

**COUNTY HOME LOAN AGREEMENT  
(\$1,500,000)**

Between  
**County of Santa Barbara**

and

**Buellton Garden Apartments, L.P.  
(10 and 12 McMurray Road, City of Buellton)**



HOME Investment Partnership Program  
Federal Assistance Listing Number 14.239

State Permanent Local Housing Allocation (PLHA)

## COUNTY HOME LOAN AGREEMENT

This agreement (“County HOME Loan Agreement”) is made as of this 7th day of November, 2023, by and between the County of Santa Barbara, a political subdivision of the State of California (“Lender” or “County”), and Buellton Garden Apartments, L.P., a California Limited Partnership (“Borrower”).

### RECITALS

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

B. There is a need to provide affordable rental housing to low-income persons, as documented in the County’s 2020-2024 Consolidated Plan.

C. Borrower intends to construct an 89-unit affordable rental housing development (the “Project”) located at 10 and 12 McMurray Road in the City of Buellton, California, as more particularly described in the legal description attached hereto as Exhibit A and incorporated herein by reference (the “Property”). The Project will include 89 residential units, of which one (1) two-bedroom unit will serve as a manager’s unit not subject to income and rent limits. The Project’s 88 affordable apartment units (“Units” and each a “Unit”) shall be comprised of a mix of one-, two- and three-bedroom affordable rental housing units targeted to serving households with incomes ranging between 30% and 60% of Area Median Income (defined below). The Project will also include a community building, computer lab, meeting space, counseling offices, a property management office, a tot lot playground for children, and a solid surface multisport ball court.

D. Lender has been awarded Home Investment Partnerships Program funds (“HOME 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.

E. Lender has been awarded an allocation of Permanent Local Housing Allocation (“PLHA”) Program funds (“PLHA Funds”) from the State of California (the “State”) pursuant to Senate Bill 2, effective January 1, 2018, which, in part, created the PLHA Program as an ongoing permanent source of funding available to eligible counties and cities. PLHA Funds are derived from certain real estate transaction documentation recordation fees and allocated to eligible counties and cities formulaically. PLHA funds will be combined with the HOME funds and provided to the Project as one loan. The County HOME Loan will comply with the Federal HOME program requirements.

F. Borrower wishes to borrow from Lender, and Lender wishes to extend to Borrower, a loan in the original principal amount of One Million, Five Hundred Thousand Dollars (\$1,500,000) to pay for certain development costs of the Project (the “County HOME Loan”), subject to the terms and conditions set forth in this County HOME Loan Agreement. The County HOME Loan is comprised of \$1,254,352 in HOME Funds, and \$245,648 in PLHA Funds.

G. The Lender and Borrower reasonably expect that construction of the Project will commence within one year of execution of this County HOME Loan Agreement.

H. Concurrently herewith, Borrower is executing a HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants (“County HOME Loan Regulatory Agreement”) restricting rents and tenant income affecting six (6) of the eighty-eight (88) Units, which 6 Units shall be designated by Borrower as the “HOME-Assisted Units.”

I. The County HOME Loan will be evidenced by a promissory note in the original principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000), 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, and in further consideration for the making of the County HOME Loan, Borrower and Lender hereby agree as follows:

## ARTICLE 1 DEFINITIONS

The following terms have the respective meanings set forth in this Article I wherever used in this County HOME Loan Agreement, including the Exhibits attached hereto, and documents incorporated into this County HOME Loan Agreement by reference.

1.1 **“AFFIRMATIVE MARKETING”** means actions taken to provide information and otherwise attract eligible persons in the housing market area who are not likely to apply to rent the Units without special outreach, 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 audited financial statement of Operating Expenses and Revenue prepared, at Borrower’s expense, by an independent certified public accountant acceptable to Lender, which Borrower shall provide to Lender each year as part of Borrower’s annual reporting to Lender, in accordance with Section 5.12, below.

1.3 **“AREA MEDIAN INCOME”** means the area median income for the Santa Maria-Santa Barbara Metropolitan Statistical Area as determined annually by HUD, with adjustments for household size.

1.4 **“BORROWER”** means Buellton Garden Apartments, L.P., a California Limited Partnership, and its representatives and authorized assigns, transferees, and successors-in-interest to the extent permitted hereunder.

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

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

1.7 **“CERTIFICATE OF OCCUPANCY”** means the Certificate of Occupancy issued for the Project by the City of Buellton Community Development Department, Building Division.

1.8 **“COUNTY HOME LOAN”** means the loan of HOME and PLHA Funds in the total amount of One Million Five Hundred Thousand Dollars (\$1,500,000) as provided in this County HOME Loan Agreement to finance certain development costs of the Project.

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

1.10 **“COUNTY HOME LOAN DEED OF TRUST”** means that certain deed of trust, assignment of rents, and security agreement dated on or about the date hereof and recorded against the Property and the improvements to be constructed thereon as security for the County HOME Loan by Borrower as trustor with Lender as beneficiary, as well as any amendments to, modifications of, and restatements of said County HOME Loan Deed of Trust, which is attached hereto as Exhibit C and hereby incorporated into this County HOME Loan Agreement by this reference.

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

1.12 **“COUNTY HOME LOAN NOTE”** means the promissory note of even date herewith, executed by Borrower in favor of Lender in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000), to evidence the County HOME 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 Loan Agreement by this reference.

1.13 **“COUNTY HOME LOAN REGULATORY AGREEMENT”** means the Regulatory Agreement executed by Borrower and Lender concurrently herewith, attached hereto as Exhibit E, incorporated herein by this reference, and recorded against the Property, which regulates the use of the six (6) County-Assisted Units in the Project.

1.14 **“COUNTY MONITORING FEE”** (Fee) means a fee, in the initial amount of \$2,500 and increasing annually by 3%, which shall be paid to the County by the Borrower annually on the day that is ninety (90) days after the end of each Fiscal Year during the Term. The initial County Monitoring Fee, in the amount of \$2,500, shall be paid ninety (90) days following the end of the Fiscal Year in which the Certificate of Occupancy is issued.

1.15 **“FISCAL YEAR”** means the twelve (12) -month accounting period, beginning July 1 and ending June 30 of each year during the Term.

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 any federal or state environmental and health and safety laws and regulations, including, but not limited to, petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead.

1.17 **“HOME AFFORDABILITY PERIOD”** means the period of time during which the six (6) HOME-Assisted Units must meet the affordability requirements imposed under the HOME Program, commencing upon Project completion in conformance with 24 CFR 92.2 and 24 CFR 92.252(e), and terminating on the date that is six months after the date that is twenty (20) years after the date of the issuance of the Certificate of Occupancy.

1.18 **“HOME-ASSISTED UNIT”** means any one of the six (6) Units on the Property designated by Borrower as the HOME-Assisted Units subject to the requirements of the County HOME Loan Regulatory Agreement.

1.19 **“HOME FUNDS”** means Home Investment Partnerships Program funds from the United States Department of Housing and Urban Development and as defined in 24 CFR 92.2, which is the funding source for the County HOME Loan.

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

1.21 This Section Intentionally Left Blank

1.22 **“INSURANCE REQUIREMENTS”** means the insurance coverages which must be in full force and effect during the Term of this County HOME Loan Agreement, as specified in Exhibit F, which is attached hereto and hereby incorporated into this County HOME Loan Agreement by this reference.

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

1.24 **“LIMITED PARTNER”** means Wells Fargo Affordable Housing Corp, and, to the extent in accordance with the provisions of this County HOME Loan Agreement and the Regulatory Agreement, each of its permitted successors and assigns. The Limited Partner will retain ownership of the Project but will have no responsibility for the daily operations of the Project.

1.25 **“MANAGING GENERAL PARTNER”** means the Managing General Partner of the Borrower, Buellton Garden Apartments LLC, a California limited liability company.

1.26 **“OPERATING EXPENSES”** means, actual, reasonable and customary costs, fees and expenses paid by or on behalf of Borrower and 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, supportive services, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, cash deposited into reserves for operating expenses and capital replacements pursuant to Section 2.12, below, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, reasonable fees and expenses of accountants, attorneys, consultants and other professionals, as well as mandatory debt payments including debt services (including lenders’ fees) due on the Senior Loans. Borrower shall report Operating Expenses to Lender in each Annual Financial Statement.

1.27 **“ANNUAL PAYMENT DATE”** means the date that is ninety (90) days after the end of each Fiscal Year until the County HOME Loan is repaid in full.

1.28 **“PROJECT”** means the construction, operation and management of the Property and the improvements to be constructed thereon according to the terms of this County HOME Loan Agreement and in accordance with 24 CFR 92.2.

1.29 **“PROPERTY”** means that certain real property and improvements thereon located at 10 and 12 McMurray Road, in the City of Buellton, California, as more particularly described in Exhibit A, which is attached hereto and hereby incorporated into this County HOME Loan Agreement by this reference.

1.30 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as a Very Low-Income Household as defined in Section 1.36, below, and as set forth in the County HOME Loan Regulatory Agreement..

1.31 **“QUALIFYING RENT”** means the total monthly charges for rent of a HOME-Assisted Unit, which shall not exceed:

- a) For each of the two one-bedroom HOME-Assisted Units, the rent shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of the AMI as determined by HUD, with adjustments for number of bedrooms in the Unit and smaller and larger families; and
- b) For each of the two two-bedroom HOME-Assisted Units, the rent shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of the AMI as determined by HUD, with adjustments for number of bedrooms in the Unit and smaller and larger families; and
- c) For each of the two three-bedroom HOME-Assisted Units, the rent shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of the AMI as determined by HUD, with adjustments for number of bedrooms in the Unit and smaller and larger families.

Qualifying Rent is not required to be lower than the HOME rent limits for the Project in effect as of the date of this County HOME Loan 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 maximum monthly allowance for utilities and services using the annual HUD Utility Schedule Model, or other annual utility schedule as determined by Lender.

1.32 **“RESIDUAL RECEIPTS”** means the amount of annual Revenue *minus* the sum of annual Operating Expenses and any required debt service under the Senior Loans (defined below).

1.33 **“REVENUE”** means all income in connection with the Project, including, but not limited to, rents from the Units and income from laundry operations, vending machines, meeting space rental, storage, and parking. Borrower shall report Revenue to Lender in each Annual Financial Statement. Excluded from the definition of Revenue are funds received by Borrower from any capital contributions, disbursements of loan proceeds, and any insurance payments.

1.34 **“SENIOR LOANS”** means (i) that certain construction loan to be made by Wells Fargo Bank, National Association, a national banking association (“Senior Lender”), in an amount not to exceed \$55,000,000, which will convert to a permanent loan provided by California Community Reinvestment Corporation, a California nonprofit public benefit corporation in an amount not to exceed \$5,000,000, and (ii) an HCD (as defined below) MHP loan in the amount of \$19,155,000, and (iii) an HCD Joe Serna Jr. loan in the amount of \$5,260,770 provided through the Joe Serna Farmworker Housing Program.

1.35 **“TERM”** shall have the meaning set forth in Section 9.8, below.

1.36 **“VERY LOW-INCOME HOUSEHOLD”** means a household, as defined in 24 CFR 92.2, whose annual income does not exceed fifty percent (50%) of Area Median Income.

## **ARTICLE 2 TERMS OF THE COUNTY HOME LOAN**

2.1 **COUNTY HOME LOAN.** On and subject to the terms and conditions of the County HOME Loan Documents, Lender agrees to make and Borrower agrees to accept a loan with the following terms:

2.2 **AMOUNT.** The principal amount of the County HOME Loan shall be an amount not to exceed One Million, Five Hundred Thousand Dollars (\$1,500,000), which and shall be evidenced by the

County HOME Loan Note (“Maximum Loan Disbursement Amount”). In the event that Lender is unable to secure sufficient HOME Funds or PLHA Funds for this County HOME Loan Agreement for any reason at any time during the Term, Lender shall not be obligated to make payments to Borrower unless and until sufficient HOME Funds and PHLA Funds become available to Lender within fifty-eight months of the budget appropriation referenced in Section 2.A. of Exhibit B of the PLHA Standard Agreement, and Borrower shall hold Lender harmless.

2.3 **INTEREST.** Subject to the provisions of Section 2.4, below, the County HOME Loan Note shall bear simple interest at a rate of three percent (3%) per annum on the outstanding balance from the date of the first disbursement under the County HOME 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 Loan Agreement and expiration of applicable cure periods, if any, Borrower shall pay to Lender, in addition to the interest rate specified in Section 2.3, above, interest on the outstanding principal of the County HOME Loan, at an annual rate equal to the lesser of (i) ten percent (10%), or (ii) the highest interest allowed by law, from the date of such default until the date that such default is cured, if subject to cure, or the County HOME Loan is repaid in full (“Default Interest”). Such Default Interest shall be paid by Borrower to Lender monthly on the first day of each month.

2.5 **AMOUNT AND TIME OF PAYMENT.** The principal of the County HOME Loan and all accrued and unpaid interest thereon, in accordance with the County HOME Loan Note, shall be due and payable on the earlier of: (a) the date that is fifty-five (55) years after the date of the recordation of the Notice of Completion, or (b) the date the Property is sold or otherwise Transferred (defined below in Section 5.14), unless such Transfer is specifically and expressly approved by the Lender in advance in writing, or (c) the date that is twelve (12) months after the Effective Date, if Borrower has then failed to commence construction as set forth in Section 4.1 of this County HOME Loan Agreement, or (d) the occurrence of an Event of Default by Borrower, as defined below in Section 8.1, which, if subject to cure, has not been cured as provided for below in Section 8.2. Annual loan payments on the County HOME Loan shall be made in accordance with Section 2.9, below, and in accordance with the provisions of the County HOME Loan Note. In the event of an Event of Default by Borrower, as defined below in Section 8.1, which, if subject to cure, has not been cured as provided for below in Section 8.2, the then-unpaid principal and all accrued and unpaid interest shall be due and payable in accordance with Section 8.3, below. In any event, the principal of and all accrued and unpaid interest on the County HOME Loan shall be due and payable no later than December 31, 2081.

2.6 **USE OF COUNTY HOME LOAN FUNDS.** County HOME Loan funds shall be used only for those certain development costs specified in the Budget attached hereto as Exhibit B, and shall only be disbursed in accordance with the provisions of Article 3, below. The Budget shall not be modified other than via an amendment to this County Home Loan Agreement duly executed by Lender in accordance with Section 9.3, below, and provided that costs set forth in the Budget are eligible under 24 CFR 92.206, and that the appropriate level of Environmental Review is completed under the National Environmental Policy Act of 1969 (NEPA) (42 USC 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. County HOME Loan funds 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 This section intentionally left blank.

2.8 **SECURITY.** Borrower shall secure its obligation to repay the County HOME Loan by executing the County HOME 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 Senior Loans and those certain loans

made to Borrower by the California Department of Housing and Community Development (“HCD”). Upon closing, Borrower shall cause the recordation of the County HOME Loan Deed of Trust, and the County HOME 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 Lender.

**2.9 REPAYMENT OF THE COUNTY HOME LOAN.** All accrued interest and principal shall be due and payable in accordance with the terms set forth in Section 2.5, above. Annual payments on the County HOME Loan shall be made from Residual Receipts in the following order: First, to the Borrower’s limited partner for any unpaid tax credit adjuster amount; second, to the Borrower’s limited partner to pay the loans; third, to pay borrower’s limited partner an annual asset management fee of \$8,500, increasing by 3% per year; fourth, to replenish the balance of the operating reserve; fifth, to the payment of any sponsor loans and outstanding deferred developer fee; sixth, to pay any deferred management fees to the management agent; seventh, to pay the Borrower’s general partner an annual general partner asset management fee in the amount of \$29,668, increasing by 3% per year; eighth, 50% of the remaining Residual Receipts shall be used to pay the remaining residual receipts loans in accordance with their relative principal amounts as follows: 73.91% shall repay the HCD MHP Loan; 20.30% shall repay the HCD Joe Serna Loan; and 5.79% shall repay the County HOME Loan. On or before the date that is 30 days before each Annual Payment Date, the Borrower shall submit the Annual Financial Statement to Lender for the immediately preceding Fiscal Year. All payments made on the County HOME Loan 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 Loan.

**2.9.1 DISPUTE RESOLUTION.** In the event that either of Borrower or Lender determines that there has been an understatement or underpayment of the amount of Residual Receipts reported or paid to Lender, Borrower shall promptly pay to Lender the full amount of such understatement or underpayment, but in any event, no later than the date that is twenty (20) days after the earlier of (a) the date of Borrower’s determination of such understatement or underpayment, or (b) Lender’s notice to Borrower of Lender’s determination of such understatement or underpayment. In the event that Lender determines that there has been an overpayment of Residual Receipts to Lender, Lender shall promptly pay to Borrower the amount of such overpayment, but in any event, within twenty (20) days of such determination. If contested, Borrower has the right to pay under protest and request and pay for an audit by an independent certified public accountant.

**2.10 PREPAYMENT OF COUNTY HOME LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County HOME Loan amounts prior to the end of the Term described herein. However, prepayment of the County HOME Loan during the term of the County HOME Loan Regulatory Agreement shall require Lender approval and, in any event, shall not affect Borrower’s obligations under the County HOME Loan Regulatory Agreement.

**2.11 ANNUAL OPERATING EXPENSES.** Thirty (30) days prior to the end of each Fiscal Year, Borrower shall submit to Lender, for Lender’s review and approval, a proposed operating budget for the Project for the following Fiscal Year. The proposed operating budget shall include scheduled payments to be made into all operating and reserve accounts. The proposed operating budget shall include scheduled payments to be made into operating and replacement reserve accounts. Actual Operating Expenses incurred by Borrower during any Fiscal Year shall not exceed one hundred twenty percent (120%) of the amount of Operating Expenses approved by Lender in the approved operating budget for such Fiscal Year without Lender’s prior written consent.

**2.12 OPERATING AND CAPITAL REPLACEMENT RESERVE FUNDS.** Borrower shall fund a capital replacement reserve in the amount of not less than Five Hundred Dollars (\$500) per Unit per year (“Capital Replacement Reserve”), and shall capitalize an operating reserve in an amount of no less



than three (3) months' of the annual operating budget ("Operating Reserve"). The balance of Operating Reserve and Capital Replacement Reserve funds shall be reduced on a dollar-for-dollar basis by any such reserves required by and held with Senior Lender. Reserve balances shall be provided in the Annual Financial Statement submitted to Lender annually.

### ARTICLE 3 COUNTY HOME LOAN DISBURSEMENT

3.1 **CONDITIONS PRECEDENT TO DISBURSEMENT.** Lender shall not be obligated to make any disbursements of County HOME Loan funds or take any other action under the County HOME Loan Documents unless the following conditions precedent are satisfied prior to each disbursement of County HOME Loan 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 Loan Documents, including, but not limited to, an ALTA Lender's policy of title insurance in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) from a title insurance company approved by the Lender and in a form reasonably acceptable to Lender;
- D. Borrower has provided to Lender the certificates of insurance as specified in the insurance provisions set forth in Exhibit F;
- E. Borrower has secured all final permits, entitlements and approvals required by all permitting and regulatory authorities and jurisdictions; and
- F. Borrower has complied with all reporting requirements set forth in this County HOME Loan Agreement, including, but not limited to, in accordance with Sections 3.2 and 5.11.
- G. There are sufficient HOME Funds and PLHA Funds available to Lender.

3.2 **DISBURSEMENT OF FUNDS.** Lender shall provide the County HOME Loan funds to Borrower for reimbursement of development costs incurred by Borrower and approved by Lender in accordance with the Budget (Exhibit B). County HOME Loan funds shall only be disbursed after the costs which are to be reimbursed therewith have been incurred. Borrower may not request disbursement of County HOME Loan funds until needed for payment of those certain development costs as specified in the Budget (Exhibit B). Disbursement of County HOME Loan funds shall not exceed a total of One Million, Five Hundred Thousand Dollars (\$1,500,000).

County HOME Loan funds shall be disbursed through periodic payments based upon development costs incurred and work completed, as evidenced by documentation supporting the completed work signed by the Project architect and verified by Lender. Borrower shall submit to Lender disbursement requests (each a "Written Disbursement Request") in writing no more frequently than one time per month using the County's Expenditure Summary and Payment Request form, in the form attached hereto as Exhibit H and incorporated herein by reference ("ESPR"). Written Disbursement Requests shall include itemized invoices corresponding to the Budget (Exhibit B). Borrower shall also attach to each ESPR copies of receipts or other proof of each payment by Borrower for which Borrower requests reimbursement therein, in form acceptable to Lender, that demonstrate date and amount of each such payment by Borrower and the nature

of the expense incurred. Borrower shall also attach to each Written Disbursement Request ESPR copies of certified payroll reports current to within twenty-one (21) calendar days of the date of such Written Disbursement Request ESPR documenting compliance with the Davis-Bacon Act, unless the Project includes fewer than twelve (12) HOME-Assisted Units and federal assistance for the Project is limited to HOME Funds. Additionally, Borrower shall provide to Lender evidence of compliance with Section 3 of the Housing and Community Development Act of 1968 (12 USC, 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 2 CFR Part 200. Lender reserves the right to request additional documentation as necessary to ensure compliance with the County HOME Loan documents and all Federal, state and local laws, regulations, ordinances, orders, rules, directives, circulars, bulletins, notices, guidelines, and policies (the foregoing, collectively, "Applicable Laws" or "Applicable Law").

Written Disbursement Requests shall only include items included in the Budget (Exhibit B). No changes to the Budget shall be effective without the prior written approval of Lender in each instance in response to a written request from Borrower regarding same. In no event shall Lender's obligations hereunder exceed the Maximum Loan Disbursement Amount. Any costs in excess of the Maximum Loan Disbursement Amount that are necessary for the completion of the Project shall be the sole responsibility of Borrower.

Notwithstanding the above, as a special disbursement condition, Lender shall retain Ten Thousand Dollars (\$10,000) of HOME Funds until thirty (30) days after (i) Borrower has completed the construction of the Project, as evidenced by the Certificates of Occupancy, and provided beneficiary data for the six (6) HOME-Assisted Units of the Project as required under the HOME Program, and (ii) any and all liens (except those otherwise approved in the Loan Documents) against the Property are released.

## ARTICLE 4 DEVELOPMENT OF PROJECT

**4.1 COMMENCEMENT OF CONSTRUCTION.** Borrower shall commence construction of the Project no later than twelve (12) months after the Effective Date of this County HOME Loan Agreement. Commencement of construction shall mean obtaining all final permits, entitlements and approvals required by all permitting and regulatory authorities and jurisdictions, and commencing work on any task associated with a line item in the Budget (Exhibit B) at the Property that requires a permit, entitlement or approval. If Borrower fails to commence construction as set forth above, Lender may terminate this County HOME Loan Agreement pursuant to Article 8, below.

**4.2 COMPLETION OF CONSTRUCTION.** Borrower shall diligently pursue construction of the Project to completion, and shall complete construction of the Project no later than thirty-nine (39) months after commencement of construction, as defined in Section 4.1, above. Borrower shall provide proof of completion as evidenced by the recording of a notice of completion for the Project ("Notice of Completion") and securing the Certificate(s) of Occupancy.

**4.3 FINANCING.** Borrower shall promptly inform Lender in writing of any changes in the amount, terms, 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(s) in the State of California.

All costs incurred in development and operation of the Project shall be the responsibility and obligation solely of Borrower.

4.5 **INSPECTIONS.** Borrower shall permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Project site by Lender and by public authorities during reasonable business hours upon reasonable notice for the purposes of determining compliance with this County HOME Loan Agreement. Copies of monthly construction inspection reports completed by the Senior Lender or Borrower pursuant to the Senior Loan documents shall be provided to the County by Borrower immediately upon completion of each such construction inspection report.

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

4.7 **CONSTRUCTION RESPONSIBILITIES.** Borrower shall be solely responsible for all aspects of Borrower's conduct and omissions, and conduct and omissions on behalf of Borrower, 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 under the Loan Documents, 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 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 satisfactory documentation of compliance with these requirements, including, but not limited to, a certification from the Project architect documenting the unit number and type of accessibility features of each Unit.

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 CFR, 40 CFR, the Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as Title X (42 USC, 4851, et seq.), the Lead-Based Paint Poisoning Prevention Act (42 USC 4821, et seq.), California OSHA, California Health and Safety Code, and all other applicable Federal, state and County laws, regulations, and 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. 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 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 shall be promptly 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 or the Property.

Borrower shall record a valid notice of cessation or Notice of Completion upon cessation of construction work on the Project for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes Lender, but without any obligation on the part of Lender, to record any notices of completion or cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interest in the Project and Property.

**4.12 COMPLIANCE WITH HOME PROGRAM AND OTHER FEDERAL REQUIREMENTS.** All requirements imposed on properties assisted under the HOME program as contained in 42 USC Sections 12701, et seq., 24 CFR Part 92, and other implementing laws, rules, and regulations, are incorporated herein by this reference. In the event of any conflict between this County HOME Loan Agreement and the HOME Regulations, the HOME Regulations shall govern.

The laws and regulations governing the use of the HOME Funds and the PLHA Funds ("HOME Regulations") include, but are not limited to, the following:

A. Uniform Guidance. The applicable policies, guidelines, and requirements set forth in 2 CFR Part 200.

B. Audit requirements. Agencies that expend \$750,000 or more in federal funds in a year as calculated therein must undergo a single audit in compliance with 2 CFR 200.501.

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

D. Handicap Discrimination. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 USC 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 USC 4321, et seq.), and applicable related environmental authorities at 24 CFR Part 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 USC 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 USC 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 USC 3141, et seq.); (2) Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333); (3) Copeland Anti-Kickback Act (40 USC 3145); and (4) Fair Labor Standards Act of 1938, as amended (29 USC 201 et. seq.).

H. **Training Opportunities.** The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u, requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the Project area and agreements for work in connection with the Project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the Project. Borrower agrees to include the following language in all contracts and subcontracts executed in connection with this County HOME Loan Agreement, as required pursuant to 24 CFR Part 75:

1. The work to be performed under this County HOME Loan Agreement 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.
2. Borrower shall comply with HUD's regulations in 24 CFR part 75, which implement section 3. Borrower shall comply with the requirements set forth in 24 CFR Sections 75.9 and 75.19, as applicable. As evidenced by their execution of this contract, Borrower certifies that it is under no contractual or other impediment that would prevent it from complying with the part 75 regulations.
3. Borrower shall, and shall cause its contractors and subcontractors to, (a) comply with part 75 regulatory requirements under this section 3 clause, and (b) conduct such party's business practices in a manner that provides records and reports consistent with HUD section 3 reporting and compliance under covered contracts, defined as "any project that individually or in the aggregate receives greater than \$200,000 in any form of federal assistance". This may include, but is 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 County may request to confirm compliance with part 75 requirements.
4. The Borrower shall, and shall cause 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 shall take appropriate action, as provided in an applicable provision of the contract or subcontract or in this section 3 clause, upon a finding that any contractor or subcontractor is in violation of the regulations in 24 CFR part 75. The Borrower shall not contract with or permit its contractors to subcontract with any contractor or subcontractor in the event that the Borrower has notice or actual or constructive knowledge that such contractor or subcontractor has been found to be in violation of the regulations in 24 CFR part 75.

