

**FIRST AMENDMENT TO THE COUNTY LOAN AGREEMENT**  
**(West Cox Inclusionary Housing Ordinance)**

**THIS FIRST AMENDMENT TO THE COUNTY LOAN AGREEMENT** (“First Amendment”) is made and entered into as of November 16, 2021 (“Effective Date”) by and between the COUNTY OF SANTA BARBARA, a political subdivision of the State of California (“LENDER”) and WEST COX COTTAGES, L.P., a California limited partnership (“BORROWER”), and amends the County Loan Agreement (“County Loan Agreement”) entered into by and between Lender and Borrower dated September 21, 2021, with reference to the following:

WHEREAS, Borrower and Lender desire to amend the County Loan Agreement to change the terms of the County Loan from a forgivable loan to residual receipts; and

WHEREAS, funds have not yet been disbursed under the County Loan Agreement; and

WHEREAS, Borrower and Lender desire to amend certain provisions of the County Loan Agreement accordingly.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree to amend the County Loan Agreement as follows:

1. Section 1.3 of the County Loan Agreement is replaced in its entirety to state as follows:

“**BORROWER**” means WEST COX COTTAGES, L.P., a California limited partnership, and its authorized representatives, officers, officials, directors, employees, and agents.

2. Section 1.20 of the County Loan Agreement is replaced in its entirety to state as follows:

“**OPERATING EXPENSES**”, mean, actual, reasonable and customary costs, fees and expenses directly attributable to the operation, maintenance, and management of the Property, including without limitation painting, cleaning, repairs and alterations, landscaping, utilities, rubbish removal, certificates, permits and licenses, sewer charges, real and personal property taxes and assessments, insurance, security, advertising, promotion and publicity, office, janitorial, cleaning and building supplies, lease payments if any, cash deposited into reserves for capital replacements with respect to the Property in an amount not to exceed reserve requirements reasonably imposed by any lender, cash deposited into an operating reserve in an amount not to exceed the amount reasonably required by any lender, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of accountants, attorneys, consultants and other professionals, payment in lieu of property taxes, repayment of any deferred development fees and any required debt service under Senior Loans. Operating Expenses may include the payment to Borrower of a reasonable partnership management

fee and a reasonable asset management fee. Operating Expenses may also include a deferred developer fee. The Operating Expenses shall be reported in the Annual Financial Statement.”

3. Section 1.22 is added to the County Loan Agreement to state as follows:

“**RESIDUAL RECEIPTS**”, mean for any calendar year Revenues minus Operating Expenses.”

4. Section 2.3 of the County Loan Agreement is replaced in its entirety to state as follows:

“**INTEREST**”, The County 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 Loan Note. Interest is not compounding. Notwithstanding the foregoing, in the event of a default by Borrower of any of its obligations under this County Loan Agreement and expiration of applicable cure periods, Borrower shall pay to Lender interest on the outstanding principal of the County Loan, at an annual rate equal to the lesser of (i) ten percent (10%) or (ii) the highest interest allowed by law, in addition to the interest rate in above, from the date of the default until the date that the default is cured or the County Loan is repaid in full. The default interest shall be paid monthly and is due to the County on the first day of each month.”

5. Section 2.5 of the County Loan Agreement is replaced in its entirety to state as follows:

“**TERM OF COUNTY LOAN**. The principal of the County Loan shall be due and payable on the earlier of: (a) fifty-five (55) years after the date of Project completion as evidenced by a written notice of completion provided to the Borrower by the County of Santa Barbara, or (b) the date the Property is sold or otherwise transferred, or (c) Borrower has failed to commence construction as set forth in Section 4.1 of this County Loan Agreement, or (d) an event of default by Borrower, as defined below in Section 8.1, which has not been cured as provided for below in Section 8.2. In the event of default by Borrower, as defined below in Section 8.1, which has not been cured as provided for below in Section 8.2, the principal and all current and accrued interest shall be due and payable in accordance with Section 8.3.”

6. Section 2.12 is added to the County Loan Agreement to state as follows:

“**Repayment of the County Loan**” All accrued interest and principal shall be due and payable in accordance with the terms set forth in Sections 2.3 and 2.5 and this Section 2.12. No repayment is due under the County Loan until construction of the Project is complete. Borrower shall make annual payments to Lender from the Residual Receipts, one hundred-percent (100%) to the Loan pursuant to the County Loan Agreement and the Note, ninety (90) days following the end of each calendar year of the Project commencing with the year following the issuance of the first Certificate of Occupancy for the Project, and each year thereafter up to the fully amortized annual payment on the Loan. Notwithstanding the Residual Receipts payments made pursuant to this Section 2.12, all outstanding interest and principal due under the Note shall be due and payable at the time set forth in Section 2.5 above.”

7. Exhibit D to the Loan Agreement, Promissory Note, is replaced with the Revised and Restated Promissory Note attached hereto.

8. Conflicts. In the event the terms of this First Amendment are inconsistent or in conflict with the terms of the County Loan Agreement, the terms of this First Amendment shall govern.

9. Separate Counterparts. This First Amendment may be executed in two or more separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument.

10. Except as set forth herein, this First Amendment shall not modify or change any of the provisions of the County Loan Agreement and the parties to this First Amendment are bound by the provisions of the County Loan Agreement, as amended herein.

*(Signatures Page Follows)*

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

**ATTEST:**

MONA MIYASATO  
California  
Clerk of the Board

By: Sheila MaGuerra  
Deputy Clerk of the Board

**LENDER:**

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

By: Bob Nelson  
Bob Nelson, Chair  
Board of Supervisors

DocuSigned by:  
By: George Chapjian  
516A633ACF984E9...  
George Chapjian  
Director, Community Services Dept

**APPROVED AS TO ACCOUNTING  
FORM:**

BETSY M. SCHAFFER, CPA  
AUDITOR-CONTROLLER

DocuSigned by:  
By: Juan Izquierdo  
E1998503A4304B7...  
Deputy

**BORROWER:**

WEST COX COTTAGES, L.P.  
a California limited partnership

By: WCC MGP, LLC, a California  
limited liability company, its  
managing general partner

By: Surf Development Company, a  
California nonprofit public benefit  
corporation, its sole member

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

DocuSigned by:  
By: Rachel Van Mullem  
D0A627A89DD64A5...  
Deputy County Counsel

By: Surf Development Company, a  
California nonprofit public benefit  
corporation, its sole member

**APPROVED AS TO FORM:  
RISK MANAGEMENT**

DocuSigned by:  
By: Ray Aromatorio  
D3DB8528E16E47E...  
Ray Aromatorio, ARM, AIC  
Risk Manager

DocuSigned by:  
By: Robert P. Havlicek Jr.  
6E235E5FAC383407...  
Robert P. Havlicek Jr., CEO

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

DocuSigned by:  
By: Robert P. Havlicek Jr.  
6E235E5FAC383407...  
Robert P. Havlicek Jr.,  
Executive Director