lender will advance to Borrower a loan of One Million, One Hundred Thousand Dollars and No Cents (\$1,100,000.00) in County in-lieu fee funds ("County Loan"), as evidenced by that certain County Loan Promissory Note dated on or about the date hereof executed by Borrower in favor of Lender in the amount of \$1,100,000.00 ("County Loan Note"), and secured by that certain Deed of Trust dated on or about the date hereof, to be recorded as a lien against the Property ("County Deed of Trust").

E. As additional consideration for the County Loan, and to further the interests of the Lender, the Borrower has agreed to enter into and record this Agreement as an encumbrance against title to the Property. The Agreement shall be recorded in the Office of the Santa Barbara County Recorder in the grantor-grantee index to the name of the Borrower as grantor and to the name of the County as grantee. The purpose of this Agreement is to regulate and restrict the occupancy, rents, operation, ownership, and management of the Property, including the Project. The covenants in this Agreement are intended to run with the land with respect to the Property and be binding on the Borrower and its successors, transferees, and assigns.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for the aforementioned County Loan, the Borrower and the Lender hereby agree as follows:

1. DEFINITIONS

All capitalized terms used but not defined in this Agreement shall have the respective meanings ascribed to such terms in the County Loan Agreement. The following terms have the meanings and content set forth in this Article 1 wherever used in this Agreement, including attached exhibits.

1.1 "**AFFORDABLE PARCEL**" means that certain real property and improvements thereon located in unincorporated south Santa Barbara County, California, as more particularly described in Exhibit A, attached hereto and incorporated herein.

1.2 "**AFFORDABILITY PERIOD**" means the period commencing upon the date of Project Completion and terminating on the date that is 55 years thereafter.

1.3 "**ANNUAL INCOME**" means the annual gross income of a household occupying an Eligible Unit, as calculated in the manner prescribed by the California Tax Credit Allocation Committee ("CTCAC") from time to time.

1.4 "**AREA MEDIAN INCOME**" or "**AMI**" means the area median income for the Santa Barbara/Santa Maria/Lompoc Primary Metropolitan Statistical Area, as determined annually by the United States Department of Housing and Urban Development ("HUD") and adjusted for household size by the California Department of Community Services and Development in accordance with adjustment factors adopted and amended from time to time by HUD pursuant to Section 8 of the United States Housing Act of 1937.

1.5 **“COUNTY LOAN”** means the County loan in the amount of One Million, One Hundred Thousand Dollars, and No Cents (\$1,100,000.00), made by the Lender to the Borrower to finance the Project as memorialized in the County Note and subject to the terms and conditions set forth in the County Loan Agreement.

1.6 **“COUNTY LOAN AGREEMENT”** means the County Loan Agreement executed concurrently herewith by and between the Owner and the Lender, setting forth the terms and conditions governing the County Loan.

1.7 **“COUNTY LOAN DEED OF TRUST”** means that certain deed of trust, assignment of rents, and security agreement, executed concurrently herewith by the Borrower, as trustor, and the Lender, as beneficiary, to be recorded as a lien against the Property and the improvements to be constructed thereon as security for the County Loan Note that evidences the County Loan, as it may be amended from time to time during the Term in accordance with the provisions thereof. The terms of the County Loan Deed of Trust are hereby incorporated herein by reference.

1.8 **“COUNTY LOAN DOCUMENTS”** means, collectively, the County Loan Agreement, the County Loan Note, the County Loan Deed of Trust, and this Agreement, including all exhibits hereto and thereto, as such documents may be amended from time to time in accordance with the provisions hereof and thereof.

1.9 **“COUNTY LOAN NOTE”** means the promissory note executed by the Borrower concurrently herewith in favor of the Lender in the amount of One Million, One Hundred Thousand Dollars and No Cents (\$1,100,000.00), evidencing the County Loan, which is secured by the County Loan Deed of Trust, as may be amended from time to time during the Term in accordance with the provisions thereof.

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

1.11 **“LIMITED PARTNER”** means U.S. BANCORP COMMUNITY DEVELOPMENT CORPORATION, a Minnesota corporation, its successors and assigns.