5. In the event that County 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 County in order to implement such qualitative efforts. Such efforts may include the qualitative efforts outlined in County's Section 3 Plan, Policies and Procedures, as it may be revised or amended from time to time. County's Section 3 Plan, Policies and Procedures are available upon request at HCD offices and provided electronically.
6. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract by Lender 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 2 CFR Part 200, 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 found at 24 CFR 92.257.

K. **Debarred Contractors.** All contractors, subcontractors, and consultants used by Borrower in the development of the Project shall not be debarred or otherwise prohibited from participation in a federal project pursuant to 2 CFR Part 2424. Borrower shall furnish Lender with evidence of compliance with this provision generated from the System for Award Management ("SAM") at [www.sam.gov](http://www.sam.gov).

L. **Anti-Lobbying.** Borrower hereby certifies that: (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement; (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and (3) It will require that the language of subparagraphs (1) and (2) of this 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, USC. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

N. **HUD Regulations.** All other HUD regulations in effect during the Term pertaining to HOME.

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 such failure to make such payments shall constitute an Event of Default. Lender may require repayment of the County HOME Loan plus any and all relocation payments due. Without limiting or otherwise affecting the standard indemnity and insurance provisions set forth in Article 6 and Exhibit F, Borrower hereby agrees to indemnify Lender for any action brought against Lender based on an alleged failure to comply with relocation obligations on this Project.

4.14 **UNAVOIDABLE DELAY IN PERFORMANCE.** The time for performance by a party hereto of such party’s obligation(s) under this County HOME Loan Agreement may be extended for a period equal to the period of a delay in such performance which is directly caused by: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; freight embargoes; pandemics including any resultant quarantine restrictions other than in connection with COVID-19; or other events beyond the reasonable control of, and in no way directly or indirectly caused by or otherwise attributable to any act or omission of the party claiming such delay (“Force Majeure Event”). An extension of time for a Force Majeure Event will be granted only if the party claiming such delay, within ten (10) calendar days from the commencement of such Force Majeure Event, provides written notice to the other party hereto specifying the Force Majeure Event, the performance purportedly delayed thereby, such party’s good faith estimate of the duration of such delay, and such extension of time is either (a) accepted by the other party hereto in writing, or (b) not rejected in writing by the other party within fourteen (14) calendar days of receipt of such notice. In any event, notwithstanding the foregoing, construction of the Project must be completed no later than four (4) years after the Effective Date. Times of performance under this County HOME Loan Agreement may also be extended for any cause for any period of time by written agreement duly executed by each of Lender and Borrower.

## **ARTICLE 5 OPERATION**

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

Borrower shall maintain and operate the HOME-Assisted Units so as to provide decent, safe, and sanitary housing, and shall provide the HOME-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 by or on behalf of Borrower to residents of any Unit(s) must be available to residents of all Units on the same terms and conditions.

5.2 **MANAGEMENT PLAN.** Borrower shall comply with the Management Plan attached hereto as Exhibit G and incorporated herein by this reference (“Management Plan”). No changes shall be made to the Management Plan without Lender’s prior written approval in each instance. Notwithstanding the foregoing, Lender reserves the right to require changes to the Management Plan as necessary to conform with HUD requirements.

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 meet the affirmative marketing requirements set forth in 24 CFR 92.351, as 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 must, at a minimum, meet the requirements for tenant selection set forth in 24 CFR 92.253(d), as may be amended from time to time.

Borrower shall rent the HOME-Assisted Units to any Qualifying Household(s) according to the tenant selection plan. Borrower shall verify each prospective tenant's eligibility, and require from each tenant a statement that such household's income from all sources does not exceed allowable limits as described in the County HOME Loan Regulatory Agreement.

5.5 **INCOME CERTIFICATION.** The Annual Income levels and other qualifications of each applicant for a HOME-Assisted Unit shall be certified by Borrower no earlier than six (6) months prior to such Qualifying Household's occupancy of a HOME-Assisted Unit, and shall be recertified by Borrower annually thereafter. If the size of a Qualifying Household occupying a HOME-Assisted Unit changes, Borrower may request additional information and documentation to determine eligibility.

A. Initial Annual Income Verification. Before a Qualifying Household occupies a HOME-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:

- (1) Third Party Verification: All third parties (e.g., employer, Social Security Administration, public assistance agency, etc.) are contacted to provide information to verify Annual Income. Written requests and responses are required; and
- (2) Review of Documents: The Qualifying Household provides documents verifying their Annual Income (e.g., pay stubs, tax returns, etc.). These documents must then be retained by Borrower in the Project files.

B. Annual Income Recertification. At the time of each 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 and annually thereafter, Borrower shall recertify the Annual Income of each Tenant occupying a HOME-Assisted Unit using the method as described in Section 5.5.A, above.

5.6 **INITIAL LEASING OF THE PROJECT.** Before leasing any portion of the Project, Borrower shall submit its proposed form of lease for the Units to Lender for Lender's review and approval. The initial term of each HOME-Assisted Unit lease shall be for no less than one year, unless a shorter term is requested by the tenant occupying such HOME-Assisted Unit, and no HOME-Assisted Unit lease shall contain any provision which is prohibited by 24 CFR Section 92.253(b), as may be amended from time to time. No rent increase shall occur at any time during the term of any HOME-Assisted Unit lease. Any refusal to renew or termination of a HOME-Assisted Unit lease must be in conformance with 24 CFR 92.253(c), as may be amended from time to time, and must be preceded by not less than thirty (30) days' written notice by the Borrower to the tenant(s) of such HOME-Assisted Unit specifying the grounds for such action. Borrower shall submit its proposed rents and utility allowance schedule to Lender for Lender's review and approval at least thirty (30) days prior to leasing any HOME-Assisted Unit. Borrower shall lease all six (6) HOME-Assisted Units to Qualifying Households within six (6) months of completion of



construction as defined in Section 4.2, above, and shall provide Lender with detailed occupancy data and demographic information on all tenants of the HOME-Assisted Units.

**5.7 AFFORDABILITY RESTRICTIONS.** Six (6) Units in the Project shall be designated by Borrower as HOME-Assisted Units. Each of the HOME-Assisted Units shall be occupied by a Qualifying Household, as set forth in the County HOME Loan Regulatory Agreement, and shall meet the following standards:

- A. The HOME-Assisted Units shall be designated as “floating” so that the Unit) designated as HOME-Assisted Units under the County HOME Loan Regulatory Agreement may change over time, as long as the total number and type of HOME-Assisted Units in the Project remains constant.
- B. The HOME-Assisted Units shall be similarly constructed and of comparable quality to all other Units in the Project;
- C. The HOME-Assisted Units shall be dispersed throughout the Project; and
- D. Borrower shall provide tenants of HOME-Assisted Units with access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other Units.

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

**5.9 CONFLICTS BETWEEN COVENANTS OR RESTRICTIONS AFFECTING THE PROPERTY.** Any conflicts between the restrictive provisions contained in this County HOME Loan Agreement, the County HOME Loan Note, the County HOME Loan Deed of Trust, the County HOME Loan Regulatory Agreement, and any other agreements in connection with the County HOME Loan and/or the Property are to be resolved by applying the more restrictive covenant(s) or restriction(s) in the applicable County HOME Loan Document(s).

**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, gender, gender identity or expression, sexual preference or orientation, 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) 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 County HOME Loan funds disbursed to Borrower pursuant to the County HOME Loan Documents and 24 CFR 92.508. Borrower shall maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures for construction costs drawn from County HOME Loan funds, and shall maintain all invoices, receipts, and other documents related to expenditures for construction costs using or reimbursed from County HOME Loan funds until the later of (i) the date that is five (5) years after recordation of the Notice of Completion issued for the Project, or (ii) June 30, 2035. Borrower shall maintain all records relating to this County HOME Loan Agreement and any revenue received by Borrower or the Project until five (5) years after the Term; provided, however, that in the event that any litigation, claim, negotiation, audit monitoring, inspection or other action has been started before the expiration of the required record retention period, all records must be retained until completion of all such action(s) and

resolution of all issues which arise in connection with such action(s). Borrower shall maintain all records contemplated herein in an accurate and current manner. Tenant income, rent, and Unit inspection information, must be retained for the most recent five year period, until five years after the affordability period terminates.

Borrower shall promptly comply with all requirements and conditions of the County HOME Loan Documents. Borrower shall promptly supply, upon the request of Lender, any and all information and documentation which involves the Project, and shall cooperate with Lender.

Borrower shall submit to Lender:

- Monthly written Project construction progress reports and an updated construction schedule within ten (10) calendar days following the end of each month during the period commencing with the execution of this County HOME Loan Agreement and concluding upon the issuance of the Certificate of Occupancy.
- Records of all permits, entitlements and approvals, inspections and sign-offs required by all permitting and regulatory authorities and jurisdictions within thirty (30) days following the recordation of the Notice of Completion.
- Copies of the Certificate(s) of Occupancy upon receipt.
- Data on the initial lease-up of HOME-Assisted Units as defined herein sufficient to close out the Project in the federal Integrated Disbursement and Information System within ten (10) days following the first date when leases are in effect for each of the HOME-Assisted Units.

5.12 **AUDITS.** Borrower shall conduct annual audits in accordance with 2 CFR Part 200. Each year, at least thirty (30) days prior to the Annual Payment Date, Borrower shall submit to Lender an Annual Financial Statement. Borrower shall make available to Lender for examination at reasonable intervals and during normal business hours all books, accounts, reports, files, and other papers or property relating to or prepared in connection with the Property or any of the County HOME Loan Documents (“Records”), and shall permit Lender to audit, examine, and make excerpts or transcripts from such Records. Lender may make audits of any conditions relating to the County HOME Loan Documents, including, but not limited to, the right to review, obtain, and copy all records and supporting documentation pertaining to the performance of this County HOME Loan Agreement and the other County HOME Loan Documents. Borrower acknowledges and agrees that the State of California Department of Housing and Community Development likewise has the right to audit Borrower’s records and interview Borrower’s employees.

Lender shall notify Borrower of any Records it deems insufficient (“Deficiency Notice”). Borrower shall have fifteen (15) calendar days from the date of such Deficiency Notice to correct all deficiencies in the Records specified by Lender in such Deficiency Notice, or, if more than fifteen (15) days shall be reasonably necessary to correct such deficiencies, Borrower shall submit a written request to Lender for an extension of such 15-day period. Lender shall respond to extension requests within fifteen (15) days of Lender’s receipt thereof. Borrower shall begin to correct such deficiencies within fifteen (15) days, and shall diligently complete correction of all deficiencies identified in the Deficiency Notice as soon as reasonably possible, but in no event later than 60 days after the date of such Deficiency Notice.

5.13 **ENCUMBRANCE OF PROPERTY.** Except as otherwise provided in this County HOME Loan Agreement or the Loan Documents, including with respect to the Senior Loans, 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 otherwise, 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 that has been created on or attached to the Property whether by voluntary act of Borrower or otherwise.

5.14 **TRANSFERS.** Borrower has not made or created, and shall not make or permit, any sale, assignment, conveyance, or other transfer, directly or indirectly, whether by operation of law or otherwise, of the Property, this County HOME Loan Agreement, or any of Borrower's rights or obligations hereunder, including, but not limited to, the sale, assignment, or transfer of any general partnership interests ("Transfer"), without the prior written consent of Lender, which consent shall not be unreasonably withheld. Notwithstanding the forgoing, the following shall not constitute a default hereunder or under the County HOME Loan Note, and any such actions shall not accelerate the maturity of the County HOME Loan: (i) the Limited Partner removes the Borrower's general partner(s) (the "Removed General Partner(s)") for cause in accordance with the Borrower's amended and restated partnership agreement dated on or about the date hereof ("Partnership Agreement"); or (ii) the Limited Partner transfers or assigns its interest in Borrower in accordance with the Partnership Agreement; provided, however, that each of the general partner(s) selected to replace such Removed General Partner(s) is reasonably acceptable to the County, and is selected with reasonable promptness.

5.15 **FEES, TAXES, AND OTHER LEVIES.** Borrower shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Project and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by Lender, Borrower deposits with Lender all funds or other forms of assurance Lender deems, in good faith from time to time, appropriate to protect Lender from the consequences of such contest being unsuccessful.

5.16 **DAMAGE TO PROPERTY.** If any building and/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 all such building(s) and/or improvement(s) consistent with the original plans and specifications for the Project, unless Lender reasonably determines that such restoration or repair is not economically feasible. Lender shall commence such work or repair within one hundred twenty (120) days after such damage or loss occurs, and shall cause such work to be completed within one year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Borrower shall make up the deficiency.

If Lender determines that restoration or repair is not economically feasible, then Lender may declare an Event of Default, such that the unpaid principal and all accrued and unpaid interest on the County Home Loan shall then be immediately due and payable, and Borrower shall apply all insurance proceeds thereto.

5.17 **EQUAL EMPLOYMENT OPPORTUNITY.** Borrower and all contractors, subcontractors, and professional service providers performing services on the Property or otherwise in connection with the Project shall comply with all requirements hereunder concerning equal employment opportunity, and all requirements hereunder concerning equal opportunities for businesses and lower-income persons (referred to as the Section 3 clause of the HUD Act of 1968, 12 USC 1701u).

## ARTICLE 6 INDEMNITY AND INSURANCE

6.1 **INDEMNITY.** Borrower shall comply with the indemnification provisions set forth in Exhibit F, attached hereto and incorporated herein.

6.2 **INSURANCE.** Borrower shall comply with the insurance provisions set forth in Exhibit F “Standard Indemnification and Insurance Provisions” attached hereto and incorporated herein by reference (“Standard Indemnification and Insurance Provisions”).

6.3 **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** No officials, employees or agents of Lender shall be personally liable to Borrower for any obligation created under the terms of these County HOME Loan Documents.

## ARTICLE 7 HAZARDOUS MATERIALS

7.1 **REPRESENTATIONS AND WARRANTIES.** After reasonable investigation and inquiry, Borrower hereby represents and warrants that, as of the date of this County HOME Loan Agreement, and except as previously disclosed and acknowledged in writing by Borrower or as disclosed by the reports based on environmental audit(s) performed on the Property and submitted to Lender, that (a) the Property is not and has not been a site for the use, generation, manufacture, transportation, storage, or disposal of Hazardous Materials in violation of Applicable Law; (b) the Property is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, administrative decisions, and common law decisions (whether federal, state, or local) with respect to Hazardous Materials, including, but not limited to, those relating to soil and groundwater conditions (collectively, “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 of which Borrower becomes aware or of which Borrower has direct or constructive knowledge on or under the Property requiring notice to be given to any governmental entity or agency under Hazardous Materials Laws; (b) any knowledge, whether direct or constructive, by Borrower that the Property does not comply with any Hazardous Materials Laws; (c) the receipt by Borrower of notice of any Hazardous Materials claims; and (d) the discovery by Borrower of any occurrence or condition on the Property, or on any real property located within 2,000 feet of the Property, that could cause the Property or any part thereof to be designated as a “hazardous waste property” or as a “buffer zone property” under California Health and Safety Code Sections 25100, et seq., or regulations adopted in connection therewith.

7.3 **USE AND OPERATION OF PROPERTY.** Borrower shall ensure that none of Borrower, nor any agent, employee, or contractor of Borrower, nor any authorized user of the Property, shall use the Property or allow the Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. At all times, Borrower shall comply, and cause the Project and use thereof to comply, with all Hazardous Materials Laws.

7.4 **REMEDIAL ACTIONS.** If at any time Borrower has actual or constructive knowledge of the presence of any Hazardous Materials on or under the Property, Borrower shall promptly undertake,

at no cost or expense to Lender, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal, and other remedial actions, 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 below.

**7.5 RIGHT OF CONTEST.** Borrower may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws if: (a) the contest is based on a material question of law or fact raised by Borrower in good faith, (b) Borrower promptly commences and thereafter diligently pursues the contest, (c) the contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (d) if requested by Lender, Borrower deposits with Lender all funds and other forms of assurance and security that Lender in good faith from time to time determines appropriate to protect Lender from the consequences of such contest being unsuccessful, and any remedial action then reasonably necessary. No Event of Default shall be deemed to exist with respect to any claim, demand, levy or attachment being contested by Borrower under this Section 7.5, provided that Borrower does so in full compliance herewith and with the other Loan Documents and all applicable laws.

**7.6 ENVIRONMENTAL INDEMNITY.** Without limiting or otherwise affecting the indemnity and insurance provisions set forth in Article 6, above, and Exhibit F, Borrower shall defend, indemnify, and hold Lender free and harmless against any and all claims, demands, administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including, but not limited to, all costs of legal proceedings and reasonable attorney's fees, that Lender may directly or indirectly incur, sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this County HOME 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 Loan Agreement:

A. Monetary. (1) Borrower's failure to pay when due any sums payable under the County HOME Loan Note or any advances made by Lender under the County HOME Loan Deed of Trust or this County HOME Loan Agreement; (2) Borrower's use of County HOME Loan funds for costs other than approved construction costs or for uses inconsistent with other terms and restrictions in the County HOME Loan Documents; (3) Borrower's failure to obtain and maintain the insurance coverage required under this County HOME Loan Agreement; (4) Borrower's failure to make any other payment or assessment due under the County HOME Loan Documents; (5) Borrower's failure to pay taxes; (6) Borrower's default under other debt secured by the Property after the applicable notice and cure periods provided in such other debt or security instruments have expired, if any;

B. Construction. (1) Borrower's deviation from the Budget, without Lender's prior written consent; (2) use of defective or unauthorized materials or defective workmanship in constructing the Project; (3) Borrower's failure to commence or timely complete construction in accordance with this County Home Loan Agreement; (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 reasonable request; (6) Borrower's failure to substantially comply with any Applicable Laws or

Lender policies pertaining to construction, including, but not limited to, provisions of this County HOME Loan Agreement pertaining to affirmative action and equal employment opportunity, minority and women-owned business enterprises, disabled access, lead-based paint, Hazardous Materials, and provision or relocation benefits and assistance;

C. Operation. (1) Discrimination by Borrower on any basis prohibited by this County HOME Loan Agreement or Applicable Law, or (2) the imposition of any encumbrances or liens on the Property without Lender's prior written consent;

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

E. General performance of other obligations. Any breach by Borrower of any material obligations on Borrower imposed by any other agreements, beyond applicable notice and cure periods set forth therein, if any, including, but not limited to, any grant agreements, with respect to the financing, construction, or operation of the Project or the Property, to the extent that such breach impairs Lender's security under any of the County HOME Loan Documents;

F. Representations and warranties. A determination by Lender that its security has been or will be materially impaired due to the fact that any of Borrower's representations or warranties made in any of the County HOME Loan Documents, or any certificates, documents, or schedules supplied to Lender by or on behalf of Borrower, were untrue in any material respect when made, or that Borrower concealed or failed to disclose a material fact from Lender;

G. Damage to or failure to maintain Property. Material damage or destruction to the Property by fire or other casualty if Borrower does not take steps to reconstruct the Project as required by the County HOME 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 such 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 any of the HOME Regulations including, but not limited to, the provisions of Section 4.12, above, the County HOME Loan Regulatory Agreement, the HOME Investment Partnerships Program Final Rule set forth at 24 CFR Part 92, and other Federal requirements set forth at 24 CFR Part 92 Subpart H.

J. Tax Credit Compliance. The Project shall comply with the rent and income restrictions and other terms of the Tax Credit Regulatory Agreement. Non-compliance under the terms of the Tax Credit Regulatory Agreement shall constitute an Event of Default under the County HOME Loan Agreement, subject to applicable cure periods, if any.

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

**8.2 NOTICE OF DEFAULT; OPPORTUNITY TO CURE.** In the event of an Event of Default, Lender shall give written notice to Borrower of such Event of Default (“Default Notice”) specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) whether, in Lender’s reasonable discretion, such Event of Default is subject to cure, and (c) if the Default Notice indicates that such Event of Default is subject to cure, the action(s) required to cure such Event of Default, and the date(s) by which such action(s) to cure, as specified therein, must be completed, which shall not be less than the time to cure as stated in Paragraph A or B, as applicable, of this Section 8.2, below. Borrower’s Limited Partner(s) may, on Borrower’s behalf, cure an Event of Default in accordance with the cure requirements set forth in the applicable Default Notice, which 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.

A. **Time to Cure Monetary Default.** In the event of a monetary Event of Default Borrower shall have a period of seven (7) days after such Default Notice within which to cure such monetary Event of Default prior to exercise of remedies by the Lender hereunder, or such longer period of time as may be specified in the Default Notice.

B. **Time to Cure Non-Monetary Default.** If the event of a non-monetary Event of Default, if the default is reasonably capable of being cured within thirty (30) days, as determined by the Lender in its reasonable discretion, Borrower shall have thirty (30) days from the date of the Default Notice to effect a cure prior to exercise of remedies by the Lender, or such longer period of time as may be specified in the Default Notice. If the non-monetary Event of Default is such that it is not reasonably capable of being cured within thirty (30) days, as determined by the Lender in its reasonable discretion, or such longer period if so specified in the applicable Default Notice, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is determined by the Lender, in Lender’s reasonable discretion, to be reasonably necessary to cure such default prior to exercise of Lender’s remedies. Notwithstanding the foregoing, in no event shall the Lender be precluded from exercising remedies in the event of any of the following: (i) the default is not cured within thirty (30) days after the date of the Default Notice, or such longer period of time as may be specified by Lender in writing duly executed by Lender with respect to such Event of Default during such 30-day period; or (ii) Lender’s security becomes or is about to become materially jeopardized by any failure to cure a default.

**8.3 LENDER’S REMEDIES.** In the event of an Event of Default and, if applicable, failure to cure such Event of Default in accordance with the applicable Default Notice, Lender’s obligation to disburse County HOME Loan funds shall terminate, and Lender may also, in addition to other rights and remedies permitted by the County HOME Loan Documents or Applicable Law, proceed with any or all of the following remedies in any order or combination Lender may choose, in Lender’s sole discretion:

A. Terminate this County HOME Loan Agreement, in which event the entire principal amount outstanding and all accrued and unpaid interest under the County HOME Loan Note, as well as any other monies advanced to Borrower by Lender under the County HOME Loan Documents, including, but not limited to, administrative costs, shall immediately become due and payable 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 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 Loan and demand immediate full payment of the principal amount outstanding and all accrued and unpaid interest under the County HOME Loan Note, as

well as any other monies advanced to Borrower by Lender under the County HOME Loan Documents plus associated amounts due, such as relocation benefits described in Section 4.13, above;

D. Enter the Property and take any actions Lender deems necessary to complete construction of the Project, including, but not limited to, (1) making changes in the construction work as described in the Budget (Exhibit B) or other work or materials with respect to the Project, (2) entering into, modifying, or terminating any contractual arrangements (subject to Lender's right at any time to discontinue work without liability), and (3) taking any remedial actions with respect to Hazardous Materials that Lender deems necessary to comply with Hazardous Materials Laws or to otherwise 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 otherwise render the Property suitable for occupancy);

F. Order immediate stoppage of construction work and demand that any condition resulting in an Event of Default be corrected before construction work may continue;

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

H. Enter upon, take possession of, and manage the Property, either in person, via 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 Loan Deed of Trust and apply them to operate the Property or to pay off the County HOME Loan and/or any advances made under the County HOME Loan Documents, as provided for by the County HOME 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 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 non-judicial foreclosure under the power of sale contained in the County HOME Loan Deed of Trust in the event of an uncured or incurable Event of Default.

## ARTICLE 9 GENERAL PROVISIONS

9.1 **BORROWER'S WARRANTIES.** Borrower represents and warrants that (1) it has access to professional advice and support to the extent necessary to enable Borrower to fully comply with the terms of each of the County HOME Loan Documents and to otherwise carry out the Project in a good and workmanlike and professional manner, (2) it is duly organized, validly existing, and in good standing under the laws of the State of California, (3) it has the full power and authority to undertake the Project and to execute the County HOME Loan Documents, (4) the persons identified in Borrower's signature blocks, below, as executing and delivering the County HOME Loan Documents on behalf of Borrower are duly



authorized to do so, (5) there has been no substantial adverse change in Borrower's financial condition since the date of application for the County HOME Loan, such as judgment liens, tax liens, mechanic's liens, bankruptcy, etc., and (6) all representations in the Borrower's loan application (including all supplementary submissions) are true, correct and complete in all respects and are offered to induce Lender to make the County HOME Loan.

9.2 **CONTRACT ADMINISTRATION.** The County's Community Services Department ("CSD") will serve as the County's (or Lender's) administrator of the Project and the County HOME Loan Documents. CSD is authorized to approve Budget revisions as authorized under Section 2.6 of this County HOME Loan Agreement, collect loan repayments, and perform loan and Project monitoring functions and other administrative duties.

9.3 **CHANGES OR AMENDMENTS.** No changes, modifications, or amendments to this County HOME Loan Agreement shall be effective unless set forth in a written amendment to this County HOME Loan Agreement duly executed by both Lender and Borrower which makes specific reference to this County HOME Loan Agreement, and is signed by a duly authorized representative of each party hereto. Such amendment(s) shall not invalidate any parts of this County HOME Loan Agreement that are not changed by such amendment, nor relieve or release Lender or Borrower from its obligations under this County HOME Loan Agreement that are not changed by such amendment. Borrower agrees to not unreasonably withhold its approval of any amendments proposed by Lender that are necessary in order to conform with Applicable Laws and available funding amounts.

The Director of CSD ("Director") or the Director's designee is authorized to approve, in his or her discretion, and execute amendments to the County HOME Loan Agreement on behalf of Lender to make any one or more of the following changes:

9.3.1 Changes to this County HOME Loan Agreement that are necessary in order to conform with federal, state or local governmental laws, regulations, ordinances, orders, rules, directives, circulars, bulletins, notices, guidelines, policies and available funding amounts.

9.3.2 Amendments to this County HOME Loan Agreement which are deemed to be minor by the Director and County Counsel, and which do not adversely affect the County's rights, responsibilities, or interests hereunder.

