

ATTACHMENT B

RECORDING REQUESTED BY AND RETURN TO

Community Services Department
Housing and Community Development Division
County of Santa Barbara
105 E. Anapamu Street, Room 105
Santa Barbara, CA 93101

ATTN: Affordable Housing

APN(s): 069-100-005, -051, -054, and -057

AGREEMENT TO PROVIDE AFFORDABLE HOUSING
AND RENTAL RESTRICTIVE COVENANT
AND PREEMPTIVE RIGHT

This Document Creates a Lien on Real Property

PROJECT NAME:

Cavaletto Tree Farm Residential Housing Project;

PLANNING AND DEVELOPMENT CASE NUMBER:

01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-00012, 09TRM-00000-00001 and
09RDN-00000-00001

This Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right (hereinafter "Agreement") by and between The Oak Creek Company, a California Corporation (hereinafter "Developer"), the County of Santa Barbara, a political subdivision of the State of California, (hereinafter "County") and The Cavaletto Family L.P., a California limited partnership (hereinafter "Owner") is entered into on the date set forth below.

RECITALS

WHEREAS, Developer proposes to develop a residential development consisting of 135 units as described in Project Case Numbers 01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-00012, 09TRM-00000-00001 and 09RDN-00000-00001 to be called the Cavaletto Tree Farm Residential Housing Project (the "Project"). Developer proposes to develop the Project on property owned by the Owner and further identified as Assessor Parcel Numbers 069-100-006, 069-100-051, 069-100-054 and 069-100-057, located at 555 Las Perlas Drive in the Goleta Area,

Second Supervisorial District, and is more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Subject Property"); and

WHEREAS, the County has determined that the granting of approval for 01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-00012, 09TRM-00000-00001 and 09RDN-00000-00001, requires as Project Conditions of Approval that Owner and Developer provide affordable housing; and

WHEREAS, the Project Conditions of Approval require Owner and Developer to enter into and record an Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right; and

WHEREAS, for purposes of this Agreement, all references to Owner shall also include Developer; and

WHEREAS, pursuant to State Density Bonus Law (Cal. Gov't Code Sec. 65915 et seq.) Owner has received incentives in return for providing affordable housing units; and

WHEREAS, it is the intent of Owner that eight (8) units within the Subject Property be leased in accordance with certain affordability criteria established by the County so that they will remain affordable to tenants, consistent with the provisions of State Density Bonus Law, the Housing Element of the Comprehensive Plan of the County of Santa Barbara, and the Project Conditions of Approval (herein the "Restricted Units"); and

WHEREAS, it is the intent of the parties that this Agreement will place maximum rent restrictions on the Restricted Units and maximum income restrictions on potential tenants of Restricted Units; and

WHEREAS, Owner's obligation to provide an additional 16 (sixteen) units for affordable housing for workforce income households will be satisfied through a separate agreement to be entitled "Agreement to Provide Workforce Housing"; and

WHEREAS, both this Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right and the Agreement to Provide Workforce Housing must be recorded prior to Map Recordation and together satisfy the Project Conditions of Approval Nos. 63, 64 and 88; and

WHEREAS, the purpose of this Agreement is to assure that those Restricted Units within the Subject Property remain affordable and available for lease by Very Low Income Households (50% of area median income) for the thirty (30) year term of this Agreement from the date of filing of the Certificate of Occupancy for the Subject Property.

NOW, THEREFORE, in consideration of the benefits received by the parties, the parties hereto agree as follows:

