

**COUNTY HOME LOAN AGREEMENT
(\$2,000,000)**

Between
County of Santa Barbara

and

The Village Senior LP

**Senior Village Apartments
332 and 334 Valley Vineyard Circle
City of Buellton**



HOME Investment Partnership Program
Federal Assistance Listing Number 14.239

COUNTY HOME LOAN AGREEMENT

This agreement (“County HOME Loan Agreement”) is made as of this ___ day of _____, 2024, by and between the County of Santa Barbara, a political subdivision of the State of California (“Lender” or “County”), and The Village Senior LP, 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 a 50-unit affordable rental housing development (the “Project”) at 332 and 334 Valley Vineyard Circle 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 fifty (50) 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 49 affordable rental housing apartment units (“Units” and each a “Unit”) shall be comprised of a mix of forty-four (44) one-bedroom Units, and five (5) two-bedroom Units targeted to serving households with incomes ranging between 30% and 50% of Area Median Income (as defined in Section 1.4, below).

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. Borrower wishes to borrow from Lender, and Lender wishes to extend to Borrower, a loan of HOME Funds in the original principal amount of Two Million Dollars (\$2,000,000) 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.

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

G. 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 nine (9) of the forty-nine (49) Units, which nine (9) Units shall be designated by Borrower as the “HOME-Assisted Units.”

H. The County HOME Loan will be evidenced by a promissory note in the original principal amount of Two Million Dollars (\$2,000,000), executed by Borrower in favor of Lender, and secured by a deed of trust to be recorded against title to the Property.

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.

1.1 “**AFFIRMATIVE MARKETING**” means actions taken to provide information to 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, including a line item reflecting Residual Receipts, 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 5.11, below.

1.3 “**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, commencing in the first calendar year after the Project is completed, as evidenced by the recording of a notice of completion for the Project (“Notice of Completion”).

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

1.5 “**BANK LOAN**” means (i) that certain construction loan to be made by Senior Lender to Borrower within 30 days of the Effective Date for construction of the Project, in the approximate amount of \$24,751,708, which will convert to a permanent loan provided by Senior Lender in the approximate amount of \$1,717,400.

1.6 “**BORROWER**” means The Village Senior LP, a California limited partnership, and its representatives and authorized assigns, transferees, and successors-in-interest to the extent permitted hereunder.

1.7 “**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, including costs eligible to be reimbursed with County HOME Loan funds hereunder in conformance with 24 CFR 92.206.

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

1.9 **“CERTIFICATE OF OCCUPANCY”** means the Certificate of Occupancy issued for the Project by the County of Santa Barbara Planning and Development Department, Building and Safety Division.

1.10 **“COUNTY HOME LOAN”** means the loan by County to Borrower of HOME Funds in the maximum aggregate amount of Two Million Dollars (\$2,000,000) as provided in this County HOME Loan Agreement and evidenced by the County HOME Loan Promissory Note to finance certain development costs of the Project.

1.11 **“COUNTY HOME LOAN AGREEMENT”** means this County HOME Loan Agreement entered into by and between Lender and Borrower regarding the County HOME Loan.

1.12 **“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, executed by Borrower as trustor in favor of County as beneficiary, in the form attached hereto as Exhibit C and hereby incorporated into this County HOME Loan Agreement by this reference, as may be amended from time to time in accordance with the provisions thereof and hereof.

1.13 **“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.

1.14 **“COUNTY HOME LOAN PROMISSORY NOTE”** means that certain secured Promissory Note of even date herewith, executed by Borrower in favor of Lender in the amount of Two Million Dollars (\$2,000,000), evidencing the County HOME Loan, substantially in the form attached hereto as Exhibit D and hereby incorporated into this County HOME Loan Agreement by this reference, as it may be amended from time to time in accordance with the provisions thereof and hereof.

1.15 **“COUNTY HOME LOAN REGULATORY AGREEMENT”** means that certain Regulatory Agreement executed by Borrower and Lender concurrently herewith, in the form attached hereto as Exhibit E and incorporated herein by this reference, to be recorded against the Property, which regulates the use of the HOME-Assisted Units.

1.16 **“COUNTY MONITORING 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 on the date ninety (90) days following the end of the Fiscal Year in which the Certificate of Occupancy is issued.

1.17 **“FISCAL YEAR”** means the twelve (12) -month accounting period, beginning January 1 and ending December 31 of each year during the Term.

1.18 **“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.

1.19 **“HCD”** means the State of California Department of Housing and Community Development.

1.20 **“HCD Loan”** may be used to refer to either of the following: (i) that certain construction and permanent loan made by HCD to Borrower in the amount of Three Million, Nine Hundred Sixty Thousand Dollars (\$3,960,000), through the Housing for a Healthy California Program (“HHC”), and (ii) that certain permanent loan to be made by HCD to Borrower in the amount of Two Million, Five Hundred Fifty One Thousand, Four Hundred Forty-Five Dollars (\$2,551,445) through the Veterans Housing and Homeless Prevention Program (“VHHP”).

1.21 **“HOME AFFORDABILITY PERIOD”** means the period of time during which the HOME-Assisted Units must meet the affordability requirements imposed under the HOME Program, commencing upon Project completion as evidenced by the recording of a Notice of Completion and 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.

1.22 **“HOME-ASSISTED UNIT”** means any of the nine (9) Units on the Property designated by the Borrower 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.

1.23 **“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.

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

1.25 **“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, attached hereto and hereby incorporated into this County HOME Loan Agreement by this reference.

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

1.27 “**LIMITED PARTNER**” means NEF FRE Affordable Housing Fund II LP, a Delaware limited partnership, 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.

1.28 “**MANAGING GENERAL PARTNER**” means the Managing General Partner of the Borrower, The Village Senior LLC, a California limited liability company.

1.29 “**OPERATING EXPENSES**” means, actual, reasonable and customary costs, fees and expenses paid by or on behalf of Borrower in accordance with the Lender-approved operating budgets for such Fiscal Year 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, annual monitoring fees required by Senior Lenders as conditions of the Senior Loans, 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, and reasonable fees and expenses of accountants, attorneys, consultants and other professionals. Borrower shall report Operating Expenses to Lender in each Annual Financial Statement.

1.30 “**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.

1.31 “**PROPERTY**” means that certain real property and improvements thereon located on Valley Vineyard Circle, 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.

1.32 “**QUALIFYING HOUSEHOLD**” means a household that qualifies as a Very Low-Income Household as defined in Section 1.39, below, and as set forth in the County HOME Loan Regulatory Agreement.

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

- a) For each of the eight (8) 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 the one (1) two-bedroom HOME-Assisted Unit, 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

Qualifying Rent is not required to be lower than the HOME rent limits for the Project in effect as of the Effective Date. 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.

1.34 **“RESIDUAL RECEIPTS”** means the amount of annual Revenue *minus* the sum of annual Operating Expenses (defined below).

1.35 **“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, equipment rental fees, rental subsidy payments, meeting space rental, rental income for commercial space or commercial use, storage, parking, and interest on any accounts, other than approved reserve accounts, related to the Project. Borrower shall report all 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.

1.36 **“SENIOR LENDER”** means Banner Bank, a Washington corporation.

1.37 **“SENIOR LOANS”** means (i) the Bank Loan and (ii) the HCD Loans.

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

1.39 **“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 Two Million Dollars (\$2,000,000), which and shall be evidenced by the County HOME Loan Note (“Maximum Loan Disbursement Amount”). In the event that insufficient HOME Funds are available to Lender 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 become available to Lender.

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 interest on the outstanding principal of the County HOME Loan at an annual rate equal to the lesser of (i) thirteen percent (13%), 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 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. 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.

2.8 REPAYMENT OF THE COUNTY HOME LOAN; ANNUAL FINANCIAL STATEMENTS. All accrued interest and principal shall be due and payable in accordance with the terms set forth in Section 2.5, above, and in this Section 2.8. Annual payments on the County HOME Loan shall be made on each Annual Payment Date, until the principal of the County HOME Loan and all unpaid interest thereon has been repaid in full, from Residual Receipts, which Residual Receipts shall be paid in the following order and priority: *First* to fund and replenish the Reserve Accounts; *second* to mandatory Bank Loan debt service; *third* to the deferred Developer Fee; *fourth* to asset management, partnership management and similar fees, including fees paid to investors, in an aggregate amount not to exceed, for the then-current year, \$39,505 for 2024 increased at the rate of 3.5% for each subsequent year; *fifth*, of the remaining Residual Receipts, (i) fifty percent (50%) to Borrower for Distributions (including loan repayments and fees paid to Borrower's partners and affiliates of any entity that has an ownership interest a partner of Borrower or the Project), and (ii) fifty percent (50%) to HCD, Lender and City of Buellton ("City") for repayment of the HCD Loans, the County HOME Loan, the City Loan in the amount of \$150,000 in amounts proportional to such agencies' respective assistance amounts until repaid in full, which respective assistance amounts, as of the Effective Date, are as follows: twenty-two and eighty-six hundredths percent (22.86%) to HCD in connection with its HHC loan to Borrower; fourteen and seventy-three hundredths percent (14.73%) to HCD in connection with its VHHP loan to Borrower; eleven and fifty-five hundredths percent (11.55%) to Lender for repayment of the County HOME Loan, and eighty-seven hundredths percent (0.87%) to the City of Buellton for repayment of the loan from the City of Buellton to Borrower.

For each Fiscal Year during the Term, Borrower shall submit an Annual Financial Statement to Lender no later than 60 days after the end of such 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 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. Each proposed operating budget shall include scheduled payments to be made into all operating and reserve accounts, including, but not limited to, the Capital Replacement Reserve account and the Operating Reserve account (defined below). Actual Operating Expenses incurred by Borrower during any Fiscal Year shall not exceed one hundred twenty percent (120%) of the amount of Operating Expenses in the operating budget for such Fiscal Year, as approved by Lender, without Lender's prior written consent in each instance.

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 not less than the sum of the following: three (3) months of projected Operating Expenses (excluding the cost of on-site Supportive Services coordination), three (3) months of Capital Replacement Reserve deposits, and three (3) months of non-contingent debt service ("Operating Reserve" and, together with the Capital Replacement Reserve, collectively, the "Reserve Accounts"). Reserve Account balances shall be set forth in each Annual Financial Statement. All withdrawals from the Reserve Accounts require the prior written approval of Lender; provided, however, that should Lender fail to take action on a request for an eligible withdrawal from the replacement reserve within 30 days of documented receipt of the request, that request shall be deemed approved. Borrower shall fund the Reserve Accounts no later than date of the conversion of the Bank Loan from a construction loan to a permanent loan.

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 Two Million Dollars (\$2,000,000) 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 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 Two Million, Dollars (\$2,000,000).

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, (ii) Borrower has provided tenant data for the nine (9) HOME-Assisted Units as required under the HOME Program, and (iii) 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 (30) months after commencement of construction, as defined in Section 4.1, above. Borrower shall provide proof of completion as evidenced by the recording of the 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 Paint Provision 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 ("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 the County's Community Services Department and may be 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. Build America, Buy America. Unless exempted by HUD under a General Waiver or Specific Waiver, the Borrower shall comply with the applicable requirements of the Build America, Buy America Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended.

J. Minority and Women's Business Enterprise (MBE/WBE). 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. Borrower shall submit to Lender on an annual basis, not later than November 15 of each calendar year during the Term prior to the issuance of the Notice of Completion, a HUD MBE/WBE Report in the form attached herein as Exhibit I. The annual MBE/WBE Report shall cover the reporting period from October 1 through September 30 of each calendar year during the Term.

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

L. **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.

M. **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.

N. **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.

O. **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 must include information on affirmative marketing efforts and compliance with

fair housing laws. At a minimum, Borrower, the Management Plan, and 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, and the Management Plan must provide that tenant selection shall, at a minimum, meet the requirements for tenant selection set forth in 24 CFR 92.253, 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 nine (9) 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. Nine (9) 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 Units 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 HOME 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 each of HCD and the State of California Tax Credit Allocation Committee 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.

Notwithstanding the other provisions of this Section 5.14 or other restrictions on Transfer in this Agreement, the following Transfers shall be permitted and are hereby approved by the County:

A. The lease of residential units in the Project consistent with the County HOME Loan Regulatory Agreement.

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 Regulatory Agreement recorded on the Project by the California Tax Credit Allocation Committee ("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, 2nd Floor
Santa Barbara, CA 93101
Attn: Deputy Director

With copy to: Office of County Counsel

County of Santa Barbara
105 E Anapamu Street, Room 201
Santa Barbara, CA 93101, Suite

BORROWER: The Village Senior LP
702 Country Square Drive, Suite #200
Ventura, CA 93003
Attention: CEO

With copy to: Goldfarb and Lipman, LLC
1300 Clay Street, Eleventh Floor
Oakland, CA 94612
Attn: Lynn Hutchins, Esq.

With copy to: NEF FRE Affordable Housing Fund II LP
c/o National Equity Fund, Inc.
10 S. Riverside Plaza, Suite 1700
Chicago, IL 60606
Attn: General Counsel

With copy to: Holland & Knight LLP
10 Saint James Avenue
Boston, MA 02116
Attn: Sean B. Leonard

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.

9.22 **ORDER OF PRECEDENCE.** In the event of any conflict or inconsistency between the provisions of Articles 1 through 9 of this Agreement, on the one hand, and the provisions of the Exhibits attached hereto and incorporated herein by reference, on the other, the provisions of Articles 1 through 9 of this Agreement shall control and prevail, other than with respect to Exhibit F, which shall control and prevail over the provisions of Articles 1 through 9 of this Agreement. In the event of any conflict or inconsistency between the provisions of any of the Exhibits hereto, such conflict or inconsistency shall be resolved by the following order of precedence:

1. Exhibit F
2. Exhibit A
3. Exhibit B
4. Exhibit E

5. Exhibit C
6. Exhibit D
7. Exhibit H
- 8 Exhibit I
9. Exhibit G

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 [under review by investor]
- G: Management Plan
- H: Sample ESPR
- I: Minority and Owned Business Annual Report Document

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.

THE VILLAGE SENIOR LP,
a California limited partnership

By: The Village Senior LLC,
a California limited liability company,
its general partner

By: Cabrillo Economic Development Corporation,
a California nonprofit public benefit corporation,
its sole managing member

By:



Victoria J. Brady
Chief Financial Officer

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: 
Deputy

By: _____
Steve Lavagnino, Board Chair

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL

By: 
Deputy County Counsel

APPROVED AS TO FORM:
RISK MANAGEMENT

By: 
Gregory Milligan ARM, AIC

APPROVED BY DEPARTMENT:
COMMUNITY SERVICES DEPARTMENT

By: 
Jesús Armas, 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:

All that certain real property situated in the County of Santa Barbara, State of California, described as follows:

Lot 4 of Lot Line Adjustment No. 13-LLA-03, recorded September 23, 2014 as Instrument No. 2014-0043409 of Official Records, being a portion of Lots 2 and 5 of Tract 31,052 in the City of Buellton, County of Santa Barbara, State of California, as per map recorded in Book 205, Pages 69 and 70 of Maps, in the Office of the County Recorder of said County.

Excepting all oil, petroleum and other hydrocarbon substance, including natural gas, in and upon said land, as reserved in deeds from Merchants Trust Company, a Corporation, recorded September 5, 1912 in [Book 137, Page 165](#) and September 24, 1913 in [Book 141, Page 519](#) both of Deeds, in the Office of the County Recorder of said County.