9.4 **MONITORING AND EVALUATION.** Except as otherwise provided for in this County HOME Loan Agreement, Borrower shall maintain and submit to Lender, within ten (10) business days of Lender's request for same, records which clearly document Borrower's performance under each requirement of the County HOME Loan Documents.

9.5 **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 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 strict compliance with the provisions of this Section 9.5. Any conflict of interest must be reported to the County in accordance with 2 CFR 200.113.

B. The conflict of interest provisions of Section 9.5(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.

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

9.7 **PUBLICITY.** Any publicity produced by Borrower for the Project during the term of the County HOME 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” shall 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.

9.8 **TERM OF THIS AGREEMENT.** The term of this County HOME Loan Agreement shall commence as of the first date on which this County HOME Loan Agreement is duly executed by all of the parties hereto (“Effective Date”) and shall terminate on the date that is fifty-five (55) years after the date of the recordation of the Notice of Completion, unless earlier terminated in accordance with the provisions of this County HOME Loan Agreement (“Term”).

9.9 **GOVERNING LAW.** The County HOME 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.

9.10 **STATUTORY REFERENCES.** All references in the County HOME Loan Documents or County HOME Loan Regulatory Agreement 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.

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

9.12 **CONSENTS AND APPROVALS.** Any consent or approval of Lender or Borrower required under this County HOME Loan Agreement and the other County HOME Loan Documents shall not be unreasonably withheld. No approval or consent required under this County HOME Loan Agreement or any of the other County HOME Loan Documents shall be effective unless in writing and executed by a duly authorized representative of the party granting such approval or consent.

9.13 **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 mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Borrower and Lender as follows:

**LENDER:** County of Santa Barbara  
Housing and Community Development  
123 E Anapamu Street, 2<sup>nd</sup> 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, Suite

**BORROWER:** Buellton Garden Apartments, L.P.  
1060 Kendall Road  
San Luis Obispo Ca 93401  
Attention: Kenneth Trigueiro, CEO and President

With copy to: Wells Fargo Affordable Housing Corp.  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC D1086-239  
Charlotte, NC 28202-4200  
Attention: Director of Tax Credit Asset Management

With copy to: Gubb & Barshay LLP  
235 Montgomery Street, Suite 1110  
San Francisco, CA. 94104  
Attn: Erica Williams Orchardton, Esq.

With copy to: Wells Fargo Bank, National Association  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC# D1086-4200  
Charlotte, North Carolina 28202-4200  
Attention: Manager, CLI Deal Management  
Loan No. 1021607

With copy to: Wells Fargo Bank, National Association  
Community Lending and Investment  
MAC# E2064-092  
333 S Grand Avenue, 9th Floor  
Los Angeles, CA 90071-1504  
Attention: Aaron Meyer  
Loan No. 1021607

With copy to: California Community Reinvestment Corporation  
100 W. Broadway  
Suite 1000  
Glendale, California 91210  
Attention: President

With copy to: Sheppard Mullin Richter & Hampton, LLP  
650 Town Center Drive, 10th Floor  
Costa Mesa, CA 92626  
Attention: Ken Fox, Esq.

9.14 **BINDING UPON SUCCESSORS.** All provisions of these County HOME Loan Documents shall be binding upon and inure to the benefit of the permitted successors-in-interest, permitted transferees, and permitted assigns of each of the parties hereto; provided, however, that this Section 9.14 shall not be construed to waive the prohibition on Transfers by Borrower without Lender's prior written consent in each instance, as set forth in Section 9.16, below.

9.15 **RELATIONSHIP OF PARTIES.** The relationship of Borrower and Lender for this Project under this County HOME Loan Agreement is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Lender neither undertakes nor assumes any responsibility or duty to Borrower (except as specifically provided for herein) or any third party with respect to the Project, the Property, or the County HOME Loan.

9.16 **ASSIGNMENT AND ASSUMPTION.** Borrower shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise (“Transfer”), this County HOME Loan Agreement or any of the other County HOME Loan Documents, or any of its interest herein or therein, or any of its rights or obligations hereunder or thereunder, without the prior written consent of Lender in each instance. Any purported Transfer in violation of the foregoing provisions of this Section 9.16 shall be void *ab initio*.

9.17 **WAIVER.** All consents and waivers by Lender of any obligation in County HOME Loan Agreement or any of the other County HOME Loan Documents must be in writing duly executed by Lender. No waiver shall be implied from any delay or failure by Lender to take action with respect to any breach or default of Borrower or to pursue any remedy allowed under this County HOME Loan Agreement or any of the other County HOME Loan Documents or Applicable Law. Any extension of time granted to Borrower to perform any obligation under this County HOME Loan Agreement or any of the other County HOME Loan Documents shall not operate as a waiver or release from any of Borrower’s obligations under the County HOME 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 any other action in any other instance.

9.18 **INTEGRATION.** This County HOME Loan Agreement and the other County HOME Loan Documents, including all exhibits hereto and thereto, contain the entire agreement of the parties hereto with respect to the subject matter hereof and supersede any and all prior negotiations and agreements with respect to the subject matter hereof.

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

9.20 **SEVERABILITY.** Every provision of this County HOME Loan Agreement is intended to be severable in the event that any provision of this County HOME Loan Agreement is 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 County HOME Loan Agreement shall not thereby in any way be affected or impaired.

9.21 **COUNTERPARTS.** This County HOME Loan Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together form one single document.

Exhibits

- A: Legal Description of the Property
- B: Project Budget
- C: County HOME Loan Deed of Trust
- D: County HOME Loan Promissory Note
- E: County HOME Loan Regulatory Agreement
- F: Standard Indemnification and Insurance Provisions
- G: Management Plan
- H: Sample ESPR

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

IN WITNESS WHEREOF, County and Borrower have caused this County HOME Loan Agreement to be executed by their respective duly authorized representatives, as set forth below, effective as of the Effective Date.

**BORROWER:**

Buellton Garden Apartments, L.P.,  
a California limited Partnership

By: Buellton Garden Apartments LLC,  
a California Limited Liability Company,  
its managing general partner

By: People's Self-Help Housing Corporation,  
a California nonprofit public benefit  
corporation, its sole member/manager

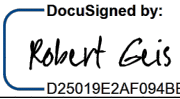
By: \_\_\_\_\_  
Kenneth Trigueiro, CEO and President

*County signatures follow*

IN WITNESS WHEREOF, County and Borrower have caused this County HOME Loan Agreement to be executed by their respective duly authorized representatives, as set forth below, effective as of the Effective Date.

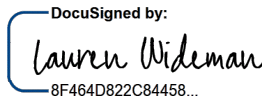
**APPROVED AS TO ACCOUNTING FORM:**  
BETSY M. SCHAFFER, CPA, CPFO  
AUDITOR-CONTROLLER

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

By:   
D25019E2AF094BE...  
Deputy

By: \_\_\_\_\_  
Das Williams, Board Chair

**APPROVED AS TO FORM:**  
RACHEL VAN MULLEM  
COUNTY COUNSEL

By:   
8F464D822C84458...  
Deputy County Counsel

**APPROVED AS TO FORM:**  
RISK MANAGEMENT

By:   
DC240AC1E64247D...  
Gregory Milligan ARM, AIC

**APPROVED BY DEPARTMENT:**  
COMMUNITY SERVICES DEPARTMENT

By:   
516A633ACF984E9...  
George Chapjian, Director

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF THE PROPERTY**

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

LOT 1 OF TRACT 31009 IN THE CITY OF BUELLTON, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 182, PAGES 9 THROUGH 13](#) INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES, INCLUDING NATURAL GAS, IN, ON AND UNDER THAT PORTION OF SAID LAND, AS EXCEPTED IN THE DEED FROM PAUL NIELSEN, ET UX. TO HAROLD A. MATHIESEN, ET UX., RECORDED SEPTEMBER 19, 1958 AS INSTRUMENT NO. 22849 IN [BOOK 1556, PAGE 152](#) OF OFFICIAL RECORDS.

APN: 137-200-087



**EXHIBIT B**  
**BUDGET**

<b>Prepared For:</b>	People's Self-Help Housing
<b>Prepared By:</b>	California Housing Partnership Corporation
<b>Version:</b>	6.1 Closing Projections
<b>Revised:</b>	9/27/2023
<b>Filename:</b>	Buellton Garden 6.1 Closing.xlsm

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SOURCES OF FUNDS - PERMANENT

	Variance Against v6.0			TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS
	AMOUNT	AMOUNT	Variance				
Tax-Exempt Perm Loan	3,474,000	3,497,000	(23,000)	7.305%		20.0	20YR-Term/20YR-Amortization
GP Certificated Credit Sale Loan	0	0	0	0.000%	0.000%	55.0	
HCD MHP	19,155,000	19,155,000	0	3.000%	1.903%	55.0	
HCD Joe Sema, Jr. FW	5,260,770	5,260,770	0	3.000%	1.903%	55.0	
Accrued Deferred Interest - HCD Joe S	308,885	308,885	0				
County of SB HOME	1,500,000	1,500,000	0	3.000%	1.788%	55.0	
Accrued Deferred Interest - County of S	82,581	82,581	0				
Deferred Developer Fee	1,300,000	1,300,000	0	0.000%	0.000%		Total Developer Fee (net of deferred): 2,200,000
Capital Contributions							
GP Capital - Sponsor	100	100	0				Net Equity for TCAC 34,315,109
Limited Partners	34,443,609	34,464,536	(20,926)				Fed LIHTC: \$0.99 State LIHTC: \$0.80
<b>TOTAL SOURCES</b>	<b>65,524,945</b>	<b>65,568,871</b>	<b>43,926</b>				
Surplus/(Shortfall)	(0)						

PERMANENT LOAN INTEREST RATE	TRANCHE A	INVESTOR EQUITY STACK	OTHER ASSUMPTIONS
Index	4.270%		
Spread	2.250%		
Base Interest Rate (not including cushi	6.520%		
Cushion	0.700%		
Issuer	0.050%		
Trustee	0.035%		
<b>Interest Rate (All-In)</b>	<b>7.305%</b>	LIHTC Equity (Federal+Ste 34,443,609	Current AFR: 3.72%

SOURCES OF FUNDS - CONSTRUCTION

	Variance Against v6.0			INTEREST RATE	TERM (Mos.)	COMMENTS
	AMOUNT	AMOUNT	Variance			
Wells Fargo Bank Tax-Exempt Constructi	32,282,281	32,282,281	0	8.711%	36	CDLAC Deadline Nov 20, 2023
Wells Fargo Bank Taxable Construction L	18,184,352	18,225,301	(40,949)	8.711%	36	
HCD Joe Sema, Jr. FW	4,734,693	4,734,693	0	3.000%	36	90% in during Construction Period
Accrued Deferred Interest - HCD Joe S	308,885	308,885	0			
County of SB HOME	1,500,000	1,500,000	0	3.000%	36	
Accrued Deferred Interest - County of S	82,581	82,581	0			
Costs Deferred Until Conversion	1,965,512	1,965,350	162			See page 2 - right column
Deferred Developer Fee	1,300,000	1,300,000	0			
Capital Contributions						
GP Capital - Sponsor	100	100	0			LP Equity - Construction Period
Limited Partners	5,166,541	5,169,680	(3,139)			LP Equity for bond collateral 0 0.00%
<b>TOTAL SOURCES</b>	<b>65,524,945</b>	<b>65,568,871</b>	<b>(43,926)</b>			Total Equity During Const. 5,166,541 15.00%
Surplus/(Shortfall)	(0)	(0)				Syndication Costs 128,500
Sources Less Deferred To Conversion:	63,559,433					Net Equity for TCAC 5,038,041

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: SOFR	Restricted NOI 504,471	50% Test (see Page 7): 53.47%
Current Index: 5.31%	OAR 5.00%	Issuer Inducement: TBD
Spread: 1.90%	FMV per NOI 10,089,417	<b>CDLAC Allocation: 32,282,281</b>
Base Interest Rate (not including cushi	Agg. Credit Value @ 0.9488 34,443,609	Percent of CDLAC Allocator 100.00%
Cushion - Total 1.50%	Perm-Only Soft Debt 19,681,077	Const-only portion: 28,808,281
<b>Interest Rate (All-In) 8.71%</b>	Total Value 64,214,103	
	LTV: 85.00%	CDLAC Per-Unit Limit 51,845,500
	Max. Const. Loan Amount 54,581,987	CDLAC 55% Limit 33,208,919
	Commitment Amount 32,282,281	50% Test Target 55.00%
		Target Limit 33,208,919

Uses of Funds Version: 6.1 Closing Projections

	Variance Against v6.0		Res Cost Res Sq Foot Per Unit	100.00% 100.00%		COST ALLOCATIONS Assuming 266 Election? No					LIHTC ELIGIBLE BASIS		OTHER BASIS & COST ALLOCATIONS				
	TOTAL	Variance		Total Residential	Total Non-Residential	Non-Depreciable			Expensed	Amortized	Const/Rehab	Acquisition	Deferred to Completion or Perm Conv.	Land/Basis for 50% Test	Historic Rehab Tax Credit Basis	ITC Tax Credit Basis (Solar PV)	
						Residential	Non-Resid.	Residential	Non-Resid.								
<b>ACQUISITION COSTS</b>																	
Total Purchase Price - Real Estate: 1,500,000																	
Land - Buellton Garden	1,500,000	1,500,000	0	16,854	1,500,000	0	1,500,000	0	0	0	0	0	0	1,500,000	0	0	
Title/Recording/Escrow - Acquisition	40,000	40,000	0	449	40,000	0	40,000	0	0	0	0	0	0	40,000	0	0	
Legal & Other Acquisition Costs (Easement)	195,000	195,000	0	2,191	195,000	0	195,000	0	0	0	0	0	0	195,000	0	0	
Land Holding Costs	66,420	66,420	0	746	66,420	0	66,420	0	0	0	0	0	0	66,420	0	0	
Easement Acquisition	75,000	75,000	0	843	75,000	0	75,000	0	0	0	0	0	0	75,000	0	0	
Off-Site Improvements	237,531	237,531	0	2,669	237,531	0	0	237,531	0	0	0	0	0	237,531	237,531	0	
<b>HARD COSTS</b>																	
<b>Total Construction Contract: 42,291,984</b>																	
<b>NEW CONSTRUCTION</b>																	
Demolition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hard Costs-Unit Construction	26,288,029	26,288,029	0	295,371	26,288,029	0	26,288,029	0	0	0	0	0	0	26,288,029	26,288,029	0	
Personal Property in Construction Contract	2,451,656	2,451,656	0	27,547	2,451,656	0	2,451,656	0	0	0	0	0	0	2,451,656	2,451,656	0	
Site Improvements/Landscape	3,850,470	3,850,470	0	43,264	3,850,470	0	3,850,470	0	0	0	0	0	0	3,850,470	3,850,470	0	
Rough Grading/Grading & Clearing	2,326,897	2,326,897	0	26,145	2,326,897	0	2,326,897	0	0	0	0	0	0	2,326,897	2,326,897	0	
GC - General Conditions	881,522	881,522	0	9,905	881,522	0	881,522	0	0	0	0	0	0	881,522	881,522	0	
GC - Overhead & Profit	4,402,068	4,402,068	0	49,461	4,402,068	0	4,402,068	0	0	0	0	0	0	4,402,068	4,402,068	0	
Contingency - Escalation	1,853,811	1,853,811	0	20,829	1,853,811	0	1,853,811	0	0	0	0	0	0	1,853,811	1,853,811	0	
Contingency - Owner's Construction (5%)	2,114,599	2,114,599	0	23,760	2,114,599	0	2,114,599	0	0	0	0	0	0	2,114,599	2,114,599	0	
<b>SOFT COSTS</b>																	
Architecture	1,000,000	1,000,000	0	11,236	1,000,000	0	1,000,000	0	0	0	0	0	0	1,000,000	1,000,000	0	
Design/Engineering	200,000	200,000	0	2,247	200,000	0	200,000	0	0	0	0	0	0	200,000	200,000	0	
Phase III/Toxics Report	108,800	108,800	0	1,222	108,800	0	108,800	0	0	0	0	0	0	108,800	108,800	0	
Prevailing Wage Monitor	66,000	66,000	0	742	66,000	0	66,000	0	0	0	0	0	0	66,000	66,000	0	
Consultant: Survey, Soils, Landscape Arch	300,000	300,000	0	3,371	300,000	0	300,000	0	0	0	0	0	0	300,000	300,000	0	
Local Development Impact Fees	1,100,000	1,100,000	0	12,360	1,100,000	0	1,100,000	0	0	0	0	0	0	1,100,000	1,100,000	0	
Local Permits/Fees	1,300,000	1,300,000	0	14,607	1,300,000	0	1,300,000	0	0	0	0	0	0	1,300,000	1,300,000	0	
Utility Connection Fees	200,000	200,000	0	2,247	200,000	0	200,000	0	0	0	0	0	0	200,000	200,000	0	
Security During Const	100,000	100,000	0	1,124	100,000	0	100,000	0	0	0	0	0	0	100,000	100,000	0	
Real Estate Taxes During Const	100,000	100,000	0	1,124	100,000	0	100,000	0	0	0	0	0	0	100,000	100,000	0	
Insurance During Const	1,205,666	1,205,666	0	13,547	1,205,666	0	1,205,666	0	0	0	0	0	0	1,205,666	1,205,666	0	
Appraisal	20,000	20,000	0	225	20,000	0	20,000	0	0	0	0	0	0	20,000	20,000	0	
Market Study	21,186	21,186	0	238	21,186	0	21,186	0	0	0	0	0	0	21,186	21,186	0	
Soft Cost Contingency	403,234	443,986	(40,752)	4,531	403,234	0	403,234	0	0	0	21,186	0	0	403,234	403,234	0	
Predev. Loan Interest/Fees	260,000	260,000	0	2,921	260,000	0	260,000	0	0	0	0	0	0	260,000	260,000	0	
Construction Loan Interest	5,589,068	5,589,068	0	62,799	5,589,068	0	62,799	5,589,068	0	2,109,082	0	0	0	3,479,986	3,479,986	0	
Construction Loan Interest - Tail	1,188,029	1,188,029	(2,675)	13,349	1,188,029	0	1,188,029	0	0	0	0	0	0	1,188,029	1,188,029	0	
Accrued Interest - HCD Joe Sema, Jr. FW	308,885	308,885	0	3,471	308,885	0	308,885	0	0	78,881	0	0	0	230,004	230,004	0	
Accrued Interest - County of SB HOME	82,581	82,581	0	928	82,581	0	82,581	0	0	21,062	0	0	0	61,519	61,519	0	
Title/Recording/Escrow - Construction	105,000	105,000	0	1,180	105,000	0	105,000	0	0	0	0	0	0	105,000	105,000	0	
Title/Recording/Escrow - Permanent	30,000	30,000	0	337	30,000	0	30,000	0	0	0	30,000	0	0	30,000	30,000	0	
Legal (Owner): Construction Closing	107,500	107,500	0	1,208	107,500	0	107,500	0	0	0	0	0	0	107,500	107,500	0	
Permanent Closing	10,000	10,000	0	112	10,000	0	10,000	0	0	0	0	0	0	10,000	10,000	0	
Organization of Ptnshp	7,500	7,500	0	84	7,500	0	7,500	0	0	0	7,500	0	0	7,500	7,500	0	
Syndication - GP	5,000	5,000	0	56	5,000	0	5,000	0	0	0	0	0	0	5,000	5,000	0	
Syndication Consulting	91,000	91,000	0	1,022	91,000	0	91,000	0	0	0	0	0	0	91,000	91,000	0	
Audit/Cost Certification	25,000	25,000	0	281	25,000	0	25,000	0	0	0	0	0	0	25,000	25,000	0	
TOAC Application/Res/Monitoring Fee	66,702	66,723	(21)	749	66,702	0	66,702	0	0	0	66,702	0	0	36,490	36,490	0	
Marketing/Start-Up/Lease-Up Expenses	90,000	90,000	0	1,011	90,000	0	90,000	0	0	0	0	0	0	90,000	90,000	0	
Furnishings Not in Contract	150,000	150,000	0	1,685	150,000	0	150,000	0	0	0	0	0	0	150,000	150,000	0	
Capitalized Operating Reserve (6 mos.)	604,022	603,860	162	6,787	604,022	0	604,022	0	0	0	0	0	0	604,022	604,022	0	
Developer Fee	3,500,000	3,500,000	0	39,326	3,500,000	0	3,500,000	0	0	0	0	0	0	3,500,000	3,500,000	0	
<b>COSTS OF ISSUANCE</b>																	
Bond Counsel	70,000	70,000	0	787	70,000	0	70,000	0	0	0	70,000	0	0	70,000	70,000	0	
Issuer Fee - Upfront	53,641	53,641	0	603	53,641	0	53,641	0	0	0	53,641	0	0	53,641	53,641	0	
Issuer Fee - Annual During Const.	48,423	48,423	0	544	48,423	0	48,423	0	0	0	48,423	0	0	48,423	48,423	0	
Construction Lender Origination Fee	504,666	505,076	(409)	5,670	504,666	0	504,666	0	250,142	0	245,524	0	0	250,142	250,142	0	
Construction Lender Expenses includes e:	60,000	60,000	0	674	60,000	0	60,000	0	0	0	(0)	0	0	60,000	60,000	0	
Construction Lender Counsel	60,000	60,000	0	674	60,000	0	60,000	0	0	0	(0)	0	0	60,000	60,000	0	
Permanent Lender Expenses	15,000	15,000	0	169	15,000	0	15,000	0	0	0	15,000	0	0	15,000	15,000	0	
Permanent Lender Counsel	25,000	25,000	0	281	25,000	0	25,000	0	0	0	25,000	0	0	25,000	25,000	0	
Permanent Loan Origination Fee	34,740	34,970	(230)	390	34,740	0	34,740	0	0	0	34,740	0	0	34,740	34,740	0	
Trustee Fee During Construction	9,000	9,000	0	101	9,000	0	9,000	0	0	0	9,000	0	0	9,000	9,000	0	
CDLAC Fee	11,299	11,299	0	127	11,299	0	11,299	0	0	0	11,299	0	0	11,299	11,299	0	
CDIAC Fee	5,000	5,000	0	56	5,000	0	5,000	0	0	0	5,000	0	0	5,000	5,000	0	
Subtotal - Financing/Costs of Issuance	896,770	897,409	(639)	10,076	896,770	0	896,770	0	0	379,143	0	0	0	379,143	379,143	0	
<b>TOTAL DEVELOPMENT COSTS</b>	<b>65,524,945</b>	<b>65,568,871</b>	<b>(43,926)</b>	<b>736,235</b>	<b>65,524,945</b>	<b>0</b>	<b>5,183,339</b>	<b>56,176,537</b>	<b>0</b>	<b>3,512,054</b>	<b>653,015</b>	<b>56,176,537</b>	<b>0</b>	<b>1,965,512</b>	<b>60,379,854</b>	<b>49,724,411</b>	<b>0</b>
TDC Per Unit	736,235	5,004	(43,926)		100.00%												
TDC Net of accrued interest:	65,133,480	65,133,480	0														
TDC TOAC	65,396,445	65,396,445	0														

## Developer Fee Calculation

Version: 6.1 Closing Projections

### MAXIMUM DEVELOPER FEE CALCULATION

	CONST.	ACQ.	TOTAL
Fee per Base TCAC Formula	7,901,480	0	7,901,480
<i>Percent of Total</i>	<i>100.00%</i>	<i>0.00%</i>	<i>100.00%</i>
Max. Allowable Fee per TCAC (prorated)	7,901,480	0	7,901,480
<i>Less: Development Consulting</i>	<i>0</i>		<i>0</i>
<b>Net Allowable</b>	<b>7,901,480</b>	<b>0</b>	<b>7,901,480</b>
<i>Less: Owner Reduction</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Net Allowable</b>	<b>7,901,480</b>	<b>0</b>	<b>7,901,480</b>
Maximum Base Developer Fee per TCAC			7,901,480
Maximum Developer Fee per HCD			<u>3,500,000</u>
Most Restrictive Maximum Developer Fee:			<b>3,500,000</b>
Maximum Cash Fee per TCAC <i>(Lesser of Calc. or Reservation Amount)</i>			2,500,000
Maximum Cash Fee per HCD			<u>2,200,000</u>
Most Restrictive Maximum Cash Fee:			<b>2,200,000</b>

### ACTUAL DEVELOPER FEE PAYMENT SCHEDULE

	Amount	% of Cash Fee	% of Total Fee
Construction Close	880,000	40.00%	25.14%
Completion	0	0.00%	0.00%
Conversion	0	0.00%	0.00%
Stabilization	1,100,000	50.00%	31.43%
8609	<u>220,000</u>	10.00%	6.29%
<b>Total: Cash Fee</b>	<b>2,200,000</b>		
Plus: Deferred Developer Fee	1,300,000		37.14%
Plus: GP Capital	<u>0</u>		0.00%
<b>Total Developer Fee</b>	<b>3,500,000</b>		

Unit Mix & Rental Income

Version: 6.1 Closing Projections

Target 42%	
AVERAGE AFFORDABILITY FOR LIHTC UNITS (% of Median)	41.59%
9% TCAC INCOME TARGETING PTS:	50.00
RENT LIMITS AS OF YEAR:	2023

UTILITY ALLOWANCES	1BR	2BR	3BR
Buellton Garden	55	70	87

RESIDENTIAL INCOME

LIHTC - Tier 1		Buellton Garden		TCAC		30% AMI		% of Units: 18.18%		NOT SUBSIDIZED						
Unit Type	Number	Unit Floor	Area	Actual Rent TCAC AMI %	Actual Rent Other AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
1BR	5	500	30.0%			832	778	777	3,885	46,620	0	0	0	0	0	46,620
2BR	8	800	30.0%			999	929	929	7,432	89,184	0	0	0	0	0	89,184
3BR	3	1,300	30.0%			1,153	1,067	1,066	3,198	38,376	0	0	0	0	0	38,376
<b>TOTAL</b>	<b>16</b>								<b>14,515</b>	<b>174,180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174,180</b>

1 1BR, 1 2BR, 1 3BR are Serna Assisted

LIHTC - Tier 2		Buellton Garden		TCAC		40% AMI		% of Units: 47.73%		NOT SUBSIDIZED						
Unit Type	Number	Unit Floor	Area	Actual Rent TCAC AMI %	Actual Rent Other AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
1BR	14	500	40.0%			1,110	1,055	1,055	14,770	177,240	0	0	0	0	0	177,240
2BR	20	800	40.0%			1,332	1,262	1,262	25,240	302,880	0	0	0	0	0	302,880
3BR	8	1,300	40.0%			1,538	1,451	1,451	11,608	139,296	0	0	0	0	0	139,296
<b>TOTAL</b>	<b>42</b>								<b>51,618</b>	<b>619,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>619,416</b>