I. TERMS AND ENFORCEABILITY

- A. Owner agrees to construct and thereafter to maintain eight (8) Restricted Units for rent to Very Low Income Households, as defined as those households earning up to 50% of area median income, pursuant to the Conditions of Approval, including, but not limited to, Condition of Approval No. 63 (as modified by Case No. 14SCD-00000-00002) and Condition of Approval No. 64, which are set forth in Exhibit "B" attached hereto and incorporated herein by this reference (the "Restricted Units").
- B. Owner shall construct the eight (8) Restricted Units within the four six-plexes, with one of the Units within each of the first four triplexes designated as a Restricted Unit until the six-plexes are constructed ("Interim Affordable Rentals"), except as described in Section I.C, below. Owner shall be responsible for moving costs associated with the relocation within the Subject Property of all Tenants of the originally designated Restricted Units who continue to meet income eligibility requirements. Final Building Inspection Clearance for more than 50% of market rate Units in any phase of development will not be issued until Final Building Inspection Clearance is issued for all Restricted Units in that phase (.
- C. The requirement in Project Condition of Approval Number 63 (as modified by Case No. 14SCD-00000-00002) and as outlined in Section I.B, above, for Interim Affordable Rentals shall not be required if the Planning and Development Department determines after reviewing detailed scheduling information that Final Building Inspection Clearance for the eight Restricted Units will be issued within six months of the first two phases of development. In the event that Final Building Inspection Clearance for the eight Restricted Units is expected to not be issued within six months of completion of the first two phases of development, then the Owner shall provide four Interim Affordable Rentals at an off-site location using rental units that are not otherwise price-restricted. These four off-site Interim Affordable Rentals shall be subject to the same price and income qualification requirements as the on-site Restricted Units. In such an event, the Owner shall be responsible for moving costs associated with the relocation of any Tenants who continue to meet income eligibility requirements. The requirement for the four off-site Interim Affordable Rentals will be satisfied and shall terminate when Final Building Inspection Clearance is issued for all of the eight on-site Restricted Units.
- D. The Restrictive Covenant as to a Restricted Unit shall cease without further action of any party following 30 years from the issuance of Final Building Inspection Clearance as to that particular Restricted Unit, except that the running of the 30-year term shall be tolled during any period in which Owner is in violation of this Agreement. .

- E. This Agreement shall bind and the benefit hereof shall inure to the Owner, its heirs, legal representatives, executors, and trustees, successors in interest and assigns, regardless of how their interest in the Subject Property was acquired, and to the County, its successors, designees, or assigns for the term of this Agreement. Upon transfer of the Subject Property, the benefits and restrictions of this Agreement shall run with the land.
- F. The Subject Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to the covenants, conditions, restrictions and limitations set forth herein. All of the herein stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land.
- G. Any purchaser, beneficiary, trustee, successor in interest or assignee of the Subject Property or of any portion of or interest in the Subject Property, no matter how that interest is acquired, shall, be deemed to have taken title with knowledge of this Agreement, and to have personally covenanted, consented to and accepted the covenants, conditions, restrictions and limitations set forth herein.
- H. Each lessee of a Restricted Unit shall be subject to the restrictions of this Agreement, by the execution of a rental agreement or lease or by taking possession of the Subject Property, whichever occurs first, and shall also be deemed to have knowledge of this Agreement, and to have personally covenanted, consented to, and accepted the covenants, conditions, restrictions, and limitations set forth herein.
- I. In order to preserve through this Agreement the affordability of the Restricted Units for Very Low Income Households, Owner for itself and all successors in interest, assignees and beneficiaries hereby grants and assigns to the County the right to review and enforce compliance with this Agreement, and in furtherance of this right, grants to the County liquidated damages, described under Section VI. (B) of this Agreement.
- J. In addition to the requirements set forth above, the prospective Tenant(s) of each Restricted Unit shall meet County income eligibility requirements for the Very Low Income category (50% AMI). Eligibility of prospective Tenants shall be determined by the County Community Services Department (CSD) or its designee; however, CSD may choose to authorize the Owner to conduct income certifications at the discretion of CSD subject to review and monitoring by CSD, according to the County Affordable Housing income requirements and Administrative Guidelines in effect at the time of lease, including, but not limited to, income certification. All

prospective Tenants of the Restricted Units shall execute an agreement to occupy the unit as their primary residence. The maximum rental rates for the Restricted Units shall not exceed the maximum levels established by the County of Santa Barbara Board of Supervisors, consistent with the provisions of the County of Santa Barbara Housing Element and state law, including, but not limited to, California Government Code sections 65915 through 65918, inclusive.

- K. The parties recognize that this Agreement is being executed and recorded prior to the Restricted Units being identified by address and Assessor's Parcel Number (APN). The Owner agrees to record an Addendum that shall include an updated Exhibit C to finally identify the addresses and APN's of the Restricted Units subject to the approval of the Director of Community Services Department (hereinafter "Director") or his or her designee.