[APN: 137-790-008](#)

EXHIBIT B

BUDGET

	BM	BN	BO	BP	BQ	BR	BS	BT	BU
3	SOURCES AND USES OF FUNDS								
4									
5	SOURCES OF FUNDS		AMOUNT	construction period	TERMS				
6	First Mortgage		1,717,400		18/35, 10-yr treasury + 3.35%				7.70%
7	HCD HHC		3,960,000	3,960,000	3%, 55 years, deferred?				1.79%
8			129,788		interest accrued during construction				
9	Santa Barbara County HOME		2,000,000	2,000,000	3%, 55 years, residual receipts				1.79%
10			53,632		interest accrued during construction				
11	HCD VHHP		2,551,445		3%, 55 years, residual receipts				1.79%
12	CCCE grant to sponsor		122,500		Sponsor loan 0%, 55 years, deferred				0.00%
13	City of Buellton		150,000	150,000	3%, 55 years, residual receipts				1.79%
14			4,022		interest accrued during construction				
15	FLHB - AHP		730,000	730,000	0%, 55 years, deferred				0.00%
16	Construction Loan		25,147,920	25,147,920	30 months,SOFR + 2.2%+.7% (rate floor of 3.5%+2.2%)				8.25%
17	Deferred developer fee		606,972		payable in 14 years				
18	Sponsor Loan (from dev fee)	balance here	117,381	117,381					
19	GP loan deferred loan for certificated credits		3,605,797		0% deferred, 55 years	0.890 NEF		State certificated cents/dollar	0.00%
20	GP equity		100	100	net cash dev fee	1,475,547			
21	Limited Partner @ 99.99% - fed credits		20,997,900	2,099,790		0.8400 NEF		Fed cents/dollar	
22	LP @ 99.99% - solar & 45-L credits		0			0.8400		Solar cents/dollar	
23	TOTAL SOURCES		61,894,857	34,205,191		24,603,697		total equity fed and state credits	
24						7.77%		IRR	
25		Perm TDC	36,746,938						
26									
27	USES OF FUNDS		TOTAL COST	DEPRECIABLE	BASIS FOR 9% CREDIT	BASIS FOR PV CREDIT	EXPENSED/AMORTIZED	NON DEPRECIABLE	
28	Land		2,000,000	2,000,000				2,000,000	
29	legal/closing costs		9,699	9,699				9,699	
30	Holding costs		226,937	226,937				226,937	
31	Environmental remediation		0	0				0	
32	Offsite out of basis - completed part of master plan		510,402	510,402	0	0		510,402	
33	offsite in basis	GC contract	0	0	0	0		0	
34	Site improvements in basis	21,667,687	3,554,600	3,554,600	3,554,600	3,554,600			
35	New Construction		15,160,724	15,160,724	15,160,724	15,160,724			
36	Contractor general requirements/ overhead/profit		2,304,284	2,304,284	2,304,284	2,304,284	0		
37	Contractor bond and insurance		205,182	205,182	205,182	205,182	0		
38	PV system		286,325	286,325	286,325	286,325	0		0
39	Personal Property in Construction Contract		156,572	156,572	156,572	156,572			
40	Furniture Purchased by Owner		100,000	150,000	150,000	150,000			
41	Construction contingency	5.00%	1,083,384	1,083,384	1,083,384	1,083,384			
42	Impact Fees		226,509	305,950	305,950	305,950	0		
43	Permits and utility hookups		191,403	209,813	209,813	209,813	0		0
44	Architecture		734,137	845,465	845,465	845,465	0		
45	Survey, engineering, energy consultant		331,746	381,746	381,746	381,746			
46	Construction management, prevailing wage monitoring		187,948	267,948	267,948	267,948	0		
47	Environmental reports		57,000	57,000	57,000	57,000			
48	Soft cost contingency		200,000	200,000	200,000	200,000			
49	Predev loan fee/interes		1,422,684	1,422,684	0	0		1,422,684	
50	Construction Loan Fees		188,609	188,609	188,609	188,609	0	0	
51	Interest on soft loans during construction		187,442	187,442	187,442	187,442			
52	Taxes during construction		50,000	50,000	50,000	50,000			
53	Construction Loan Interest during construction - 17 months		1,322,623	1,322,623	1,322,623	1,322,623	0		
54	Construction loan interest post construction -10 month	2,844,376	1,521,753	1,521,753				1,521,753	
55	Construction lender legal and cost		120,000	120,000	120,000	120,000			
56	Perm loan fee and legal		17,174	17,174				17,174	
57	Security during construction		0	0	0	0		0	
58	Course of Construction Insurance		598,441	610,000	610,000	610,000			
59	Title - Construction Loan Closing		50,000	50,000	50,000	50,000			
60	Appraisal		19,400	19,400	19,400	19,400			
61	Tax Credit Allocation Committee Fees (net of \$100k deposit)		106,500	106,500			106,500	0	
62	Legal Fees - Organization		10,000	10,000			10,000		
63	Legal Fees - Construction Loan Closing		125,000	125,000	125,000	125,000	0		
64	Legal - Syndication + Investor Legal (\$55,000)		125,000	125,000				125,000	
65	Legal - Permanent loan closing		10,000				10,000		
66	Title - Permanent loan closing		10,000				10,000		
67	Market Study		54,496	54,496				54,496	
68	Consultant - Syndication, other consultants		192,315	192,315				192,315	
69	Marketing		50,000	50,000			50,000		
70	Project Audit		15,000	15,000			15,000		
71	Operating Reserve - 6 months operations		331,733					331,733	
72	Transition reserve - pay into HCD pooled reserve		55,699					55,699	
73	3-Month Debt Service Reserve (Banner Bank LOI)		35,477					35,477	
74	Development Fee		2,200,000	288,606	2,200,000	2,200,000	0		
75	Repayment of Construction Loan		25,147,920						25,147,920
76	TOTAL PROJECT COSTS		61,894,857	34,205,191	30,042,069	30,042,069	0	1,796,126	30,056,663

	CB	CC	CD	CE	CF	CG	CH	CI	CJ	CK	CL	CM	CN	CO	CP	CQ	CR
22	SOURCES AND USES OF CAPITAL CONTRIBUTIONS AND LOAN PROCEEDS																
23																	
24																	
25	Source of Loan or Equity		First mortgage	HCD HHC	County HOME	HCD VHHP	CCCE Sponsor loan	City of Buellton	AHP	Construction loan	Deferred Developer Fee	Sponsor Loan (Dev Fee)	GP loan for certificated credits	State Credits 2nd Delivery - 8600	Solar Credits	GP Capital Contributions	LP
26																	
27	Land	2,000,000								2,000,000							0
28	Legal/closing costs	9,699								9,699							0
29	Holding costs	226,937								226,937							0
30	Environmental remediation	0								0							0
31	Offsite out of basis - completed part of master plan	510,402								510,402							0
32	offsite in basis	0								0							0
33	Site improvements in basis	3,554,600								3,554,600							0
34	New Construction	15,160,724		3,960,000	2,000,000			150,000	730,000	6,652,058		117,381				100	1,551,184
35	Contractor general requirements/ overhead/profit	2,304,284								2,304,284							0
36	Contractor bond and insurance	205,182								205,182							0
37	PV system	286,325								286,325							0
38	Personal Property in Construction Contract	156,572								156,572							0
39	Furniture Purchased by Owne	150,000								150,000							0
40	Construction contingency	1,083,384								1,083,384							0
41	Impact Fees	305,950								305,950							0
42	Permits and utility hookups	209,813								209,813							0
43	Architecture	845,465								845,465							0
44	Survey, engineering, energy consultant	381,746								381,746							0
45	Construction management, prevailing wage monitoring	267,948								267,948							0
46	Environmental reports	57,000								57,000							0
47	Soft cost contingency	200,000								200,000							0
48	Predev loan fee/interes	1,422,684								1,422,684							0
49	Construction Loan Fees	188,609								188,609							0
50	Interest on soft loans during construction	187,442		129,788	53,632			4,022		0							0
51	Taxes during construction	50,000								50,000							0
52	Construction Loan Interest during construction - 17 months	1,322,623								1,322,623							0
53	Construction loan interest post construction -10 months	1,521,753								1,521,753							0
54	Construction lender legal and cost	120,000								120,000							0
55	Perm loan fee and lega	17,174								17,174							0
56	Security during construction	0								0							0
57	Course of Construction Insurance	610,000								610,000							0
58	Title - Construction Loan Closing	50,000								50,000							0
59	Appraisal	19,400								19,400							0
60	Tax Credit Allocation Committee Fees (net of \$100k deposit	106,500								106,500							0
61	Legal Fees - Organizer	10,000								0							10,000
62	Legal Fees - Construction Loan Closing	125,000								0							125,000
63	Legal - Syndication + Investor Legal (\$55,000	125,000								0							125,000
64	Legal - Permanent loan closing	10,000								0							10,000
65	Title - Permanent loan closing	10,000								0							10,000
66	Market Study	54,496								54,496							0
67	Consultant - Syndication, other consultants	192,315								192,315							0
68	Marketing	50,000								50,000							0
69	Project Audit	15,000								15,000							0
70	Operating Reserve - 6 months operations	331,733															331,733
71	Transition reserve - pay into HCD pooled reserve	55,699															55,699
72	3-Month Debt Service Reserve (Banner Bank LOI)	35,477															35,477
73	Development Fee	2,200,000									606,972		100,000	50,000	0		1,443,028
74	Repayment of Construction Loan	25,147,920	1,717,400			2,551,445	122,500					117,381	3,455,797		0	0	17,300,778
75	TOTAL PROJECT COSTS	61,894,857	1,717,400	4,089,788	2,053,632	2,551,445	122,500	154,022	730,000	25,147,920	606,972	117,381	3,555,797	50,000	0	100	20,997,900

	CU	CV	CW	CY	CZ	DA
22	DISBURSEMENTS OF LIMITED PARTNER CAPITAL CONTRIBUTIONS					
23			10.00%	20.00%	State Cert	
24					Purchase Here	
25			Closing	completion	Conversion	8609
26	Totals		5/1/2024	10/1/2025	8/1/2026	2/1/2027
27			2,099,790	4,199,580	14,554,227	144,303
27	Land	0				
28	Legal/closing costs	0				
29	Holding costs	0				
30	Environmental remediation	0				
31	Offsite out of basis - completed part of master plan	0				
32	offsite in basis	0				
33	Site improvements in basis	0				
34	New Construction	1,551,184	1,551,184			
35	Contractor general requirements/ overhead/profit	0				
36	Contractor bond and insurance	0				
37	PV system	0				
38	Personal Property in Construction Contract	0				
39	Furniture Purchased by Owne	0				
40	Construction contingency	0			0	
41	Impact Fees	0				
42	Permits and utility hookups	0				
43	Architecture	0				
44	Survey, engineering, energy consultant	0				
45	Construction management, prevailing wage monitoring	0				
46	Environmental reports	0				
47	Soft cost contingency	0			0	
48	Predev loan fee/interes	0				
49	Construction Loan Fees	0				
50	Interest on soft loans during construction	0				
51	Taxes during construction	0			0	
52	Construction Loan Interest during construction - 17 months	0			0	
53	Construction loan interest post construction -10 months	0			0	
54	Construction lender legal and cost	0				
55	Perm loan fee and lega	0				
56	Security during construction	0			0	
57	Course of Construction Insurance	0				
58	Title - Construction Loan Closing	0				
59	Appraisal	0				
60	Tax Credit Allocation Committee Fees (net of \$100k deposit	0	0			
61	Legal Fees - Organizer	10,000	10,000			
62	Legal Fees - Construction Loan Closing	125,000	125,000			
63	Legal - Syndication + Investor Legal (\$55,000	125,000	125,000			
64	Legal - Permanent loan closing	10,000			10,000	
65	Title - Permanent loan closing	10,000			10,000	
66	Market Study	0			0	
67	Consultant - Syndication, other consultants	0			0	
68	Marketing	0			0	
69	Project Audit	0			0	
70	Operating Reserve - 6 months operations	331,733			331,733	
71	Transition reserve - pay into HCD pooled reserve	55,699			55,699	
72	3-Month Debt Service Reserve (Banner Bank LOI)	35,477			35,477	
73	Development Fee	1,443,028	288,606	432,908	577,211	144,303
74	Repayment of Construction Loan	17,300,778		3,766,672	13,534,107	
75	TOTAL PROJECT COSTS	20,997,900	2,099,790	4,199,580	14,554,227	144,303

DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	DO	DP	DQ	DR	DS	DT	DU	DV
2 SCHEDULE OF TAX CONSEQUENCES		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
3	AMOUNT	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
4 DEPRECIATION																	
5																	
6 Residential (30 years) - all at 30 yr election	27,567,973	229,733	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932	918,932
7 Site Improvements (15 Years, 150% DB)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Site Improvements - bonus depreciation 10% of 40% for 2025	72,354	72,354															
9 Site Improvements (20 years)	1,808,845	0	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442	90,442
10 Personal Property (5 years, 200% DB)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Personal Property -- bonus depreciation 10% of 40% for 2025	23,716	23,716															
12 Personal property (9 years)	569,181	0	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242	63,242
13																	
14																	
15 Residential (30 years) - all at 30 yr election	14,963						499	499	499	499	499	499	499	499	499	499	499
16 Personal Property (5 years)	14,963						2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993
17 Personal property (9 years)	0						0	0	0	0	0	0	0	0	0	0	0
18																	
19																	
20 Residential (30 years) - all at 30 yr electio	32,697											0	0	0	0	0	0
21 Personal Property (5 years)	32,697											1,090	1,090	1,090	1,090	1,090	1,090
22 Personal property (9 years)	0											6,539	6,539	6,539	6,539	6,539	6,539
23												0	0	0	0	0	0
24																	
25 Residential (30 years) - all at 30 yr election	45,750																1,525
26 Personal Property (5 years)	45,750																9,150
27 Personal property (9 years)	0																0
28																	
29 Subtotal	30,042,069	325,803	1,072,617	1,072,617	1,072,617	1,072,617	1,076,108	1,076,108	1,076,108	1,076,108	1,076,108	1,080,745	1,017,503	1,017,503	1,017,503	1,017,503	1,021,638
30	30,042,069																
31																	
32 EXPENSED AND AMORTIZED ITEMS																	
33 Tax Credit Allocation Committee Fees (net of \$100k deposit)	106,500	2,663	10,650	10,650	10,650	10,650	10,650	10,650	10,650	10,650	10,650	7,988					
34 Mortgage fees	37,174	0	929	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859
35 State HCD pooled reserve fee	55,699		1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
36 Organization	10,000	500	2,000	2,000	2,000	2,000	1,500										
37 Marketing Cost	50,000	50,000	0														
38 Project Audit	15,000	15,000															
39 Partnership Management Fee	3.0%	0	10,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252
40 Investor asset management fee	3.0%	0	2,500	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
41 Subtotal	274,373	68,163	27,092	41,271	42,044	42,840	43,159	42,503	43,373	44,268	45,191	43,478	36,469	37,477	38,515	39,585	40,686
42	274,373																
43																	
44 TAX CREDITS																	
45 Project Basis for 9% Federal Credit	30,042,069																
46 subtract for tiebreaker for 9% app	2,264,291																
47																	
48 Basis to calc credit	27,777,778																
49 130% Adjustment for Difficult to Develop Area	27,777,778 DDA but hit cap																
50																	
51 Amount of Federal credit	25,000,000	0	2,419,218	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	80,782				
52 Amount of State Credit - certificated credits	4,051,457	0	2,703,786	1,347,671													
53 Amount of solar Credit at 30%	0	0															
54 Amount of 45-L Credits (ZERH - \$5k/unit)	0	0															
55 TOTAL CREDITS	29,051,457	0	5,123,004	3,847,671	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	80,782				
56																	
57																	
58 Proportion of First year	0.25		3 ops months														
59																	
60 Federal Tax Credits	2,500,000 allocated 11/23		2,500,000														
61 State Tax Credits	4,051,457 allocated 11/23		4,051,457														
62 Tax Credit Percentage	9.00% fixed rate																

Occupancy 2025-2026 96.77% 2026 avg occ
 0.00% Oct TCO 100.00% feb (49)
 20.41% nov (10) 100.00% Mar-26
 40.82% dec (20) 100.00% april-dec
 61.22% jan (30)

per email from Maria on 2/20/2024

	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM	EN	EO	EP	EQ	ER	ES
2	ANALYSIS OF TAXABLE INCOME	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
3		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
4	Net Operating Income	10,941	231,953	231,910	231,722	231,381	230,880	230,211	229,366	228,337	227,114	225,690	224,054	222,197	220,108	217,778	215,195
5	Interest on deposits	0	7,344	7,741	8,396	9,064	9,147	9,830	10,526	11,237	11,961	11,393	12,121	12,863	13,620	14,393	13,351
6	Deductions:																
7	Interest on First Mortgage	0	66,042	131,499	130,669	129,772	128,804	127,759	126,630	125,412	124,096	122,675	121,140	119,484	117,695	115,763	113,677
8	Interest on HCD HHC	18,278	73,441	74,754	76,090	77,450	78,835	80,244	81,679	83,139	84,625	86,138	87,678	89,245	90,841	92,465	94,118
9	Interest on County HOME	9,178	36,877	37,537	38,208	38,891	39,586	40,294	41,014	41,747	42,493	43,253	44,026	44,813	45,615	46,430	47,260
10	Interest on HCD VHHP	0	45,613	46,332	46,969	47,617	48,277	48,948	49,632	50,328	51,036	51,756	52,490	53,237	53,997	54,771	55,558
11	Interest on City of Buellton	688	2,766	2,815	2,866	2,917	2,969	3,022	3,076	3,131	3,187	3,244	3,302	3,361	3,421	3,482	3,545
12	Interest on GP loan for state certificated credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Interest on CCCE Sponsor loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Interest on deferred developer fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Constr. Int. Carryover	456,526	1,065,227	0													
16	Depreciation	325,803	1,072,617	1,072,617	1,072,617	1,072,617	1,076,108	1,076,108	1,076,108	1,076,108	1,076,108	1,080,745	1,017,503	1,017,503	1,017,503	1,017,503	1,021,638
17	Expensed Items	68,163	27,092	41,271	42,044	42,840	43,159	42,503	43,373	44,268	45,191	43,478	36,469	37,477	38,515	39,585	40,686
18																	
19	Total Deductions	878,636	2,389,674	1,406,826	1,409,462	1,412,104	1,417,738	1,418,879	1,421,512	1,424,133	1,426,736	1,431,290	1,362,609	1,365,120	1,367,587	1,369,999	1,376,483
20																	
21	NET TAXABLE INCOME	-867,695	-2,150,377	-1,167,175	-1,169,345	-1,171,659	-1,177,712	-1,178,838	-1,181,620	-1,184,559	-1,187,660	-1,194,207	-1,126,434	-1,130,061	-1,133,858	-1,137,828	-1,147,937
22																	
23	General Partner Share @ .01%	-87	-215	-117	-117	-117	-118	-118	-118	-118	-119	-119	-113	-113	-113	-114	-115
24	Investor Limited Partner @ 99.99%	-867,608	-2,150,162	-1,167,058	-1,169,228	-1,171,542	-1,177,594	-1,178,720	-1,181,502	-1,184,441	-1,187,541	-1,194,087	-1,126,322	-1,129,948	-1,133,745	-1,137,714	-1,147,823
25	Marginal Tax Bracket	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
26	Benefits from Losses	182,198	451,534	245,082	245,538	246,024	247,295	247,531	248,115	248,733	249,384	250,758	236,528	237,289	238,086	238,920	241,043
27	Investor Limited Partner Share of Tax Credit:																
28	Federal Low-Income Credits	0	2,418,976	2,499,750	2,499,750	2,499,750	2,499,750	2,499,750	2,499,750	2,499,750	2,499,750	2,499,750	80,774	0			
29	State Low Income Credits	0	2,703,786	1,347,671	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Solar Tax Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Total Tax Benefits	182,198	5,574,296	4,092,503	2,745,288	2,745,774	2,747,045	2,747,281	2,747,865	2,748,483	2,749,134	2,750,508	317,302	237,289	238,086	238,920	241,043