2 1BR, 3 2BR, 3 3BR, are Serna Assisted

LIHTC - Tier 3		Buellton Garden		TCAC		50% AMI		% of Units: 34.09%		NOT SUBSIDIZED						
Unit Type	Number	Unit Floor	Area	Actual Rent TCAC AMI %	Actual Rent Other AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
1BR	11	500	50.0%			1,387	1,333	1,332	14,652	175,824	0	0	0	0	0	175,824
2BR	8	800	50.0%			1,665	1,595	1,595	12,760	153,120	0	0	0	0	0	153,120
3BR	11	1,300	50.0%			1,923	1,836	1,836	20,196	242,352	0	0	0	0	0	242,352
<b>TOTAL</b>	<b>30</b>								<b>47,608</b>	<b>571,296</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>571,296</b>

3 1BR, 5 2BR, 5 3BR are Serna Assisted

Staff Units - Site 1		Buellton Garden		TCAC		Other AMI		Per Unit Monthly Gross Rent		Per Unit Regulatory Net Rent		Per Unit Actual Net Rent		Total Monthly Net Rent		Total Annual Net Rent	
Unit Type	Number	Unit Floor	Area	Actual Rent TCAC AMI %	Actual Rent Other AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	
2BR	1	800	0.0%			0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL</b>	<b>1</b>								<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Serna Assisted Units	24
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TOTAL RESIDENTIAL INCOME

	Number	Total Monthly Net Rent	Total Annual Net Rent	Grand Total Income	Total Floor Area
LIHTC	88	113,741	1,364,892	1,364,892	72,400
Staff Units	1	0	0	0	800
<b>TOTAL</b>	<b>89</b>	<b>113,741</b>	<b>1,364,892</b>	<b>1,364,892</b>	<b>73,200</b>

MISCELLANEOUS INCOME

	Per Unit Per Month	Monthly Total	Annual Total
Laundry / Vending	4.21	375	4,500
Other	0.00	0	0
Parking	0.00	0	0
<b>TOTAL</b>	<b>4.21</b>	<b>375</b>	<b>4,500</b>

TOTAL ALL TYPES

Unit Type	Buellton Garden
1BR	30
2BR	37
3BR	22
<b>TOTAL</b>	<b>89</b>

**Calculation of Tax Credits** Version: 6.1 Closing Projections

	FEDERAL			CALIFORNIA		
	ACQUISITION	CONST/ REHAB	TOTAL	ACQUISITION	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	0	56,176,537	56,176,537	0	56,176,537	56,176,537
Less:						
50% Energy Investment Tax Credit (Res. Portion)	0	0	0	0	0	0
Historic Tax Credit (Res. Portion)		0	0		0	0
Non-Eligible Federal Financing	0	0	0	0	0	0
Non-Eligible Grants	0	0	0	0	0	0
Soft Loan Basis Deduction	0	0	0	0	0	0
Voluntary Reduction for Tie-Breaker	0	0	0	0	0	0
ELIGIBLE BASIS	0	56,176,537	56,176,537	0	56,176,537	56,176,537
<i>Threshold Basis Limit</i>			122,765,132			
<i>TBL: Exclude GP Cap/DDF for 4%/State</i>			1,300,000			
REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker)	0	56,176,537	56,176,537	0	56,176,537	56,176,537
HIGH COST ADJUSTMENT (Y or N)	Y					
	DDA 2023	100.0%	130.0%	100.0%	100.0%	
ADJUSTED ELIGIBLE BASIS	0	73,029,498	73,029,498	0	56,176,537	56,176,537
APPLICABLE FRACTION*	100.0%	100.0%		100.0%	100.0%	
QUALIFIED CREDIT BASIS	0	73,029,498	73,029,498	0	56,176,537	56,176,537
CREDIT RATE (TCAC UNDERWRITING)	Total State			0.00%	30.00%	
	Annual Federal / Yr 1-3 State	4.00%	4.00%	9.00%	9.00%	
	Yr 4 State			3.00%	3.00%	
MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate)						
Credit Rates	4.00%	4.00%				
Potential Credit	0	2,921,180	2,921,180			
Credit Rate Locked?	YES					
May-23						
MAX. CREDIT AMOUNT PER TCAC UNDERWRITING						
Annual Federal / Yr 1 State	0	2,921,180	2,921,180	0	5,055,888	5,055,888
Yr 2 State				0	2,035,902	2,035,902
Yr 3 State				0	0	0
Yr 4 State				0	0	0
Total				0	7,091,790	7,091,790
REQUESTED TOTAL STATE CREDIT AMOUNT				N/A	N/A	N/A
MAX ANNUAL FEDERAL CREDITS PER GEOGRAPHIC REGION - BLENDED (x 125%)			N/A			
MAX ANNUAL FEDERAL PER PROJECT ALLOCATION			N/A			
ACTUAL TCAC CREDIT RESERVATION						
Annual Federal / Total State	N/A	N/A	N/A	0	7,091,790	7,091,790
<b>MAXIMUM ALLOWABLE CREDITS (Lesser of above)</b>						
Annual Federal / Total State	0	2,921,180	2,921,180			7,091,790
UNADJUSTED ELIGIBLE BASIS AT MAX CREDIT AMOUNT	0	56,176,537	56,176,537			
UNADJUSTED BASIS EXCLUDED AT MAX CREDIT AMOUNT	(0)	0	(0)			
<b>MAXIMUM ALLOWABLE - TEN YEAR TOTAL</b>			<b>29,211,799</b>			<b>7,091,790</b>

TOTAL STATE + FEDERAL LIHTC AMOUNTS - 10 YEARS			
<b>Total Federal + State</b>		<b>36,303,589</b>	Blended Credit Request: 3,630,359
General Partner Share	0.01%	3,630	Est. 125% Target for Central Coast: N/A
Limited Partner Share	99.99%	36,299,959	Credit Request Under / (Over) Geographic Region: N/A

*APPLICABLE FRACTION				
	Number of Units	Fraction	Total Sq Ft	Fraction
LIHTC	88	100.0000%	72,400	100.0000%
Non-LIHTC	0	0.0000%	0	0.0000%
<b>TOTAL</b>	<b>88</b>	<b>100.0000%</b>	<b>72,400</b>	<b>100.0000%</b>
<b>Applicable Fraction</b>		<b>100.0000%</b>		
<i>(Lesser of Low Income Units or Sq Ft %)</i>				

## Base Year Income & Expense

Version: 6.1 Closing Projections

<b>INCOME</b>		
Scheduled Gross Income - Residential		1,364,892
Misc. Income		4,500
Vacancy Loss - Residential	7.0%	(95,857)
<b>EFFECTIVE GROSS INCOME</b>		<u>1,273,535</u>
<b>EXPENSES - RESIDENTIAL</b>		
<b>Administrative</b>		
Advertising	150	
Legal	0	
Accounting/Audit	23,134	
Security	0	
Office Supplies/Equipment Rentals/Admin/Licenses	33,639	
<b>Total Administrative</b>		56,923
<b>Management Fee</b>		88,644
<b>Utilities</b>		
Electricity	5,171	
Water/Sewer	62,498	
Cable/Internet	0	
<b>Total Utilities</b>		67,669
<b>Payroll/Payroll Taxes</b>		
On-Site Manager/Office Admin	111,534	
Maintenance Payroll	62,501	
Payroll Taxes/Benefits	66,033	
<b>Total Payroll/Payroll Taxes</b>		240,068
<b>Insurance</b>		45,000
<b>Maintenance</b>		
Painting	150	
Repairs	16,528	
Trash Removal	40,017	
Exterminating	1,182	
Grounds	40,338	
Misc. Janitorial/Fire Protection	12,183	
<b>Total Maintenance</b>		110,398
<b>Other</b>		
Misc. Tax/License/Insurance - Fidelity/Other	4,015	
<b>Total Other</b>		4,015
<b>Resident Services</b>		
Resident Services	109,847	
	0	
<b>Total Resident Services</b>		109,847
<b>Replacement Reserve</b>		44,500
<b>Real Estate Taxes</b>		2,000
<b>TOTAL EXPENSES - RESIDENTIAL</b>		<u>769,064</u>
<i>Per Unit Per Annum (incl. Reserves)</i>	8,641	
<i>Per Unit Per Annum (w/o taxes/res/svc)</i>	6,884	
<i>TCAC Minimum (w/o taxes/res/svc)</i>	5,230	
<b>NET AVAILABLE INCOME</b>		504,471
Less: Mandatory Annual HCD Payment (Grossed Up for DSCR Factor)	1.15	(117,928)
Less: County Monitoring Fee		(2,500)
<b>ADJUSTED NET AVAILABLE INCOME: TOTAL</b>		<u>384,043</u>

**Mortgage Calculation/Bond Ratios** Version: 6.1 Closing Projections

TRANCHE A				
Uses baseline year NOI; includes annual fees				
Financing Type: Tax-Exempt Perm Loan				
	Underwriting Constraint	Maximum Loan Amount		
Debt Service Coverage	1.15	3,474,164	Rate:	7.220%
Lender Commitment		NA	Term (mths):	240
			NOI for DS:	<u>384,043</u>
			Max PMT @ DSCR:	333,950
<b>MAXIMUM MORTGAGE</b>		<b>3,474,164</b>	Annual Fees:	<u>5,200</u>
			Annual DS Payment:	328,750

INTEREST RATE STACK	TRANCHE A
Index	6.5200%
Cushion	0.7000%
Issuer	0.0500%
Trustee	0.0345%
TOTAL	7.3045%
DCR	1.15

**BOND / REHABILITATION RATIOS**

Tax-Exempt Financing Ratio	CDLAC Allocation Limit	Effective Date Limits. 1/1/23		
		Units	Per-Unit Limit	Total Limit
Series A Bonds	3,474,000	One BR	544,000	16,320,000
Series B Bonds	0	Two BR	580,500	21,478,500
Short Term Bonds (Construction Loan Portion)	<u>28,808,281</u>	Three BR	638,500	14,047,000
<b>TOTAL TAX-EXEMPT FINANCING</b>	<b>32,282,281</b>			
		<b>TOTAL</b>		<b>51,845,500</b>
<b>TOTAL BASIS + LAND ALLOCATION</b>	<b>60,379,854</b>		Potential Bond Size	32,282,281
			Over/(Under)	-19,563,219
<b>Percent Tax-Exempt Financing</b>	<b>53.47%</b>			



Lease-Up / Placed-in-Service Schedule

Version: 6.1 Closing Projections

SCHEDULE

	Dates	Months to Milestones	Cumulative Months
Start of Construction	November 1, 2023	0	0
Completion	February 1, 2026	27	27
100% Occupancy	May 1, 2026	3	30
Conversion	November 1, 2026	6	36
Form(s) 8609	May 1, 2027	6	42

LIHTC SCHEDULE

SINGLE BUILDING / MULTIPLE BUILDINGS - GROUP A				
1st Tax Credit Year:		2026		
Total # Units:		88		
Month	Total QO by Month	Total Vacated by Month	Cumulative Occupancy	Cumulative Occupancy %
Jan-26	0	0	0	0.00%
Feb-26	0	0	0	0.00%
Mar-26	30	0	30	34.09%
Apr-26	30	0	60	68.18%
May-26	28	0	88	100.00%
Jun-26	0	0	88	100.00%
Jul-26	0	0	88	100.00%
Aug-26	0	0	88	100.00%
Sep-26	0	0	88	100.00%
Oct-26	0	0	88	100.00%
Nov-26	0	0	88	100.00%
Dec-26	0	0	88	100.00%
<b>1st Year Occupancy: 2026</b>				<b>75.19%</b>

LIHTC SCHEDULE - 2/3 CREDITS

SINGLE BLDG / MULTIPLE BLDGS - GROUP A			
1st Tax Credit Year (2/3 Units):		2027	
Month	No. Units	Percent	
Jan-27	0	0.0%	
Feb-27	0	0.0%	
Mar-27	0	0.0%	
Apr-27	0	0.0%	
May-27	0	0.0%	
Jun-27	0	0.0%	
Jul-27	0	0.0%	
Aug-27	0	0.0%	
Sep-27	0	0.0%	
Oct-27	0	0.0%	
Nov-27	0	0.0%	
Dec-27	0	0.0%	
Total	0	0.0%	
<b>Total Avg % Qual. Occ.</b>		<b>0.0%</b>	

OPERATIONS SCHEDULE

YEAR 1		
2026		
Completed Lease Up by Month		
Month	No. Units	Percent
Jan-26	0	0.0%
Feb-26	0	0.0%
Mar-26	31	34.8%
Apr-26	30	33.7%
May-26	28	31.5%
Jun-26	0	0.0%
Jul-26	0	0.0%
Aug-26	0	0.0%
Sep-26	0	0.0%
Oct-26	0	0.0%
Nov-26	0	0.0%
Dec-26	0	0.0%
<b>Total</b>	<b>89</b>	<b>100.0%</b>
<b>Total % Operating in First Year</b>		<b>75.28%</b>

PIS SCHEDULE FOR ACQ BASIS DEPRECIATION

YEAR 1			
Mid-Month Convention		2026	
Month	No. Units	Bldg. PIS by Month	
		Dep.	Percent
Jan-26	0	0	0.0%
Feb-26	0	0	0.0%
Mar-26	0	0	0.0%
Apr-26	0	0	0.0%
May-26	0	0	0.0%
Jun-26	0	0	0.0%
Jul-26	0	0	0.0%
Aug-26	0	0	0.0%
Sep-26	0	0	0.0%
Oct-26	0	0	0.0%
Nov-26	0	0	0.0%
Dec-26	0	0	0.0%
TOTAL	0	0	0.0%
<b>Total Avg % PIS Y1</b>		<b>0.0%</b>	
YEAR 2 (cumulative)			
Jan-27	0	0	0.0%
Feb-27	0	0	0.0%
Mar-27	0	0	0.0%
Apr-27	0	0	0.0%
May-27	0	0	0.0%
Jun-27	0	0	0.0%
Jul-27	0	0	0.0%
Aug-27	0	0	0.0%
Sep-27	0	0	0.0%
Oct-27	0	0	0.0%
Nov-27	0	0	0.0%
Dec-27	0	0	0.0%
TOTAL	0	0	0.0%
<b>Total Avg % PIS Y2</b>		<b>0.0%</b>	

PIS SCHEDULE FOR REHAB/NC BASIS DEPRECIATION

YEAR 1				
Mid-Month Convention		2026		
Month	Building No.	Bldg. PIS by Month		
		No. Units	Percent	
Jan-26	0	0	0.0%	
Feb-26	0	0	0.0%	
Mar-26	2	30	1.4%	
Apr-26	0	60	4.2%	
May-26	0	88	6.9%	
Jun-26	0	88	8.2%	
Jul-26	0	88	8.2%	
Aug-26	0	88	8.2%	
Sep-26	0	88	8.2%	
Oct-26	0	88	8.2%	
Nov-26	0	88	8.2%	
Dec-26	0	88	8.2%	
TOTAL		88	70.2%	
<b>Total Avg % PIS Y1</b>		<b>70.2%</b>		
YEAR 2 (cumulative)				
Jan-27	0	88	8.2%	
Feb-27	0	88	8.2%	
Mar-27	0	88	8.2%	
Apr-27	0	88	8.2%	
May-27	0	88	8.2%	
Jun-27	0	88	8.2%	
Jul-27	0	88	8.2%	
Aug-27	0	88	8.2%	
Sep-27	0	88	8.2%	
Oct-27	0	88	8.2%	
Nov-27	0	88	8.2%	
Dec-27	0	88	8.2%	
TOTAL		88	98.9%	
<b>Total Avg % PIS Y2</b>		<b>98.9%</b>		

PIS SCHEDULE FOR SITEWORK/PERS. PROP. DEPRECIATION

YEAR 1			
Mid-Year Convention		2026	
Month	Building No.	Bldg. PIS by Month	
		No. Units	Percent
Jan-26	0	0	0.0%
Feb-26	0	0	0.0%
Mar-26	2	30	0.0%
Apr-26	0	30	0.0%
May-26	0	28	0.0%
Jun-26	0	0	0.0%
Jul-26	0	0	8.2%
Aug-26	0	0	8.2%
Sep-26	0	0	8.2%
Oct-26	0	0	8.2%
Nov-26	0	0	8.2%
Dec-26	0	0	8.2%
TOTAL		88	49.4%
<b>Total Avg % PIS Y1</b>		<b>49.4%</b>	
YEAR 2 (non-cumulative)			
Jan-27	0	0	8.2%
Feb-27	0	0	8.2%
Mar-27	0	0	8.2%
Apr-27	0	0	8.2%
May-27	0	0	8.2%
Jun-27	0	0	8.2%
Jul-27	0	0	8.2%
Aug-27	0	0	8.2%
Sep-27	0	0	8.2%
Oct-27	0	0	8.2%
Nov-27	0	0	8.2%
Dec-27	0	0	8.2%
TOTAL		0	98.9%
<b>Total Avg % PIS Y2</b>		<b>98.9%</b>	

Calculation of Net Syndication Proceeds

Version: 6.1 Closing Projections

Total Federal Credit (10 yr) & State Credit		36,303,589	
<i>Total Federal Credit</i>	29,211,799		
<i>Total State Credit</i>	7,091,790		
Gross Proceeds (Total)		34,443,609	
<i>Gross Proceeds - Federal Credit</i>	28,770,745		
<i>Gross Proceeds - State Credit</i>	5,672,865		
Gross Proceeds (net of Energy/Historic Credit Proceeds)		34,443,609	
Less: LP Syndication Costs			
Attorney	12,500		
Accountant	25,000		
Consulting	91,000		
Other:			
Total Syndication Costs		128,500	
Total Syndication Costs/Gross Proceeds			0.37% (Syndication Load)
<b>Net Proceeds</b>		<b>34,315,109</b>	
<b>Net Proceeds/Total Fed and State Credit</b>		<b>0.945226</b>	<b>tax credit price</b>
<b>Gross Proceeds (Total)/Total Fed and State Credit</b>		<b>0.948766</b>	<b>tax credit price</b>
<b>Gross Proceeds - Federal/State Disaggregated</b>			
Federal		0.985000	tax credit price
State		0.800000	tax credit price
<b>Net Proceeds - Federal/State Disaggregated</b>			
Federal		0.981227	tax credit price
State		0.796936	tax credit price
<b>Total Equity</b>			
Gross Proceeds from LIHTC	34,443,609		
<b>Total Equity</b>	<b>34,443,609</b>		

<b>TCAC Calculations &amp; Scoring</b>	<b>Version:</b> 6.1 Closing Projections
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<b>THRESHOLD BASIS LIMIT</b>						
County:	Santa Barbara		TCAC Project #:	CA-23-497		
9% or 4% credits:	4%		CDLAC Project #:	23-159		
Year:	2023					
Base Limits for Geographic Region			Threshold Basis Limit for This Project			
Unit Type	9%	4%	Unit Type	# Units	Per Unit Basis Limit	Total
0 BR	387,110	387,110	0 BR	0	387,110	0
1 BR	446,334	446,334	1 BR	30	446,334	13,390,020
2 BR	538,400	538,400	2 BR	37	538,400	19,920,800
3 BR	689,152	689,152	3 BR	22	689,152	15,161,344
4 BR	767,758	767,758	4 BR	0	767,758	0
5 BR	767,758	767,758	5 BR	0	767,758	0
			89			48,472,164
Energy/Resource Efficiency Boosts			Additional Basis Adjustments			
Renewables (50% tot./90% area)	0%		Boost for Prevailing Wage		20.0%	
Renewables (75% CA/90% area)	0%		Boost for Project Labor Agreement		0.0%	
Title 24 + 15%	0%		Boost for Parking beneath Units		0.0%	
Post-rehab improvement > 80%	0%		Boost for Childcare		0.0%	
Greywater landscaping	0%		Boost for 100% Special Needs		0.0%	
Community gardens > 60 s.f.	1%		Boost for elevator service		0.0%	
Natural flooring kitchens	1%		Boost for Type I construction		0.0%	
Natural flooring common area	2%		Boost for Type III construction		0.0%	
EPA Indoor Air Plus Program met	0%		<b>Subtotal Boost</b>	<b>20.0%</b>		9,694,433
<b>Subtotal Efficiency (Max 10%)</b>	<b>4%</b>		Boost for Energy / Resource Efficiency	4.0%		1,938,887
			Toxic/Seismic Abatement Costs	0.0%		0
			Local Development Impact Fees			1,100,000
			High Opportunity Area	10%		4,847,216
			BONDS: Boost for units ≤ 50% AMI (excl. CA credit project)	1.0%		39,262,453
			BONDS: Boost for units ≤ 35% AMI (excl. CA credit project)	2.0%		17,449,979
			<b>Total Threshold Basis Limit</b>			<b>122,765,132</b>
			Potential Eligible Basis			56,176,537
			Eligible Basis Surplus/(Deficit)			66,588,595

TCAC HIGH COST TEST			
	<u>Federal Credit</u>	<u>CA State Credit</u>	<u>HCD 2017 UMR</u>
Total Eligible Basis	56,176,537	55,176,537	56,176,537
Total Adjusted TBL	122,765,132	66,052,700	66,052,700
<b>Percentage of ATBL</b>	<b>45.76%</b>	<b>83.53%</b>	<b>85.05%</b>
Amount Over/(Under) 130% Limit (160% Limit for HCD)	(103,418,135)	(30,691,973)	(49,507,783)

15-Year Cash Flow

Version: 6.1 Closing Projections

Assumptions																				
Rent Increase: Residential Tenant Rent:	2.00%																			
Expenses Increase:	3.00%																			
Reserve Increase:	0.00%																			
			Perm Loan - % Debt Svc Yr 1 16.7%																	
			Perm Loan - % Debt Svc Yr 2 100.0%																	
Credit Period Year:	(2)	(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	
<b>GROSS POTENTIAL INCOME - RESIDENTIAL</b>	0	0	0	1,027,503	1,385,442	1,413,151	1,441,414	1,470,242	1,499,647	1,529,640	1,560,233	1,591,437	1,623,266	1,655,732	1,688,846	1,722,623	1,757,076	1,792,217	1,828,061	
Misc. Income	0	0	0	3,388	4,568	4,659	4,752	4,847	4,944	5,043	5,144	5,247	5,352	5,459	5,568	5,679	5,793	5,909	6,027	
Vacancy Loss - Residential	7.0%	0	0	(72,162)	(97,301)	(99,247)	(101,232)	(103,256)	(105,321)	(107,428)	(109,576)	(111,768)	(114,003)	(116,283)	(118,609)	(120,981)	(123,401)	(125,869)	(128,386)	
<b>GROSS EFFECTIVE INCOME</b>	0	0	0	958,728	1,292,709	1,318,563	1,344,935	1,371,833	1,399,270	1,427,255	1,455,800	1,484,916	1,514,615	1,544,907	1,575,805	1,607,321	1,639,468	1,672,257	1,705,702	
Operating Expenses w/ Standard Inflator	3.0%	0	0	545,458	740,927	763,155	786,050	809,631	833,920	858,938	884,706	911,247	938,585	966,742	995,745	1,025,617	1,056,385	1,088,077	1,120,719	
<b>TOTAL EXPENSES</b>	0	0	0	<u>545,458</u>	<u>740,927</u>	<u>763,155</u>	<u>786,050</u>	<u>809,631</u>	<u>833,920</u>	<u>858,938</u>	<u>884,706</u>	<u>911,247</u>	<u>938,585</u>	<u>966,742</u>	<u>995,745</u>	<u>1,025,617</u>	<u>1,056,385</u>	<u>1,088,077</u>	<u>1,120,719</u>	
Total Expenses - Residential	3.0%	0	0	545,458	740,927	763,155	786,050	809,631	833,920	858,938	884,706	911,247	938,585	966,742	995,745	1,025,617	1,056,385	1,088,077	1,120,719	
<b>NET OPERATING INCOME</b>	0	0	0	413,270	551,782	555,408	558,885	562,202	565,350	568,317	571,094	573,669	576,030	578,165	580,061	581,704	583,082	584,180	584,983	
REPLACEMENT RESERVE	44,500	0	0	33,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	
Mandatory Annual HCD Payment	0.42%	0	0	17,091	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	102,546	
County Monitoring Fee	2,500	0	0	<u>1,882</u>	<u>2,550</u>	<u>2,601</u>	<u>2,653</u>	<u>2,706</u>	<u>2,760</u>	<u>2,815</u>	<u>2,872</u>	<u>2,929</u>	<u>2,988</u>	<u>3,047</u>	<u>3,108</u>	<u>3,171</u>	<u>3,234</u>	<u>3,299</u>	<u>3,365</u>	
<b>NET REMAINING INCOME</b>	0	0	0	360,797	402,185	405,761	409,185	412,449	415,543	418,456	421,176	423,694	425,996	428,071	429,906	431,488	432,802	433,835	434,572	
<b>PERM LOAN - TRANCHE A</b>	Tax-Exempt Perm Loan																			
Principal Balance (Ending)	3,474,000	0	0	3,467,507	3,386,480	3,299,406	3,205,832	3,105,274	2,997,211	2,881,082	2,756,285	2,622,174	2,478,053	2,323,175	2,156,738	1,977,878	1,785,668	1,579,112	1,357,140	
Annual Issuer Fee	4,000 0.050%	0	0	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Trustee	1,200 0.000%	0	0	0	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	
Series A Bond P&I	328,735	0	0	27,395	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	
Interest Payment	0	0	0	20,902	247,708	241,660	235,161	228,177	220,671	212,606	203,938	194,623	184,614	173,857	162,297	149,875	136,525	122,179	106,762	
Principal Payment	0	0	0	<u>6,493</u>	<u>81,027</u>	<u>87,075</u>	<u>93,574</u>	<u>100,558</u>	<u>108,063</u>	<u>116,129</u>	<u>124,797</u>	<u>134,111</u>	<u>144,121</u>	<u>154,878</u>	<u>166,437</u>	<u>178,860</u>	<u>192,210</u>	<u>206,556</u>	<u>221,973</u>	
<b>TOTAL SERIES A DEBT SERVICE</b>	0	0	0	27,395	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	333,935	
<b>NET CASH FLOW</b>	0	0	0	333,403	68,251	71,826	75,251	78,515	81,608	84,521	87,242	89,759	92,061	94,136	95,971	97,553	98,867	99,901	100,637	
Remaining Net Cash Flow	0	0	0	333,403	68,251	71,826	75,251	78,515	81,608	84,521	87,242	89,759	92,061	94,136	95,971	97,553	98,867	99,901	100,637	
Debt Service Coverage Ratio (All Debt)	N/A	N/A	N/A	1.15	1.20	1.22	1.23	1.24	1.24	1.25	1.26	1.27	1.28	1.28	1.29	1.29	1.30	1.30	1.30	
<b>DISTRIBUTION OF CASH FLOW</b>																				
LP Asset Management Fee	Annual Amt: 8,500 Inflator: 3.00%	0	0	0	1,417	8,755	9,018	9,288	9,567	9,854	10,149	10,454	10,768	11,091	11,423	11,766	12,119	12,483	12,857	13,243
General Partner Mgmt Fee	Annual Amt: 29,668 Inflator: 3.00%	0	0	0	4,945	30,558	31,475	32,419	33,392	34,393	35,425	36,488	37,583	38,710	39,871	41,067	42,299	43,568	44,876	46,222
Deferred Developer Fee	Annual Amt: 1,300,000 DDF Note Interest Rate: 0.00%	0	0	0	327,041	28,938	31,334	33,544	35,556	37,361	38,946	40,300	41,409	42,261	42,842	43,138	43,135	42,816	42,168	0
<b>Residual Receipts Loans</b>	Total % 50.00%																			
HCD MHP	73.91%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HCD Joe Sema, Jr. FW	20.30%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
County of SB HOME	5.79%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Partner	90.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Limited Partner	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Schedule of Outstanding Debt and Reserves - Book Basis