II. DEFINITIONS

- A. "Developer" shall mean The Oak Creek Company, a California corporation, and its successors, designees, assigns, representatives, agents, affiliates, and subsidiaries, its successors, designees, or assigns.
- B. "Maximum Monthly Rent" means the maximum rent for a Restricted Unit as established and periodically revised by the County.
- C. "Owner" initially shall mean The Cavaletto Family L.P., a California Limited Partnership, and any subsequent purchaser, devisee, grantee, holder, successor in interest, assignee, beneficiary, heir, legal representative, executor or trustee holding, claiming or asserting a claim of title to the Subject Property or any portion of or interest in the Subject Property, and as set forth above, for purposes of this Agreement, shall also include Developer.
- D. The "Original Owners/Developers" shall mean The Cavaletto Family L.P., a California Limited Partnership, and The Oak Creek Company, a California Corporation, respectively.
- L. "Restricted Unit" means a Unit with restricted occupancy and rents pursuant to this Agreement as provided for herein.
- E. "Subject Property" means the real property located at 555 Las Perlas Drive, Goleta, Santa Barbara County, California, which is more fully described in Exhibit "A".
- F. "Tenant" means any tenant and occupant of a Restricted Unit in the Subject Property.
- G. "Unit" means a housing unit in the Subject Property.

- H. "Very Low Income Household" means a household whose annual gross income does not exceed the maximum income levels permitted within the Very Low Income category as established and periodically revised by the County (at or under 50% of area median income).

III. OCCUPANCY AND RENT RESTRICTIONS

- A. A total of eight (8) Units in the Subject Property shall be designated as Restricted Units as set forth on Exhibit "C" attached hereto and incorporated herein by this reference. The Restricted Units must be occupied by, or reserved for occupancy by, certified Very Low Income Households for the thirty year term of this Agreement commencing upon the filing of a certificate of occupancy of the Subject Property. The initial applicable income levels for each Restricted Unit are described in Exhibit "C", attached hereto and incorporated herein.
- B. For each Restricted Unit, the total rent charged inclusive of all fees and charges, including utilities or a utility allowance if utilities are not included in rent, and including all services charged to Tenants, cannot exceed the Maximum Monthly Rent.
- C. The income levels and other qualifications of applicants to lease as Tenants of Restricted Units shall be certified by Owner as conforming to the income restrictions on that Restricted Unit prior to initial occupancy. The income level and other qualifications of each Tenant occupying a Restricted Unit shall be re-certified by Owner annually thereafter. Certifications and recertification may at County's option be subject to review and approval by the County's Community Services Department. Notwithstanding the above, the County reserves the right to perform certifications of eligibility and re-certifications instead of the Owner if the County so elects, in which case County will provide written notice of such election to Owner.
- D. In the event that re-certification of a Tenant occupying a Restricted Unit indicates that the household income exceeds the maximum income for a Very Low Income Household, then upon the ninety (90) day notice from Owner to the Tenant, Owner shall terminate the tenancy of the Tenants of the Restricted Unit. Upon the vacancy of the Restricted Unit, Owner shall rent the Restricted Unit to a qualified Very Low Income Household at no more than the Maximum Monthly Rent as provided for herein.
- E. Owner may transfer collective ownership of all Restricted Units as a whole to another entity(s) as part of and in conjunction with the transfer of the entire Subject Property or transfer some or all of the Restricted Units to any persons or entities, but such transferee(s) shall be subject to the terms of this Agreement.
- F. A separate Agreement to Provide Workforce Housing exists for sixteen other residential units within the Project. .

IV. LEASING THE RESTRICTED UNITS

- A. Owner agrees that no Restricted Unit within the Subject Property shall be leased except in compliance with a tenant selection plan which has been approved by the Director of Community Services Department (hereinafter "Director") or his or her designee.
- B. Before leasing any Restricted Unit, Owner shall submit its proposed lease form to the Director of Community Services Department or his or her designee for his or her review and approval. The term of the lease shall be for no less than one year unless by mutual agreement between the Tenant and Owner. Subject to the election of the County to perform income certifications as set forth in Section III.C above, Owner shall have the right to enter into residential leases without prior written consent by the Community Services Department so long as Owner certified the income and other eligibility requirements of the Tenant(s) and so long as each residential lease is on the standard form lease that has been approved by Community Services Department without modification.
- C. The lease may not contain any of the following provisions:
 - 1. An 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. An agreement by the Tenant that Owner may take, hold, or sell Tenant's personal property without notice to the Tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the Tenant concerning disposition of personal property remaining in the Restricted Unit after the Tenant has moved out of the Restricted Unit. In such a case, Owner may dispose of this personal property in accordance with the laws of the State of California;
 - 3. An agreement by the Tenant not to hold Owner or Owner's agent legally responsible for any action or failure to act, whether intentional or negligent;
 - 4. An agreement of the Tenant that Owner may institute a lawsuit without notice to Tenant;
 - 5. An agreement by the Tenant to waive any right to a trial by jury;
 - 6. An agreement by the Tenant to waive the Tenant's right to appeal, or otherwise challenge in court, a court decision in connection with the lease; or
 - 7. An agreement by the Tenant to pay attorney's fees except if the Tenant has provided false or misleading household income information that the Owner and property manager could not have discovered despite the Owner and property manager's due diligence and good faith in reviewing such information.