	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	FK	FL	FM	FN	FO	FP
4	OUTSTANDING DEBT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
5	Nonrecourse	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
6	First Mortgage	1,717,400	1,712,488	1,702,080	1,690,841	1,678,706	1,665,603	1,651,455	1,636,178	1,619,882	1,601,870	1,582,637	1,561,870	1,539,447	1,515,234	1,489,089	1,460,859
7	HCD HHC	4,108,067	4,181,508	4,256,261	4,332,351	4,409,802	4,488,637	4,568,881	4,650,560	4,733,699	4,818,324	4,904,462	4,992,140	5,081,386	5,172,227	5,264,691	5,358,809
8	Santa Barbara County HOME	2,062,810	2,099,687	2,137,224	2,175,431	2,214,322	2,253,908	2,294,201	2,335,215	2,376,962	2,419,456	2,462,709	2,506,735	2,551,549	2,597,163	2,643,593	2,690,853
9	HCD VHHP	2,551,445	2,591,700	2,627,316	2,663,569	2,700,470	2,738,031	2,776,263	2,815,179	2,854,790	2,895,110	2,936,150	2,977,924	3,020,445	3,063,726	3,107,781	3,152,623
10	City of Buellton	154,711	157,477	160,292	163,157	166,074	169,043	172,065	175,141	178,272	181,459	184,703	188,005	191,366	194,787	198,269	201,814
11	Total Nonrecourse	10,594,433	10,742,859	10,883,173	11,025,350	11,169,374	11,315,222	11,462,865	11,612,273	11,763,405	11,916,219	12,070,662	12,226,675	12,384,192	12,543,137	12,703,424	12,864,959
12																	
13	Recourse																
14	GP loan deferred loan for certificated credits	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178	3,723,178
15	CCCE Sponsor loan	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500
16	FLHB - AHP	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000
17	Deferred developer fee owed	596,031	455,390	406,253	357,460	309,166	261,537	214,746	168,974	124,410	81,253	39,710	0	0	0	0	0
18	Partnership Management Fees Owed	0	10,000	30,600	51,818	73,673	96,183	119,368	143,249	167,847	193,192	219,278	246,155	236,188	229,347	225,906	226,150
19	Total Recourse	5,171,709	5,041,068	5,012,532	4,904,956	4,958,517	4,933,398	4,909,793	4,887,902	4,867,935	4,850,113	4,834,666	4,821,834	4,811,866	4,805,026	4,801,585	4,801,828
20	TOTAL DEBT	15,766,142	15,783,927	15,895,704	16,010,306	16,127,891	16,248,620	16,372,658	16,500,174	16,631,340	16,766,332	16,905,328	17,048,509	17,196,058	17,348,162	17,505,009	17,666,787
21																	
22	HCD HHC	1.79%															
23	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
24	Interest on Last Balance	18,278	73,441	74,754	76,090	77,450	78,835	80,244	81,679	83,139	84,625	86,138	87,678	89,245	90,841	92,465	94,118
25	Balance	4,089,788	4,181,508	4,256,261	4,332,351	4,409,802	4,488,637	4,568,881	4,650,560	4,733,699	4,818,324	4,904,462	4,992,140	5,081,386	5,172,227	5,264,691	5,358,809
26	Amount Paid from Capital Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	New Balance	4,108,067	4,181,508	4,256,261	4,332,351	4,409,802	4,488,637	4,568,881	4,650,560	4,733,699	4,818,324	4,904,462	4,992,140	5,081,386	5,172,227	5,264,691	5,358,809
29																	
30																	
31	Santa Barbara County HOME	1.79%															
32	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
33	Interest on Last Balance	9,178	36,877	37,537	38,208	38,891	39,586	40,294	41,014	41,747	42,493	43,253	44,026	44,813	45,615	46,430	47,260
34	Balance	2,053,632	2,099,687	2,137,224	2,175,431	2,214,322	2,253,908	2,294,201	2,335,215	2,376,962	2,419,456	2,462,709	2,506,735	2,551,549	2,597,163	2,643,593	2,690,853
35	Amount Paid from Capital Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	New Balance	2,062,810	2,099,687	2,137,224	2,175,431	2,214,322	2,253,908	2,294,201	2,335,215	2,376,962	2,419,456	2,462,709	2,506,735	2,551,549	2,597,163	2,643,593	2,690,853
38																	
39																	
40	HCD VHHP	1.79%															
41	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
42	Interest on Last Balance	0	45,613	46,332	46,969	47,617	48,277	48,948	49,632	50,328	51,036	51,756	52,490	53,237	53,997	54,771	55,558
43	Balance	2,551,445	2,597,058	2,638,032	2,674,285	2,711,186	2,748,747	2,786,979	2,825,895	2,865,506	2,905,826	2,946,866	2,988,640	3,031,161	3,074,442	3,118,497	3,163,339
44	Amount Paid from Capital Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45	Amount Paid from Operations	0	5,358	10,716	10,716	10,716	10,716	10,716	10,716	10,716	10,716	10,716	10,716	10,716	10,716	10,716	10,716
46	New Balance	2,551,445	2,591,700	2,627,316	2,663,569	2,700,470	2,738,031	2,776,263	2,815,179	2,854,790	2,895,110	2,936,150	2,977,924	3,020,445	3,063,726	3,107,781	3,152,623
47																	
48	City of Buellton	1.79%															
49	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
50	Interest on Last Balance	688	2,766	2,815	2,866	2,917	2,969	3,022	3,076	3,131	3,187	3,244	3,302	3,361	3,421	3,482	3,545
51	Balance	154,022	157,477	160,292	163,157	166,074	169,043	172,065	175,141	178,272	181,459	184,703	188,005	191,366	194,787	198,269	201,814
52	Amount Paid from Capital Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53	Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54	New Balance	154,711	157,477	160,292	163,157	166,074	169,043	172,065	175,141	178,272	181,459	184,703	188,005	191,366	194,787	198,269	201,814
55																	
56	CCCE Sponsor loan	0.00%															
57	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
58	Interest on Last Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
59	Balance	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500
60	Amount Paid from Capital Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
61	Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
62	New Balance	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500
63																	
64																	
65	FLHB - AHP	0.00%															
66	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
67	Interest on Last Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
68	Balance	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000	730,000
69	Amount Paid from Capital Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70	Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
71	New Balance	730,000	730,000	730,000													

	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ
2	CAPITAL ACCOUNT ANALYSIS DURING OWNERSHIP BY LIMITED PARTNERSHIP																
3	Limited Partner Share	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
4	Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
5	Basis	34,208,369	34,269,615	33,229,843	32,190,726	31,152,276	30,083,988	29,072,735	28,032,257	26,992,489	25,953,446	24,848,448	23,870,315	22,890,773	21,911,989	20,933,976	19,863,431
6	Deductions from Basis	-325,770	-1,072,510	-1,072,510	-1,072,510	-1,072,510	-1,076,001	-1,076,001	-1,076,001	-1,076,001	-1,076,001	-1,080,637	-1,017,401	-1,017,401	-1,017,401	-1,017,401	-1,021,536
7	Basis at end of year	33,882,599	33,197,105	32,157,333	31,118,216	30,079,767	29,007,987	27,996,734	26,956,256	25,916,489	24,877,446	23,767,811	22,852,914	21,873,372	20,894,588	19,916,575	18,841,895
8	Outstanding Nonrecourse Debt	10,594,433	10,742,859	10,883,173	11,025,350	11,169,374	11,315,222	11,462,865	11,612,273	11,763,405	11,916,219	12,070,662	12,226,675	12,384,192	12,543,137	12,703,424	12,864,959
9	Minimum Gain on Chargeback	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10																	
11	CAPITAL ACCOUNT																
12	Capital Account Balance	0	5,059,988	17,464,053	16,441,298	15,272,070	14,100,528	12,922,934	11,744,214	10,562,712	9,378,271	8,190,730	6,996,642	5,870,321	4,740,373	3,606,629	2,468,914
13	Capital Contributions	6,299,370	14,554,227	144,303													
14	Deductions	-867,608	-2,150,162	-1,167,058	-1,169,228	-1,171,542	-1,177,594	-1,178,720	-1,181,502	-1,184,441	-1,187,541	-1,194,087	-1,126,322	-1,129,948	-1,133,745	-1,137,714	-1,147,823
15	Subtract 1/2 of solar credit	0															
16	Syndication Expenses	-371,774															
17	Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	End of Year Capital Account	5,059,988	17,464,053	16,441,298	15,272,070	14,100,528	12,922,934	11,744,214	10,562,712	9,378,271	8,190,730	6,996,642	5,870,321	4,740,373	3,606,629	2,468,914	1,321,092
19																	
20	Minimum Gain Chargeback	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Capital Account plus Chargeback	5,059,988	17,464,053	16,441,298	15,272,070	14,100,528	12,922,934	11,744,214	10,562,712	9,378,271	8,190,730	6,996,642	5,870,321	4,740,373	3,606,629	2,468,914	1,321,092
22																	
23	CALCULATION OF TAX CONSEQUENCES ON SALE (TRANSFER) OF LIMITED PARTNERSHIP INTERESTS (outside basis)																
24	Initial Capital Account	5,431,762	17,835,827	16,813,072	15,643,844	14,472,302	13,294,708	12,115,987	10,934,486	9,750,045	8,562,504	7,368,416	6,242,095	5,112,147	3,978,402	2,840,688	1,692,866
25	Capital Contributions	6,299,370	14,554,227	144,303	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Allocated Losses during Ownershij	-867,608	-2,150,162	-1,167,058	-1,169,228	-1,171,542	-1,177,594	-1,178,720	-1,181,502	-1,184,441	-1,187,541	-1,194,087	-1,126,322	-1,129,948	-1,133,745	-1,137,714	-1,147,823
27	Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Basis in Partnership Interest	5,431,762	17,835,827	16,813,072	15,643,844	14,472,302	13,294,708	12,115,987	10,934,486	9,750,045	8,562,504	7,368,416	6,242,095	5,112,147	3,978,402	2,840,688	1,692,866
29																	
30	Tax Benefits (Losses) on Sale	5,431,762	17,835,827	16,813,072	15,643,844	14,472,302	13,294,708	12,115,987	10,934,486	9,750,045	8,562,504	7,368,416	6,242,095	5,112,147	3,978,402	2,840,688	1,692,866
31	After Tax Benefits (Losses)	1,140,670	3,745,524	3,530,745	3,285,207	3,039,183	2,791,889	2,544,357	2,296,242	2,047,509	1,798,126	1,547,367	1,310,840	1,073,551	835,464	596,545	355,502

	IB	IC	ID	IE	IF	IG
44	INTERNAL RATE OF RETURN (CALCULATED QUARTERLY)					
45	DATE	BENEFIT	INVESTMENT	NET	IRR	
46	INCLUDES PMT FOR STATE CERTS			0		
47	AT PERM CONVERSION PAYMENT			0		
48	Mar-24			0	7.77%	
49	Jun-24		2,099,790	-2,099,790		
50	Sep-24			0		
51	Dec-24			0		
52	Mar-25			0		
53	Jun-25			0		
54	Sep-25			0		
55	Dec-25	182,198	4,199,580	-4,017,382		
56	Mar-26	1,393,574		1,393,574		
57	Jun-26	1,393,574		1,393,574		
58	Sep-26	1,393,574	18,160,024	-16,766,450		
59	Dec-26	1,393,574		1,393,574		
60	Mar-27	1,023,126	144,303	878,823		
61	Jun-27	1,023,126		1,023,126		
62	Sep-27	1,023,126		1,023,126		
63	Dec-27	1,023,126		1,023,126		
64	Mar-28	686,322		686,322		
65	Jun-28	686,322		686,322		
66	Sep-28	686,322		686,322		
67	Dec-28	686,322		686,322		
68	Mar-29	686,443		686,443		
69	Jun-29	686,443		686,443		
70	Sep-29	686,443		686,443		
71	Dec-29	686,443		686,443		
72	Mar-30	686,761		686,761		
73	Jun-30	686,761		686,761		
74	Sep-30	686,761		686,761		
75	Dec-30	686,761		686,761		
76	Mar-31	686,820		686,820		
77	Jun-31	686,820		686,820		
78	Sep-31	686,820		686,820		
79	Dec-31	686,820		686,820		
80	Mar-32	686,966		686,966		
81	Jun-32	686,966		686,966		
82	Sep-32	686,966		686,966		
83	Dec-32	686,966		686,966		
84	Mar-33	687,121		687,121		
85	Jun-33	687,121		687,121		
86	Sep-33	687,121		687,121		
87	Dec-33	687,121		687,121		
88	Mar-34	687,283		687,283		
89	Jun-34	687,283		687,283		
90	Sep-34	687,283		687,283		
91	Dec-34	687,283		687,283		
92	Mar-35	687,627		687,627		
93	Jun-35	687,627		687,627		
94	Sep-35	687,627		687,627		
95	Dec-35	687,627		687,627		
96	Mar-36	79,325		79,325		
97	Jun-36	79,325		79,325		
98	Sep-36	79,325		79,325		
99	Dec-36	79,325		79,325		
100	Mar-37	59,322		59,322		
101	Jun-37	59,322		59,322		
102	Sep-37	59,322		59,322		
103	Dec-37	59,322		59,322		
104	Mar-38	59,522		59,522		
105	Jun-38	59,522		59,522		
106	Sep-38	59,522		59,522		
107	Dec-38	59,522		59,522		
108	Mar-39	59,730		59,730		
109	Jun-39	59,730		59,730		
110	Sep-39	59,730		59,730		
111	Dec-39	59,730		59,730		
112	Mar-40	60,261		60,261		
113	Jun-40	60,261		60,261		
114	Sep-40	60,261		60,261		
115	Dec-40	60,261		60,261		
116	Mar-41	355,502		355,502		
117	Jun-41			0		
118	Sep-41			0		
119	Dec-41			0		
120	Mar-42			0		

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, 2nd Floor
Santa Barbara, CA 93101
Attn: Deputy Director

NO FEE DOCUMENT PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 27383

**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 _____, 2024, by The Village Senior LP, a California limited partnership (“Trustor”), to Commonwealth Land Title Company, a California corporation, 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 Banner Bank, a Washington corporation, securing a construction loan from Banner Bank to Trustor for development of the Property (defined below) in the approximate amount of Twenty-Four Million, Seven Hundred Fifty-One Thousand, Seven Hundred and Eight Dollars (\$24,751,708), which will convert to a permanent loan after completion of construction on the Property in the approximate amount of One Million, Seven Hundred Seventeen Thousand, Four Hundred Dollars (\$1,717,400) (“Bank Loan”), that deed of trust in favor of the California Department of Housing and Community Development (“HCD” and, together with Banner Bank, collectively, “Senior Lenders”) securing that certain Housing for a Healthy California (“HHC”) loan from HCD to Trustor in an amount not to exceed Three Million, Nine-Hundred Sixty Thousand Dollars (\$3,960,000) (“HHC Loan”), and that deed of trust in favor of HCD securing that certain Veterans Housing and Homeless Prevention Program (“VHHP”) loan from HCD to Trustor in the amount of Two Million, Five Hundred Fifty One Thousand, Four Hundred Forty-Five Dollars (\$2,551,445) (“VHHP Loan” and, together with the HHC Loan and the Bank Loan, collectively, the “Senior Loans”), to be recorded at conversion of the aforementioned Banner Bank construction loan to a permanent loan (the aforementioned deeds of trust securing the Bank Loan, the HHC Loan, and the VHHP Loan, collectively, the “Senior Liens”).

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 332 and 334 Valley Vineyard Circle Road, in the City of Buellton, County of Santa Barbara, California, as more particularly described in the attached Exhibit A, incorporated herein by this reference (the "Property");

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 funds loaned to Trustor by Beneficiary pursuant to the County HOME Loan Note (defined below), 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 Two Million Dollars (\$2,000,000) 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 Two Million Dollars (\$2,000,000) (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 in connection with the development of the Property, 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 on or about the date hereof regarding the Property (“County HOME Loan Regulatory Agreement” and, together with this County HOME Loan Deed of Trust, the County HOME Loan Note, and the County HOME Loan Agreement, collectively, the “County HOME Loan Documents”), 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 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, and shall include provisions in each Tenant lease providing for same, and shall provide notices to Tenants as necessary regarding same.

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 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 the Senior Lenders under the Senior Liens, 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 all Condemnation 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 in its sole discretion. All or any part of the Condemnation 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 Condemnation 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 any of the other County HOME Loan Documents.