1.12 **“MAXIMUM RENT”** means the maximum amount of total monthly charges for rent of a Restricted Unit, which shall not exceed one twelfth (1/12th) of thirty percent (30%) of the Annual Income of a family whose gross annual income equals eighty percent (80%) of Area Median Income; provided, however, if the Tenant of a Restricted Unit pays for utilities and services (excluding telephone), then the Maximum Rent for such Restricted Unit shall include a Project specific utility allowance determined using the California Utility Allowance Calculator in accordance with CTCAC Regulation Section 10322(h)(21) Notwithstanding the foregoing, during any period when the Affordable Parcel is encumbered by a tax credit regulatory agreement for the benefit of the California Tax Credit Allocation Committee (“CTAC”), “Maximum Rent” shall mean the maximum rent levels for lower income households, as those rents and incomes are determined by CTAC.

1.13 **“OWNER”** means FLT San Simeon Oaks, L.P., a Delaware limited partnership, assigns, transferees and successors in interest.

1.14 **“PROJECT”** means the construction, operation, management, and maintenance of the Restricted Units and all other improvements on the Affordable Parcel during the Term.

1.15 **“PROJECT COMPLETION”** means the date as of which a Certificate of Occupancy has been issued for each of the Restricted Units by the County Planning and Development Department Building Official.

1.16 **“PROPERTY”** means Borrower’s Leasehold Interest in the Affordable Parcel and all improvements thereon during the Term.

1.17 **“QUALIFYING HOUSEHOLD”** means a household whose annual gross income does not exceed 80% of the Area Median Income, in accordance with the income certification procedures set forth in Section 3.5, below.

1.18 **“RESTRICTED UNIT”** means any one of the 105 Units restricted hereunder for occupancy by Qualifying Households at to the Maximum Rent for a Qualifying Households.

1.19 **“TENANT”** means a Qualifying Household occupant of a Restricted Unit.

1.20 **“TERM”** means the term of this Agreement, which shall commence upon the Effective Date and shall terminate upon expiration of the Affordability Period.

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

2. TERM AND COMPLIANCE

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

2.2 **TERM OF AGREEMENT.** This Agreement shall remain in full force and effect for the entirety of the Term. The requirements of this Agreement shall apply throughout the Term without regard to the term of any loan or mortgage or any Transfer.

3. PROJECT OCCUPANCY AND RENTS

3.1 **OCCUPANCY OF RESTRICTED UNITS.** Each Restricted Unit must be occupied, or reserved for occupancy, by a Qualifying Household at all times during the Term.

A. **OCCUPANCY DEADLINES.** Each Restricted Unit shall be occupied by a Qualifying Household within six (6) months after the date of Project Completion (**“Occupancy Deadline”**). In the event that any Restricted Unit is not occupied by a Qualifying Household by the Occupancy Deadline (**“Restricted Unit Vacancy”**), Owner shall (i) deliver to Lender, within five (5) business days after the Occupancy Deadline (**“Vacancy Notice Date”**), written notice of each such Restricted Unit Vacancy, (ii) submit to Lender, within ten (10) business days after the Occupancy Notice Date, a detailed record of Owner’s marketing efforts with respect to the Project and the Restricted Units, and (iii) comply with Lender’s reasonable requests for additional

information pertaining to such marketing efforts. Owner shall cure such Event of Default within [90] days after the Vacancy Notice Date ("Vacancy Default Cure Period"). Notwithstanding any other provision of this Agreement, or any provision of any other County Loan Document or subordination agreement to the contrary, in the event that such an Event of Default continues and such Restricted Unit(s) remain(s) vacant for 365 days after the Occupancy Deadline, Owner shall immediately repay to Lender an amount equal to 1/106th of the County Loan for each Restricted Unit that is not rented to a Qualifying Household within 365 days after the Occupancy Deadline.

3.2 RESTRICTED UNITS. At all times during the Term, the Owner shall limit rental and occupancy of each Restricted Unit to Qualifying Households at monthly rental charges that do not exceed the Maximum Rent. The Restricted Units shall be designated as "floating," such that which of the Units are designated as Restricted Units may change from time to time, provided that there shall be no fewer than 105 Restricted Units on the Affordable Parcel at all times during the Term.