Version: 6.1 Closing Projections

Credit Period Year:		(2)	(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Tax-Exempt Perm Loan</b>	AMORTIZING PERIOD ONLY																			
Beginning Balance	3,474,000	0	0	0	3,474,000	3,467,507	3,386,480	3,299,406	3,205,832	3,105,274	2,997,211	2,881,082	2,756,285	2,622,174	2,478,053	2,323,175	2,156,738	1,977,878	1,785,668	1,579,112
Interest Paid (Interest Rate Only)	7.220%	0	0	0	20,902	247,708	241,660	235,161	228,177	220,671	212,606	203,938	194,623	184,614	173,857	162,297	149,875	136,525	122,179	106,762
Annual P&I	COMPOUND	0	0	0	27,395	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735
Ending Balance		0	0	0	3,467,507	3,386,480	3,299,406	3,205,832	3,105,274	2,997,211	2,881,082	2,756,285	2,622,174	2,478,053	2,323,175	2,156,738	1,977,878	1,785,668	1,579,112	1,357,140
<b>HCD MHP</b>	PERM SOURCE ONLY?: Y																			
Beginning Balance	19,155,000	0	0	0	19,237,367	19,731,566	20,225,765	20,719,964	21,214,163	21,708,362	22,202,561	22,696,760	23,190,959	23,685,158	24,179,357	24,673,556	25,167,755	25,661,954	26,156,153	26,650,352
Interest Accrued @	3.000%	0	0	0	95,775	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650	574,650
Residual Receipts Payment	SIMPLE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.42%	0	0	0	(13,409)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)
Ending Balance	CONSTRUCT AOB: 55%	0	0	0	19,237,367	19,731,566	20,225,765	20,719,964	21,214,163	21,708,362	22,202,561	22,696,760	23,190,959	23,685,158	24,179,357	24,673,556	25,167,755	25,661,954	26,156,153	26,650,352
HCD MHP - Assumed Interest	Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Residual Receipts Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Net Residual Receipts Available	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>HCD Joe Serna, Jr. FW</b>	PERM SOURCE ONLY? N																			
Beginning Balance	5,260,770	5,260,770	5,287,074	5,444,897	5,602,720	5,756,861	5,892,588	6,028,316	6,164,044	6,299,772	6,435,500	6,571,228	6,706,956	6,842,684	6,978,411	7,114,139	7,249,867	7,385,595	7,521,323	7,657,051
Interest Accrued @	3.000%	26,304	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823	157,823
Residual Receipts Payment	SIMPLE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.42%	0	0	0	(3,683)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)
Ending Balance	CONSTRUCT AOB: 100%	5,287,074	5,444,897	5,602,720	5,756,861	5,892,588	6,028,316	6,164,044	6,299,772	6,435,500	6,571,228	6,706,956	6,842,684	6,978,411	7,114,139	7,249,867	7,385,595	7,521,323	7,657,051	7,792,779
HCD Joe Serna, Jr. FW - Assumed Interest	Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Residual Receipts Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Net Residual Receipts Available	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>County of SB HOME</b>	PERM SOURCE ONLY? N																			
Beginning Balance	1,500,000	1,500,000	1,507,500	1,552,500	1,597,500	1,642,500	1,687,500	1,732,500	1,777,500	1,822,500	1,867,500	1,912,500	1,957,500	2,002,500	2,047,500	2,092,500	2,137,500	2,182,500	2,227,500	2,272,500
Interest Accrued @	3.000%	7,500	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Residual Receipts Payment	SIMPLE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	1,507,500	1,552,500	1,597,500	1,642,500	1,687,500	1,732,500	1,777,500	1,822,500	1,867,500	1,912,500	1,957,500	2,002,500	2,047,500	2,092,500	2,137,500	2,182,500	2,227,500	2,272,500	2,317,500
County of SB HOME - Assumed Interest	Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Residual Receipts Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Net Residual Receipts Available	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OUTSTANDING DEBT (BOOK BASIS)</b>		6,794,574	6,997,397	7,200,220	30,104,234	30,698,134	31,285,986	31,867,340	32,441,708	33,008,572	33,567,370	34,117,500	34,658,316	35,189,122	35,709,171	36,217,660	36,713,727	37,196,445	37,664,816	38,117,770
LP ASSET MANAGEMENT FEE Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GENERAL PARTNER MGMT FEE Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEFERRED DEVELOPER FEE Accruals		0	0	0	972,959	944,021	912,687	879,144	843,587	806,226	767,279	726,979	685,570	643,310	600,468	557,330	514,195	471,379	429,211	388,038
<b>TOTAL OUTSTANDING DEBT+ACCRUALS (BOOK BASIS)</b>		6,794,574	6,997,397	7,200,220	31,077,193	31,642,155	32,198,674	32,746,483	33,285,296	33,814,798	34,334,649	34,844,480	35,343,886	35,832,431	36,309,639	36,774,990	37,227,923	37,667,823	38,094,026	38,505,808

RESERVE BALANCES																					
Capitalized Replacement Reserve		Deed-Secured? Y																			
Previous Balance		0	0	0	0	33,500	78,670	124,743	171,738	219,673	268,566	318,438	369,307	421,193	474,117	528,099	583,161	639,324	696,611	755,043	
Deposit to Reserve		0	0	0	33,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	
Interest on Reserve	2.0%	0	0	0	670	1,573	2,495	3,435	4,393	5,371	6,369	7,386	8,424	9,482	10,562	11,663	12,786	13,932	15,101	16,299	
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance		0	0	0	33,500	78,670	124,743	171,738	219,673	268,566	318,438	369,307	421,193	474,117	528,099	583,161	639,324	696,611	755,043	814,644	
<b>Capitalized Operating Reserve (6 mos.)</b>		<b>Deed-Secured? Y</b>																			
Previous Balance		0	0	0	604,022	616,103	628,425	640,993	653,813	666,889	680,227	693,832	707,708	721,863	736,300	751,026	766,046	781,367	796,995	812,934	
Deposit to Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest on Reserve	2.0%	0	0	0	12,080	12,322	12,568	12,820	13,076	13,338	13,605	13,877	14,154	14,437	14,726	15,021	15,321	15,627	15,940	16,259	
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance		604,022	0	0	616,103	628,425	640,993	653,813	666,889	680,227	693,832	707,708	721,863	736,300	751,026	766,046	781,367	796,995	812,934	829,193	

Schedule of Outstanding Debt - Tax Basis

Version: 6.1 Closing Projections

Credit Period Year:		(2)	(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Tax-Exempt Perm Loan</b>	AMORTIZING PERIOD ONLY																			
Beginning Balance	3,474,000	0	0	0	3,474,000	3,467,507	3,386,480	3,299,406	3,205,832	3,105,274	2,997,211	2,881,082	2,756,285	2,622,174	2,478,053	2,323,175	2,156,738	1,977,878	1,785,668	1,579,112
Interest Paid (Interest Rate Only)	7.220%	0	0	0	20,902	247,708	241,660	235,161	228,177	220,671	212,606	203,938	194,623	184,614	173,857	162,297	149,875	136,525	122,179	106,762
Annual P&I		0	0	0	27,395	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735	328,735
Ending Balance		0	0	0	3,467,507	3,386,480	3,299,406	3,205,832	3,105,274	2,997,211	2,881,082	2,756,285	2,622,174	2,478,053	2,323,175	2,156,738	1,977,878	1,785,668	1,579,112	1,357,140
<b>HCD MHP</b>	PERM SOURCE ONLY? Y																			
Beginning Balance	19,155,000	0	0	0	0	19,202,356	19,487,396	19,777,861	20,073,855	20,375,482	20,682,851	20,996,070	21,315,250	21,640,506	21,971,953	22,309,708	22,653,892	23,004,627	23,362,037	23,726,251
Interest Accrued @	1.903%	0	0	0	60,765	365,491	370,916	376,445	382,078	387,820	393,670	399,632	405,707	411,898	418,206	424,635	431,186	437,862	444,665	451,597
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.42%	0	0	0	(13,409)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)	(80,451)
Ending Balance	CONSTRUCT AOB: 55%	0	0	0	19,202,356	19,487,396	19,777,861	20,073,855	20,375,482	20,682,851	20,996,070	21,315,250	21,640,506	21,971,953	22,309,708	22,653,892	23,004,627	23,362,037	23,726,251	24,097,397
<b>HCD Joe Serna, Jr. FW</b>	PERM SOURCE ONLY? N																			
Beginning Balance	5,260,770	5,260,770	5,277,459	5,377,908	5,480,269	5,580,896	5,665,025	5,750,756	5,838,119	5,927,144	6,017,864	6,110,311	6,204,517	6,300,516	6,398,343	6,498,031	6,599,617	6,703,137	6,808,626	6,916,124
Interest Accrued @	1.903%	16,689	100,449	102,361	104,309	106,225	107,826	109,458	111,121	112,815	114,542	116,301	118,095	119,922	121,784	123,681	125,615	127,585	129,593	131,639
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.42%	0	0	0	(3,683)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)	(22,095)
Ending Balance	CONSTRUCT AOB: 100%	5,277,459	5,377,908	5,480,269	5,580,896	5,665,025	5,750,756	5,838,119	5,927,144	6,017,864	6,110,311	6,204,517	6,300,516	6,398,343	6,498,031	6,599,617	6,703,137	6,808,626	6,916,124	7,025,668
<b>County of SB HOME</b>	PERM SOURCE ONLY? N																			
Beginning Balance	1,500,000	1,500,000	1,504,469	1,531,365	1,558,741	1,586,607	1,614,971	1,643,843	1,673,230	1,703,142	1,733,590	1,764,582	1,796,127	1,828,237	1,860,921	1,894,189	1,928,052	1,962,520	1,997,604	2,033,316
Interest Accrued @	1.788%	4,469	26,896	27,376	27,866	28,364	28,871	29,387	29,913	30,447	30,992	31,546	32,110	32,684	33,268	33,863	34,468	35,084	35,712	36,350
Residual Receipts Payment	COMPOUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandatory Minimum Payment	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	CONSTRUCT AOB: 100%	1,504,469	1,531,365	1,558,741	1,586,607	1,614,971	1,643,843	1,673,230	1,703,142	1,733,590	1,764,582	1,796,127	1,828,237	1,860,921	1,894,189	1,928,052	1,962,520	1,997,604	2,033,316	2,069,665
<b>TOTAL OUTSTANDING DEBT (TAX BASIS)</b>		6,781,928	6,909,273	7,039,010	29,837,367	30,153,873	30,471,866	30,791,035	31,111,043	31,431,515	31,752,044	32,072,179	32,391,433	32,709,269	33,025,103	33,338,298	33,648,161	33,953,936	34,254,803	34,549,870
LP ASSET MANAGEMENT FEE Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GENERAL PARTNER MGMT FEE Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEFERRED DEVELOPER FEE Accruals		0	0	0	972,959	944,021	912,687	879,144	843,587	806,226	767,279	726,979	685,570	643,310	600,468	557,330	514,195	471,379	429,211	388,038
<b>TOTAL OUTSTANDING DEBT+ACCRUALS (TAX BASIS)</b>		6,781,928	6,909,273	7,039,010	30,810,326	31,097,894	31,384,553	31,670,179	31,954,630	32,237,741	32,519,323	32,799,159	33,077,004	33,352,579	33,625,571	33,895,628	34,162,356	34,425,315	34,684,014	34,937,908

Net Cash Flow Fee Accruals																			Version: 6.1 Closing Projections		
Credit Period Year:	(2)	(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041		
<b>LP ASSET MANAGEMENT FEE</b>																					
Beginning Accrual Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Current Year LP Asset Management Fee	-	-	-	1,417	8,755	9,018	9,288	9,567	9,854	10,149	10,454	10,768	11,091	11,423	11,766	12,119	12,483	12,857	13,243		
Total Payment	-	-	-	(1,417)	(8,755)	(9,018)	(9,288)	(9,567)	(9,854)	(10,149)	(10,454)	(10,768)	(11,091)	(11,423)	(11,766)	(12,119)	(12,483)	(12,857)	(13,243)		
Ending Accrual Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Potential LP Asset Management Fee: 8,500	Inflator:	3.00%	0	0	0	1,417	8,755	9,018	9,288	9,567	9,854	10,149	10,454	10,768	11,091	11,423	11,766	12,119	12,483	12,857	13,243
<b>GENERAL PARTNER MGMT FEE</b>																					
Beginning Accrual Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Current Year General Partner Mgmt Fee	-	-	-	4,945	30,558	31,475	32,419	33,392	34,393	35,425	36,488	37,583	38,710	39,871	41,067	42,299	43,568	44,876	46,222		
Total Payment	-	-	-	(4,945)	(30,558)	(31,475)	(32,419)	(33,392)	(34,393)	(35,425)	(36,488)	(37,583)	(38,710)	(39,871)	(41,067)	(42,299)	(43,568)	(44,876)	(46,222)		
Ending Accrual Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Potential General Partner Mgmt Fee: 29,668	Inflator:	3.00%	0	0	0	4,945	30,558	31,475	32,419	33,392	34,393	35,425	36,488	37,583	38,710	39,871	41,067	42,299	43,568	44,876	46,222
<b>DEFERRED DEVELOPER FEE</b>																					
Beginning Accrual Balance	-	-	-	1,300,000	972,959	944,021	912,687	879,144	843,587	806,226	767,279	726,979	685,570	643,310	600,468	557,330	514,195	471,379	429,211		
Current Year DDF Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Payment	-	-	-	(327,041)	(28,938)	(31,334)	(33,544)	(35,556)	(37,361)	(38,946)	(40,300)	(41,409)	(42,261)	(42,842)	(43,138)	(43,135)	(42,816)	(42,168)	(41,173)		
Ending Accrual Balance	-	-	-	972,959	944,021	912,687	879,144	843,587	806,226	767,279	726,979	685,570	643,310	600,468	557,330	514,195	471,379	429,211	388,038		
Potential Deferred Developer Fee: 1,300,000	Interest Rate:	0.00%	0	0	0	216,667	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	

**SCHEDULE OF RESERVE BALANCES**

Capitalized Replacement Reserve		Deed-Secured? Y																		
Previous Balance	0	0	0	0	33,500	78,670	124,743	171,738	219,673	268,566	318,438	369,307	421,193	474,117	528,099	583,161	639,324	696,611	755,043	
Deposit to Reserve	0	0	0	33,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	
Interest on Reserve	2.0%	0	0	0	670	1,573	2,495	3,435	4,393	5,371	6,369	7,386	8,424	9,482	10,562	11,663	12,786	13,932	15,101	
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	0	0	0	33,500	78,670	124,743	171,738	219,673	268,566	318,438	369,307	421,193	474,117	528,099	583,161	639,324	696,611	755,043	814,644	
Capitalized Operating Reserve (6 mos.)		Deed-Secured? Y																		
Previous Balance	0	0	0	604,022	616,103	628,425	640,993	653,813	666,889	680,227	693,832	707,708	721,863	736,300	751,026	766,046	781,367	796,995	812,934	
Deposit to Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest on Reserve	2.0%	0	0	12,080	12,322	12,568	12,820	13,076	13,338	13,605	13,877	14,154	14,437	14,726	15,021	15,321	15,627	15,940	16,259	
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	604,022	0	0	616,103	628,425	640,993	653,813	666,889	680,227	693,832	707,708	721,863	736,300	751,026	766,046	781,367	796,995	812,934	829,193	

Schedule of Deductions

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Depreciation Assumptions																					
ADS MACRS	Proration	Building: Residential Asset Life Method	Building: Commercial Asset Life Method	Site Improvements Asset Life Method	Personal Property Asset Life Method	Soft Costs Prorated into NC/Rehab, Sitework, and PP Classes? Y															
	100.0%	30.0 straight line	30.0 straight line	90.0% 20 Yr SL	90.0% 9 Yr SL																
	0.0%	27.5 straight line	27.5 straight line	10.0% 15 Yr 150% DB	10.0% 5 Yr DDB																
<b>DEPRECIATION SCHEDULE</b>																					
	<i>Credit Period Year:</i>	(2)	(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
	<b>Beginning Basis</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>
30 years straight line - Res - Rehab/NC	48,692,617	0	0	0	1,139,808	1,604,850	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087	1,623,087
Site Improvements (20 yr SL)	4,032,787	0	0	0	99,687	199,374	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639	201,639
Site Improvements (15 yr 150% decl. bal.)	448,087	0	0	0	107,742	34,035	30,631	27,568	24,811	22,330	21,167	21,167	21,167	21,167	21,167	21,167	21,167	21,167	21,167	21,167	10,465
Personal Property (9 yr SL)	2,702,740	0	0	0	148,465	296,930	300,304	300,304	300,304	300,304	300,304	300,304	300,304	155,214	0	0	0	0	0	0	0
Personal property (5 yr 200% decl. bal.)	300,304	0	0	0	108,649	76,662	45,997	27,660	27,660	13,675	0	0	0	0	0	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>56,176,537</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,604,352</b>	<b>2,211,851</b>	<b>2,201,659</b>	<b>2,180,260</b>	<b>2,177,503</b>	<b>2,161,036</b>	<b>2,146,198</b>	<b>2,146,198</b>	<b>2,146,198</b>	<b>2,001,107</b>	<b>1,845,894</b>	<b>1,845,894</b>	<b>1,845,894</b>	<b>1,845,894</b>	<b>1,845,894</b>	<b>1,835,191</b>	
<b>AMORTIZATION SCHEDULE</b>																					
TCAC Application/Res/Monitoring Fee	66,702	0	0	0	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	4,447	0
Costs of Issuance	517,627	0	0	0	373,898	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247	7,247
Title/Recording/Escrow - Permanent	30,000	0	0	0	250	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Legal: Permanent Closing	10,000	0	0	0	83	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Appraisal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Study	21,186	0	0	0	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	0
Legal: Organization of Partnership	7,500	0	0	0	5,000	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179	0
<b>SUBTOTAL</b>	<b>653,015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>385,796</b>	<b>15,991</b>	<b>15,991</b>	<b>15,991</b>	<b>15,991</b>	<b>15,991</b>	<b>15,991</b>	<b>15,991</b>	<b>15,991</b>	<b>15,991</b>	<b>13,872</b>	<b>13,872</b>	<b>13,872</b>	<b>13,872</b>	<b>13,872</b>	<b>13,872</b>	<b>9,247</b>
<b>EXPENSED COSTS</b>																					
Audit/Cost Certification	25,000	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing/Start-Up/Lease-Up Expenses	90,000	0	0	0	90,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LP Asset Management Fee	0	0	0	0	1,417	8,755	9,018	9,288	9,567	9,854	10,149	10,454	10,768	11,091	11,423	11,766	12,119	12,483	12,857	13,243	
General Partner Mgmt Fee	0	0	0	0	4,945	30,558	31,475	32,419	33,392	34,393	35,425	36,488	37,583	38,710	39,871	41,067	42,299	43,568	44,876	46,222	
Annual Issuer Fee	0	0	0	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Other Annual Loan Fees	0	0	0	0	0	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	
<b>SUBTOTAL</b>	<b>115,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123,243</b>	<b>47,063</b>	<b>48,293</b>	<b>49,560</b>	<b>50,865</b>	<b>52,207</b>	<b>53,590</b>	<b>55,014</b>	<b>56,479</b>	<b>57,988</b>	<b>59,542</b>	<b>61,142</b>	<b>62,789</b>	<b>64,485</b>	<b>66,231</b>	<b>68,029</b>	
<i>NOTE: PMF/CMF not expensed</i>																					
<b>INTEREST DEDUCTIONS</b>																					
Interest - Tranche A	Tax-Exempt Pem Loan	0	0	0	20,902	247,708	241,660	235,161	228,177	220,671	212,606	203,938	194,623	184,614	173,857	162,297	149,875	136,525	122,179	106,762	
Interest - GP Certificated Credit Sale Loan	GP Certificated Credit Sale Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest - HCD MHP	HCD MHP	0	0	0	55,701	365,491	370,916	376,445	382,078	387,820	393,670	399,632	405,707	411,898	418,206	424,635	431,186	437,862	444,665	451,597	
Interest - HCD Joe Sema, Jr. FW	HCD Joe Sema, Jr. FW	0	0	0	95,617	106,225	107,826	109,458	111,121	112,815	114,542	116,301	118,095	119,922	121,784	123,681	125,615	127,585	129,593	131,639	
Interest - County of SB HOME	County of SB HOME	0	0	0	25,544	28,364	28,871	29,387	29,913	30,447	30,992	31,546	32,110	32,684	33,268	33,863	34,468	35,084	35,712	36,350	
Interest - Expensed Constr. Period Interest		0	0	0	3,297,111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>SUBTOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,494,875</b>	<b>747,787</b>	<b>749,273</b>	<b>750,451</b>	<b>751,288</b>	<b>751,753</b>	<b>751,809</b>	<b>751,417</b>	<b>750,534</b>	<b>749,117</b>	<b>747,115</b>	<b>744,476</b>	<b>741,143</b>	<b>737,056</b>	<b>732,148</b>	<b>726,348</b>	
<b>TOTAL DEDUCTIONS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>5,608,267</b>	<b>3,022,692</b>	<b>3,015,217</b>	<b>2,996,261</b>	<b>2,995,646</b>	<b>2,980,987</b>	<b>2,967,588</b>	<b>2,968,620</b>	<b>2,969,203</b>	<b>2,824,203</b>	<b>2,666,423</b>	<b>2,665,384</b>	<b>2,663,699</b>	<b>2,661,307</b>	<b>2,658,145</b>	<b>2,638,815</b>	



Analysis of Taxable Income

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Assumptions		Loss Reallocation (year 12):																			
Marginal Tax Rate - Federal	21.0%	GP Share:	30.00%																		
Marginal Tax Rate - State	0.0%	LP Share:	70.00%																		
Effective Combined Marginal Tax Rate	21.0%																				
Number of LP Capital Contributions	4																				
Credit Period Year:	(2)	(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041		
<b>LOSSES</b>																					
Net Operating Income	0	0	0	413,270	551,782	555,408	558,885	562,202	565,350	568,317	571,094	573,669	576,030	578,165	580,061	581,704	583,082	584,180	584,983		
Total Deductions	0	0	0	5,608,267	3,022,692	3,015,217	2,996,261	2,995,646	2,990,987	2,967,588	2,968,620	2,969,203	2,824,203	2,666,423	2,665,384	2,663,699	2,661,307	2,658,145	2,638,815		
Total Taxable Income (Loss)	0	0	0	(5,194,997)	(2,470,910)	(2,459,809)	(2,437,376)	(2,433,445)	(2,415,638)	(2,399,271)	(2,397,525)	(2,395,534)	(2,248,173)	(2,088,258)	(2,085,323)	(2,081,994)	(2,078,225)	(2,073,965)	(2,053,832)		
Special Allocation of GP-Related Op Ex (see below)	Years 1-11	Years 12-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
General Partner Share of Losses per LPA (pre-704(b))	0.01%	30.00%	0	0	0	(519)	(247)	(246)	(244)	(243)	(242)	(240)	(240)	(240)	(225)	(209)	(625,597)	(624,598)	(623,467)	(622,190)	(616,150)
Limited Partner Share of Losses per LPA (pre-704(b))	99.99%	70.00%	0	0	0	(5,194,478)	(2,470,663)	(2,459,563)	(2,437,133)	(2,433,201)	(2,415,396)	(2,399,031)	(2,397,285)	(2,395,294)	(2,247,948)	(2,088,049)	(1,459,726)	(1,457,396)	(1,454,757)	(1,451,776)	(1,437,682)
<b>AFTER-TAX VALUE OF LOSSES</b>																					
Total Losses Allocated to GP (post-704(b))	0.01%	30.00%	0	0	0	(519)	(247)	(246)	(244)	(243)	(242)	(240)	(240)	(240)	(225)	(209)	(625,597)	(624,598)	(623,467)	(622,190)	(2,053,832)
Total Losses Allocated to LP (post-704(b))	99.99%	70.00%	0	0	0	(5,194,478)	(2,470,663)	(2,459,563)	(2,437,133)	(2,433,201)	(2,415,396)	(2,399,031)	(2,397,285)	(2,395,294)	(2,247,948)	(2,088,049)	(1,459,726)	(1,457,396)	(1,454,757)	(1,451,776)	0
After-Tax Value of Losses	21.0%		0	0	0	1,090,949	518,891	516,560	511,849	511,023	507,284	503,847	503,480	503,062	472,116	438,534	437,918	437,219	436,427	435,533	431,305
After-Tax Value of General Partner Losses			0	0	0	109	52	52	51	51	51	50	50	50	47	44	131,375	131,166	130,928	130,660	431,305
After-Tax Value of Limited Partner Losses			0	0	0	1,090,840	518,839	516,508	511,798	510,972	507,233	503,797	503,430	503,012	472,069	438,490	436,543	435,053	434,269	433,230	429,990
Limited Partner Share of Losses Per LPA	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	70.00%	70.00%	70.00%	70.00%	70.00%
<b>TAX CREDITS</b>																					
Fed Tax Credits-Rehab/NC - Building A or Credit Year 1	100.0%		0	0	0	2,196,417	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	724,762	0	0	0	0	
<b>TOTAL TAX CREDITS</b>			0	0	0	6,190,569	4,529,542	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	2,921,180	724,762	0	0	0	0	
General Partner Share	0.01%		0	0	0	619	453	292	292	292	292	292	292	292	72	0	0	0	0	0	
Limited Partner Share	99.99%		0	0	0	6,189,950	4,529,089	2,920,888	2,920,888	2,920,888	2,920,888	2,920,888	2,920,888	2,920,888	724,690	0	0	0	0	0	
(less) Reduction due to LP Capital Account Adjustment			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL AFTER-TAX BENEFITS</b>			0	0	0	7,281,519	5,048,433	3,437,740	3,433,029	3,432,203	3,428,464	3,425,027	3,424,660	3,424,242	3,393,296	1,163,297	437,918	437,219	436,427	435,533	431,305
General Partner Share	0.01%		0	0	0	728	505	344	343	343	343	343	342	342	339	116	131,375	131,166	130,928	130,660	431,305
Limited Partner Share	99.99%		0	0	0	7,280,790	5,047,929	3,437,396	3,432,686	3,431,860	3,428,121	3,424,684	3,424,318	3,423,900	3,392,957	1,163,180	306,543	306,053	305,499	304,873	0