Trustor shall have the right to rebuild repair or restore the Security using 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 and operate the Security in compliance with the County

HOME Loan Regulatory Agreement and in a manner that provides adequate security to Beneficiary for repayment of the County HOME Loan or, if such Funds are insufficient or such security is inadequate, then Trustor shall have funded such deficiency and/or provided additional security to the satisfaction of Beneficiary; (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 improvements on the Property be placed in a construction escrow or similar arrangement subject to Beneficiary's approval; and (c) no Event of Default then exists under any of the County HOME Loan Documents.

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, in its sole discretion, declare any or 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, transfers of a limited partner's interests to the Managing General Partner of the Trustor, or a Beneficiary-approved affiliate thereof in accordance with the Partnership Agreement;

D. If Trustor is a partnership, transfers of the general partner's interest if such general partner is removed for cause in accordance with Trustor's limited partnership agreement, provided that each of the general partner(s) selected to replace such removed general partner(s) is reasonably acceptable to Beneficiary, and is selected with reasonable promptness; or

E. Transfers of the Project and/or Property to the general partner(s) or a Beneficiary-approved affiliate thereof 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 described in Trustor's partnership agreement, provided that such purchase option is and remains subordinate to the County HOME Loan Documents; provided further that, as a condition of such transfer, the transferee agrees in writing in form acceptable to Beneficiary to assume and be subject to the terms, conditions, and restrictions contained in the County HOME Loan Regulatory 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, if subject to cure, 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, if subject to cure, 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, 2nd Floor
Santa Barbara, CA 93101
Attn: Deputy Director

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

TRUSTOR: The Village Senior LP
Cabrillo Economic Development Corporation
702 Country Square Drive, Suite #200
Ventura, CA 93003
Attn: Chief Executive Officer

With copy to:
With copy to: Goldfarb and Lipman, LLC
1300 Clay Street, Eleventh Floor
Oakland, CA 94612
Attn: Lynn Hutchins, Esq.

With copy to Trustor's Limited Partner:
NEF FRE Affordable Housing Fund II LP
c/o National Equity Fund, Inc.
10 S. Riverside Plaza, Suite 1700
Chicago, IL 60606
Attn: General Counsel

With copy to: Holland & Knight LLP
10 Saint James Avenue
Boston, MA 02116
Attn: Sean B. Leonard

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, and 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; provided, however, that none of this Section 45 or any of provision of this County HOME Deed of Trust shall be construed to (i) limit or impair the enforcement against the Security 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. No provision of this County HOME Deed of Trust shall be construed 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 under the County HOME Loan Agreement, if any, subject to the rights of Senior Lenders under the Senior Liens.

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:

THE VILLAGE SENIOR LP,
a California limited partnership

By: The Village Senior LLC,
a California limited liability company,
its general partner

By: Cabrillo Economic Development Corporation,
a California nonprofit public benefit corporation,
its sole managing member

By: _____
Victoria J. Brady
Chief Financial Officer

[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 OF THE PROPERTY

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

All that certain real property situated in the County of Santa Barbara, State of California, described

as follows:

Lot 4 of Lot Line Adjustment No. 13-LLA-03, recorded September 23, 2014 as Instrument No. 2014-0043409 of Official Records, being a portion of Lots 2 and 5 of Tract 31,052 in the City of Buellton, County of Santa Barbara, State of California, as per map recorded in Book 205, Pages 69 and 70 of Maps, in the Office of the County Recorder of said County.

Excepting all oil, petroleum and other hydrocarbon substance, including natural gas, in and upon said land, as reserved in deeds from Merchants Trust Company, a Corporation, recorded September 5, 1912 in [Book 137, Page 165](#) and September 24, 1913 in [Book 141, Page 519](#) both of Deeds, in the Office of the County Recorder of said County.

[APN: 137-790-008](#)

EXHIBIT D
COUNTY HOME LOAN PROMISSORY NOTE

COUNTY HOME LOAN PROMISSORY NOTE

\$2,000,000

Santa Barbara, California
_____, 2024

FOR VALUE RECEIVED, The Village Senior LP, a California limited partnership (“Borrower”), whose address is 702 Country Square Drive, Suite #200, Ventura, California 93003, hereby promises to pay to the order of the County of Santa Barbara, a political subdivision of the State of California (“Lender”), whose address is 123 E. Anapamu Street, 2nd Floor, Santa Barbara, California 93101, the principal amount equal to Two Million Dollars (\$2,000,000), 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 fifty (50) residential housing units, comprised of forty-nine (49) affordable rental housing units and one (1) manager’s unit, located at 332 and 334 Valley Vineyard Circle, in the City of Buellton, Santa Barbara County, California (“Project”), Lender has agreed to loan to Borrower the amount of Two Million Dollars (\$2,000,000) (the “County HOME Loan”), derived from funds received by the Lender from the United States Department of Housing and Urban Development through the HOME Investment Partnerships Program (“HOME Funds”).

2. **BORROWER’S OBLIGATION.** This promissory note (“County HOME Loan Promissory Note”) evidences Borrower’s obligation to pay Lender the principal amount of Two Million Dollars (\$2,000,000) for the HOME Funds 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 (13%), or (ii) the highest interest allowed by law, 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 or such Transfer is expressly permitted under the County HOME Loan Agreement, 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 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 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.

7. PAYMENTS; ANNUAL FINANCIAL STATEMENTS. All accrued interest and principal hereunder shall be due and payable in accordance with the terms set forth in Section 5, above, and this Section 7. Annual payments on the County HOME Loan shall be made on each Annual Payment Date, until the principal of the County HOME Loan and all unpaid interest thereon has been repaid in full, from Residual Receipts, which Residual Receipts shall be paid in the following order and priority: *First* to fund and replenish the Reserve Accounts; *second* to mandatory Bank Loan debt service; *third* to the deferred Developer Fee; *fourth* to asset management, partnership management and similar fees, including fees paid to investors, in an aggregate amount not to exceed, for the then-current year, \$39,505 for 2024 and increased at the rate of 3.5% for each subsequent year; *fifth*, of the remaining Residual Receipts, (i) fifty percent (50%) to Borrower for Distributions (including loan repayments and fees paid to Borrower's partners and affiliates of any entity that has an ownership interest a partner of Borrower or the Project), and (ii) fifty percent (50%) to HCD and Lender for repayment of the HCD Loans, the County HOME Loan, and \$150,000 loan from the City of Buellton ("City") in amounts proportional to such agencies' respective assistance amounts until repaid in full, which respective assistance amounts, as of the Effective Date, are as follows: twenty-two and eighty-six hundredths percent (22.86%) to HCD in connection with its HHC loan to Borrower; fourteen and seventy-three hundredths percent (14.73%) to HCD in connection with its VHHP loan to Borrower; eleven and fifty-five hundredths percent (11.55%) to Lender for repayment of the County HOME Loan, and eighty-seven hundredths percent (0.87%) to the City of Buellton for repayment of the loan from the City of Buellton to Borrower in connection with the Project. All payments made by Borrower to Lender 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. For each Fiscal Year during the Term, Borrower shall submit an Annual Financial Statement to Lender no later than 60 days after the end of such Fiscal Year.

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 partner(s) 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 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 at the address set forth below.

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

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

Borrower: The Village Senior LP
702 Country Square Drive, Suite #200
Ventura, CA 93003
Attention: Chief Executive Officer

With copy to Borrower's
Limited Partner: NEF FRE Affordable Housing Fund II LP
c/o National Equity Fund, Inc.
10 S. Riverside Plaza, Suite 1700
Chicago, IL 60606
Attn: General Counsel

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 conflict or discrepancy between the provisions of this County HOME Loan Promissory Note and the County HOME Loan Agreement, the provisions of the County HOME Loan Agreement shall control and prevail.

BORROWER

THE VILLAGE SENIOR LP,
a California limited partnership

By: The Village Senior LLC,
a California limited liability company,
its general partner

By: Cabrillo Economic Development Corporation,
a California nonprofit public benefit corporation,
its sole managing member

By: _____
Victoria J. Brady
Chief Financial Officer

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

**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 ___ day of ___, 2024 by and between the County of Santa Barbara, a political subdivision of the State of California (the “Lender” or “County”), and The Village Senior LP, 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 332 and 334 Valley Vineyard Circle 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 fifty (50) 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. Concurrently herewith, Lender is lending to Owner a loan in the maximum amount of Two Million Dollars (\$2,000,000) in HOME Funds, to provide financing for the Project (the “County HOME Loan”), as evidenced by that certain County HOME Loan Promissory Note (“County HOME Loan Promissory Note”) of even date herewith executed by Borrower in favor of Lender in the amount of Two Million Dollars (\$2,000,000), and that certain County HOME Loan Agreement of even date herewith by and between Lender and Borrower (“County HOME Loan Agreement”).

D. As further consideration for the County HOME Loan and as a requirement of HUD for use of the HOME Funds, 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 **“COUNTY HOME LOAN”** means the loan of HOME Funds in the maximum aggregate amount of Two Million Dollars (\$2,000,000) 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 Promissory Note.

1.4 **“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.

1.5 **“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, in favor of the Lender, as beneficiary, as it may be amended from time to time.

1.6 **“COUNTY HOME LOAN DOCUMENTS”** means, collectively, the County HOME Loan Agreement, the County HOME Loan Promissory 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.

1.7 **“COUNTY HOME LOAN PROMISSORY NOTE”** means the promissory note executed by the Owner concurrently herewith in favor of the Lender in the amount of Two Million Dollars (\$2,000,000) evidencing the County HOME Loan, which is secured by the County HOME Loan Deed of Trust, as it may be amended from time to time.

1.8 **“HOME-ASSISTED UNIT”** means any of the nine (9) 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.

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

1.10 **“OWNER”** means The Village Senior LP, a California limited partnership.

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

1.12 **“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.

1.13 **“PROPERTY”** means that certain real property and improvements thereon located on Valley Vineyard Circle Road, in the City of 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.

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

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

- a) For each of the eight (8), 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 the one (1) two-bedroom HOME-Assisted Unit, 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

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.

1.16 **“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.

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

1.18 **“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 twenty (20) years after the date of the issuance by the County of Santa Barbara Planning and Development Department, Building and Safety Division. of a certificate of occupancy for the Project.

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

1.20 **“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.

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.

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, (collectively, the “HOME Requirements”).

3. PROJECT OCCUPANCY AND RENTS

3.1 OCCUPANCY OF PROJECT. A total of nine (9) 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 nine (9) 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 1.15 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 at all times during the Term 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 and a default hereunder.

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 described above in Section 1.15 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 of the HOME-Assisted Units is not occupied by a Qualifying Household by the Occupancy Deadline (each, a “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 lease each of the HOME-Assisted Units to a Qualified Household. 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 (12th) 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 Term, 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 approved by Lender. 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's Property Manager for the Project is Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation. 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 as a condition precedent prior to Lender disbursement to Owner of any of the County HOME Loan funds. Owner shall amend the Management Policies in as 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 any request by Lender for such records. 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 each Tenant lease 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 Requirements, including, but not limited to, HOME Program regulations as 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 reviews and inspections of the Property, as required by law, the HOME Requirements, and/or as reasonably requested by Lender.

5.5 ANNUAL REPORT. On or before May 31st 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 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 from Lender, Owner shall submit all information and completed forms requested by the Lender 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, and/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 construct and 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 to all, and shall not be subordinate to any, 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 to the documents evidencing and securing that certain construction loan to be made by Banner Bank, in the approximate amount of Twenty-Four Million, Seven Hundred Fifty-One Thousand, Seven Hundred and Eight Dollars (\$24,751,708) for purposes of constructing the Project, which construction loan will convert to a permanent loan in the approximate amount of One Million Seven Hundred Seventeen Thousand, Four Hundred Dollars (\$1,717,400) to that certain construction and permanent loan made by the California Department of Housing and Community Development ("HCD") to Owner in the amount of Three Million Nine Hundred Sixty Thousand Dollars (\$3,960,000), through the Housing for a Healthy California Program (HHC), and to that certain permanent loan to be made by HCD to Owner in the amount of Two Million Five Hundred Fifty One Thousand Four Hundred Forty-Five Dollars (\$2,551,445), through the Veterans Housing and Homeless Prevention Program (VHHP).

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 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 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 comply with all of the insurance and indemnification provisions set forth in Exhibit B, attached hereto and incorporated herein by this reference. The indemnification provided by this Agreement shall be a continuing right to indemnification and shall survive any Transfer of this Agreement and the expiration or termination of this Agreement.

6.6 GOVERNING LAW. This Agreement shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

6.7 AGREEMENT CONTROLS. In the event of any conflict or inconsistency between any provision of this Agreement and any provision contained in any of the other County HOME Loan Documents, the provisions 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 such Party at the address set forth for such Party as follows, or to such other address as such Party may from time to time designate in writing delivered to the other Party in accordance with this Section 6.10:

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

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

Borrower's Limited Partner: NEF FRE Affordable Housing Fund II LP
c/o National Equity Fund, Inc.
10 S. Riverside Plaza, Suite 1700
Chicago, IL 60606
Attn: General Counsel

With copy to: Holland & Knight LLP
10 Saint James Avenue
Boston, MA 02116
Attn: Sean B. Leonard

:

Owner: The Village Senior LP
702 Country Square Drive, Suite #200
Ventura, CA 93003
Attention: Chief Executive Officer

With copy to: Goldfarb and Lipman
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attn: Lynn Hutchins, 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 Promissory 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 assign or otherwise transfer, directly or indirectly, whether by operation of law or otherwise ("Transfer"), this Agreement or the Property, or any of Owner's interest herein or therein, or any of Owner's rights or obligations hereunder, without the prior written consent of Lender in each instance except as otherwise permitted in the County HOME Loan Agreement. 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 County HOME Loan Agreement to be executed by their respective duly authorized representatives, as set forth below, effective as of the first date fully executed by all of the parties hereto (“Effective Date”).

THE VILLAGE SENIOR LP,
a California limited partnership

By: The Village Senior LLC,
a California limited liability company,
its general partner

By: Cabrillo Economic Development Corporation,
a California nonprofit public benefit corporation,
its sole managing member

By: _____
Victoria J. Brady
Chief Financial Officer

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: _____
Deputy

By: _____
Steve Lavagnino, Board Chair

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO FORM:
RISK MANAGEMENT

By: _____
Gregory Milligan ARM, AIC

APPROVED BY DEPARTMENT:
COMMUNITY SERVICES DEPARTMENT

By: _____
Jesús Armas, Director

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 B

Indemnification and Insurance Provisions

(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 F

STANDARD INDEMNIFICATION AND INSURANCE PROVISIONS

EXHIBIT F

I. INDEMNITY

Borrower hereby 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 sole negligence of the County.

II INSURANCE

Borrower hereby covenants and agrees to provide the insurance coverage with limits as specified below. Borrower 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 County Home Loan Agreement as follows:

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. **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 Borrower maintains higher limits than the minimums shown above, the COUNTY requires and shall be entitled to coverage for the higher limits maintained by the Borrower. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the COUNTY.

5. **Builders Risk Insurance:** Borrower shall obtain a Builders Risk Policy that provides 100% Replacement Cost. Coverage is to be effective upon the date of the Notice to Proceed, the date of site mobilization or the start of any shipment of materials, machinery or equipment to the site, whichever is earlier, and to remain in effect until replaced by permanent All Risk Property Insurance. The policy must include a Loss Payable Endorsement, including mortgage clause (CP 12 18 or similar) in favor of the County. The policy must not contain a coinsurance clause or self-insured retention. The policy must provide coverage for vandalism and Malicious Mischief Coverage.
6. **All Risk Property Insurance:** Borrower shall obtain and maintain in full force during the entire time of its ownership of the property described in this Agreement an All Risk Property Insurance policy that provides 100% Replacement Cost. The policy must contain a Lender's Loss Payable Endorsement, including mortgage clause (CP 12 18 or similar) in favor of the County. The policy may not contain a coinsurance clause or self-insured retention. Earthquake and fire coverage must be included.

7. **Flood Insurance:** If the property is deemed to be in an area identified by FEMA as a "special Flood Hazard area," Borrower must obtain flood insurance coverage with limits of at least the \$2,000,000 County is lending to Borrower.

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 Borrower 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 Borrower'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 Borrower'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 Borrower'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 – Borrower hereby agrees to waive rights of subrogation which any insurer of Borrower may acquire** from Borrower by virtue of the payment of any loss. Borrower 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 Borrower, 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 Borrower 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 Borrower 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** – Borrower 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 Borrower's obligation to provide them. The Borrower 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** – Borrower shall require and verify that all contractors maintain insurance meeting all the requirements stated herein, and Borrower shall ensure that County is an additional insured on insurance required from contractors. For CGL coverage contractors 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 Borrower 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. Borrower 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

VILLAGE SENIOR, LP
50 Low Income Rental Apartments

PROPERTY MANAGEMENT AGREEMENT

This Property Management Agreement (“Agreement”) is made as of the date set forth herein, between the Owner (“Owner”) and Agent (“Agent”) identified on the signature page hereof.