3.3 UNIT ACCESSIBILITY REQUIREMENTS. Owner must maintain and operate the Project in compliance 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 to Lender documentation satisfactory to Lender evidencing compliance with all such 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 persons with mobility impairments and one (1) Unit accessible for persons with either hearing or visual impairments.

3.4 MAXIMUM RENTAL CHARGES.

A. The total monthly rental charges for each Restricted Unit shall not exceed the Maximum Rent, as defined above.

B. The Maximum Rent may be recalculated annually based on the change in Area Median Income published annually by HUD. At any time the Affordable Parcel is not encumbered by a tax credit regulatory agreement administered by TCAC, Owner shall submit to the County a written request for approval of each such increase to the Maximum Rent at least sixty (60) calendar days prior to the requested effective date of such increase, and Lender may approve such request if such increased Maximum Rent would comply with all applicable laws and this Agreement. Following any such approval by Lender, Owner must deliver to the Tenant(s) of each Restricted Unit written notice of each such Lender-approved increase at least thirty (30) days prior to any increase in the monthly rent for such Restricted Unit. Owner shall not charge any Tenant(s) occupying a Restricted Unit more than the Maximum Rent per month without the prior written approval of the County in each instance.

3.5 INCOME CERTIFICATION.

A. Initial Certification. The Owner shall obtain, complete, and maintain on file income certifications from each tenant, obtained immediately prior to the initial occupancy of such tenant of the Property in a form acceptable to the Lender, and will provide such additional

information as may be required in the future by the State of California and/or the Lender. The Owner shall make a good faith effort to verify that the income statement provided by an applicant in an income certification is accurate by taking one or more of the following steps as part of the verification process: (a) obtaining two (2) pay stubs for the two most recent pay periods, (b) obtaining an income tax return for the most recent tax year, (c) conducting a credit or similar search, (d) obtaining an income verification form from the applicant's current employer, (e) obtaining an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (f) if the applicant is unemployed and has no such tax return, obtaining another form of independent verification reasonably satisfactory to the Lender or such other method as is then currently used by TCAC in administering the LIHTC program.

B. Annual Re-Certification. The Owner will, on or before the anniversary of each tenant's move-in date ("Recertification Date") during the term of this Regulatory Agreement, recertify the income of each tenant. The Owner will follow the same process to recertify as provided for the initial certification. If, as a result of an income recertification, the Owner determines that a tenant occupying a Unit has an income, adjusted for household size, exceeding the designated income limit for the Unit by ten percent (10%) or more, then the Owner may immediately increase the rent for that Unit to the amount which the Owner, in cooperation with the Lender, determines to represent the fair market rent for that Unit. The Owner may thereafter, from time to time, increase the fair market rent of the Unit as the Owner and Lender agree.

3.6 **INCREASES IN QUALIFYING HOUSEHOLD INCOMES.** In the event that recertification of the Annual Income of a Tenant who previously qualified as a Qualifying Household ("Previously-Qualifying Household") indicates that such Tenant household no longer qualifies as a Qualifying Household hereunder, the Owner may increase the amount of monthly rent payable by such Previously-Qualifying Household for such Restricted Unit to an amount not to exceed thirty percent (30%) of one twelfth (1/12th) of such Previously-Qualifying Household's most recent certified Annual income. However, such Restricted Unit shall continue to be designated as a Restricted Unit and, once such Restricted Unit is no longer occupied by such Previously-Qualifying Household, such Restricted Unit shall be timely marketed and leased to another Qualifying Household at a monthly rental rate that does not exceed the Maximum Rent.

4. LEASING THE PROJECT

4.1 **TENANT LEASES.** The Owner shall execute a written lease agreement ("Lease") with Tenant(s) of each Restricted Unit for a term of at least one year, unless the Owner and such Tenant(s) mutually agree to a shorter Lease term; provided, however, that no such Lease agreement may be for a term of less than thirty (30) days. Each Lease shall be in the form of the Form of Lease approved by Lender ("Form of Lease"), and each deviation from or change thereto in any Lease must be approved in writing in advance by Lender.