Capital Account Analysis and Tax Liability - Sale Price Equals Debt

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LIMITED PARTNER	Credit Period Year:																			
	(2) 2023	(1) 2024	0 2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040	16 2041	
<b>SUMMARY OF LP ACCOUNTS AND LOSSES</b>																				
Total Losses Allocated to LP	0	0	0	5,194,478	2,470,663	2,459,563	2,437,133	2,433,201	2,415,396	2,399,031	2,397,285	2,395,294	2,247,948	2,088,049	1,459,726	1,457,396	1,454,757	1,451,776	0	
Ending LP Capital Account Balance	5,166,541	5,166,541	5,166,541	28,900,632	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	3,917,341	2,459,945	1,005,187	(446,588)	(446,588)	
Ending LP Minimum Gain Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481,991	1,937,119	2,941,203	4,379,282	
<b>MINIMUM GAIN ANALYSIS</b>																				
Adjusted Basis	58,052,957	58,052,957	58,052,957	56,448,604	54,236,753	52,035,094	49,854,835	47,677,332	45,516,296	43,370,097	41,223,899	39,077,701	37,076,593	35,230,699	33,384,805	31,538,912	29,693,018	27,847,124	26,011,932	
Deed-Secured Cash Reserves	0	0	0	649,803	707,095	765,737	825,551	886,562	948,794	1,012,270	1,077,015	1,143,055	1,210,416	1,279,125	1,349,207	1,420,691	1,493,605	1,567,977	1,643,837	
Total Adjusted Basis plus Cash	58,052,957	58,052,957	58,052,957	57,098,207	54,943,848	52,800,831	50,680,386	48,563,894	46,465,090	44,382,367	42,300,914	40,220,756	38,207,010	36,509,824	34,734,013	32,959,603	31,186,623	29,415,101	27,655,769	
Outstanding Nonrecourse Debt (Related Party)	6,781,928	6,909,273	7,039,010	29,837,367	30,153,875	30,471,866	30,791,035	31,111,043	31,431,515	31,752,044	32,072,179	32,391,433	32,709,269	33,025,103	33,338,298	33,648,151	33,955,936	34,254,803	34,549,670	
Minimum Gain - Partnership	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual Change in Minimum Gain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Minimum Gain - Partner (GP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>POTENTIAL LIMITED PARTNER LOSSES</b>																				
LP Share of Losses per LPA	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	70.00%	70.00%	70.00%	70.00%	
Annual Potential Losses Allocated to LP	0	0	0	(5,194,478)	(2,470,663)	(2,459,563)	(2,437,133)	(2,433,201)	(2,415,396)	(2,399,031)	(2,397,285)	(2,395,294)	(2,247,948)	(2,088,049)	(1,459,726)	(1,457,396)	(1,454,757)	(1,451,776)	(1,437,682)	
(less) Related Party Losses Reallocated to GP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Adjusted Potential LP Losses	0	0	0	(5,194,478)	(2,470,663)	(2,459,563)	(2,437,133)	(2,433,201)	(2,415,396)	(2,399,031)	(2,397,285)	(2,395,294)	(2,247,948)	(2,088,049)	(1,459,726)	(1,457,396)	(1,454,757)	(1,451,776)	(1,437,682)	
<b>LP LOSS ANALYSIS - CAPITAL ACCOUNT SHARE</b>																				
Beginning LP Capital Account Balance	0	5,166,541	5,166,541	5,166,541	28,900,632	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	3,917,341	2,459,945	1,005,187	(446,588)	
LP Capital Contributions	5,166,541	0	0	29,057,068	220,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(less) LP Cash Flow Distributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(less) Historic Tax Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(less) Investment Tax Credits (Solar)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
LP Capital Account Balance Available for Losses	5,166,541	5,166,541	5,166,541	34,223,609	29,120,632	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	3,917,341	2,459,945	1,005,187	0	
Adjusted Potential LP Losses	0	0	0	(5,194,478)	(2,470,663)	(2,459,563)	(2,437,133)	(2,433,201)	(2,415,396)	(2,399,031)	(2,397,285)	(2,395,294)	(2,247,948)	(2,088,049)	(1,459,726)	(1,457,396)	(1,454,757)	(1,451,776)	(1,437,682)	
End of Year Capital Account Balance per Potential Losses	5,166,541	5,166,541	5,166,541	29,029,132	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	3,917,341	2,459,945	1,005,187	(446,588)	(1,437,682)	
Allowable LP Capital Account Losses	(5,166,541)	(5,166,541)	(5,166,541)	(34,223,609)	(29,120,632)	(26,649,969)	(24,190,406)	(21,753,273)	(19,320,072)	(16,904,676)	(14,505,645)	(12,108,359)	(9,713,065)	(7,465,116)	(5,377,067)	(3,917,341)	(2,459,945)	(1,005,187)	0	
Actual Losses Allocated to LP (Capital Account Share)	0	0	0	(5,194,478)	(2,470,663)	(2,459,563)	(2,437,133)	(2,433,201)	(2,415,396)	(2,399,031)	(2,397,285)	(2,395,294)	(2,247,948)	(2,088,049)	(1,459,726)	(1,457,396)	(1,454,757)	(1,451,776)	0	
LP DRO?	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Cumulative DRO Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>LP LOSS ANALYSIS - MINIMUM GAIN SHARE</b>																				
Beginning LP Minimum Gain Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481,991	1,937,119	
LP Share of Annual Change in Minimum Gain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481,991	1,455,129	
LP Minimum Gain Balance Available for Losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481,991	1,937,119	
Adjusted Potential LP Losses less Cap Acct Losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Allowable LP Minimum Gain Account Losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(481,991)	(1,937,119)	
Actual Losses Allocated to LP (Minimum Gain Share)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL LOSSES ALLOCATED TO LP</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,194,478)</b>	<b>(2,470,663)</b>	<b>(2,459,563)</b>	<b>(2,437,133)</b>	<b>(2,433,201)</b>	<b>(2,415,396)</b>	<b>(2,399,031)</b>	<b>(2,397,285)</b>	<b>(2,395,294)</b>	<b>(2,247,948)</b>	<b>(2,088,049)</b>	<b>(1,459,726)</b>	<b>(1,457,396)</b>	<b>(1,454,757)</b>	<b>(1,451,776)</b>	<b>0</b>	
<b>LIMITED PARTNER CREDIT DELIVERY ANALYSIS</b>																				
LP 704(b) Capital Available for Losses	5,166,541	5,166,541	5,166,541	34,223,609	29,120,632	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	4,399,331	4,397,064	4,392,979	4,379,282	
LP Share of Depreciation per LPA	0	0	0	1,604,192	2,211,630	2,201,439	2,180,041	2,177,285	2,160,820	2,145,984	2,145,984	2,145,984	2,000,907	1,845,709	1,292,126	1,292,126	1,292,126	1,292,126	1,284,634	
Reduction in LP LIHTC due to 704(b) Capital Shortfall	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>LIMITED PARTNER CAPITAL ACCOUNT</b>																				
Beginning Capital Account Balance	0	5,166,541	5,166,541	5,166,541	28,900,632	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	3,917,341	2,459,945	1,005,187	(446,588)	
LP Capital Contributions	5,166,541	0	0	29,057,068	220,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(less) Syndication Expenses	0	0	0	(128,500)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(less) LP Cash Flow Distributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(less) Historic Tax Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(less) Total Losses Allocated to LP	0	0	0	(5,194,478)	(2,470,663)	(2,459,563)	(2,437,133)	(2,433,201)	(2,415,396)	(2,399,031)	(2,397,285)	(2,395,294)	(2,247,948)	(2,088,049)	(1,459,726)	(1,457,396)	(1,454,757)	(1,451,776)	0	
End of Year Capital Account Balance	5,166,541	5,166,541	5,166,541	28,900,632	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	3,917,341	2,459,945	1,005,187	(446,588)	(446,588)	
<b>LIMITED PARTNER MINIMUM GAIN BALANCE</b>																				
Beginning Minimum Gain Account Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481,991	1,937,119	
LP Share of Annual Change in Minimum Gain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481,991	1,455,129	
(less) Minimum Gain Chargeback (Losses allocated to LP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
End of Year Minimum Gain Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	481,991	1,937,119	
<b>LIMITED PARTNER EXIT BENEFIT/LIABILITY ANALYSIS</b>																				
Marginal Tax Rate	21.00%																			
End of Year Capital Account Balance	5,166,541	5,166,541	5,166,541	28,900,632	26,649,969	24,190,406	21,753,273	19,320,072	16,904,676	14,505,645	12,108,359	9,713,065	7,465,116	5,377,067	3,917,341	2,459,945	1,005,187	(446,588)	(446,588)	
plus) Syndication Expenses	0	0	0	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	128,500	
Tax Benefit/(Liability) on Sale @ \$1	1,084,974	1,084,974	1,084,974	6,096,118	5,623,478	5,106,970	4,595,172	4,084,200	3,576,967	3,073,170	2,569,740	2,066,729	1,594,659	1,156,169	849,627	543,573	238,074	(66,799)	(66,799)	
Gross-Up Factor for Taxes on Gain due to Tax Payment	79.00%																			
Total GP Obligation on Sale: LP Tax Liability + Gross-Up	0	0	0	0	0															





<b>Net Quarterly Benefit Schedule</b>	<b>Version: 6.1 Closing Projections</b>
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LP EQUITY PAY-IN SCHEDULE			
	AMOUNT	DATE	THRESHOLD
LP Admission (Const. Portion)	5,166,541	11/01/23	Initial Closing
Completion Payment	27,324,554	11/01/26	Perm Conversion
Stabilization/Conversion	1,732,514	11/01/26	Stabilization
8609/First Year Tax Return	220,000	05/01/27	28-Jul-27
<b>TOTAL LP CONTRIBUTIONS</b>	<b>34,443,609</b>		

NET QUARTERLY BENEFITS				
Internal Rate of Return: <span style="border: 1px solid black; padding: 2px;">4.84%</span>				
YEAR	INVESTMENT	TOTAL QUART. BENEFITS	NET QUART. BENEFITS	THRESHOLD
2023		0	0	LP Admission
		0	0	
	(5,166,541)	0	(5,166,541)	
2024		0	0	
		0	0	
		0	0	
2025		0	0	
		0	0	
		0	0	
		0	0	
2026	0	1,820,198	1,820,198	Completion
		1,820,198	1,820,198	
	(29,057,068)	1,820,198	(27,236,870)	Perm Conversion
2027		1,261,982	1,261,982	
	(220,000)	1,261,982	1,041,982	8609
		1,261,982	1,261,982	
		1,261,982	1,261,982	
2028	0	859,349	859,349	
		859,349	859,349	
		859,349	859,349	
		859,349	859,349	
2029	0	858,171	858,171	
		858,171	858,171	
		858,171	858,171	
		858,171	858,171	
2030	0	857,965	857,965	
		857,965	857,965	
		857,965	857,965	
		857,965	857,965	
2031		857,030	857,030	
		857,030	857,030	
		857,030	857,030	
		857,030	857,030	
2032		856,171	856,171	
		856,171	856,171	
		856,171	856,171	
		856,171	856,171	
2033		856,079	856,079	
		856,079	856,079	
		856,079	856,079	
		856,079	856,079	
2034		855,975	855,975	
		855,975	855,975	
		855,975	855,975	
		855,975	855,975	
2035		848,239	848,239	
		848,239	848,239	
		848,239	848,239	
		848,239	848,239	
2036		290,795	290,795	
		290,795	290,795	
		290,795	290,795	
		290,795	290,795	
2037		76,636	76,636	
		76,636	76,636	
		76,636	76,636	
		76,636	76,636	
2038		76,513	76,513	
		76,513	76,513	
		76,513	76,513	
		76,513	76,513	
2039		76,375	76,375	
		76,375	76,375	
		76,375	76,375	
		76,375	76,375	
2040		59,519	59,519	
		59,519	59,519	
		59,519	59,519	
		59,519	59,519	
2041		0	0	
		0	0	
		0	0	
		0	0	
<b>TOTAL</b>	<b>34,443,609</b>	<b>42,043,990</b>	<b>7,600,380</b>	

**EXHIBIT C**

**COUNTY HOME LOAN 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, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Deputy Director

NO FEE DOCUMENT PURSUANT TO  
CALIFORNIA GOVERNMENT CODE SECTION 27383

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

THIS COUNTY HOME LOAN DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT (“County HOME Loan Deed of Trust”) is made as of November 7, 2023, by Buellton Garden Apartments, L.P., a California limited partnership (“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 Loan Deed of Trust is junior and subordinate to the Deed of Trust recorded prior to or concurrently herewith in favor of Wells Fargo Bank, National Association, a national banking association, securing a construction loan in an amount not to exceed of \$55,000,000, which will convert to a permanent loan by California Community Reinvestment Corporation, a California nonprofit public benefit corporation (“CCRC”) in an amount not to exceed \$5,000,000, and those deeds of trust in favor of the California Department of Housing and Community Development securing that certain MHP loan in an amount not to exceed \$20,000,000 and that certain Joe Serna loan in an amount not to exceed \$6,000,000.

**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 10 and 12 McMurray Road, in the City of Buellton, County of Santa Barbara, California (the “Property”), as more particularly described in the attached Exhibit A, incorporated herein by this reference;

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures, improvements, signs, and landscaping now or hereafter erected or located on the Property, including all equipment and machinery used for supplying or distributing heating, cooling, electricity, gas, water, air, and light, all kitchen and laundry appliances such as washers, dryers, refrigerators, garbage disposals, ovens, ranges, dishwashers, all plumbing and bathroom fixtures, all security and access control equipment, fire prevention and extinguishment equipment, elevators, floor coverings, window coverings, paneling, cabinets, (provided, however, that Trustor shall have the right to remove, if necessary, such fixtures, furnishings, and equipment

for the purpose of replacement with similar items of the same quality performing the same functions, which replacements shall themselves become part of this grant); all building material and equipment either now or hereafter delivered to the Property and intended to be installed therein or any such material and equipment purchased in whole or in part with HOME Funds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to development on the Property; all Revenue, including rents and income generated by or derived from the Property or improvements thereon (subject however to the assignment of rents to Beneficiary contained herein); all leases, subleases, rental agreements and licenses covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, payments, and receivables of similar nature with respect to such leases, subleases, rental agreements and licenses; all easements and rights-of-way appurtenant to the Property, including parking and recreational easements, and all interests of Trustor in any land lying within the right-of-way of any streets, sidewalks, and areas of land adjacent to or used in connection with the Property; all development rights and credits, air rights, water rights, and oil, gas or mineral rights with respect to the Property; all claims or demands with respect to insurance proceeds, bonds, warranties, guarantees and sureties, and all awards made for a taking by eminent domain; all interests and rights in any private or government grants, subsidies, loans, or other financing with respect to development on the Property; all interests in personal property used in and about the Property (except furniture and other personal property of occupants of dwelling units on the Property); all intangible Property and rights relating to the Property or operations on the Property, including copyrights, patents, trade names, goodwill, trademarks, and service marks; all government permits, approvals, and map rights related to construction of the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction or improvements on the Property; all environmental tests, studies and reports with respect to the Property; all current and future claims and rights of action of Trustor against prior owners and operators of the Property, neighboring property owners and operators, tenants and former tenants, consultants, advisors, and other third parties with respect to environmental or Hazardous Materials contamination and cleanup of the Property under any federal, state, or local ordinances, statutes, regulations, or administrative decisions or common law.

All of the foregoing, together with the Property, is herein referred to as the “Security.”

### **OBLIGATIONS SECURED**

2. **OBLIGATIONS.** Trustor makes this grant for the purpose of securing the following obligations of Trustor:

A. Repayment of the indebtedness of Trustor to Beneficiary in the principal sum of One Million, Five Hundred Thousand Dollars (\$1,500,000) with interest thereon, evidenced by the County HOME Loan Promissory Note executed by Trustor on or about the date hereof, in the original principal amount of One Million, Five Hundred Thousand Dollars (\$1,500,000) (the “County HOME Loan Note”), on file at the offices of Beneficiary and hereby incorporated by reference into this County HOME Loan Deed of Trust, or as much of such principal sum as has been disbursed to Trustor thereunder; and

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

E. Performance of any other obligation or repayment of any other indebtedness of Trustor to Beneficiary, where such evidence of obligation or indebtedness specifically recites that it is secured by this County HOME 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 or the absence of which would adversely affect Beneficiary, whether or not Beneficiary is a party to such agreements.

### **ABSOLUTE ASSIGNMENT OF RENTS AND RIGHT TO POSSESSION**

3. **ASSIGNMENT.** As additional security, Trustor hereby assigns to Beneficiary: (a) all of the Revenue, rents, profits, and income from the Security, any deposits now or hereafter in Trustor's possession which have been collected with respect to the Security, and any reserve or capital funds now or hereafter held by Trustor with respect to construction or operation of the Security (collectively, the “Rents”); and (b) the right to enter, take possession of, and manage the Security; provided, however that Trustor shall have, before an Event of Default, the exclusive right to possess the Security and to collect Rents and use them in accordance with the documents described in Section 2.D., above (collectively, the “County HOME Loan Documents”). The assignment in this Section 3 is intended to be an absolute and present transfer of Trustor’s interest in existing and future Rents, effective as of the date of this County HOME Loan Deed of Trust.

4. **ENFORCEMENT.** Upon the occurrence of an Event of Default which remains uncured after expiration of the applicable cure period, if any, pursuant to the terms of the County HOME Loan Agreement or other County HOME Loan Documents, Beneficiary may, in addition to other rights and remedies permitted by the County HOME Loan Agreement, this County HOME 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 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 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 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 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 Loan Deed of Trust, in the County HOME 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 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 Loan Deed of Trust in the real estate records or other appropriate index as a financing statement for any of the items specified as part of the Security. Trustor shall execute and deliver to Beneficiary at Beneficiary's request any financing statements, as well as extensions, renewals, and amendments thereof, and copies of this instrument in such form as Beneficiary may require to perfect a security interest with respect to the Security. Trustor shall pay all costs of filing such financing statements and shall pay all reasonable costs of any record searches for financing statements and releases. Without the prior written consent of Beneficiary, Trustor shall not create or permit any other security interest in the Security. This County HOME Loan Deed of Trust constitutes a fixture filing under Division 9 of the California Commercial Code.

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

**14. DEFENSE AND NOTICE OF CLAIMS AND ACTIONS.** Trustor shall appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security upon Trustor's receipt of notice thereof.

**15. SUITS TO PROTECT THE SECURITY.** Beneficiary shall have all rights, power and authority to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or Rents or prejudice to any interest or right of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain or enjoin the enforcement of or compliance with any governmental legislation, regulation, or order if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or Rents or be prejudicial to any interest or right of Beneficiary.

**16. DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to or destruction of the Security. If any Security is damaged or destroyed, Trustor shall, at its cost and expense, repair or restore said Security materially consistent with the original plans and specifications. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be completed within one year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Trustor shall make up the deficiency.

**17. TITLE.** Trustor warrants that Trustor lawfully has legal title to the Security without any limitation on the right to encumber other than those limitations set forth in the HOME Promissory Loan Document, Home County HOME Loan Agreement, County HOME Loan Deed of Trust and County HOME 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 Loan Documents. In the event Trustor fails to maintain the full insurance coverage required by this County HOME Loan Deed of Trust and the County HOME 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 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 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 Loan Deed of Trust or the County HOME 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 HOME 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 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, encumbers, transfers, or conveys, or agrees to sell, encumber, transfer, or convey, its interest in the Security or any part thereof or any interest therein, Beneficiary may at its option declare all sums secured by this County HOME Loan Deed of Trust to be immediately due and payable. This option shall not apply in case of:

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

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

C. If Trustor is a partnership, removal of the general partner(s) and substitution of a new general partner for cause in accordance with the partnership agreement, or transfer or assignment of the Limited Partner's interest in the Trustor to a related entity, subject to the terms of Section 5.15 of the County HOME Loan Agreement;

D. If Trustor is a partnership, transfers of a limited partner's interests to a General Partner of the Trustor or a Beneficiary-approved affiliate thereof in accordance with the limited partnership agreement; or

E. Transfers of the Project and/or Property to the general partner(s) of the Trustor following the expiration of the tax credit compliance period in accordance with the terms of a purchase option and/or right of first refusal agreement.

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

D. Commence an action to foreclose this County HOME Loan Deed of Trust pursuant to California Code of Civil Procedure Section 725a et seq., as amended, and/or seek appointment of a receiver from a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security, including the authority to complete construction of improvements;

E. Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold and exercise its power of sale as provided for below; and/or

F. Pursue any other rights and remedies allowed at law or in equity.

**27. FORECLOSURE BY POWER OF SALE.** Should Beneficiary elect to foreclose by exercise of the power of sale contained in this County HOME Loan Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this County HOME Loan Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the County HOME 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 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 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 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 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 from Trustor 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 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 USPS 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, 2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
Attn: Deputy Director

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

**TRUSTOR:** Buellton Garden Apartments, L.P.  
c/o People's Self-Help Housing Corporation  
1060 Kendall Road  
San Luis Obispo, Ca. 93401  
Attn: Kenneth Trigueiro, CEO and President

With copy to: Wells Fargo Affordable Housing Corp.  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC D1086-239  
Charlotte, NC 28202-4200  
Attention: Director of Tax Credit Asset Management

With copy to: Gubb & Barshay LLP  
235 Montgomery Street, Suite 1110  
San Francisco, CA. 94104  
Attn: Erica Williams Orcharton, Esq.

With copy to: Wells Fargo Bank, National Association  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC# D1086-4200  
Charlotte, North Carolina 28202-4200  
Attention: Manager, CLI Deal Management

Loan No. 1021607

With copy to: Wells Fargo Bank, National Association  
Community Lending and Investment  
MAC# E2064-092  
333 S Grand Avenue, 9th Floor  
Los Angeles, CA 90071-1504  
Attention: Aaron Meyer  
Loan No. 1021607

With copy to: California Community Reinvestment Corporation  
100 W. Broadway  
Suite 1000  
Glendale, California 91210  
Attention: President

With copy to: Sheppard Mullin Richter & Hampton, LLP  
650 Town Center Drive, 10th Floor  
Costa Mesa, CA 92626  
Attention: Ken Fox, Esq.

**35. BINDING UPON SUCCESSORS.** All provisions of this County HOME Loan Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.

**36. WAIVER.** No waiver by Beneficiary of any obligation of Trustor in this County HOME Loan Deed of Trust shall be effective unless in writing signed by Beneficiary. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or Event of Default of Trustor or to pursue any remedy allowed under the County HOME Loan Deed of Trust, the other County HOME Loan Documents, or applicable law. Any extension of time granted to Trustor to perform any obligation under this County HOME Loan Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this County HOME Loan Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

**37. AMENDMENTS AND MODIFICATIONS.** No amendment of or modification to this County HOME Loan Deed of Trust shall be effective unless it is in writing duly executed by both Beneficiary and Trustor.

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

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

42. **SUBSTITUTION OF TRUSTEES.** Beneficiary may from time to time appoint another trustee to act in the place and stead of Trustee or any successor. Upon such appointment and without conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee.

43. **ACCEPTANCE BY TRUSTEE.** Trustee accepts this trust when this County HOME 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 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. **TAX CREDITS.** Notwithstanding anything to the contrary contained herein or in any documents secured by this deed of trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the property encumbered by this deed of trust, the following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, shall apply:

For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the regulatory agreement with the California Tax Credit Allocation Committee, (i) none of the tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

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 Loan Promissory Note. The sole recourse of the Beneficiary with respect to the principal of, or interest on, the County HOME Loan Promissory Note shall be to the property securing the indebtedness evidenced by this County HOME 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 Loan Promissory 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 Loan Promissory 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 Loan Promissory 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 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 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 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 Loan Deed of Trust.

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

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

**TRUSTOR:**

Buellton Garden Apartments, L.P.,  
a California limited partnership

By: Buellton Garden Apartments LLC,  
a California Limited Liability Company,  
its managing general partner

By: People's Self-Help Housing Corporation,  
A California nonprofit public benefit corporation, its  
sole Member/manager

By: \_\_\_\_\_  
Kenneth Trigueiro, CEO and President

[TRUSTOR'S SIGNATURE MUST BE ACKNOWLEDGED]

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Santa Barbara

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

EXHIBIT A

**LEGAL DESCRIPTION**

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

LOT 1 OF TRACT 31009 IN THE CITY OF BUELLTON, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 182, PAGES 9 THROUGH 13](#) INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES, INCLUDING NATURAL GAS, IN, ON AND UNDER THAT PORTION OF SAID LAND, AS EXCEPTED IN THE DEED FROM PAUL NIELSEN, ET UX. TO HAROLD A. MATHIESEN, ET UX., RECORDED SEPTEMBER 19, 1958 AS INSTRUMENT NO. 22849 IN [BOOK 1556, PAGE 152](#) OF OFFICIAL RECORDS.

APN: 137-200-087

**EXHIBIT D**

**COUNTY HOME LOAN PROMISSORY NOTE**

## COUNTY HOME LOAN PROMISSORY NOTE

\$1,500,000

Santa Barbara, California  
November 7, 2023

FOR VALUE RECEIVED, Buellton Garden Apartments, L.P., a California limited partnership (“Borrower”), whose address is 1060 Kendall Road, San Luis Obispo, California 93401, 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, 2<sup>nd</sup> Floor, Santa Barbara, California 93101, the principal amount equal to One Million, Five Hundred Thousand Dollars (\$1,500,000), or so much thereof as may be advanced by Lender to Borrower, together with interest thereon, as set forth below.