WITNESSETH:

In consideration of the terms, conditions, and covenants hereinafter set forth, Owner and Agent hereby mutually agree as follows:

1. Definitions. As used in this Agreement:
 - a. **“Building”** shall have the meaning given such term in Section A of the Information Schedule.
 - b. **“Fiscal Year”** shall mean calendar year unless specifically provided to the contrary herein.
 - c. **“General Partner”** shall mean Village Sr., LLC, a California limited liability company, the general partner of owner.
 - d. **“Gross Collections”** shall mean all amounts actually collected by Agent, as rents or other payments, but excluding (i) income derived from interest or investments, (ii) discounts and dividends on insurance, and (iii) security deposits.
 - e. **“Gross Rents”** shall mean revenues collected from Tenants plus any federal assistance paid to Owner with respect to the Building.
 - f. **“Lease”** shall mean any Lease in which Owner has agreed to let and Tenant has agreed to accept the dwelling unit of the Building identified in the Lease in accordance with the terms of the Lease.
 - g. **“Mortgages”** shall mean, collectively, all mortgages from time to time encumbering the Building and all promissory notes secured thereby.
 - h. **“Operating Account”** shall mean an account in the Owner’s name including the General Partner as a signatory and designee of record in an account name identifying the Building and approved by Owner in writing, held at Wells Fargo Bank, National Association, or another bank whose deposits are insured by the Federal Deposit Insurance Corporation, as Owner may specify from time to time in writing.

i. **“Partnership Agreement”** shall mean the Amended and Restated Agreement of Limited Partnership of Owner.

j. **“Rent”** That monthly amount which tenant is obligated to pay Owner pursuant to the terms of a lease.

k. **“Tenant” or “Tenants”** shall mean a person or family occupying a dwelling unit in the Building pursuant to a Lease

2. Appointment and Acceptance. Owner appoints Agent as exclusive agent for the management of the Building, and Agent accepts the appointment, subject to the terms and conditions set forth in this Agreement. Agent represents that it is experienced in professional management of property of the character and occupancy of the Building and Agent agrees to manage the Building in accordance with the highest professional standards for such property.

3. Management Plan. Management Plan (the “Management Plan” or “Plan”), to be prepared by Agent and approved by Owner. The Plan, if applicable, contains a comprehensive and detailed description of the program to be followed by Agent in the management of the building. The provisions of this Agreement are to be read in conjunction with and not as a limitation upon the specific obligations of Agent as set forth in the Plan. Agent agrees to comply with all applicable provisions of the Plan, regardless whether specific reference is made thereto in any particular provision of this Agreement. In the event that any provision of the Management Plan conflicts with the provisions of this Agreement, the provisions in this Agreement shall control.

4. Meeting With Owner. Agent agrees to cause a representative of Agent to confer with Owner and to attend meetings with Owner at any reasonable time or times requested by Owner. Such meetings shall include, without limitation, the monthly meetings of Owner’s board of directors.

5. Basic Information. As soon as practicable, but, if applicable, not later than final completion of any rehabilitation or construction of the building or any phase thereof, Owner shall furnish Agent with a complete set of general plans and specifications for the Building and copies of all guarantees and warranties pertinent to construction and fixtures and equipment of the Building. With the aid of this information and inspection by competent personnel, Agent shall thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the building, and specifically the electrical, heating, plumbing, and ventilating systems, and all other mechanical equipment in the Building.

6. Marketing. Agent shall carry out the marketing activities prescribed in the Plan or approved by Owner in writing. Subject to the prior written approval of Owner, advertising expenses incurred by Agent on behalf of Owner shall be paid out of the Operating Account as expenses of the Building.

7. Leasing. Agent shall offer for rent and shall rent the dwelling units in the Building, upon completion of construction or rehabilitation of each such unit and from time to time

thereafter, in accordance with a rent schedule approved in writing by Owner and the leasing guidelines and form of lease referred to herein below. Incident thereto, the following requirements shall apply to the Agent's discharge of its duties under this paragraph:

- a. Agent shall show dwelling units for rent in the Building to all prospective Tenants.
- b. Agent shall take and process applications for rentals, including prospective Tenant interviews and credit checks. If an application is rejected, Agent shall promptly give to the applicant a proper written notice stating the reason for rejection.
- c. Agent shall comply with the special low-income housing tax credit requirements concerning leasing and related matters as set forth in Paragraph 8 hereof.
- d. Agent shall be responsible for the initial certification at lease-up and recertification of all Tenants' incomes subject to Owner's review and approval of tenant files. After the first year of certification and recertification of the tenants, the certification and recertification process shall be the sole responsibility of Agent, subject to appropriate oversight as may be required by Owner.
- e. Agent shall, subject to prior written approval by Owner of any deviation from Owner's approved rent schedule, Lease form, and leasing guidelines, execute all leases in Agent's name, identified thereon as agent for Owner.
- f. Subject to Section 12.f, Agent shall negotiate on behalf of owner any commercial leases and concession agreements called for in the Plan or approved in writing by Owner. All such agreements shall be entered into between Owner and the respective vendors and executed by Owner.
- g. Agent shall collect, deposit, and disburse security deposits, if required, in accordance with the terms of each Lease. The amount of each security deposit shall be as specified in the Plan or as approved by Owner in writing. Security deposits shall be held by Agent in a trust account at Wells Fargo Bank, National Association, or another bank whose deposits are insured by the Federal Deposit Insurance Corporation, separate from all other accounts and funds. Such account shall be in the name of the Owner with General Partner as a signatory, also identifying the Building, and designated of record as "Security Deposit Account." Interest on security deposits shall be paid according to law.
- h. Agent shall maintain a current list of acceptable prospective Tenants and undertake all arrangements necessary and incidental to the acceptance of rental applications and the execution of Leases. Agent shall exercise its best efforts (including, but not limited to, placement of advertising, interview of prospective Tenants, assistance in completion of rental applications and execution of Leases, processing of documents and credit and employment verifications, and explanation of the program and operations of Owner), to effect the leasing of dwelling units and renewal of Leases.

i. Agent shall perform such other acts and deeds requested by Owner as are reasonable, necessary, and proper in the discharge of Agent's rental duties under this Agreement.

j. Agent shall prorate first month's rent collected from a Tenant should the lease term commence on any other day than the first day of the month. If the Lease term occurs after the twentieth (20th) day of the month, the prorated amount, plus the next month's rent, shall be collected on or before the first day of the Lease term.

k. Agent shall participate in the inspection of the dwelling unit identified in the Lease together with the Tenant prior to move-in and upon move-out, and shall record in writing any previous damage to the unit and any damage occurring during the Tenant's occupancy.

l. Agent shall, unless otherwise agreed by Owner and Agent in writing, (i) comply with the leasing guidelines, and (ii) use for each Lease the form of lease agreement, together with the form of Low-Income Lease Rider if required by Paragraph 8 hereof, without any material changes.

8. Tax Credit Requirements. Agent acknowledges that Owner is required under the Partnership Agreement to lease the percentage of the apartment space in the Building set forth in Section B of the Information Schedule (based on number of apartments or floor area, whichever is less) (the "Tax Credit Units") to Tenants whose income and rental levels qualify such apartments for inclusion in determining federal low-income housing tax credits (the "Credits") for the Building, and that the Credits will have substantial economic value to Owner and its partners, members or shareholders. Agent will operate the project in accordance with all applicable federal, state, and local housing laws as well as the provisions of IRS Code Section 42 (including, but not limited to, set-asides, rent restrictions and annual recertifications), as well as all Project Documents (as such term is defined in the Partnership Agreement). Owner shall furnish Agent with written descriptions of such requirements as they relate to Agent's leasing and management duties hereunder. Incident thereto, the following provisions shall apply for all Tax Credit Units:

a. Agent shall, prior to approving each rental application and prior to allowing a prospective Tenant to take occupancy, (i) require the prospective Tenant to complete, execute, and deliver the forms of the California Tax Credit Allocation Committee Low-Income Housing Tax Credit Lease Rider, and (ii) obtain from the prospective Tenant's employer (if any) the completed and executed form of Employment Verification, as may be revised by Owner from time to time, and (iii) perform such other verifications of such Tenant's non-employment income as are necessary or appropriate, in order to provide necessary certification and verification of the amount of such Tenant's annual family income, family size, and any other information reasonably requested by Owner in writing in connection with the Credits. Agent shall require Tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for tax

reporting purposes for the Credits. Owner shall give Agent advance written notice of such requirements. Agent shall, prior to leasing Tax Credit Units, determine Tenant income eligibility for purposes of the Credits pursuant to applicable laws, using the Agent's Low-Income Eligibility Worksheet or such corrective revisions thereof as Owner shall furnish to Agent from time to time upon any revisions in applicable laws. Without Owner's express prior written consent, Agent shall not enter into any lease on behalf of Owner to a Tenant who fails to meet the income eligibility requirements for the Credits. Agent shall complete, execute, and deliver to Owner, upon lease-up of the Tax Credit Units and annually thereafter prior to the time such information is required for tax reporting purposes for the Credits, the form of Agent's Low-Income Leasing Certification, including a true and correct Rent Roll of all apartment units in the Building in the format attached therewith. Agent shall deliver copies of all leases, riders, certifications, and verifications for the Tax Credit Units to Owner on a monthly basis, and shall deliver copies of annual recertification to Owner prior to the time they are required for tax reporting purposes for the Credits.

b. Owner shall, at the inception of this agreement and from time to time thereafter, furnish Agent with a written schedule of maximum rents for the apartments, depending on family size for purposes of the Credits. Without Owner's express prior written consent, Agent shall not enter into any lease on behalf of Owner at a rental amount exceeding the applicable maximum.

c. Agent shall maintain and preserve all written records of Tenant family income and size, and any other information reasonably requested by Owner in writing in connection with the Credits, throughout the term of the Agreement, and shall turn all such records over to Owner upon the termination or expiration of the Agreement. Storage charges will be paid as a Building expense.

d. If requested by Owner in writing, Agent shall prepare reports of Low-income leasing and occupancy in a form suitable for submission in connection with the Credits.

e. Agent shall cause the Building to be maintained in compliance with all local health, safety, and building codes to the extent of available funds, and shall promptly give written notice to Owner, and to any partner, member or shareholder of Owner entitled to receive notice in accordance with Paragraph 32 hereof, if Agent receives notice of any such code violation relating to the Building.

9. Welfare Exemption. The Owner is required under the Partnership Agreement to qualify for and maintain the welfare exemption (as such term is defined in California Revenue Taxation Code Section 214) for the building and such exemption has significant economic value to Owner. The Owner will prepare and submit initial application for welfare exemption, along with necessary documentation required by Assessor for the county in which the Building is located or the State Board of Equalization or both. Agent agrees to take the necessary and appropriate actions thereafter to prepare for Owner's signature and filing, the annual applications for the welfare

exemption, along with necessary documentation required by Assessor to continue the existing welfare exemption. Agent will provide Owner all such documentation on or before January 15 of each year. Agent shall also provide Owner with copies of all notices received from the Assessor or the State Board of Equalization within fifteen (15) days of receipt.

10. Collection of Rents. Agent shall collect when due, directly or through an on-site manager, all rents, charges, and other amounts receivable on Owner's account in connection with the management and operation of the Building. Such receipts shall be held in the Operating Account identifying the Building, separate from all other accounts and funds.

11. Enforcement of Leases. Agent shall secure full compliance by each Tenant with the terms of such Tenant's Lease. Voluntary compliance shall be emphasized, and Agent shall counsel Tenants and make referrals to community agencies in cases of financial hardship or other circumstances deemed appropriate by Agent all to the end that involuntary termination of tenancies shall be avoided to the maximum extent, consistent with sound management of the Building. Nevertheless, and subject to any applicable procedures prescribed in the Plan, Agent may, and shall if requested by Owner, lawfully terminate any tenancy when sufficient cause for such termination occurs under the terms of the Tenant's Lease, including, but not limited to, nonpayment of rent. For this purpose, Agent is authorized to consult with legal counsel to be designated by Owner and bring actions for eviction and execute notices to vacate and judicial pleadings incident to such actions; provided, however, that Agent shall keep Owner informed of such actions and shall follow such instructions as Owner may prescribe for the conduct of any such action. Reasonable attorneys' fees and other necessary costs incurred in connection with such actions, as determined by Owner, shall be paid out of the Operating Account. Agent shall properly assess and collect from each Tenant or the Tenant's security deposit the cost of repairing any damages to the dwelling unit arising during the Tenant's occupancy.

12. Maintenance and Repairs. Agent shall cause the Building to be maintained in a decent, safe, and sanitary condition and in a habitable and tenantable state of repair, all in accordance with the Plan and local codes, and Agent otherwise shall maintain the Building at all times in a condition acceptable to Owner, including, but not limited to, performance of cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary. Incident thereto, the following requirements shall apply to the Agent's discharge of its duties under this paragraph:

a. Special attention shall be given to preventive maintenance, and to the greatest extent feasible, the services of regular maintenance personnel shall be used.

b. Subject to Owner's prior approval, Agent shall arrange to contract with qualified independent contractors for the maintenance and repair of major mechanical systems, and for the performance of extraordinary repairs beyond the capability of regular maintenance personnel. Agent shall obtain prior to commencement of any work appropriate written evidence of such contractor's liability and workers' compensation insurance. All such agreements shall be entered into in the name of the Owner and the contractor.

c. Agent shall systematically and promptly receive and investigate all service requests from Tenants, take such action thereon as may be justified, and keep records of the same. Emergency requests shall be received and serviced on a 24-hour basis. Complaints of a serious nature shall be reported to Owner after investigation. Owner shall have the right to receive copies of all service requests and the reports of action taken.

d. Agent shall use its best efforts to take such action as may be necessary to comply with any and all orders or requirements of federal, state, county, or municipal authorities having jurisdiction over the Building and orders of any board of fire underwriters, insurance companies, and other similar bodies.

e. Subject to the provisions of Paragraphs 12.f and 19 hereof, Agent is authorized to purchase all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance or repair of the Building.

f. Notwithstanding any of the foregoing provisions, the prior approval of Owner shall be required for any expenditure not included in the approved annual operating budget, exceeding \$500 a month, not to exceed \$2,500 in the calendar year, in connection with the maintenance and repair of the Building, except for emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the Building. In the event of emergency repairs, Agent shall notify Owner of the fact promptly, and in no event later than 72 hours from the occurrence of the event.

(i) The Agent must obtain the Owner's written consent for any identity of interest contracts; and

(ii) such contracts must be terminable upon 30 days' notice.

Owner's prior written approval will be required for any contract (i) that exceeds \$10,000 in the aggregate, (ii) that is for a term of more than 1 year, or (iii) that is not terminable without penalty upon thirty (30) days' notice.

13. Utilities and Services. In accordance with any applicable provisions of the Plan, and subject to the provisions of Paragraph 19 hereof, Agent shall make arrangements for water, electricity, gas, sewage, and trash disposal, vermin extermination, decorating, laundry facilities, and telephone service in connection with the Building.

14. Personnel. All on-site personnel shall be contracted service providers or employees of Agent and shall be paid from the Operating Account as an expense of the Building as per the Management Plan; provided, however, that no reimbursement of employee benefits shall extend beyond the term of this Agreement (such as "paid time off" or health insurance). Agent shall at all times have personnel assigned to the building as prescribed in the Management Plan or as directed by Owner. The number of employees, their job descriptions, and salaries, shall be determined by Agent using as a general guide the provisions of the Management Plan developed for the Building

and amended from time to time with Owner's consent, which Plan is incorporated herein by this reference, and in accordance with the Approved Operating Budget. All personnel shall be hired, supervised, and discharged by Agent. At no time shall the Agent be considered an employee of the Owner.

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

a. From the funds collected and held by Agent in the Operating Account pursuant to paragraph 10 hereof, and subject to Owner's approved operating budget, Agent shall make the following disbursements promptly when payable, in the following order of priority:

(i) Salaries and any other employee costs due and payable on behalf of the employees referred to in paragraph 14 hereof, together with related payroll taxes and other employee-related costs.

(ii) Real estate taxes and assessments, and fire and other insurance premiums (including any required monthly escrow payments therefore), utilities, interest on the Mortgages, amortization of the principal of the Mortgages, fees, and establishment and maintenance of all reserve accounts;

(iii) Agent's compensation and other payments due and payable by Owner as operating expenses incurred pursuant to Owner's approved operating budget and in accordance with this Agreement, and

(iv) Distributions to or at the direction of Owner, including distributions to Owner's partners in accordance with the Partnership Agreement.

b. In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under subparagraph 15(a) hereof, Agent shall promptly inform Owner of the fact and Owner may then remit to Agent sufficient funds to cover the deficiency. In no event shall Agent be required to use its own funds to pay such disbursements.

16. Operating Budget. Agent shall prepare a recommended annual Operating Budget for the Building for each fiscal year during the term of this Agreement, and shall submit the same to Owner at least one hundred twenty (120) days before the beginning of such fiscal year. The annual Operating Budget shall meet all requirements of Exhibit 1 and shall include a schedule of recommended rents to be charged for each dwelling unit, including recommended rent increases with respect to Lease renewals and new Leases. In preparing each proposed annual Operating Budget, Agent shall use its best efforts to take account of anticipated increases in real estate taxes, utility charges, and other operating costs. To the extent feasible, Agent shall support anticipated increases in real estate taxes and utility charges with written evidence or documentation. Proposed annual Operating Budgets for the Building shall be subject to revision and approval by Owner (as revised and approved, the "Approved Operating Budget"). Owner shall promptly inform Agent of

any changes incorporated in the Approved Operating Budget.