A. The Owner shall include in each Lease for each Unit provisions which provide that a Qualifying Household occupying such Unit is subject to annual certification of such Qualifying Household's annual income.

B. In addition to executing a Lease for each Unit, the Owner shall require that each Qualifying Household's annual income, and that the tenancy of such Qualifying Household shall be terminated as soon as possible in accordance with State and County law should one or more of such Qualifying Household's members misrepresent any material fact regarding such Qualifying Household's qualification. The Owner shall (i) include in each Lease for each Restricted Unit provisions which prohibit Tenants occupying such Restricted Unit from subleasing such Restricted Unit, and (ii) require that each Qualifying Household leasing a Restricted Unit execute a Declaration of Intent to Occupy, which shall require the Qualifying Household to occupy such Restricted Unit as the Qualifying Household's primary residence.

C. The Lease for each Restricted Unit shall **not** contain any of the following prohibited provisions:

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 Restricted Unit after the Tenant has moved out of the Restricted Unit. The Owner may dispose of such 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;

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; and

9. *Mandatory support services.* Agreement by the Tenant 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 Restricted Unit except for serious or repeated violations of the material terms and conditions of such Lease, or for violation of applicable Federal, State, or local law, and in compliance with Chapter 44 of the Santa Barbara County Code of Ordinances. To terminate or refuse to renew such tenancy, the Owner shall serve written notice upon such Tenant specifying the grounds for such action at least thirty (30) days prior to termination of such 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 Unit at the time such applicant is offered a lease for a Unit, or denied admission to a 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 Unit. If a family living in a Unit separates under 24 CFR 5.2009(a), the remaining Tenant(s) may remain in the Unit. All Leases for the 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). Each Lease must require the Owner to notify the participating jurisdiction before the Owner bifurcates the Lease or provides notification of eviction to the Tenant(s) subject to such Lease. Owner shall comply with all other applicable VAWA requirements, regardless of whether specified herein.

4.2 **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.

4.3 **CONDOMINIUM CONVERSION.** During the Term, the Owner shall not convert Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights in the Property.

4.4 **NONDISCRIMINATION.** The Owner shall not discriminate or segregate, or allow discrimination or segregation, 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; provided, however, that in accordance with the Agreement to Provide Affordable

Housing recorded against title to the Affordable Parcel as required by the County of Santa Barbara as a condition of approval of the Project ("ATP"), the Owner may provide a tenant preference for the Units on the basis of employment by the School District in accordance with the terms of the Teacher Housing Act of 2016. 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.

4.5 **MARKETING PLAN.** Owner shall at all times during the Term comply with the Marketing Plan attached to the ATP ("Marketing Plan").

5. PROPERTY MANAGEMENT

5.1 **MANAGEMENT RESPONSIBILITIES.** The Owner shall be solely responsible for management of the Project, including 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 Owner shall submit its proposed Property Manager for the Project to Lender for Lender's approval. The Owner must not remove or replace the Property Manager without the prior written consent of the Lender in each instance, which consent shall not be unreasonably withheld. The County consents herein to the Housing Authority of the County of Santa Barbara as Property Manager.

5.2 **APPROVAL OF MANAGEMENT POLICIES.** The Owner shall submit its written management policies with respect to the Project ("Management Policies") to the Lender for Lender's review and reasonable approval prior to Project occupancy.

5.3 **INSPECTION AND RECORDS.** The Owner shall maintain records for a period of five (5) years after the Term which clearly document the Owner's performance of its obligations under this Agreement. The Owner shall submit all requested records to the Lender within ten (10) business days of 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 written notice of such visit by the Lender to the Owner or the Owner's Property Manager. Owner must include provisions in all Tenant leases that allow for County inspections of the Units.

5.4 **COMPLIANCE MONITORING.** The Owner shall, at all times during the Term, operate the Property and the Project in full compliance with this Agreement, as may be enacted or amended from time to time, and shall remain in compliance therewith throughout the entirety of the Term. The Owner shall permit the Lender to conduct compliance monitoring, including performing on-site records review and inspections of the Property, as required by applicable laws and regulations, and/or as requested by Lender.