1. **PURPOSE.** In order to assist Borrower in developing a total of eighty-nine (89) residential housing units, comprised of eighty-eight (88) affordable rental housing units and one (1) manager’s unit, located at 10 and 12 McMurray Road in the City of Buellton, Santa Barbara County, California (“Project”), Lender has agreed to loan to Borrower the amount of One Million, Five Hundred Thousand Dollars (\$1,500,000) (the “County HOME Loan”), comprised of One Million, Two Hundred Fifty-Four Thousand, Three Hundred Fifty-Two Dollars (\$1,254,352) derived from funds received by the Lender from the United States Department of Housing and Urban Development through the HOME Investment Partnerships Program, and Two Hundred Forty-Five Thousand, Six Hundred Forty-Eight dollars (\$245,648) in County Permanent Local Housing Allocation (“PLHA”) funds received by the Lender from the State of California (the “State”) pursuant to Senate Bill 2 Housing and Jobs Act effective January 1, 2018.

2. **BORROWER’S OBLIGATION.** This promissory note (“County HOME Loan Promissory Note”) evidences Borrower’s obligation to pay Lender the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) for the County HOME Loan loaned to Borrower by Lender for the specific uses designated, and subject to the terms and conditions set forth, in that certain loan agreement by and between Borrower and Lender of even date herewith (“County HOME Loan Agreement”).

3. **INTEREST.** Subject to Section 4, below, this County HOME Loan Promissory Note shall bear simple interest at the rate of three percent (3%) per annum from the date of the first disbursement under the County HOME Loan Agreement and this County HOME Loan Promissory Note. Interest hereunder is not compounding.

4. **DEFAULT INTEREST.** In the event of an Event of Default by Borrower of any of its obligations under this County HOME Loan Promissory Note or any of the other County HOME Loan Documents, interest shall accrue on the outstanding principal of this County HOME Loan Promissory 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 such Event of Default until the date that such Event of Default is cured, if subject to cure pursuant to Section 8.2 of the County HOME Loan Agreement, or the County HOME Loan is repaid in full, and such default interest shall be due and payable by Borrower to Lender monthly on the first day of each month.

5. **AMOUNT AND TIME OF PAYMENT.** All unpaid principal and accrued and unpaid interest hereunder shall be due and payable on the earlier of: (a) the date that is fifty-five (55) years after the date of the recordation of the Notice of Completion issued for the Project, or (b) the date the Property is sold or otherwise Transferred, unless Lender expressly consents in advance in writing to such Transfer in each instance, and each such Transfer is completed in accordance with all conditions imposed by Lender in connection with such consent, including, but not limited to, such transferee expressly assuming, in writing duly executed by such transferee in form approved by Lender, all of Borrower’s obligations hereunder and under the other County HOME Loan Documents, or (c) Borrower has failed to commence construction as set forth in Section 4.1 of the County HOME Loan Agreement, or (d) an Event of Default by Borrower, as

defined in Section 8.1 of the County HOME Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County HOME Loan Agreement. Annual payments on the County HOME Loan hereunder shall be made in accordance with Section 7, below. In the event of an Event of Default by Borrower, as defined in Section 8.1 of the County HOME Loan Agreement, which, if subject to cure, has not been cured as provided for in Section 8.2 of the County HOME Loan Agreement, all unpaid principal and all accrued and unpaid interest hereunder shall immediately be due and payable in accordance with Section 9 of this County HOME Loan Promissory Note. In any event, all unpaid principal and all accrued and unpaid interest hereunder shall be due and payable by Borrower to Lender no later than December 31, 2081.

6. **DEFINITIONS.** All capitalized terms used but not defined in this County HOME Loan Promissory Note shall have the respective meanings ascribed to such terms in the County HOME Loan Agreement. In the event of any conflict between the provisions of this County HOME Loan Promissory Note and the provisions of the County HOME Loan Agreement, the provisions of the County HOME Loan Agreement shall control and prevail.

7. **PAYMENTS.** All accrued interest and principal hereunder shall be due and payable in accordance with the terms set forth in Section 5, above. Annual payments on the County HOME Loan shall be made from Residual Receipts in the following order: First, to the Borrower's limited partner for any unpaid tax credit adjuster amount; second, to the Borrower's limited partner to pay any limited partner loans; third, to pay borrower's limited partner an annual asset management fee of \$8,500, increasing by 3% per year; fourth, to replenish the balance of the operating reserve; fifth, to the payment of any sponsor loans and outstanding deferred developer fee; sixth, to pay any deferred management fees to the management agent; seventh, to pay the Borrower's general partner an annual general partner asset management fee in the amount of \$29,668, increasing by 3% per year; eighth, 50% of the remaining Residual Receipts shall be used to pay the remaining residual receipts loans in accordance with their relative principal amounts as follows: 73.91% shall repay the HCD MGP Loan; 20.30% shall repay the HCD Joe Serna Loan; and 5.79% shall repay the County HOME Loan. On or before the date that is 30 days prior to each Annual Payment Date, the Borrower shall submit to Lender the Annual Financial Statement for the immediately preceding Fiscal Year. All payments made by Borrower hereunder 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 Loan.

In the event that either of Borrower or Lender determines that there has been an understatement or underpayment of the amount of Residual Receipts reported or paid to Lender, Borrower shall promptly pay to Lender the full amount of such understatement or underpayment, but in any event, no later than the date that is twenty (20) days after the earlier of (a) the date of Borrower's determination of such understatement or underpayment, or (b) Lender's notice to Borrower of Lender's determination of such understatement or underpayment. In the event that Lender determines that there has been an overpayment of Residual Receipts to Lender, Lender shall promptly pay to Borrower the amount of such overpayment, but in any event, within twenty (20) days of such determination. If contested, Borrower has the right to pay under protest and request and pay for an audit by an independent certified public accountant.

8. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this County HOME Loan Promissory 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 Annual Payment Dates shall be legal tender for the payment of public and private debts.

9. **DEFAULT AND ACCELERATION.** This County HOME Loan Promissory Note is secured by the County HOME Loan Deed of Trust. All covenants, conditions and agreements contained in the



County HOME Loan Deed of Trust and the County HOME Loan Agreement are hereby made a part of this County HOME Loan Promissory Note. Borrower agrees that the amount of principal and all then-accrued and unpaid interest hereunder, shall, at the option of Lender, be immediately due and payable upon any Event of Default, as defined in the County HOME Loan Agreement, which, if subject to cure in accordance with Section 8.2 of the County HOME Loan Agreement and the applicable Notice of Default, has not been cured in accordance with the County HOME Loan Agreement and the applicable Notice of Default, including, but not limited to, the failure of Borrower to make any payment when due. Upon the occurrence of any Event of Default, Lender may exercise any other rights or remedies permitted under this County HOME Loan Promissory Note, any of the other County HOME Loan Documents, or applicable law. Cure of an Event of Default made or tendered by Borrower's limited partners shall be accepted or rejected as provided in the County HOME Loan Agreement.

10. **PREPAYMENT OF COUNTY HOME LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the County HOME Loan amounts prior to the end of the Term. However, prepayment of the County HOME Loan during the 20-year term of the County HOME Loan Regulatory Agreement shall require Lender's prior written approval, and shall not affect Borrower's obligations under the County HOME Loan Regulatory Agreement.

11. **NO OFFSET.** Borrower hereby waives any and all 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 Loan Promissory Note.

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

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

14. **NOTICES.** Except as may be otherwise specifically provided herein, no approval, notice, or consent of Lender shall be effective unless in writing signed by Lender. Notices to Borrower hereunder may be delivered to Borrower at the address of Borrower set forth below, or at such other place or places as Borrower may designate in writing, from time to time, in accordance with the Notice provisions of the County HOME Loan Agreement, for the receipt of communications from Lender. A copy of each notice sent to Borrower by Lender hereunder shall also be sent to Borrower's Limited Partner, Wells Fargo Bank, National Association and California Community Reinvestment Corporation at the addresses set forth below.

**Lender:** County of Santa Barbara  
Housing and Community Development  
123 E Anapamu Street, 2<sup>nd</sup> 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:** Buellton Garden Apartments, L.P.  
1060 Kendall Road,  
c/o People's Self-Help Housing Corporation

San Luis Obispo, Ca. 93401  
Attention: Kenneth Trigueiro, CEO & President

With copy to: Wells Fargo Affordable Housing Corp.  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC D1086-239  
Charlotte, NC 28202-4200  
Attention: Director of Tax Credit Asset Management

With copy to: Gubb & Barshay LLP  
235 Montgomery Street, Suite 1110  
San Francisco, CA. 94104  
Attn: Erica Williams Orcharton, Esq.

With copy to: Wells Fargo Bank, National Association  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC# D1086-4200  
Charlotte, North Carolina 28202-4200  
Attention: Manager, CLI Deal Management  
Loan No. 1021607

With copy to: Wells Fargo Bank, National Association  
Community Lending and Investment  
MAC# E2064-092  
333 S Grand Avenue, 9th Floor  
Los Angeles, CA 90071-1504  
Attention: Aaron Meyer  
Loan No. 1021607

With copy to: California Community Reinvestment Corporation  
100 W. Broadway  
Suite 1000  
Glendale, California 91210  
Attention: President

With copy to: Sheppard Mullin Richter & Hampton, LLP  
650 Town Center Drive, 10th Floor  
Costa Mesa, CA 92626  
Attention: Ken Fox, Esq.

**15. ASSIGNMENT; BINDING UPON SUCCESSORS.** All provisions of this County HOME Loan Promissory Note shall be binding upon and inure to the benefit of the permitted successors-in-interest, transferees, and assigns of Borrower and Lender; provided, however, that Borrower shall not assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise, this County HOME Loan Promissory Note or any of Borrower's rights or obligations hereunder without the prior written consent of Lender in each instance.

**16. GOVERNING LAW.** This County HOME Loan Promissory Note shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

17. **SEVERABILITY.** Every provision of this County HOME Loan Promissory Note is intended to be severable in the event that any provision of this County HOME Loan Promissory Note 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 shall not in any way be affected or impaired.

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

19. **WAIVER.** No waiver by Lender of any provision of this County HOME Loan Promissory Note or any of the other County HOME Loan Documents shall be effective unless in writing signed by Lender. No waiver will be implied from any delay or failure by Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under any of the County HOME Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation hereunder or under and of the other County HOME Loan Documents shall not operate as a waiver of or release from any of the Borrower's obligations hereunder or under and of the other County HOME 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.

20. **AMENDMENTS AND MODIFICATIONS.** No amendment or modification to or of this County HOME Loan Promissory Note shall be effective unless in writing and duly 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 Loan Promissory Note. The sole recourse of the Lender with respect to the principal of, or interest on, the County HOME Loan Promissory Note shall be to the property securing the indebtedness evidenced by the County HOME Loan Promissory 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 Loan Promissory 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 Loan Promissory 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 Loan Promissory 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) fraud or willful misrepresentation or misconduct by or on behalf of Borrower or any of Borrower's officers, agents, partners, or any of Borrower's partner's members, managers, officers, directors, employees, or agents; (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 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 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 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 Loan Deed of Trust.

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

**BORROWER:**

Buellton Garden Apartments L.P.,  
a California limited partnership

By: Buellton Garden Apartments LLC,  
a California Limited Liability Company,  
its managing general partner

By: People's Self-Help Housing Corporation,  
A California nonprofit public benefit corporation, its  
sole Member/manager

By: \_\_\_\_\_  
Kenneth Trigueiro, CEO and President



**EXHIBIT E**

**COUNTY HOME LOAN 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

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

This County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants (this “Agreement”) is made as of this 7th day of November, 2023 (“Effective Date”) by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender” or “County”), and Buellton Garden Apartments, L.P., a California limited partnership (the “Owner” or “Borrower” and, together with the County, collectively, the “Parties” and each individually a “Party”).

**RECITALS**

A. The Owner owns a parcel of real property located at 10 and 12 McMurray Road in Buellton, California, as more particularly described in Exhibit A, attached hereto and incorporated herein by reference (the “Property”), upon which the Owner intends to construct eighty-nine (89) units of permanent rental housing, of which one unit is designated as a manager’s unit not subject to income or rent limits (the “Project”).

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



D. Concurrently herewith, Lender is lender to Owner a loan in the amount of One Million, Five Hundred Thousand Dollars (\$1,500,000), comprised of HOME Funds and PLHA Funds, to provide financing for the Project (the “County HOME Loan”), as evidenced by that certain County HOME Loan Promissory Note of even date herewith executed by Borrower in favor of Lender in the amount of One Million, Five Hundred Thousand Dollars (\$1,500,000) (“County HOME Loan Note”) and that certain County HOME Loan Agreement of even date herewith by and between Lender and Borrower (“County HOME Loan Agreement”).

E. As further consideration for the County HOME Loan 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, 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 County HOME Loan, the Owner 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 HOME Loan Agreement. Some of the following terms are defined in the County HOME Loan Agreement and repeated herein for convenience of reference.

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

1.2 “**AREA MEDIAN INCOME**” or “**AMI**” 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 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 This section intentionally left blank.

1.4 “**COUNTY HOME LOAN**” means the loan of HOME Funds and PLHA Funds in the maximum aggregate 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 HOME Loan Agreement and the County HOME Loan Note.

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

1.6 “**COUNTY HOME LOAN DEED OF TRUST**” means that certain deed of trust, assignment of rents, and security agreement recorded against the Property and the improvements

to be constructed thereon as security for the County HOME Loan, executed concurrently herewith by 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 LOAN DOCUMENTS”** means, collectively, the County HOME Loan Agreement, the County HOME Loan Note, the County HOME 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.

1.8 **“COUNTY HOME LOAN NOTE”** means the promissory note executed by the Owner concurrently herewith in favor of the Lender in the amount of One Million, Five Hundred Thousand Dollars (\$1,500,000) evidencing the County HOME Loan, which is secured by the County HOME Loan Deed of Trust, as well as any amendments to, modifications of, or restatements of said promissory note.

1.9 **“HOME-ASSISTED UNIT”** means any of the six (6) Units on the Property designated by the Owner as “floating” HOME-Assisted Units with restricted occupancy and rents pursuant to and subject to the requirements of this Agreement, each of which must be occupied by a Qualifying Household. A Unit shall not be considered a HOME-Assisted Unit until such Unit has been constructed and made available for occupancy.

1.10 **“PROJECT COMPLETION”** means that all necessary title transfer requirements and construction work for the Project have been performed; the Project complies with the requirements of 24 CFR Part 92 (including, but not limited to, 24 CFR 92.2, 24 CFR 92.252(e), and the property standards under § 92.251); and the Project completion information has been entered into the disbursement and information system established by HUD; provided, however, that, with respect to rental housing Project completion, for the purposes of § 92.502(d), Project completion occurs upon completion of construction and before occupancy.

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 Buellton Garden Apartments, L.P., a California limited partnership.

1.14 **“PROJECT”** means the construction, operation and management of the Property and the improvements thereon and constructed thereon during the Term.

1.15 **“PROPERTY”** means that certain real property and improvements thereon located at 10 and 12 McMurray Road in Buellton, California as more particularly described in Exhibit A, attached hereto and incorporated herein by reference, including, but not limited to, all improvements constructed thereon during the Term.

1.16 **“QUALIFYING HOUSEHOLD”** means a household that qualifies as a Very Low-Income Household, as defined herein.

1.17 **“QUALIFYING RENT”** means the total monthly charges for rent of a HOME-Assisted Unit, which shall not exceed:

- a) For each of the two one-bedroom HOME-Assisted Units, the rent shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of the AMI as determined by HUD, with adjustments for number of bedrooms in the Unit and smaller and larger families; and
- b) For each of the two two-bedroom HOME-Assisted Units, the rent shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of the AMI as determined by HUD, with adjustments for number of bedrooms in the Unit and smaller and larger families; and
- c) For each of the two three-bedroom HOME-Assisted Units the rent shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of the AMI as determined by HUD, with adjustments for number of bedrooms in the Unit and smaller and larger families.

HOME rents are not required to be lower than the HOME rent limits for the Project in effect as of the Effective Date of this Agreement.

In accordance with 24 CFR 92.252(d), if the Tenant of a HOME-Assisted Unit pays for utilities and services (excluding telephone, television and Internet services), then the Qualifying Rent for such Unit shall be reduced by the maximum monthly allowance for utilities and services using the annual HUD Utility Schedule Model or other annual utility schedule as determined by the County.

1.18 **“TAX CREDIT REGULATORY AGREEMENT”** means that regulatory agreement required by the California Tax Credit Allocation Committee that will be recorded after completion of the Project and which restricts the Tenant income and rents for all Units in the Project, with the exception of the Project’s manager’s unit which shall not be so restricted.

1.19 **“TENANT”** means a household occupying a Unit.

1.20 **“TERM”** means the term of this Agreement, which shall commence on the Effective Date and terminate on the date that is six (6) months after the date that is fifty-five (55) years after the date of the issuance by the City of Buellton Building Official of a certificate of occupancy for the Project.

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 (50%) of the Area Median Income with adjustments for household size.

## **2. TERM AND COMPLIANCE**

**2.1 COMPLIANCE WITH COUNTY HOME LOAN DOCUMENTS.** The Owner’s actions with respect to the Property and the use of funds from the County HOME Loan shall at all

times be in full conformity with all of the requirements of the County HOME Loan Documents, including, but not limited to, the insurance requirements contained 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. Upon termination of this Agreement, Owner shall be required to comply with the terms of the Tax Credit Regulatory Agreement to be recorded after completion of the Project for the duration of the County HOME Loan.

**2.3 COMPLIANCE WITH PROGRAM REQUIREMENTS.** At all times during the Term, the Owner shall comply with (i) all HOME program requirements, including, but not limited to, 24 CFR Part 92, and all HOME program policies and procedures in effect during the Term, and (ii) all PLHA program requirements, including, but not limited to, the PLHA Statutes, Guidelines, Notice of Funding Availability, that certain Standard Agreement (20-PLHA-15194) by and between the State and the County, and the housing first practices described in California Code of Regulations, title 25, section 8409(b)(1)-(6) (all of the requirements referenced in this Section 2.3., collectively, the “HOME Requirements”).

### **3. PROJECT OCCUPANCY AND RENTS**

**3.1 OCCUPANCY OF PROJECT.** A total of six (6) Units in the Project shall be designated as HOME-Assisted Units. Each HOME-Assisted Unit must be occupied, or reserved for occupancy, by a Qualifying Household.

**3.2 HOME-ASSISTED UNITS.** At all times during the Term, the Owner shall limit rental of six (6) HOME-Assisted Units to Qualifying Households at Qualifying Rents that do not exceed the maximum rental charges for each HOME-Assisted Unit as set forth in Sections 1.17 and 3.4 herein. The HOME-Assisted Units shall be designated as “floating” so the HOME-Assisted Units may change over time as long as the total number and type of HOME-Assisted Units in the Project remains constant.

All HOME-Assisted Units shall meet the following standards:

- A. The HOME-Assisted Units shall be similarly constructed and of comparable quality to all other Units in the Project, and shall be dispersed throughout the Project; and
- B. All Tenants of HOME-Assisted Units shall be provided with access to and enjoyment of all common areas and facilities of the Project on the same basis as Tenants of other Units.

**3.3 OTHER PROJECT UNITS.** The Units other than the HOME-Assisted Units, excluding any manager’s unit, must comply with the rent and income restrictions and other provisions of the Tax Credit Regulatory Agreement. Non-compliance under the terms of the Tax Credit Regulatory Agreement shall constitute an event of default under the County HOME Loan Agreement.

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

B. The Qualifying Rent for each HOME-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. Owner shall not increase Qualifying Rents charged to any Tenant occupying a HOME-Assisted Unit without the prior written approval of the County in each instance. Owner shall submit to the County a written request for approval of each such increase at least sixty (60) calendar days prior to the requested effective date of such increase. Lender may approve such request if the increased Qualifying Rents would comply with all applicable HOME Requirements. Owner must deliver to Tenants of Home-Assisted Units written notice of each such County-approved increase at least thirty (30) days prior to any increase in Qualifying Rents, consistent with State law.

3.4.1 OCCUPANCY DEADLINES. Owner shall ensure that each HOME-Assisted Unit is occupied by a Qualifying Household Tenant in accordance with the deadlines for occupancy set forth at 24 CFR 92.252. Each HOME-Assisted Unit shall be occupied by a Qualifying Household within six (6) months after the date of Project Completion (“Occupancy Deadline”), which Project Completion shall be evidenced by the recording of a notice of completion and Certificate(s) of Occupancy. In the event that any HOME-Assisted Unit is not occupied by a Qualifying Household by the Occupancy Deadline (“HOME-Assisted Unit Vacancy”), Owner shall (i) deliver to Lender, within five (5) days after the Occupancy Deadline, written notice of each such HOME-Assisted Unit Vacancy, (ii) submit to Lender, within ten (10) days after the Occupancy Deadline, a detailed record of Owner’s marketing efforts with respect to the Project and the HOME-Assisted Units, and (iii) comply with Lender’s reasonable requests for additional information pertaining to such marketing efforts.

Any HOME-Assisted Unit Vacancy on the date that is eleven (11) months after the date of the issuance of a Certificate of Occupancy shall constitute an Event of Default by Owner. 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, Owner shall provide to Lender written notice of each such HOME-Assisted Unit Vacancy and its marketing plan to Lender to evidence ongoing efforts to occupy the HOME-Assisted Units. Within five (5) days of receipt of such notice of HOME-Assisted Unit Vacancy from Owner, Lender shall give written notice to Owner of such Event of Default in accordance with Section 6.2, below. Owner shall cure such Event of Default before the last day of

the twelfth (12<sup>th</sup>) month after the date of Project Completion. Notwithstanding any other provision of this Agreement, or any provision of any other County HOME Loan Document or subordination agreement to the contrary, Owner shall immediately repay to Lender all County HOME Loan funds invested in Units that are not rented to Qualifying Households within 12 months of Project Completion.

### **3.5 INCOME CERTIFICATION.**

The Annual Income levels and other qualifications of applicants for HOME-Assisted Units shall be certified by Owner no earlier than six (6) months prior to the Qualifying Household's expected occupancy of a HOME-Assisted Unit, and recertified annually thereafter by the Owner, in compliance with 24 CFR 92.203. Before an applicant occupies a HOME-Assisted Unit, the Owner shall verify that the Annual Income calculated in an Annual Income certification for such applicant is accurate by taking both of the following steps as a part of the verification process:

- (1) Third Party Verification: Owner shall contact all third parties referenced in such Qualifying Household's Annual Income Certification (e.g., employer, Social Security Administration, public assistance agency) are contacted in writing to obtain written verification from each such third party of such Qualifying Household's Annual Income; and
- (2) Review of Documents: Owner shall require each Qualifying Household to provide documents verifying such Qualifying Household's Annual Income (e.g., pay stubs, tax returns), and shall retain all such Qualifying Household Annual Income verification documents in the Project files.

B. Annual Income Recertification. At the time of each HOME-Assisted Unit lease renewal, or pursuant to an annual schedule adopted by the Owner, and in no event later than the one-year anniversary of the initial Annual Income verification for each HOME-Assisted Unit, and annually thereafter during the Affordability Period, Owner shall recertify the Annual Income of each Tenant occupying a HOME-Assisted Unit using the method described in Section 3.5.A, above. Such annual recertification shall be used in order to determine 30% of each Qualifying Household's tenant portion of rent payment for such HOME-Assisted Unit.

**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's Annual Income exceeds the maximum designated for a Unit reserved for a Very Low-Income Household hereunder and pursuant to the HOME Requirements, the Owner may increase the amount of rent payable by such Tenant for such Unit only as permitted by HUD in accordance with regulations regarding "over-income tenants" at 24 CFR 92.252(i). If such Previously-Qualifying Household's income exceeds eighty-percent (80%) of AMI, then the Unit occupied by such Previously-Qualifying Household no longer qualifies as a HOME-Assisted Unit, and the next available Unit of comparable size and amenities or larger must be designated as the replacement HOME-Assisted Unit.

## **4. LEASING THE PROJECT**

**4.1 TENANT LEASES.** The Owner shall execute a written lease agreement ("Lease") with Tenant(s) of each HOME-Assisted 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, and all changes thereto, must be approved in writing in advance by Lender.

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

B. In addition to executing a Lease for each HOME-Assisted Unit, the Owner shall require that each Qualifying Household leasing a HOME-Assisted Unit execute a Declaration of Intent to Occupy, which shall require the Qualifying Household to occupy such HOME-Assisted Unit as the Qualifying Household's primary residence.

C. The Lease for each HOME-Assisted Unit shall not contain any of the prohibited provisions identified at 24 CFR §92.253(b), including, but not limited to, 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-Assisted Unit after the Tenant has moved out of the HOME-Assisted 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 (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-Assisted Unit except for serious or repeated violations of the terms and conditions of such Lease, for violation of applicable Federal, State, or local law, or for other good cause. 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 HOME-Assisted Unit at the time such applicant is offered a lease for a HOME-Assisted Unit, or denied admission to a HOME-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-Assisted Unit. If a family living in a HOME-Assisted Unit separates under 24 CFR 5.2009(a), the remaining Tenant(s) may remain in the Unit. All Leases for HOME-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). 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 VAWA requirements applicable to the HOME program not specified herein.

F. Owner and Lender shall work together to comply with the requirements of the Coordinated Entry System under the Continuum of Care (“CoC”) program, as set forth at 24 CFR Part 578, PIH Notice 2013-15 and other guidance from HUD on CoC and PHA collaboration.

4.2 **TENANT SELECTION.** Before leasing any Unit in the Project, the Owner must provide to Lender for Lender’s review and approval the Owner’s written tenant selection plan (“Tenant Selection Plan”). Tenant selection must, at a minimum, meet the requirements for tenant selection set out in 24 C.F.R. 92.253(d) and any modifications thereto. All 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.

**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.** Prior to occupancy, Owner shall submit to the Lender for approval its plan for marketing the Units, including information on affirmative marketing efforts and compliance with fair housing laws and the Lender's affirmative fair marketing guidelines. Upon receipt of the marketing plan, the Lender shall promptly review the marketing plan and shall approve or disapprove it within thirty (30) days after submission. If the marketing plan is not approved, Lender shall specify its reasons for disapproval. The Owner shall submit a revised marketing plan within thirty (30) days of Lender's notice of disapproval. Notwithstanding the above, the Marketing Plan will be deemed approved by the County upon either: a) approval of the Marketing Plan by the California Department of Housing and Community Development ("State HCD"); or b) determination by Lender that the Marketing Plan complies with 24 CFR 92.351 and the HOME Requirements. If the Marketing Plan remains unapproved pursuant to the terms of the preceding sentence, , the County may, in its discretion, provide Borrower written notice of an Event of Default under Sections 8.1.D, 8.1.E, and/or 8.1.I of the County HOME Loan Agreement, and thereafter Borrower shall have 30 days to cure; or such shorter cure period as may be specified by State HCD.