17. Records and Reports. In addition to any requirements specified in the Plan or other provisions of this Agreement, Agent shall have the following responsibilities with respect to records and reports:

a. Upon issuance of Certificate of Occupancy, Agent immediately shall ascertain the general condition of the Building, including, but not limited to, the taking of an inventory of all furniture, equipment, tools, and supplies, and shall prepare a report on the physical and financial status of the Building. Within thirty (30) days after the execution of this Agreement, Agent shall provide Owner with a copy of the reports and inventories so prepared.

b. Agent shall establish and maintain a comprehensive system of records, books, and accounts, including computerized systems, in accordance with the Plan and in a manner satisfactory to Owner. All records, books and accounts shall be subject to examination at reasonable hours by any authorized representative of Owner.

c. Agent shall prepare a monthly report, in accordance with any applicable provisions of the Plan and in a form satisfactory to Owner, containing and including at least the following: (i) a statement of income and expenses and accounts receivable and payable for the preceding month, and upon request, any of the following: balance sheet; budget to actual; gross potential rents; monthly journal entry listing; trial balance; security deposit activity report and an itemized list of all delinquent rents as of the tenth (10th) day of the current month; (ii) a rent roll; (iii) a disbursements summary for the previous month; (iv) current bank statements with reconciliation of the Operating and Security deposit Accounts; (v) copies of paid bills and invoices for the previous month; and (vi) a notification of any unusual actions taken or emergencies responded to, and a report of any accidents or claims, for the previous month. Agent shall submit such reports to Owner on or before the fifteenth (15th) day of each month.

d. Agent shall promptly furnish such additional information (including monthly occupancy reports) as may be requested from time to time by Owner with respect to the renting and financial, physical, or operational condition of the Building.

e. Agent shall prepare, execute and file all forms, reports, and returns required by law in connection with the employment of personnel, unemployment insurance, workman's compensation insurance, disability benefits, Social Security, and other similar insurance, and all other benefits or taxes now in effect or hereafter imposed.

f. Agent shall establish Tenant files containing copies of leases, certification forms, notices, and other documentation required by Tax Credit Allocation Committee (TCAC), California Department of Housing and Community Development, Veterans Housing and Homelessness Prevention Program (VHHP/HCD) and County of Santa Barbara HOME Program (HOME).

g. Except as may otherwise be expressly provided in this Agreement, all off-

site bookkeeping, data processing services, and management overhead expenses shall be borne by Agent out of its funds and shall not be treated as Building expenses.

h. Agent shall provide Owner with any notice received from any regulatory agency within five (5) days of receipt.

18. Fidelity Coverage. Agent shall furnish and maintain, at the expense of the Building, for the duration of this Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof, Fidelity Coverage in favor of Owner, in an amount not less than the sum of (a) two (2) months' potential maximum Gross Rents for the Building plus (b) aggregate Tenant security deposits held from time to time, both in amounts as determined by Owner, and in a form and with a company acceptable to Owner, which Fidelity Coverage shall cover Agent and all employees hired by Agent in connection with this Agreement. Such insurance shall cover losses discovered by Owner within one (1) year after the occurrence of such losses. Proof of coverage shall be attached to this Agreement, and shall contain a written provision that Owner shall be given at least thirty (30) days prior written notice of cancellation. Agent shall provide Owner a copy of such bond and any replacements within thirty days after written request from Owner.

19. Bids, Discounts, and Rebates. Agent shall obtain contracts, materials, supplies, utilities, and services on the most advantageous terms to the Building, and shall solicit competitive bids on all contracts or purchases exceeding \$5,000.00 for those items which can be obtained from more than one source. Agent shall secure and credit to Owner all discounts, rebates, or commissions obtainable with respect to purchase, service contracts, and all other transactions on Owner's behalf.

20. Liability of Agent. Except as expressly provided to the contrary herein, the obligations and duties of Agent under this Agreement shall be performed as agent of Owner, but Agent, personally, shall be liable for its breaches of this Agreement; provided, however, that the Agent shall not be responsible for incurring any expenditures in excess of existing or reasonably projected available funds from the Building or funds supplied by the Owner. All expenses incurred by Agent in accordance with its obligations and duties under this Agreement and consistent with Owner's approved operating budget except those due to its breaches of this Agreement and those expressly specified as Agent's expenses herein, shall be for the account of and on behalf of Owner.

21. Indemnification. To the extent permitted by law, Owner agrees to defend, indemnify and save harmless Agent from all claims and suits in connection with the Building provided that such claims and suits are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, and such claims and suits arise, or are alleged to arise, in whole or in part out of any negligent act or omission of Owner, its officers, employees, or agents (other than Agent or Agent's employees, officers or agents). Owner agrees to include Agent as an insured in Owner's public liability policy, but only while Agent is acting as property manager for Owner under this Agreement. Owner shall provide Agent with a certificate of insurance evidencing such liability insurance and providing not less than ten (10) days' notice to Agent prior to cancellation. The Owner will have no indemnification obligation resulting from the Agent's breach of Agreement, gross negligence or willful misconduct.

To the extent permitted by law, Agent agrees to defend, indemnify, and save harmless Owner, including the limited partners, from all claims, investigations, and suits, or from actions or failures to act of Agent, with respect to any alleged or actual violation of state or federal labor or other laws pertaining to employees, it being expressly agreed and understood that as between Owner and Agent, all persons employed in connection with the premises are employees of Agent, not Owner. Agent shall at all times keep its employees and contractors insured for statutory workers' compensation and other employee benefits required by all applicable laws, and Agent shall maintain employment practices liability insurance for an amount not less than \$1,000,000.00 covering claims and suits by or on behalf of employees and others, not otherwise covered by statutory workers' compensation insurance. Agent shall provide Owner with a certificate of insurance evidencing that workers' compensation insurance is in force and providing not less than ten (10) days' notice to Owner prior to cancellation.

Additionally, Agent agrees to defend, indemnify, and hold Owner, including limited partners harmless from and against any and all losses, damages, claims, costs, expenses and liabilities (including, but not limited to all legal fees, court costs, and costs of investigation) resulting from any breach of this Agreement by the Agent and any intentional tort, criminal activity, gross negligence, reckless or other willful misconduct, and any other act or omission by Agent, its agents or employees, outside the scope of the agency relationship created by this agreement. Agent agrees to notify Owner of any claims against them. Agent agrees to cooperate with Owner and upon reasonable request, attend hearings and trials and assist in effecting settlements, securing and giving evidence and obtaining witnesses in the conduct of suits. Agent will not make any settlement, or incur any expense that affects Owner, without the prior written consent of Owner.

Additionally, Owner agrees to defend, indemnify, and hold Agent harmless from and against any and all losses, damages, claims, costs, expenses and liabilities (including, but not limited to all legal fees, court costs, and costs of investigation) resulting from any breach of this Agreement by Owner and any intentional tort, criminal activity, reckless or other willful misconduct, and any other act or omission by Owner under the Agreement. Owner agrees to notify Agent of any claims against them. Owner agrees to cooperate with Agent and upon reasonable request, attend hearings and trials and assist in effecting settlements, securing and giving evidence and obtaining witnesses in the conduct of suits. Owner will not make any settlement, or incur any expenses that affect Agent, without the prior consent of Agent.

22. Insurance. Owner shall cause insurance coverage required under the Mortgages, and such additional forms and amounts of insurance as Owner may require, to be placed and kept in effect at all times with insurance companies satisfactory to Owner. Agent shall be designated as an additionally insured while acting as property manager for Owner under public liability insurance for a limit of liability acceptable to Agent and Owner. Agent shall investigate and promptly furnish to Owner full written reports of all accidents, claims, and potential claims for damages relating to the Building, and shall cooperate fully with Owner's insurers, regardless of whether the insurance was arranged by Agent, Owner or others.

Agent shall at all times keep its employees and contractors insured for statutory workers' compensation and other employee benefits required by all applicable laws and shall maintain liability insurance covering automobiles and other vehicles operated by Agent. In addition, Agent shall maintain a comprehensive commercial liability policy in the amount of \$1,000,000.00 per occurrence, \$2,000,000.00 aggregate and property fire damage/legal liability in the amount of \$50,000.00, to insure Owner against any and all claims arising out of Agent's actions outside the scope of the agency relationship created by this Agreement, including without limitation any intentional torts, criminal activity, and reckless or other willful misconduct of Agent, its agents, and employees. Such policy shall include coverage for contractual liability under this Agreement and shall designate Owner as an additional insured. The policies described in this paragraph shall be maintained at Agent's cost and not as a reimbursable expense of the Building.

Agent shall provide Owner with a certificate of insurance evidencing that all insurance referenced in this Paragraph 22 is in full force and effect and providing not less than thirty (30) days' notice to Owner prior to cancellation, lapse or non-renewal or reduction in the amount of coverage.

23. Increased Risks. Agent will give Owner written notice of any facts of which agent is aware that evidence a risk in casualty loss or a claim of liability in connection with the building or its operation. Such notice shall be given as soon as Agent has knowledge of such facts.

24. Owner's Right to Audit Files and Accounts. Owner shall have the right, within ten (10) days written notice to Agent, to audit all files and accounts pertaining to the building and tenancies therein at Agent's principal office during normal business hours.

25. Escrow Payments. From the funds collected and deposited by Agent in the Operating Account, Agent shall make any monthly escrow payments required under the Mortgages, for the purpose of funding insurance, tax, and such other reserve or escrow accounts for the Building as Owner may require pursuant to the Mortgages. Agent promptly shall present tax bills and insurance premium notices to the escrow agent for payment of such taxes and insurance premiums.

26. Agent's Compensation. As compensation for all of Agent's ongoing property leasing, management and related services under this Agreement, and effective upon execution of this Property Management Agreement, Agent shall receive a monthly fee of Eighty-One Dollars (\$81) per unit. Said fee shall increase upon publication of updated rates, in accordance with guidelines published by the California Department of Housing and Community Development. Additionally, Agent will be paid a fee for marketing and initial lease-up of \$50,000, with \$25,000 due within six months of construction completion and \$25,000 due when the project is fully leased. Nothing contained herein shall impose any obligation on Owner to pay any real estate commissions or finders' fees to Agent upon any sale, transfer or conveyance of the Building, or any portion thereof. Agent acknowledges and agrees that up to fifty percent (50%) of the management fee shall be deferred to the extent necessary to reduce the amount, or avoid the occurrence, of an Operating Deficit (as such term is defined in the Partnership Agreement).

a. Agent's costs and services to be covered by the Management Fee, and hence not to be paid out of the General Operating Account, include:

- i. Additional monitoring required by T.C.A.C
- ii. Overhead (off-site)
- iii. Supervision
- iv. Preparation of financial statements and reports as required, except for audit.
- v. Off-site computer processing (i.e. not to include on-site occupancy software and hardware together with necessary support)
- vi. Building bookkeeping and accounts
- vii. All costs related to off-site bookkeeping/accounting services required to be performed by Agent hereunder;
- viii. Salaries and payroll expenses of any personnel other than on-site employees; unless directed by Owner.
- ix. Agent's off-site overhead and general administrative expenses which shall include taxes and office expenses and any gross salaries, travel and other expenses of the offsite employees of the Agent other than work performed exclusively at the property.
- x. Costs of obtaining and maintaining real estate brokers' and salesperson's licenses, and fees for professional organizations;
- xi. All costs losses, and/or penalties arising from the reckless or willful misconduct of Agent,
- xii. Anything else excluded under the Policies and Procedures for Property Management described in Exhibit 1.

b. The services not covered by the Management Fee, and hence to be paid out of Operating Account. These costs must be pre-approved by the Owner in writing, they include:

- i. On-site telephone and computer system costs
- ii. Operating Expenses
- iii. Maintenance and repairs

- iv. All audit and any Owner reports not required by this contract
- v. All employee costs, including cost of required training programs, processing and travel
- vi. Other payments made at direction of Owner
- vii. All costs, losses, and/or penalties incurred by Agent arising as a result of the directions or conduct of Owner.

27. Compliance with Laws. In the performance of its obligations under this Agreement, Agent shall comply with applicable local, state, and federal laws and regulations. In addition, Agent shall at all times comply with the Servicemembers' Civil Relief Act.

28. Term of Agreement. This Agreement shall be in effect for the period commencing at the issuance of certificates of occupancy for the Building and ending on the first anniversary of said date. This Agreement shall be automatically renewed for one (1) year periods thereafter until the termination of this Agreement pursuant to Paragraphs 29 and 30.

29. Termination of Agreement without Cause. This Agreement may be terminated by Owner and Agent without cause subject to compliance with the following requirements:

a. Either Owner or Agent may unilaterally terminate this Agreement at any time upon written notification of at least sixty (60) calendar days by the party desiring to terminate the Agreement.

b. This Agreement may be terminated by mutual written consent of Owner and Agent.

c. Within three (3) days after the termination of this Agreement pursuant to this paragraph, Agent shall assign all certificates of deposit and provide a status report on all Building bank accounts regarding the Building to Owner. Within ten (10) days after the termination of this Agreement, Agent shall deliver to Owner all plans and surveys of the Building in its possession and all books, records, and other documents concerning the Building. Within thirty (30) days after the termination of this Agreement, Agent shall submit to Owner all reports required under Paragraph 17 hereof to the date of such termination, and Agent and Owner shall account to each other with respect to all matters outstanding as of the date of termination. The Owner is only liable for expenses incurred by Agent if they are submitted to the Owner within 60 days of the termination date.

30. Termination of Agreement for Cause.

a. In the event that Agent fails to perform any of its duties under this Agreement or to comply with any of the provisions hereof, Owner shall notify Agent in writing and Agent shall have ten (10) days from the date of the notice of default within which to cure such default to the satisfaction of Owner. If such default is incapable of being cured within this ten (10) day period, Agent shall provide Owner with a detailed written plan as to when the Agent will effect a cure, including, but not limited to, providing an explanation as to why additional time is required and setting a deadline by when the cure will be accomplished. The deadline shall be set in writing at Owner's discretion from the date of the notice of default. If Agent fails to demonstrate to the ongoing satisfaction of Owner that Agent is diligently pursuing all necessary actions to cure such default in accordance with the plan, or if Agent fails to effect the cure by the deadline set forth in the plan, all obligations of Owner to Agent under this Agreement shall terminate immediately and Agent shall comply with the requirements of Subparagraph 29(c).

b. Owner may terminate immediately for fraud, intentional misconduct, breach of fiduciary duty, gross negligence or removal of the General Partner under the Partnership Agreement.

c. The Agreement shall automatically terminate if a petition in bankruptcy is filed by or against the Agent, or in the event that the Agent makes an assignment for the benefit of creditors or takes advantage of the insolvency act.

d. Within three (3) days after the termination of this Agreement pursuant to this paragraph, Agent shall pay the outstanding balances, and Agent shall assign all certifications of deposit regarding the Building and the contract to Owner. Within ten (10) days after the termination of this Agreement, Agent shall deliver to Owner all plans and surveys of the Building in its possession and all books, records, and other documents concerning the Building. Within thirty (30) days after the termination of this Agreement, Agent shall submit to Owner all reports required under Paragraph 17 hereof to the date of such termination, and Agent and Owner shall account to each other with respect to all matters outstanding as of the date of termination. The Owner is only liable for expenses incurred by Agent if they are submitted to the Owner within 60 days of its termination date. The Agent agrees to cooperate with any newly-named property manager as required to ensure a smooth transition of operations, and that the Agent's right to receive monthly compensation will terminate on its termination date.

31. Notices.

a. All notices, requests, demands, or other communications under this Agreement shall be in writing and shall be sent to the address set forth in Section C of the Information Schedule.

b. Notice shall be deemed sufficiently given for all purposes as follows:

(i) When personally delivered to the recipient, notice is effective upon delivery.

(ii) When mailed certified mail, return receipt requested, notice is effective as of the date shown on the return receipt card.

(iii) When delivered by overnight delivery service, charges prepaid or charged to the sender's account, notice is effective on delivery, provided delivery is confirmed by the overnight delivery service.

32. Amendment. This Agreement constitutes the entire agreement between Owner and Agent, and no amendment or modification thereof shall be valid or enforceable except by supplemental agreement in writing, executed by the parties hereto or the party to be bound thereby. In addition, no such amendment or modification shall be valid or enforceable without the prior written consent of Owner's Limited Partner.

33. Attorney's Fees. If any litigation is commenced between the parties to this Agreement concerning the rights and duties of either in relation to this Agreement, the party prevailing in that litigation shall be entitled, in addition to any other relief granted, to a reasonable sum as and for its attorneys' fees, costs, and other expenses in the litigation, which shall be determined by the court in that litigation or in a separate action brought for that purpose.

34. Severability. The invalidity of any clause, part, or provisions of this Agreement shall not affect the validity of the remaining portions thereof.

35. Waiver. Owner's remedies under this Agreement are cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of Owner's other remedies. No waiver by Owner of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. Owner or Agent may apply to any court, state or federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, or for such other relief as may be appropriate, since the injury arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

36. Headings. The headings used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or the intent of this Agreement.

37. Execution of Counterparts. For the convenience of the parties, this Agreement may be executed in multiple counterparts, each of which shall constitute a complete original of this Agreement, which may be introduced in evidence or used for any other purpose without the production of any other counterparts.

38. Successors and Assigns. This Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Agent and their respective successors and assigns. In the event Owner's current general partner or any successor general partner of Owner is removed as general partner in accordance with Owner's partnership agreement, any successor general partner

selected in accordance with such partnership agreement shall have authority to act hereunder on behalf of Owner, and until such successor is selected Owner's Limited Partner shall have temporary authority to act hereunder on behalf of Owner.