5.5 **ANNUAL REPORT.** On or before July 1st of each year during the Term following Project Completion, the Owner shall submit to the Lender a report, in a form approved by Lender, for the immediately preceding calendar year, containing all information requested by Lender so as to allow the Lender to determine the Owner's compliance with this Agreement ("Annual Report"). The Annual Report shall include, at a minimum: (i) an Annual Financial Statement, as defined in the County 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 Restricted Unit, the rent, Annual Income, and household size of the Tenant household in occupancy of such Unit, as well as the date such tenancy commenced, and (vi) all other information reasonably requested by Lender.

Within thirty (30) days after receipt of a written request, Owner shall submit all information and completed forms requested by the Lender in connection 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 and other documents and data in Owner's possession, custody, or control which pertain to the Project, Property, or any Restricted 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 MAINTENANCE OF PROJECT. 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 tenantable condition. 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. Owner shall be solely responsible for maintenance of the Property.

6. GENERAL PROVISIONS

6.1 SUBORDINATION. This Agreement shall be senior to all, and shall not be subordinate to any, deeds of trust, notes, agreements, and other obligations of Borrower concerning the Property, and may be subordinated in priority only as to liens and encumbrances otherwise approved in advance in writing by the Lender in each instance, in Lender's sole and absolute discretion.

6.2 DEFAULT AND REMEDIES In the event of any breach of any provision(s) of this Agreement by or on behalf of the Owner, the Lender shall provide written notice to the Owner of such breach; provided, however, that if Owner has actual or constructive knowledge of such breach and has not received written notice of such breach from Lender, Owner shall immediately provide written notice to Lender of such breach. If Lender determines that such breach is capable of cure, Lender shall provide written notice to Owner stating that such breach is capable of cure, the actions required to effect such a cure, and the date by which such cure must be completed ("Opportunity to Cure Notice"), provided that the Owner diligently undertakes to cure such breach in accordance with such Opportunity to Cure Notice. Lender shall accept a cure of such breach by the Limited Partner to the same extent as Lender would accept a cure of such breach by the Owner. If the Owner fails to perform a timely cure of the specified breach in accordance with such Opportunity to Cure Notice, or immediately upon the occurrence of a breach that the Lender determines to be incapable of cure, the Lender may proceed with any or all of the following remedies:

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

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

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

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

6.3 EVENT OF DEFAULT. In the event that, at any time during the Term, any of Owner or the Project are not in compliance with any provision of this Agreement, subject to applicable notice and cure periods as provided herein, such failure shall constitute an Event of Default hereunder and under the County Loan Agreement. In the event that Owner or the Project fails to comply with any of the provisions of the Tax Credit Regulatory Agreement, such failure shall constitute an Event of Default hereunder and under the County 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 this Agreement.

6.5 INSURANCE AND INDEMNITY. Owner shall, at all times, comply with all of the insurance and indemnification provisions set forth in the County Loan Agreement.

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 of any conflict between any provision of this Agreement and any provision contained in any of the other County Loan Documents, the terms of this Agreement shall control and prevail.

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

6.9 CONSENTS AND APPROVALS. Any consent or approval of the Lender required under this Agreement shall not be unreasonably withheld. No Lender consent or approval shall be effective unless in writing and executed by a duly authorized representative of the Lender.

6.10 NOTICES, DEMANDS AND COMMUNICATIONS. Formal notices, demands and communications to a Party hereunder shall be sufficiently given if, and shall not be deemed given unless, dispatched by U.S. Postal Service registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the such Party at the address set forth for such Party as follows, or to such other address as such Party may from time to time designate in writing delivered to the other Party in accordance with this Section 6.10:

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

With copy to: Office of County Counsel
County of Santa Barbara
105 E Anapamu Street, Room 201
Santa Barbara, CA 93101

Owner: FLT San Simeon Oaks, L.P.
c/o Red Tail Multifamily Land Development, LLC
2082 Michelson Drive, 3rd Floor
Irvine CA 92612
Attn: Ron Wu

With copy to: Nancy Dubonnet, APC
2082 Michelson Drive, Suite 400
Irvine, CA 92612
Attn: Nancy Dubonnet

With copy to : Stoel Rives LLP
760 SW Ninth Avenue, Suite 3000
Portland, OR 97205
Attn: Scott Rosenthal; Kate Mathews