## **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. Lender hereby preapproves the Duncan Group, a California nonprofit public benefit corporation, as the Property Manager for the Project. 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.

**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 approval. Owner shall amend the Management Policies in any way necessary to ensure that the Management Policies comply with the provisions of this Agreement, the HOME Requirements, as may be amended from time to time, and the requirements of all lenders providing

financing for the Project; provided, however, that in the event of any conflict between the HOME Requirements and the requirements of any lender providing financing for the Project, the HOME Requirements shall prevail and control, and the Management Policies shall comply with the HOME Requirements.

**5.3 INSPECTION AND RECORDS.** The Owner shall maintain records which clearly document the Owner's performance of its obligations under this Agreement. The Owner shall submit all requested records to the Lender within ten (10) business days of 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 forty-eight (48) hours' advance 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 and the HOME Program regulations ss set forth in 24 CFR Part 92 in effect as of the Effective Date, and 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 regulation, the HOME Requirements, and/or as reasonably requested by Lender.

**5.5 ANNUAL REPORT.** On or before April 1<sup>st</sup> of each year during the Term following recordation of a notice of completion issued for the Project, 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 Section 1.2 of the County HOME 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-Assisted 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 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 in connection with reporting requirements of HUD, 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 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 in each instance. Lender acknowledges that Owner will be applying for a property tax exemption under California Revenue and Taxation Code Section 214(g) for the Property, and hereby provides its consent for such property tax exemption application.

**5.8 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 tenantable condition. All Units in the Project must meet the standards set forth in 24 CFR 92.251(f)(2) at all times during 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 such standards are applicable to the Project, Lender shall send written notice of such 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. Owner shall be solely responsible for maintenance of the Property.

## **6. GENERAL PROVISIONS**

**6.1 SUBORDINATION.** This Agreement shall be senior, and shall not be subordinate, to all deeds of trust, notes, agreements, and other obligations of Lender 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. Lender hereby consents to the subordination of this Agreement as follows: (i) to that certain State HCD Project loan made by the California Department of Housing and Community Development to Owner in the amount of \$19,155,000 through the Multi-family Housing Program (MHP), and a loan made by State HCD in the amount of \$5,260,770, provided through the Joe Serna Farmworker Housing Program, and (ii) to the documents evidencing and securing that certain construction loan to be made by Wells Fargo Bank, National Association, a national banking association ("Senior Lender"), in an amount not to exceed \$55,000,000 for purposes of constructing the Project, which construction loan will convert to a permanent loan provided by California Community Reinvestment Corporation, a California nonprofit public benefit corporation ("CCRC") in an amount not to exceed \$5,000,000.

**6.2 DEFAULT AND REMEDIES** In the event of any breach of any provision(s) of this Agreement by 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. In the event of a monetary breach, Owner shall have a period of seven (7) days after such Default Notice within which to cure such monetary breach prior to exercise of remedies by the Lender hereunder, or such longer period of time as may be specified in the applicable Opportunity to Cure Notice. If the event of a non-monetary breach, if such breach is reasonably capable of being cured within thirty (30) days, as determined by the Lender in its reasonable discretion, Owner shall have thirty (30) days from the date of the applicable Opportunity to Cure Notice in which to effect a cure prior to exercise of remedies by the Lender, or such longer period of time as may be specified in such Opportunity to Cure Notice. If the non-monetary breach is such that it is not reasonably capable of being cured within thirty (30) days, as determined by the

Lender in its reasonable discretion, or such longer period if so specified in the applicable Opportunity to Cure Notice, and if Owner (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is determined by the Lender, in Lender's reasonable discretion, to be reasonably necessary to cure such breach prior to exercise of Lender's remedies. Notwithstanding the foregoing, in no event shall the Lender be precluded from exercising remedies in the event of any of the following: (i) the breach is not cured within thirty (30) days after the date of such Opportunity to Cure Notice, or such longer period of time as may be specified by Lender in writing duly executed by Lender with respect to such breach during such 30-day period; or (ii) Lender's security becomes or is about to become materially jeopardized by any failure to cure a default. Lender shall accept a cure of such breach by the Owner's limited partner on the same basis 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 HOME 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 of the HOME Requirements or 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 Sections 8.1.D, 8.1.E, and/or 8.1.I of the County HOME 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 Sections 8.1.D, 8.1.E, 8.1.I and/or 8.1.J of the County HOME 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 during the Term, comply with all of the insurance and indemnification provisions set forth in Exhibit B, attached hereto and incorporated herein by this reference.

**6.6 GOVERNING LAW.** This Agreement shall be interpreted under and 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 HOME 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, 2<sup>nd</sup> 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:** Buellton Garden Apartments, L.P.  
1060 Kendall Road  
San Luis Obispo, California 93401  
Attention: Kenneth Trigueiro, CEO and President

With copy to: Wells Fargo Affordable Housing Corp.  
550 S. Tryon Street  
23<sup>rd</sup> Floor, MAC D1086-239  
Charlotte, NC 28202-4200  
Attention: Director of Tax Credit Asset Management

With copy to: Gubb & Barshay LLP  
235 Montgomery Street, Suite 1110  
San Francisco, CA. 94104  
Attn: Erica Williams Orcharton, Esq.

With copy to: Wells Fargo Bank, National Association  
550 S. Tryon Street  
23rd Floor, MAC# D1086-4200  
Charlotte, North Carolina 28202-4200  
Attention: Manager, CLI Deal Management  
Loan No. 1021607

With copy to: Wells Fargo Bank, National Association  
Community Lending and Investment  
MAC# E2064-092  
333 S Grand Avenue, 9th Floor  
Los Angeles, CA 90071-1504  
Attention: Aaron Meyer  
Loan No. 1021607

With copy to: California Community Reinvestment Corporation  
100 W. Broadway  
Suite 1000  
Glendale, California 91210  
Attention: President

With copy to: Sheppard Mullin Richter & Hampton, LLP  
650 Town Center Drive, 10th Floor  
Costa Mesa, CA 92626  
Attention: Ken Fox, Esq.

**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 and inure to the benefit of the permitted successors-in-interest, permitted transferees, and permitted assigns of the Owner, as permitted in accordance with the County HOME Loan Documents, and as expressly approved in advance in writing by the Lender in each instance, 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 HOME Loan or County HOME Loan Note, any reconveyance of the County HOME 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 (except as permitted in the County HOME Loan Documents), or any of Owner's rights or obligations hereunder, without the prior written consent of Lender in each instance. Any purported Transfer in violation of the foregoing provisions of this Section 6.11 shall be void *ab initio*.

**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 HOME 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 HOME 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: \_\_\_\_\_  
Deputy Clerk of the Board

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

By: \_\_\_\_\_  
DAS WILLIAMS  
Board Chair

**APPROVED AS TO ACCOUNTING  
FORM:**  
BESTY M. SCHAFFER, CPA, CPFO  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Deputy

**BORROWER**  
**BUELLTON GARDEN APARTMENTS, L.P.,**  
a California limited partnership

By: Buellton Garden Apartments LLC, a California  
Limited Liability Company, its managing general  
partner

**APPROVED AS TO FORM**

RACHEL VAN MULLEM  
COUNTY COUNSEL

By: \_\_\_\_\_  
Deputy County Counsel

By: People’s Self-Help Housing Corporation, a  
California nonprofit public benefit corporation, its  
sole member and manager

By: \_\_\_\_\_  
Kenneth Trigueiro. CEO and President

**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 of the Property

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

LOT 1 OF TRACT 31009 IN THE CITY OF BUELLTON, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 182, PAGES 9 THROUGH 13](#) INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM ALL OIL, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES, INCLUDING NATURAL GAS, IN, ON AND UNDER THAT PORTION OF SAID LAND, AS EXCEPTED IN THE DEED FROM PAUL NIELSEN, ET UX. TO HAROLD A. MATHIESEN, ET UX., RECORDED SEPTEMBER 19, 1958 AS INSTRUMENT NO. 22849 IN [BOOK 1556, PAGE 152](#) OF OFFICIAL RECORDS.

APN: 137-200-087

## EXHIBIT F

### 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**  
**MANAGEMENT PLAN**

## HOUSING MANAGEMENT AGREEMENT

This Agreement is made this 19<sup>th</sup> day of September, 2023, between **Buellton Garden Apartments, L.P.**, (the "Owner) and **The Duncan Group**, dba People's Self-Help Housing, (the "Agent").

1. **Appointment and Acceptance.** The Owner appoints the Agent as exclusive agent for the management of the property described in Section 2 of this Agreement, and the Agent accepts the appointment subject to the terms and conditions set forth in this Agreement.
2. **Description of Project.** The property to be managed by the Agent under this Agreement (the "Project") is a housing development, consisting of the land, buildings, and other improvements. Project is further described as follows:

Name: **Buellton Garden Apartments**

Location: **10 McMurray Road** County: **Santa Barbara**  
**Buellton** State: **California**  
No. of Units: **89**

3. **Definitions.** As used in this Agreement:
  - a. "Mortgage" means that written instrument providing security for payment of the debt.
  - b. "Mortgagee" means any holder of the Mortgage.
  - c. "Principal Parties" means the Owner and the Agent.
4. **Requirements.** The project is subject to a Mortgage provided and the Owner has, or will, accordingly enter into a Regulatory Agreement, whereby the owner is obligated to provide for management of the project in a manner satisfactory to the lender. The Owner has, or will, furnish the Agent with copies of the Regulatory Agreement. In performing its duties under this Management Agreement, the Agent will comply with all pertinent requirements.
5. **Rentals.** The Agent will offer for rent and will oversee the rental of the dwelling units, parking spaces, open space, and other rental facilities in the project. Henceforth, any duties designated as the responsibility of the Agent can, at the discretion and under the supervision of the Agent, be assigned to the resident property manager. Such duties shall, in any case, be the responsibility of the Agent.

Incident thereto, the following provisions will apply:

- a. The Agent will show the premises to prospective tenants.
- b. The Agent will take and process applications for rentals. If an application is rejected, the applicant will be told the reason for rejection, and the rejected application, with reasons for rejection noted thereon, will be kept on file for three (3) years. A current list of prospective tenants will be maintained.
- c. The Agent will prepare all dwelling leases, parking permits and will execute the same in the name of the Owner. The terms of all leases will comply with the pertinent provisions of Regulatory Agreements. Dwelling leases will be in a form approved by the Owner and lending institution.
- d. The Owner will furnish the Agent with rent and income schedules, showing rents as appropriate for dwelling units, and other charges for facilities and services, and income data



pertinent to determination of tenant eligibility and tenant rents. In no event will such rents and other charges be exceeded.

- e. The Agent will counsel all prospective tenants regarding eligibility and will prepare and verify eligibility certifications and recertifications.
- f. The Agent will negotiate commercial leases and concession agreements and will execute the same in the name of the Owner, subject to the Owner's prior approval of all terms and conditions.
- g. The Agent will collect, deposit and disburse security deposits, if required, in accordance with the terms of each tenant's lease. Security deposits will be deposited by the Agent in an account separate from all other accounts and funds, insured by agency of the United States Government.

The Owner may invest security funds to earn a rate higher than the passbook rate but is under no obligation to do so.

If required, interest earned for the term of occupancy must be added to the security deposit. Unpaid rent or other amounts due under the lease (e.g., late charges, damages) must be deducted and the net amount of the security deposit and interest refunded to the tenant within twenty-one (21) days after the tenant has permanently moved out of the unit, returned possession of the unit to the Owner/Management Agent, and given his/her new address to the Owner/Management Agent.

- 6. Collection of Rents and Other Receipts. The Agent will collect when due all rents, charges, and other amounts receivable of the Owner's account in connection with the management and operation of the Project. Such receipts will be deposited in an account separate from all other accounts and funds, with a bank whose deposits are insured by an agency of the United States Government. This account will be carried in the owner's name and designated of record as "The Property Operating Account".
- 7. Enforcement of Leases. The Agent will secure full compliance by each tenant with the terms of his/her lease. Voluntary compliance will be emphasized. Nevertheless, the Agent may lawfully terminate any tenancy when, in the Agent's judgment, sufficient cause (included but not limited to non-payment of rent) for such termination occurs under the terms of the tenant's lease. Agent shall notify Owner prior to any eviction proceedings. For this purpose, the Agent is authorized to consult it's legal counsel to bring actions for evictions and to execute notices to vacate and judicial pleadings incident to such actions; providing however, that the Agent keeps the Owner informed of such actions and follows such instructions as the Owner may prescribe for the conduct of any such action. Attorney's fees and other necessary costs incurred in connection with such actions will be paid out of the operating account as Project expenses.
- 8. Maintenance and Repair. The Agent will cause the project to be maintained and repaired in accordance with local codes, and in a condition at all times acceptable to the Owner, including but not limited to cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other requirements imposed by the Owner in addition to those contained herein.

Incident thereto, the following provisions will apply:

- a. Special attention will be given to preventive maintenance, and to the greatest extent feasible, the services of regular maintenance employees will be used.

- b. Where applicable, the Agent will contract with qualified contractors for the maintenance and repair of air conditioning systems, and for extraordinary repairs beyond the capability of regular maintenance employees.
  - c. The Agent will systematically and promptly receive and investigate all service requests from tenants, take such action thereon as may be justified, and will keep records of the same.
  - d. The Agent is authorized to purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair.
  - e. Notwithstanding any of the foregoing provisions, the prior approval of the owner will be required for any expenditure which exceeds Five Thousand dollars (\$5,000.00) in any one instance for labor, materials, or otherwise in connection with the maintenance and repair of the Project, except for recurring expenses within the limits of the operating budget for emergency repairs involving manifest suspension of any necessary service to the Project. In the latter event, the Agent will inform the owner of the facts as promptly as possible.
9. Utilities and Services. In accordance with the operating budget, the Agent will make arrangements for water, electricity, gas, trash disposal, vermin extermination, decorating, laundry facilities, and telephone service. Subject to the Owner's prior approval, the Agent will make such contracts as may be necessary to secure such utilities and services.
10. Employees. All on-site personnel will be employees of the Agent, and will be hired, paid, supervised and discharged through the Agent, subject to the following conditions:
- a. The resident property manager, if applicable, will have duties of the type usually associated with the position and will be directly responsible to the Agent.
  - b. Compensation of resident property manager, maintenance, bookkeeping, clerical, and other managerial personnel will be within the Agent's discretion (including fringe benefits), provided that minimum wage standards are met.
  - c. Compensation (including fringe benefits) payable to staff, such as the resident property manager and all bookkeeping, clerical, and other managerial personnel (whether located on-site or in the Agent's office), including but not limited to Social Security taxes, unemployment insurance and worker's compensation insurance, plus all local, state, and federal taxes and assessments incident to the employment of such personnel, will be borne solely by the Project, and will not be paid out of the Agent's fee. The rental value of any dwelling unit furnished rent-free to the resident property manager will be treated as a cost to the Project.
11. Disbursement from Project Operating Account.
- a. From the funds collected and deposited by the Agent in the Project Operating Account pursuant to Section 6 above, the Agent will make the following disbursements promptly when payable.
    - 1. Compensation payable to Agent's employees as specified in Subsection 10c above, and for the taxes and assessments payable to local, State and federal governments in connection with the employment of such personnel.
    - 2. Reimbursement to the Agent for compensation payable to any employees specified in Subsection 10c above, and for the taxes and assessments payable to local, state, and federal governments in connection with the employment of such personnel.

3. Payment(s) required to be made by the owner to the Mortgagee(s), including the amounts due under the mortgage for principal amortization, interest, mortgage insurance premium, ground rents, taxes and assessments, fire and other hazards insurance premiums, and the amount specified in the Regulatory Agreement for allocation to the Reserve for Replacements.
  4. All sums otherwise due and payable by the owner as expenses of the Project authorized to be incurred by the Agent under the terms of this Agreement, including compensation payable to the Agent, pursuant to Section 21 below, for its service hereunder.
- b. In the event that the balance in the Project Operating Account is at any time insufficient to pay disbursements due and payable under Subsection 11 above, the Agent will inform the Owner of the fact and the Owner will then remit to the Agent sufficient funds to cover the deficiency. In no event will the Agent be required to use its own funds to pay such disbursements.
12. Budgets. Annual operating budgets for the Project will be as approved by the Owner. The Agent will prepare a recommended operating budget for the following fiscal year beginning during the term of this Agreement and will submit the same to the owner no later than sixty (60) days before the beginning of the fiscal year. The owner will promptly inform the Agent of changes, if any, to be incorporated in the approved budget, and the Agent will keep the Owner informed of any deviation from the receipts or disbursements stated in the approved budget.
13. Records and Reports. The Agent will have the following responsibilities with respect to records and reports:
  - a. The Agent will establish and maintain a system of records, books and accounts in a manner conforming to general accounting rules and satisfactory to the owner. All records, books and accounts will be subject to examination at reasonable hours by an authorized representative of the Owner.
  - b. With respect to each fiscal year ending during the term of this Agreement, the Agent will have an annual financial report prepared by a Certified Public Accountant or other person acceptable to the Owner. Based upon the preparer's examination of the books and records of the owner and the Agent, the report will be prepared in accordance with the general accounting rules and will be submitted to the Owner within sixty (60) days after the end of the fiscal year, for the Owner's certification. Compensation for the preparer's services will be paid out of the Project's Operating Account as an expense of the Project.
  - c. The Agent will prepare monthly reports comparing actual and budgeted figures for receipts and disbursements, and will submit each such report to the owner within fifteen (15) days after the end of the quarter covered.
  - d. The Agent will furnish such information (including occupancy reports) as may be requested by the Owner and from time to time with respect to the financial, physical or operational condition of the Project.
  - e. By the tenth (10th) day of each month, the Agent will furnish the owner with an itemized list of all delinquent accounts, including rental accounts, as of the last day of the previous month.
14. Fidelity Bond. The Agent will furnish, at its own expense, a fidelity bond that is at least equal to the gross potential income for two (2) months and is conditioned to protect the owner against

misappropriation of Project funds by the Agent and its employees. The owner shall provide a bond of a like kind to cover the on-site personnel identified in Section 10 and it shall be paid for from project income. The other terms and conditions of the bond, and the surety thereon, will be subject to the approval of the Owner.

15. Tenant-Management Relations. The Agent will encourage residents of the Project in forming and maintaining representative organizations to promote their common interests.
16. On-site Management Facilities. Subject to the further agreement of Owner and Agent as to more specific terms, the Agent will maintain a management office within the Project.
17. Insurance. The Owner will inform the Agent of insurance to be carried with respect to the Project and its operations, and the Agent will cause such insurance to be placed and kept in effect at all times. The Agent will pay premiums out of the Project Operating Account, and premiums will be treated as operating expenses. All insurance will be placed with such companies, on such conditions, in such amounts, and with such beneficial interests appearing thereon as shall be acceptable to the Owner, and shall be otherwise in conformity with the mortgage; provided that the same will include public liability coverage, with the Agent designated as one of the insured, in amounts acceptable to the Agent as well as the Owner. The Agent will investigate and furnish the Owner with full reports as to accidents, claims, and potential claims for damage relating to the Project, and will cooperate with the Owner's insurers in connection therewith.
18. Compliance with Government Orders. The Agent will take such action as may be necessary to comply promptly with any and all governmental orders or other requirements affecting the Project, whether imposed by federal, state, county or municipal authority, subject, however, to the limitation stated in Subsection 8e with respect to repairs. Nevertheless, the Agent shall take no such action so long as the owner is contesting, or has affirmed its intention to contest, any such order or requirement.
19. Non-discrimination. 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, creed or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241) all requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle Ad, Part 1) issued pursuant to that Title; regulations issued pursuant to Executive Order 11063, and Title VIII of the 1968 Civil Rights Act.
20. Agent's Compensation. The Agent will be compensated for its services under the Agreement by payment of a management fee from the Project Operating Account on the first day of each month. The monthly management fee shall be \$83 per unit per month increasing annually at a rate of 3%, or such other maximum amount permitted under the rules and regulations governing a given unit, whichever is greater. The management fee shall be due for each unit regardless of whether the unit is occupied.
21. Term of Agreement. This Agreement shall be in effect for the period commencing as of the date hereof and ending on the first (1st) anniversary of the date hereof, and shall be automatically extended for one (1) year periods thereafter subject to the following conditions:
  - a. This Agreement may be terminated by the mutual consent of the Principal Parties as of the end of any calendar month, provided that at least thirty (30) days advance written notice thereof is given.
  - b. In the event that a petition in bankruptcy is filed by or against either of the Principal Parties, or in the event that either makes an assignment for the benefit of creditors or takes advantage

of any insolvency act, the other party may terminate this Agreement without notice to the other.

- c. Upon termination, the Agent will submit to the Owner any financial statements. After the Principal Parties have accounted to each other with respect to all matters outstanding as of the date of termination, the Owner will furnish the Agent security, in form and principal amount satisfactory to the Agent, against any obligations or liabilities that the Agent may properly have incurred on behalf of the Owner hereunder.
- d. Any dispute or claim in law or equity arising out of this Agreement or any resulting transaction shall on the written request of either party served on the other be submitted to arbitration, and such arbitration shall comply with and be governed by the provisions of the California Arbitration Act, Sections 1280 through 1294.2 of the California Code of Civil Procedure, unless parties mutually agree otherwise. The parties shall each appoint one person to hear and determine the dispute and, if they are unable to agree, then the two persons so chosen shall select a third impartial arbitrator whose decision shall be final and conclusive upon both parties. The cost of arbitration shall be borne by the losing party or in such proportions as the arbitrator shall decide. The decision of the arbitrator shall be binding on the parties.
- e. Should any litigation be commenced regarding the Agreement, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be awarded to a reasonable sum as attorney's fees.

22. Interpretative Provisions.

- a. This Agreement constitutes the entire agreement between the Owner and the Agent with respect to the management and operation of the Project, and no change will be valid, unless made by supplemental written agreement, executed and approved by the Principal Parties.
- b. This Agreement has been executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any other purpose without projection of any of the other counterparts.

IN WITNESS WHEREOF, the Principal Parties (by their duly authorized officers) have executed this Agreement on the date first above written:

OWNER:  
Buellton Garden Apartments, L.P.  
By: *Kenneth Trigueiro*  
E48EC0205CFC433...  
Title: CEO

DocuSigned by:  
*Liz Smith*  
A0863442EE524F4...  
WITNESS:

AGENT:  
The DocuSigned by:  
By: *[Signature]*  
8DE8780E13474C6  
Title: Director of Property Management

DocuSigned by:  
*Liz Smith*  
A0863442EE524F4...  
WITNESS:

**SIGNATURE AUTHORIZATION**

Buellton Garden Apartments, L.P. in the Contract of Management of the Buellton Garden Apartments does, in Article 5F, authorize "the agent to negotiate leases".

Acting as agent per the Contract for Management, The Duncan Group does designate the following persons to sign tenant leases, Section 8 housing contracts, and apartment inspections.

- Property Manager – To be determined
- Portfolio Manager – To be determined
- Associate Director of Property Management – Ashley Valenzuela
- Director of Property Management – Jane Renahan
- Occupancy and Marketing Manager– Olivia Bernal
- Director of Compliance – Liz Smith
- Chief Operating Officer – Anna Miller
- Chief Real Estate Development Officer – Veronica Z Garcia
- Chief Financial Officer- Griffin Moore
- President – Kenneth Trigueiro

This authorization will remain in effect until you receive written notice of a change in the authorized persons.

DocuSigned by:  
  
E48EC0265CFC433...  
Kenneth Trigueiro  
President/CEO  
Buellton Garden Apartments, LP

DocuSigned by:  
  
8DF6780E13474G6...  
Jane Renahan  
Director of Property Management  
The Duncan Group

**EXHIBIT H**

**[SAMPLE ESPR]**

**EXHIBIT H - SAMPLE FORM ONLY - COUNTY HCD WILL PROVIDE FORM**

**FY 2023-24**

July - June

**EXPENDITURE SUMMARY AND PAYMENT REQUEST (ESPR)**

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

**Agency Name** Buellton Garden Limited Partnership  
**Program Name** Buellton Garden Apartments  
**Address** 1060 Kendall Road, San Luis Obispo, Ca 93401  
**Contact Person** Ken Triguero  
**Phone** \_\_\_\_\_  
**Email** \_\_\_\_\_

**Invoice/Request #** \_\_\_\_\_ *Revised*   
**Date Submitted** \_\_\_\_\_  
**Check one:**  CDBG  HOME  PLHA  
**IDIS #** 716  
**HCD Project #** 7C03CO  
**PO/Contract No** \_\_\_\_\_ **Expiration Date** June 30, 2023  
**Report Period:** (enter month for capital projects and quarter for public services)  
**Month** \_\_\_\_\_  
**Quarter**  Qtr 1 (July - Sep)  Qtr 2 (Oct - Dec)  
 Qtr 3 (Jan - Mar)  Qtr 4 (Apr - Jun)

**SUBMIT COMPLETED FORM TO** Carlos Jimenez Senior Housing Program Specialist  
 Phone: 805-568-3529 Email: [cjimenez@countyofsb.org](mailto:cjimenez@countyofsb.org)

**I. GRANT BUDGET AND EXPENDITURES**

BUDGET LINE ITEM	ACTIVITY	TOTAL GRANT BUDGET	TOTAL OF PREVIOUS DRAWDOWNS	REQUESTED DRAWDOWN THIS PERIOD	NEW AVAILABLE BALANCE
<i>Cat. 1</i> <i>Project Construction Costs</i>		\$ 1,500,000.00			
<i>Cat. 2</i>					\$ -
<i>Cat. 3</i>					\$ -
<i>Cat. 4</i>					\$ -
<b>TOTAL</b>		\$ 1,500,000.00	\$ -	\$ -	\$ -

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

**Certification:**

I certify to the best of my knowledge and belief that this report is true and complete, and I have reviewed all supporting documentation. Disbursements have been made for the purpose and conditions of this grant and have not been paid by any other source.

**Manager / Fiscal Officer**

**Name** \_\_\_\_\_ **Title** \_\_\_\_\_  
**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Administrator / Executive Director**

**Name** \_\_\_\_\_ **Title** \_\_\_\_\_  
**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Public Service programs: Payment requests are due for each quarter by the **10th** of the month following quarter end.

Capital Projects: Payment requests are due monthly by the **10th** of the month following the reporting month.

*This form has been tailored for the funding year noted in the upper-right corner of this form. Other ESPR forms are obsolete.*