39. Assignment. Agent shall not assign this Agreement or any of its duties hereunder, without the prior written consent of Owner and Owner's limited partner. Any purported assignment of this Agreement by Agent without this written consent shall be void and of no effect.

40. Governing Law. The law of the State of California shall govern the interpretation and enforcement of this Agreement.

41. Conflicts. Notwithstanding anything to the contrary, in the event of any conflict between the terms of this Agreement and the terms of Section 11.02 of the Partnership Agreement, the terms of Section 11.02 of the Partnership Agreement shall control and are hereby incorporated herein by reference.

SIGNATURE PAGE


In Witness Whereof, the parties have executed this Agreement as of the 15th day of July, 2021.

OWNER:

VILLAGE SENIOR, LP, a California limited partnership

By: VILLAGE SENIOR, LLC, a California limited liability company, its general partner

By: Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation, its sole member and manager

By: 
Victoria Brady
Chief Financial Officer

AGENT:

CABRILLO ECONOMIC DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: 
Luz Soto
Director of Property Management and Resident Services

**EXHIBITS TO
PROPERTY MANAGEMENT AGREEMENT**

- Exhibit 1: Management Plan
(as attached by Owner and Agent)
- Exhibit 2: Information Schedule

EXHIBIT 1
VILLAGE SENIOR APARTMENTS, LP
MANAGEMENT PLAN

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**VILLAGE SENIOR APARTMENTS
PROPERTY MANAGEMENT PLAN**

EXHIBIT 1 TO PROPERTY MANAGEMENT AGREEMENT

I. MANAGEMENT

A. Role and Responsibility of the Owner and/or Delegation of Authority to the Management Agent

Scope of Responsibilities. The respective responsibilities of **Village Senior, L.P.** (the "Owner") and **Cabrillo Economic Development Corporation** (the "Agent") are described in the Management Agreement (the "Agreement"). This Management Plan (the "Plan") is incorporated by reference into the Management Agreement. This Plan does not supersede the Agreement. The terms of the Agreement supersede any terms of this Plan if there are any contradictory provisions, while the terms of this Plan supplement the terms of the Agreement if any provisions in the Plan are not explicitly included in the Agreement. Owner shall, from time to time, designate a representative who shall be authorized to review and approve Agent's requests for taking action or entering into contracts whenever this Plan requires Agent to receive such prior written approval from Owner.

1. The Agent will need prior written approval from the Owner before taking action as noted below:

- a. Renewal of service contracts.
- b. Letting of any large contracts such as exterior painting, remodeling, etc.
- c. Evictions and legal proceedings.
- d. Authorization of non-budgeted items and Purchase Orders or Work Orders exceeding \$500 a month, not to exceed \$2,500 in the calendar year for labor and or materials required to maintain the development. The Agent must make every effort to keep disbursements within the guidelines of the projected budget amounts.

2. Change in Management Agent. The Owner will maintain a list of property management agents who have the experience and capacity to manage Village Senior Apartments and who are experienced in publicly supported affordable housing projects.

If the Agent is terminated prior to occupancy, the Owner shall immediately seek and contract for services with another agent. The Agent will transfer all files and records related to the project to the Owner. These files shall include marketing and rent-up materials, prospective tenant applications and documents relating to the management of the project.

B. Personnel Policy and Staffing Arrangements

1. Job Titles and Responsibilities. The following personnel will be involved in the management of the property:

a. Property Manager: The Property Manager, as a condition of employment, will reside in the assigned Manager's unit, and will serve as the full-time Property Manager for the Property. Agent will provide office space located within the Property from which the Property Manager will perform the administrative duties associated with managing the Property. The Property Manager will perform all duties as a full-time employee of Agent.

b. Maintenance Personnel: The maintenance personnel will be available 20 hours during the work week to maintain the physical integrity of the development, interiors, and exterior common area space. Maintenance personnel will be available 24 hours per day, 7 days per week to respond to emergency work orders.

2. Hiring Policy

a. Applicants are considered for positions, and employees are treated during their employment without regard to race, ethnicity, national origin, religion, creed, sex, sexual orientation, age, marital status, veteran status, medical condition or handicap. All hiring of personnel shall conform to Equal Employment Opportunity guidelines.

It is the intent of the Agent to comply with the laws and regulations, as applicable, concerning fair employment and affirmative action. The Agent will work with the Owner to actively recruit qualified women and minority candidates for all jobs. Special efforts will be made to provide information regarding job openings to women and minority candidates and Agents through outreach to community organizations, bulletin boards, newspapers, and other communications media. All hiring materials will indicate that the Agent is an "Equal Opportunity Employer."

Agent also complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

3. Training. Staff will receive comprehensive training at the Management Agent's central office facility, as well as ongoing training at the site. In addition, the Agent will provide concentrated training opportunities to personnel on a regular basis during the site visits. Training of all personnel covering California Tax Credit Allocation Committee (CTCAC), and Section 8 programs reporting procedures, program

guidelines and management policies will be carried out prior to the rent-up of the project. In addition, the Agent will inform its staff in writing of all changes in CTCAC, and any applicable program management policies and requirements immediately after any such changes have been published. The Agent will also send project related personnel to relevant management workshops sponsored by various property management associations for the purpose of updating and renewing work-related skills.

Training of employees will include both verbal and written instruction regarding policy of non-discrimination and fair housing. Employees are provided with applicable Fair Housing federal and state statutes including the Federal Fair Housing Act Title VIII Civil Rights Act 1968 and State Fair Employment and Housing Act 1964.

4. Intentionally Omitted

- 5. Nondiscrimination Clause.** The Agent shall not harass or allow harassment, against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, pregnancy, childbirth, or related medical condition nor shall the Agent unlawfully deny family and medical care leave or pregnancy disability leave. The Agent shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

The Agent shall comply with the provision of the Fair Employment and Housing Act (Gov. Code, 12900 et seq.) and the applicable regulations promulgated thereunder (Cal. Code Regs., tit. 2, 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990, Subdivisions (a-f), set forth in the California Code of Regulations, Title 2, Section 8101 et seq., are incorporated into this Contract by reference and made a part hereof as if set forth in full. Agent shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Agent shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

- 6. Drug-Free Workplace.** The Agent will also comply with the requirements of the Drug-Free Workplace Act of 1990 (Gov. Code 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - i. The dangers of drug abuse in the workplace;

- ii. The Agent's policy of maintaining a drug-free workplace;
 - iii. Any available counseling, rehabilitation and employee assistance programs; and
 - iv. Penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works at the Property will receive a copy of the Agent's statement as a condition of employment at the Property.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and the Agent may be ineligible for award of any future state agreements if the department determines that any of the following has occurred: (1) the Agent has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code, 8350 et seq.)

C. Plan for Maintaining Adequate Accounting Records and Handling Necessary Forms and Vouchers

1. **Project Accounting Basis.** The Agent shall maintain financial accounting, reports, and records in conformance with generally accepted accounting principles (GAAP) standard accrual basis accounting procedures, and shall be responsive to the guidelines provided by the regulatory agencies connected with the project and the Owner.
2. **Bank Accounts.** Agent shall maintain the following separate accounts:
 - a. General Operating Account: The Agent shall maintain an operating account for rent collection and payment of the project's operating expenses.
 - b. Security Deposit Account: The Agent shall maintain a Security Deposit Account. The account shall be separate from the operating account
 - c. Operating Reserve Account: This account will be funded in an amount to be determined by the Owner and comply with all lender requirements.
 - d. Replacement Reserve Account: This account will be funded in an amount to be determined by the Owner and comply with all lender requirements.
3. **Cash Receipts.** Agent shall collect rents, security deposits and all other payments and deliver to Agent's main office for processing.

Agent will send to Owner at the end of the month:

- a. The completed original cash journal;
- b. Copies of all bank statements;
- c. All move-in and move-out reports; and
- d. Bank reconciliations

The Agent shall prepare a rent roll showing scheduled and actual rents with a list of tenant delinquencies. Delinquency reports shall indicate whether tenants are 30, 60, or

90 days behind in their rent.

Agent shall maintain individual tenant ledgers recording all tenant payments and receivables.

Agent shall make all appropriate deposits into the Operating, Security Deposit, Operating Reserve and Replacement Reserve Accounts. Owner shall transfer appropriate amounts to and/or from the security deposit account on a monthly basis.

Agent will prepare monthly bank reconciliations to verify all deposits.

4. Operating Disbursements. Bills will be paid and accounts will be funded pursuant to the requirements of the project's regulatory agreement and loan agreement. Specifically:

- a. Agent will utilize a purchase order system to document all project expenses except those items and services provided on a regular contractual basis (utilities, trash removal, service contracts, etc.)
- b. Purchase order copies will be matched to invoices and approved by the Agent's property supervisor prior to payment.
- c. Checks will be vouchered for payment by the Agent and processed semi-monthly for payment of any payable on hand.
- d. Owner's mechanisms for cost control, purchasing, and procurement of contract services are as follows: Non-routine Expenses over \$ 1,000 require Owner's prior written approval, except for emergency repairs where Agent will communicate with Owner as soon as possible. Purchase contracts in excess of \$5,000 must be put out for bid, with a minimum of three (3) competitive bids. Solvency requirements and cash flow payments shall be determined by the lenders.

5. Sponsor Distributions, Residual Receipts. Payments on the project's loans shall be made by Agent pursuant to the respective loan documents.

6. Reporting. The Agent shall maintain all accounting records on a computer system. Records of collections will be input into the computer system where a general ledger, cash receipts and disbursements records will be maintained.

All regulatory reporting documents will be completed by Agent in conjunction with Owner to be submitted by Owner and will be based upon the requirements of the regulatory agencies. At a minimum, Agent shall prepare monthly reports concerning the following:

- a. Cash status report including cash receipts, disbursements and receivables
- b. Statement of income and expenses, accounts receivables and payable, monthly journal listing and trial balance,

- c. Comparisons of actual versus budgeted operating costs;
- d. Vacancy and Delinquency Report, and gross potential rents;
- e. Account statements of the Operating and Replacement Reserves; and
- f. Security deposit activity report.

The Owner shall deliver to the Agent a copy of all CTCAC, and Housing Authority, Section 8 program guidelines, with the due dates of various CTCAC, and applicable regulatory agreement documents specified by the Agent.

7. **Annual Audit.** Owner shall be responsible for the annual audit. Agent shall be responsible to supply all financial records requested by Owner no later than thirty (30) days after the end of each Project fiscal year. Agent shall inform auditors of all provisions of annual audits as required by Section 8 Program.
8. **Security Deposits.** Security deposits will be charged in accordance with the funding agencies' standards.

The amount of any deductions from the security deposit will be determined by the Agent's field supervisor under guidelines established by the Agent and approved by the Owner. Security deposits may be used to pay for tenant-caused damages, cleaning the premises, lost keys, delinquent rent, late fees, legal fees, and any other reasonable expense caused directly as a result of a tenant's actions. If no charges are made against a tenant's security deposit, a tenant shall be entitled to a refund of a security deposit. Interest shall be included in such refund to the extent required so by any applicable law. Security deposit refunds will be mailed to a former resident within twenty-one (21) days of departure.

Any accrued interest on security deposits that is not required by law to be refunded will be made available for operations and repairs related to the project.

Security deposits shall be maintained in a separate account from the operating and reserve accounts. Security deposits shall be shown as liabilities on all project reports, and not included as income.

Agent shall follow the procedure set forth in Civil Code Section 1950.5(f) regarding advance written notice to tenant of his or her right to request and be present at an initial inspection of the unit. When tenant requests such an inspection, Agent shall inspect the unit within two weeks before the date of termination of the tenancy and provide the tenant an itemized statement specifying the repairs or cleanings that are proposed to be the basis of any deductions from the security the landlord intends to make. In all cases Agent shall inspect the unit at the time it is vacated by the departing resident to determine whether any damages were caused by the resident household while they occupied the unit. The inspection form used prior to move-in shall be used as the basis of comparison. No later than twenty-one (21) calendar days after the tenant has vacated the premises, Agent shall furnish the tenant, either by personal service or first-class

mail, a copy of an itemized statement indicating the amount of any security received and the disposition of the security, and Agent shall return any remaining portion of the security to the tenant. Agent shall also include copies of documents, as required under Civil Code Section 1950.5(g)(2), that show the charges incurred and deducted for repairs or cleaning. If the repairs cannot reasonably be completed within 21 calendar days after the tenant has vacated, Agent shall follow the procedure set forth in Section 1950.5(g)(3) for estimating the charges that will be incurred and any deductions from the security. Should the repair costs exceed the amount of the security deposit, then the Agent will also send the former resident an invoice for the excessive cost of the repairs. All documentation shall be maintained by the Agent in the former tenant's file.

- 9. Operating Budget.** For as long as deemed necessary by the Sponsor, the Owner shall submit to the lender for its approval, 60 days prior to the end of each Project fiscal year, a proposed operating budget. The proposed operating budget shall set forth the estimate of the Project's Operating Income, Operating Expenses, debt service for the coming year and any proposed rent increases that are in compliance with all lender requirements.

D. Management Plan Updates. The Management Plan shall be updated on the following occasions:

1. Change or modification of management guidelines of the lenders or applicable regulatory agencies;
2. Change or modification of Village Senior management guidelines, which will be reviewed annually; and
3. Alteration of Village Senior staffing that necessitates operating procedure revisions.

E. Property and Liability Insurance. Owner shall arrange for the project to be insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by the CTCAC, and applicable loan agreements, lenders and appropriate regulatory agencies.

Fire and property insurance shall be maintained for the full replacement value of the project, and 100 percent of the annual rents for the duration of the time the building remain fully or partially rentable. Casualty and liability insurance shall also be maintained.

II. OCCUPANCY

A. Marketing Plans and Procedures

1. **Affirmative Marketing.** The Agent will be responsible for marketing and leasing the units. The rental office will be located nearby and the Owner will supply all of the necessary office furniture (desk, file cabinet, chairs, etc.), and equipment (computer and software, calculator etc.).

Units shall be marketed in accordance with Affirmative Fair Housing marketing guidelines. All advertising for the Village Senior units shall include prominent use of Equal Housing Opportunity logos, slogans and/or statements of intent to affirmatively market the units.

Outreach to the community will specifically be through local community organizations, newspapers, and governmental agencies. The outreach will be citywide and reach a diverse racial, ethnic and economic mix. Advertising shall include use of newspaper advertisements, flyers to the communities, and notification of availability of rental units to public and private agencies. All advertisements will be printed in English and in Spanish and other languages as determined by mutual agreement of Owner and Agent. Applicants for the thirteen (13) veterans units may be referred by the Veterans Administration.

- 2. Resident Selection.** The initial lease-up shall be conducted by Agent's personnel and supervised by the Owner. Marketing shall be made only to individuals. Agent shall utilize staff members who are well trained in eligibility requirements, tenant composition criteria, unit size selection processes, tax credit, lender and Owner-approved selection criteria and applicable regulations. The Owner will be a participant in the resident selection process including participation in the interviews of applicants. The following is a summary of tenant selection procedures:

- a.** Eligible applicants will be processed and selected in the order in which completed applications are received. Eligibility will be determined on stated income. If an applicant is deemed eligible on stated income then full processing is undertaken. If an applicant is deemed to be over-the-income limit s/he will become ineligible and therefore processing will cease at that time.

- b.** The Agent will thoroughly review all information provided on the applicant's application. For Farm Worker units the review will include a credit check, contacting prior landlords, and verifying all information on the application.

- c.** For Veteran units the Agent shall employ Housing First practices in the selection of tenants, including acceptance of applicants regardless of their sobriety or use of substances, completion of treatment or agreement to participate in services. Applicants will be assisted with their applications for tenancy and reasonable accommodations will be made as appropriate. Applicants normally will not be rejected on the basis of poor credit or financial history, poor or lack of rental history or criminal convictions unrelated to tenancy. Applicants will be informed that supportive services for tenants will be flexible and voluntary with a focus on housing stability, engagement and problem-solving. Applicants will be informed that their privacy will be respected, and they will not be inhibited in their choices with respect to visitors, engaging freely in community activities and managing their own activities of daily living. Tenants will be selected utilizing the local Coordinated Entry System (CES), and in accordance with the provisions of 25 C.C.R. Section 8305.

- d. All qualified applicants who reject an offer, other than for a justifiable reason as stated in the Policy Guide, shall be required to complete a new application to be placed on the Waiting List.
- e. Those applicants not selected for occupancy shall be provided with written notification stating the reasons for their ineligibility. Such reasons might include but are not limited to the following: over income, insufficient income (less than two and a half the monthly rent), poor credit history and prior eviction identified on credit report.

Eligible applicants will sign a verification form for the Agent to mail to the income provider. The forms are to be filled out by the income provider or themselves if they are self-employed (whereupon a signed affidavit with a tax return, if any, must be provided). Landlord reference letters may also be required. Source documentation will be required to verify income eligibility.

Whenever possible, the Agent will assist applicants who have limited fluency in English by answering questions or providing forms in the native language of the applicant.

Upon third-party verification of income, and other verifications if applicant qualifies, the applicant shall either be offered residency or their name shall be added to the waiting list and time-dated. The waiting list will be updated on a regular basis. Applicants on the waiting list will be contacted during these regular updates to see if the applicant wishes to remain on the waiting list and whether there have been any significant changes in any household situations since application for residency.