With copy to: FLT San Simeon Oaks, L.P.
c/o Surf Development Company
815 West Ocean Avenue
Lompoc, CA 93436
Attn: Robert P. Havlicek Jr

With copy to: Price, Postel & Parma LLP
Attn: Mark S. Manion
200 East Carrillo Street, Fourth Floor
Santa Barbara, CA 93101

With copy to: U.S. Bancorp Community Development Corporation
505 North Seventh Street
Mailcode: SL-MO-T10F
St. Louis, MO 63101
Attn: Director of Asset Management

With a copy to: Buchalter LLP
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017

Attn: Mercedes Martin

6.11 BINDING UPON SUCCESSORS. This Agreement shall be recorded in the official records of the Santa Barbara County Clerk-Recorder's Office, and all provisions of this Agreement shall be binding upon the successors-in-interest, transferees, and assigns of the Owner, , and shall run with the land with respect to the Property for the full Term of this Agreement, regardless of any assignment, payment, prepayment, expiration, or extinguishment of the County Loan or the County Loan Note, any reconveyance of the County Loan Deed of Trust, or any conveyance or Transfer of the Property or any portion thereof or any interest therein; provided, however, that Owner shall not shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this Agreement or the Property, or any of Owner's interest herein or therein, or any of Owner's rights or obligations hereunder, without the prior written consent of Lender in each instance, and the provisions of this Agreement shall not inure to the benefit of any successors-in-interest, transferees, or assigns of the Owner without such prior written consent of Lender.

Notwithstanding the foregoing, Lender's prior written approval shall not be required in connection with any of the following that do not impair Lender's security under the Deed of Trust or interfere with Owner's performance of its obligations hereunder:

A. The granting of easements or permits required for necessary maintenance and repairs of the Property in accordance with the provisions of the County Loan Documents and the ATP; or

B. The lease of Affordable Units at the Property to Qualifying Households in accordance with all of the provisions of this Agreement; or

C. The (i) the transfer of the limited partnership interests in Trustor; (ii) the transfer by the limited partner of the Trustor (as such terms are defined in the Trustor's Partnership Agreement) to any other entity which is an affiliate of the limited partner or which is controlled by US Bancorp Corporation (iii) a change in the beneficial ownership of the limited partner, so long as such entity remains controlled by US Bancorp Corporation or an affiliate thereof; (iv) the pledge and encumbrance of the interests of the limited partner to or for the benefit of any financial institution which enables the limited partner to make its capital contributions to the Trustor; and (v) the removal of any general partner of Trustor by the limited partner pursuant to the terms of Trustor's Amended and Restated Agreement of Limited Partnership dated as of [June 1, 2026], as amended from time to time, and the replacement of such general partner with the limited partner or an affiliate of the limited partner or to a 501(c)(3) nonprofit corporation selected by the limited partner.

D. The transfer of the limited partnership interests in Owner to an entity which is controlled by US Bancorp Corporation, or a change in the beneficial ownership of the Limited Partner, so long as such entity remains controlled by US Bancorp Corporation, provided that such limited partnership interest(s) in Owner do not have the power to remove or replace the general partner(s) of Owner, or to effect a change of control of Owner, or to effect a sale, transfer, exchange, or change of control of the Property or the Project. Notwithstanding the foregoing, transfers

permitted in the Rider attached to the County Loan Agreement are permitted pursuant to the terms 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. No waiver, consent, or approval by the Lender with respect to this Agreement shall be effective unless in writing executed by a duly authorized representative of Lender. No waiver shall 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 or any of the other County Loan Documents, or under applicable law. No extension of time granted by Lender to the Owner to perform an instance of an obligation under this Agreement shall operate as a waiver or release with respect to any other instance or obligation under this Agreement or any of the other County Loan Documents. No consent by the Lender to an act or omission by the Owner shall be construed to constitute consent by Lender to any other or subsequent act or omission, or to waive the requirement that all waivers by Lender hereunder must be in writing executed by a duly authorized representative of Lender.

6.14 AMENDMENTS AND MODIFICATIONS. No amendment to or modification of this Agreement shall be effective unless in writing and duly executed by both the Owner and the Lender.

6.15 SEVERABILITY. Each provision of this Agreement is intended to be severable in the event that any provision of this 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 of this Agreement shall not in any way be affected or impaired thereby.

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

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

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

By: Sheila De La Guerra
Sheila De La Guerra
Deputy Clerk



"COUNTY"
COUNTY OF SANTA BARBARA
a political subdivision of the State of California

By: Bob Nelson
Bob Nelson, Chair
Board of Supervisors

Date: 6-9-26

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL

Signed by:
By: Lauren Wideman
Lauren Wideman
Deputy County Counsel

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

Signed by:
By: James Munro
James Munro
Deputy Auditor-Controller

APPROVED AS TO FORM:
CEO/RISK MANAGEMENT

Signed by:
By: Marisa Kahn
Marisa Kahn
Risk Manager

BORROWER SIGNATURES ON FOLLOWING PAGE

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, June 9, 2026 before me, Sheila de la Guerra, a Deputy Clerk, personally appeared SUPERVISOR BOB NELSON, CHAIR OF THE BOARD OF SUPERVISORS, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(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 State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Signature Sheila de la Guerra

(Seal)



“BORROWER”

FLT SAN SIMEON OAKS, L.P.,
a Delaware limited partnership

By: Surf Development Company,
a California nonprofit public benefit corporation,
its managing general partner

By: 
Robert P. Havlicek Jr.
Chief Executive Officer

By: FLT SAN SIMEON OAKS AGP, LLC,
a Delaware limited liability company
its administrative general partner

By: _____
Ron Wu
Vice President

“BORROWER”

FLT SAN SIMEON OAKS, L.P.,
a Delaware limited partnership

By: Surf Development Company,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Robert P. Havlicek Jr.
Chief Executive Officer

By: FLT SAN SIMEON OAKS AGP, LLC,
a Delaware limited liability company
its administrative general partner

By: _____
Ron Wu
Vice President

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.

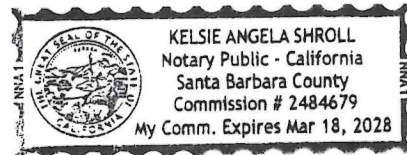
STATE OF CALIFORNIA)
) ss.
COUNTY OF Santa Barbara)

On May 30, 2020, before me, Kelsie Angela Shroll, Notary Public, personally appeared Robert P. Hawlicek Jr., 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.

K. Angela Shroll
Signature of Notary Public



(Place Notary Seal Above)

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.

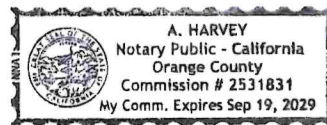
STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On June 2, 2026, before me, A. Harvey, Notary Public,
personally appeared RON WU, 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.

A. Harvey
Signature of Notary Public



(Place Notary Seal Above)

Exhibit A

Legal Description of the Property

Being a portion of La Goleta Rancho in the County of Santa Barbara, State of California, described as follows:

Commencing at the Northeast corner (P.O.C.) of the tract of land described in the deed from Nelson W. Willard to Donn B. Tatum, recorded March 8, 1961, in Book 1832, Page 966 of Official Records of said County, being the Northwest corner of a 17.57-acre parcel of land shown on a map of a portion of Rancho La Goleta, filed in Book 66, Page 77, Record of Surveys of said County, and also being a point on the Southerly right-of-way line of the Southern Pacific Railroad Company;

Thence, Easterly along said Southerly right-of-way line, North 88°10'00" East, 841.52 feet to the **True Point of Beginning**;

Thence, continuing along said Southerly right-of-way line, North 88°10'00" East, 223.78 feet to the Northeast corner of the Land described in the deed from Don B. Tatum to Santa Barbara High School District, recorded January 8, 1965, in Book 2086, Page 1295 of Official Records of said County;

Thence, along said Easterly boundary, South 00°55'02" West, 429.86 feet;

Thence, leaving said Easterly boundary, North 89°04'58" West, 146.97 feet;

Thence, North 00°32'33" East, 262.25 feet;

Thence, North 89°04'58" West, 122.28 feet;

Thence, North 00°32'33" East, 127.98 feet;

Thence, North 88°09'02" East, 49.60 feet;

Thence, North 01°49'14" West, 26.34 feet to the **True Point of Beginning**.