The Agent shall attempt to contact those households on the waiting list based on preference, and date and time of application. If a household cannot be contacted after documented attempts, the Agent shall remove their names from the waitlist. Prospective tenants will be informed that continued income eligibility and annual income recertification will be required as a condition of occupancy. Applicants who are deemed suitable for occupancy shall have the opportunity to inspect the unit to be rented, shall sign an inspection form and a rental agreement, and shall pay the security deposit.

3. **Notification of General Population.** The general population in the greater ---- Buellton, Lompoc and surrounding area will be notified of the availability of units at the Village Senior project essentially as noted above in Section (II)(A)(1). At a minimum, the project will be advertised in the area newspapers identified in the affirmative marketing plan.
4. **Waiting List.** Agent shall establish and maintain a waiting list for the Property, and shall initiate marketing efforts as necessary to identify new prospective waiting list households. Any applicant on the Waiting List who may be eligible for one of the (13) Veteran's special needs units shall be referred to the Veterans Administration. For the

thirty-six (36) senior units, Agent shall:

- a. Process three applications from the waiting list for each vacancy, including determining the applicants' employment, qualifying income level and household size. Each eligible application will be submitted to the Compliance unit for approval.
- b. Approved applications will be forwarded to the Housing Authority of the County of Santa Barbara (HACSB) to confirm voucher eligibility. Upon approval by HACSB, the unit inspection will be completed, and the tenant subsidy and effective move-in date will be determined.

5. Pre-Occupancy Orientation. A pre-occupancy orientation program will be provided for applicants during the interview process. If applicants are accepted, at the time of the execution of the lease and payment of security deposit, the Agent shall re-orient the households on the project. Just prior to residency, the applicant and the Agent shall inspect the unit to be occupied and an inspection form must be turned in to the manager within 5 days of move in date. Both the applicant and Agent must sign the form, signifying that the tenant will pay damages other than wear and tear.

B. Procedures for Determining Tenant Eligibility and for Certifying and Annually Recertifying Household Income and Size

- 1. Initial Tenant Eligibility.** Steps to determine initial income eligibility are described in Section (II)(A)(1) above.
- 2. Annual Tenant Recertification.** Each household will be informed during the interview and orientation process of the requirement to have household income and composition re-certified annually.

Annual interviews with each household will be scheduled according to a recertification schedule established between the Owner and Agent. Every calendar year every household must be re-certified. The recertification procedure will begin at least 3 months prior to the required time of completion. The full re-certification process will be almost identical to the initial certification required at move in time.

- 3. Procedures for Dealing with Resident Households that Become Ineligible.** If a household is determined to be no longer eligible for a Housing Choice Voucher, the household members will be notified of their ineligibility. Subject to applicable Section 8, Tax Credit and HCD regulations, the notification will include either a 30 Day Notice of Termination or a 30 Day Notice of Rent Adjustment, giving the household at least

30 days prior written notice of the effective date of the rent increase. Said notice shall advise the Household of its right to terminate the Lease Agreement and not be bound by any such change by giving written notice to Management within ten (10) days after Management's notice is sent to Tenant. Such termination shall be effective thirty (30) days after the date that the rent change was to become effective as stated in the rent adjustment notice. If the household elects to move, the unit will be rented to the next eligible applicant from the waiting list.

4. Tenant Occupancy Standards. The occupancy standards for determination of a household's unit size shall be as follows:

Unit Size	Minimum # in Household	Maximum # in Household
1 BR	1	3
2 BR	3	5
3 BR	5	7

a. Pets: Household Pets may be allowed in Village Senior Apartments, consistent with California Health & Safety Code Section 50466 and applicable HUD regulations.

b. Permissible Absences: Tenant families are required to occupy their units at the Village Senior Apartments as their primary place of residence.

c. Tenant Incapacity: In the event that a tenant appears to be incapacitated so as to make self-care difficult, the Agent will immediately contact relatives or will contact referral agencies to assist the resident. In the event that the resident becomes so incapacitated as to be unable to care for himself/herself, the County Guardian's Office will be contacted to determine what facility the resident should be transferred to. On request, housing of live-in attendants for program-eligible disabled tenants will be allowed, unless the addition increases household size beyond maximum occupancy. If a larger unit is available on-site, the Agent will accommodate the disabled tenant by moving him/her to the larger sized-unit.

d. Changes in Household Size (over or under occupancy): In the event that pregnancy increases household size beyond the allowable maximum number of occupants, the household shall be required to move to a larger sized-unit, as soon an appropriate unit is available.

C. Rent Collection Policies and Procedures

1. Rent Calculations and Collections. The prospective tenant household shall be informed of the rent prior to executing a lease. Annual rent increases, if any, shall be initiated in compliance with CTCAC, and other lender restrictions and requirements. Tenants shall be informed of any rent increases at least 30 days prior to their implementation.

Rent collection procedures are defined in the Property Management Agreement. Typically, rents shall be delivered to the Property Manager. The Property Manager shall provide the resident with a receipt and the amount paid will be entered into the monthly rent receipt journal. Rents shall be collected by the Agent and deposited into the operating account.

All rents shall be due on or before the first day of each month. Rent is considered delinquent on the sixth of the month. Rents must be paid by check, money order, or some other secure form of payment. Cash payments are not accepted.

- 2. Actions for Late Rents.** Residents who have not paid their rent by the sixth day of the month will be served a Three Day Notice to Pay Rent or Quit. The Agent will notify the Owner of all Three Day Notices issued to residents of the Village Senior Apartments.

Failure to pay rent will result in eviction. The Agent must consult with the Owner prior to initiating any legal action against any tenants. The Agent shall provide the attorney with copies of all documents and request that an eviction be scheduled with the court. Eviction proceedings must follow procedures outlined in the California Civil Code. The household will be charged for the cost of any legal actions the Owner incurs due to the actions of the household.

A household may follow the procedure outlined in the Grievance and Appeal Procedures if the Owner takes action regarding the household's late or non-payment of rent.

- 3. Partial Rent Payments.** Partial rent payments will not be accepted unless specific arrangements are made with the Agent in advance of the time when rent is due. Rent is due in full on the first of each month.
- 4. Annual Rent Increases.** Rents shall be increased not more often than annually in an amount approved by CTCAC cover the project expenses. All residents shall be given a 30-day notice of any rent increases allowed pursuant to agency regulations.
- 5. Recovery of Damages in Excess of Security Deposit.** The full amount of back rent and rental damages will first be established formally in a judicial unlawful detainer action so that Village Senior, LP may claim damages as part of the court's judgment. If the rental damages are significant and the tenant's income is determined sufficient, a collection agency may be contacted to secure the judgment. If damages to real or personal property or other charges are significant and the tenant's income is determined sufficient, Agent shall secure a judgment in small claims court, and then may contact a collection agency to secure the judgment.

D. Procedures for Appeal and Grievance

- 1. Eviction Procedures.** Residents who have violated their lease or other regulations may be given a Notice of Violation, a Thirty Day Notice to Vacate, or a Notice to Vacate for a shorter period prescribed by state law. Should the violation continue, the Agent will inform the Owner that they intend to initiate eviction procedures.

Evictions for nonpayment of rent are described in Section (II)(C)(2) above. Eviction for a serious or repeated violation of a material term or condition of the Rental Agreement, a violation of applicable federal, state or local law and/or nuisance shall be undertaken when there is documented evidence (correspondence, witnesses of illegal activities, police actions, lease violations, etc.) available such that the Agent and the attorney may determine that they are likely to win in court. The Owner will be consulted in all cases. Court actions typically require six to ten weeks for a decision. Fully contested evictions can take longer, and uncontested evictions, depending upon the workload of the court at the time, may take slightly less time.

No rent will be collected during any eviction actions. If a tenant who is in the process of being evicted for nonpayment of rent desires to pay the rent in full, then the Property Manager shall confer with Agent to determine whether rent will be accepted. If rent is accepted, the tenant will be required to pay with money order or cashier's check only. If it is determined that the resident is chronically late or has a serious nonpayment problem, then Agent has the option of foregoing the rent and continuing with the eviction if the deadline specified in the Three-Day Notice has already elapsed.

- 2. Processing Tenant Complaints.** Written resident complaints will be responded to in writing by the Agent.

Complaints can be mailed or hand delivered to the Agent and/or the Property Manager and can be signed or anonymous. However, tenants should be advised that anonymous complaints cannot be used to support an eviction action against another tenant.

- 3. Rule Violations.** Tenants who violate lease agreements or the project's house rules shall always be notified in writing, with a request to correct or remedy the violation, as appropriate. Duplicate records will be filed in the tenant's file, with any responses. If the same or other violation occurs or continues, then the tenant will be advised in writing that continued violations may result in eviction. If they still continue, the procedure described in Section (II)(D)(1) above will be initiated.
- 4. Appeals and Grievance Procedures.** Appeals and grievance procedures are as provided in the Section 8 Administrative Plan and the HCD Appeal and Grievance Procedure.

E. Plans for Enhancing Resident-Management Relations

- 1. House Rules.** House rules and regulations are an attachment to the Standard Lease Agreement. These will be attached to the lease and will be reviewed with the tenants

at the time of the initial interview and during orientation prior to move in.

2. **Emergency Procedures.** All management staff will be trained in emergency procedures and there will be regularly scheduled fire drills. In addition, an emergency procedure sheet will be developed by the Agent and will be provided to all residents upon move-in. This sheet will describe procedures to be followed in the event of fire, earthquake, or other major occurrence requiring emergency action on the part of management staff or residents. Periodic tenant meetings will be held to keep residents acquainted with emergency procedures.
3. **Resident Meetings:** Meetings will be held quarterly by the Agent to discuss items that pertain to the residents' responsibilities at the property, social activities, etc. Notices will also be distributed and discussed at these meetings with information pertaining to activities and directional information. Tenant information sheets will also be presented to tenants at meetings. Agent will arrange to have interpreters at the meetings to translate for non-English speaking residents. Agent will give the Owner advance notification of all such meetings so that Owner may attend.

III. MAINTENANCE AND SECURITY

A. Identification of Maintenance Staff

All routine janitorial and maintenance work will be completed by the Agent's staff. Any supplemental or extraordinary janitorial work that is required will either be contracted out to a private janitorial firm or undertaken by an employee of the Agent and billed to the project. Outside Agents will generally be used for unusual or specialized repairs, pest control and landscaping.

Work requiring a licensed contractor such as major plumbing, electrical, or mechanical work, shall be contracted for by the Agent, with Owner's approval as evidenced by a signed contract, according to the Management Agreement.

B. Need for Additional Security Provisions

None anticipated at this time.

C. Preventive Maintenance Schedule

A preventative maintenance schedule will be prepared and updated by the Agent. The inspection forms attached will be used monthly (or more often, as required) by the Agent to inspect the interior and the exterior of the project. Notations will be made for any areas requiring special attention. Work generated as a result of these inspections shall be carried out pursuant to Section (III)(A) above.

The Agent will contract out for extermination and pest control services. General service will be performed once a month and for individual units on an as needed basis.

All equipment will be maintained based upon the individual equipment guidelines. There will be annual inspections of all units to determine maintenance needs. Monthly and weekly inspections of the exterior of the complex will also be conducted.

D. Resident-Requested Maintenance

Tenants will fill out a work order form and deliver it to the Property Manager, who will respond in written form within twenty-four hours of the complaint. After hours emergencies will be responded to by the Agent's on-call staff. In the event that damages are tenant-caused, the tenant will be provided an invoice for the repairs and notified of the amount they will be charged for the actual cost of repairs.

E. Method of Completing Tenant Maintenance Requests

The manager shall review the requests and determine whether it requires emergency or routine attention. Emergency repairs are those which cause or may cause significant damage, or make any area unsafe or uninhabitable. Every effort will be made to complete emergency repairs within 24 hours. Exceptions to this could be when parts must be ordered to complete the service. Further provisions for repairs are outlined in the Management Agreement.

Exhibit 2
Information Schedule
Village Senior, LP

The following provisions are incorporated into and made a part of the foregoing Property Management Agreement between Owner and Agent to which this Information Schedule is attached:

- A. The term “Building” means, collectively, the following properties commonly known as Village Senior Apartments, and all improvements, appurtenances, and equipment located thereon, including fifty (50) apartments: located at Highway 246 and McMurray Road, in Buellton, CA 93031.
- B. The percentage of dwelling units (number of dwelling units or floor area, whichever is less) to be leased to low-income tenants is one hundred percent (100%), excluding the manager’s unit. Any other eligible space required to qualify for the Credits and leasing requirements applicable thereto, if any, are as follows: N/A
- C. The addresses to which all notices required or desired to be given under the Agreement shall be delivered are as follows:

Agent:
Cabrillo Economic Development Corporation
702 County Square Drive, Suite # 200
Ventura, CA 93003

Owner:
Village Senior, LP
702 County Square Drive, Suite # 200
Ventura, CA 93003

With a copy to Owner’s Limited Partner:

EXHIBIT H
[SAMPLE ESPR]

EXHIBIT C
EXPENDITURE SUMMARY AND PAYMENT REQUEST (ESPR)

FY 2024 - 25
July - June

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

Agency Name The Village Senior LP
Program Name Buellton Senior Village Apartments
Address 332 and 334 Valley Vinyard Circle
Contact Person Derrick Wada
Phone (805) 354-9294
Email dwada@cabrilloedc.org

Invoice/Request # _____ *Revised*
Date Submitted _____
Check one: CDBG-DF HOME
IDIS # _____
HCD Project # _____
PO/Contract No _____ **Expiration Date** _____
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 Housing Program Specialist
 Phone: 805-568-3529 Email: 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> Construction Costs		\$ 2,000,000.00	\$ -	\$ -	\$ 2,000,000.00
<i>Cat. 2</i> 				\$ -	\$ -
<i>Cat. 3</i> 				\$ -	\$ -
<i>Cat. 4</i> 				\$ -	\$ -
TOTAL		\$ 2,000,000.00	\$ -	\$ -	\$ 2,000,000.00

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 Director of Finance
 Signature _____ Date _____

Administrator / Executive Director

Name _____ Title Executive Director
 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.

EXHIBIT I

MINORITY AND WOMEN OWNED BUSINESS (MBE/WBE) REPORT DOCUMENT

Contract and Subcontract Activity

Public reporting burden for this collection of information is estimated to average .5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The Information is voluntary. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB Control Number.

Executive Orders dated July 14, 1983, directs the Minority Business Development Plans shall be developed by each Federal Agency and the these annual plans shall establish minority business development objectives. The information is used by HUD to monitor and evaluate MBE activities against the total program activity and the designated minority business enterprise (MBE) goals. The Department requires the information to provide guidance and oversight for programs for the development of minority business enterprise concerning Minority Business Development. If the information is not collected HUD would not be able to establish meaningful MBE goals nor evaluate MBE performance against these goals.

Privacy Act Notice = The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the Information requested in this form by virtue of Title 12, United States Code, Section 1701 et seq., and regulation. It will not be disclosed or released outside the United States Department of Housing and Urban Development without your consent, except as required or permitted by Law.

1. Grantee/Project Owner/Developer/Sponsor/Builder/Agency		Check if:	2. Location (City, State Zip Code)	
Buellton Senior Village Apartments, L.P		PH	702 Country Square Drive, Suite #200	
		IH	Ventura, Ca 93003	
		CPD	1	
		Housing		

3a. Name of Contact Person			3b. Phone Number (Including Area Code)		4. Reporting Period			5. Program Code (Not applicable for CPD programs.) See explanation of Codes at bottom of Page Use a separate sheet for each program code.		6. Date Submitted to Field Office	
Construction Contract Coordinator					<input checked="" type="checkbox"/> Oct. 1, 2024 - Sept. 30, 2024						

Grant/Project Number or HUD Case Number or other identification of property, subdivision, dwelling unit, etc. 7a.	Amount of Contract or Subcontract 7b.	Type of Trade Code (See below) 7c.	Contractor or Subcontractor Business Racial/Ethnic (See below) 7d.	Woman Owned Business (Yes or No) 7e.	Prime Contractor Identification (ID) Number 7f.	Sec. 3 7g.	Subcontractor Identification (ID) Number 7h.	Sec. 3 7i.	Contractor/Subcontractor Name and Address 7j.					
									Name	Street	City	State	Zip	

- | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>CPD:</p> <ul style="list-style-type: none"> 1 = New Construction 2 = Education/Training 3 = Other | <p>7c: Type of Trade Codes:
Housing/Public Housing:</p> <ul style="list-style-type: none"> 1 = New Construction 2 = Substantial Rehab. 3 = Repair 4 = Service 5 = Project Managt. 6 = Professional 7 = Tenant Services 8 = Education/Training 9 = Arch./Engrg. Appraisal 0 = Other | <p>7d: Racial/Ethnic Codes:</p> <ul style="list-style-type: none"> 1 = White Americans 2 = Black Americans 3 = Native Americans 4 = Hispanic Americans 5 = Asian/Pacific Americans 6 = Hasidic Jews | <p>5: Program Codes (Complete for Housing and Public and Indian Housing programs only):</p> <ul style="list-style-type: none"> 1 = All Insured, including Section8 2= Flexible Subsidy 3 = Section 8 Noninsured, Non-HFDA 4 = Insured (Management) 5 = Section 202 6 = HUD-Held (Management) 7 = Public/India Housing 8 = Section 811 |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|