Containing approximately 81,153 Sq. Ft., or 1.86 acres.

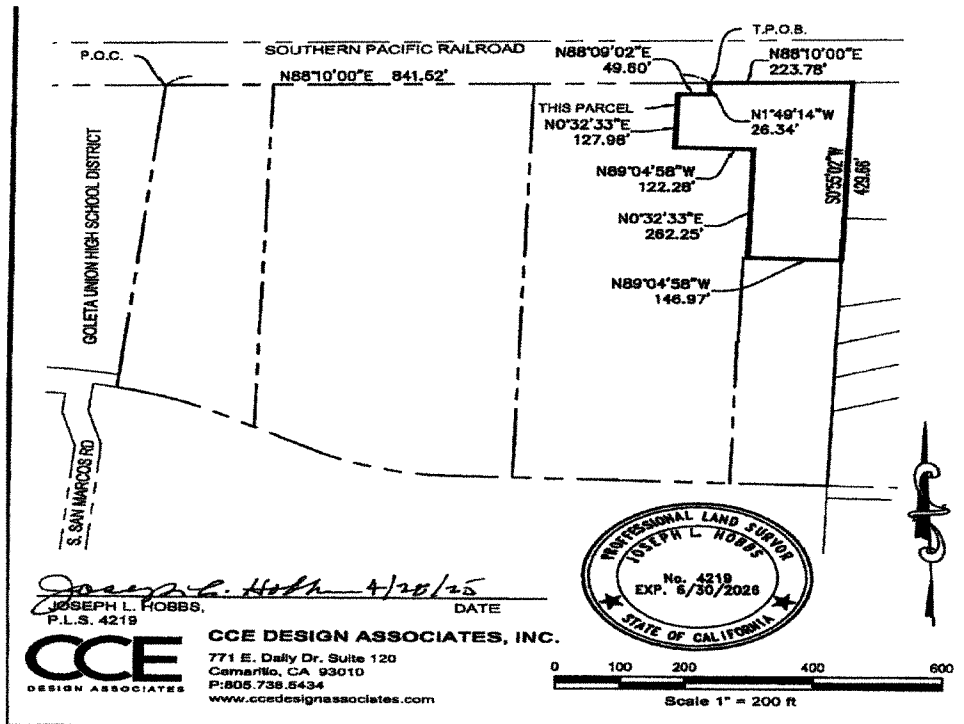


Exhibit A
(continued)

Being a portion of La Goleta Rancho in the County of Santa Barbara, State of California, described as follows:

Commencing at the Northeast corner (P.O.C.) of the tract of land described in the deed from Nelson W. Willard to Donn B. Tatum, recorded March 8, 1961, in Book 1832, Page 966 of Official Records of said County, being the Northwest corner of a 17.57-acre parcel of land shown on a map of a portion of Rancho La Goleta, filed in Book 66, Page 77, Record of Surveys of said County, and also being a point on the Southerly right-of-way line of the Southern Pacific Railroad Company;

Thence, Easterly along said Southerly right-of-way line, North $88^{\circ}10'00''$ East, 1065.29 feet to a point on the Easterly boundary of the Land described in the deed from Don B. Tatum to Santa Barbara High School District, recorded January 8, 1965, in Book 2086, Page 1295 of Official Records of said County;

Thence, Southerly along said Easterly boundary, South $00^{\circ}55'02''$ West, 429.66 feet to the **True Point of Beginning**;

Thence, continuing along said Easterly boundary, South $00^{\circ}55'02''$ West, 551.56 feet to the Southeast corner of said land;

Thence, Westerly along the Southerly boundary of said land, North $89^{\circ}04'03''$ West, 152.64 feet;

Thence, leaving said Southerly boundary, North $00^{\circ}44'59''$ West, 551.52 feet;

Thence, South $89^{\circ}04'58''$ East, 154.26 feet to the **True Point of Beginning**.

Containing approximately 84,634 Sq. Ft., or 1.94 acres.