- D. Owner shall include in leases for all Restricted Units provisions which provide that the Tenant's household income is subject to recertification annually and that the tenancy of the Tenant shall be immediately terminated should one or more of the Tenants misrepresent any material fact regarding the Tenant's qualification as a qualifying Very Low Income Household or refuse or fail to cooperate in the recertification process.
- E. Owner shall comply with all applicable State and local laws in terminating or refusing to renew a Tenant's lease.
- F. Prior to tenancy, prospective Tenants of Restricted Units must complete, execute and deliver to Owner an Application for Certification on a form approved by County. Owner may request additional information to supplement the application as necessary and shall consult with the County if questions are raised regarding a prospective Tenant's eligibility. Notwithstanding the above, the County may elect to take over certifications of eligibility of applicants during the term of this Agreement as provided for in Section III.C above.
- G. To be eligible to lease a Restricted Unit, Tenants cannot own any improved residential real estate.
- H. Owner may only lease Restricted Units to Tenants whose eligibility has been certified to be qualified as Very Low Income Households.
- I. In addition to executing a lease for a Restricted Unit, Owner shall require that each Tenant leasing a Restricted Unit execute an agreement to occupy which shall require the Tenant to occupy the Restricted Unit as the Tenant's primary residence ("Intent to Reside"). Failure of Owner to enforce this requirement shall constitute a material violation of this Agreement.
- J. Owner hereby agrees to abide by a Tenant Selection Plan which must be approved by the Director of the County Community Services Department or his or her designee. Modifications of the Tenant Selection Plan can be made only upon the written approval of Owner and the Director of the County Community Services Department or his or her designee.
- K. Owner shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease or rental of the Restricted Units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or any other basis prohibited by law.
- L. Owner agrees that no Restricted Unit within the Subject Property shall be leased, except at a minimum, in compliance with the marketing plan that has been approved by the Director of Community Services Department, or his or her designee. This approved marketing plan for the advertising and lease of the Restricted Units, is attached hereto as Exhibit "D" and by

reference made a part of this Agreement as though set forth herein. The marketing plan shall represent the minimum effort used by Owner to market Restricted Units.

V. MANAGEMENT

- A. Owner is responsible for the selection of Tenants, evictions, collection of rents and deposits concerning rental of the Restricted Units in the manner set forth herein. Such management functions over the Restricted Units may be performed by or on behalf of Owner by an experienced, professional management company or organization which must be approved by the County's Community Services Department. The County shall have no responsibility over management of the Restricted Units. Owner shall submit to the County for County's approval Owner's proposed designation of a property manager pertaining to the Restricted Units, which approval shall not be unreasonably withheld. Subject to approval by the Director of the Community Services Department or his or her designee, Owner may replace the property manager at any time with a qualifying professional management company, the approval of which shall not be unreasonably withheld by the County.
- B. Owner shall submit its written management policies with respect to the Restricted Units to the Director of the County's Community Services Department or his or her designee for his or her review and approval, which approval shall not be unreasonably withheld, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.
- C. Owner shall maintain records that clearly document Owner's performance of its obligations under the terms of this Agreement. Owner shall submit all records to the County's Community Services Department within thirty (30) days of the County's request. Owner shall permit the County or its designee to enter and inspect the Restricted Units for compliance with Owner's obligations under this Agreement upon twenty-four (24) hours advance notice of such visit by the County to Owner and to Tenants of any Restricted Units.
- D. Owner shall submit to the County's Community Services Department (i) not later than March 1st of each year, a report for the preceding period of January 1st through December 31st, showing the necessary information to allow the County to determine Owner's compliance with the Agreement, and (ii) within thirty (30) days after receipt of a written request, any other information or completed forms requested by the County that demonstrate Owner's compliance with the Agreement.

VI. ENFORCEMENT

- A. Upon any material violation of the provisions of this Agreement or if any materially false or misleading statements are made in any document or certification submitted to the County, the County may apply to a court of competent jurisdiction for specific performance of the Agreement, for an injunction prohibiting a proposed letting, sale,

or transfer in violation of this Agreement, or for any such other relief as may be appropriate.

B. Owner understands that County's objective in requiring this Agreement is to ensure that the Restricted Units remain affordable to eligible Very Low Income Households and that should Owner lease or should a Tenant occupy the Restricted Unit in violation of the requirements set forth herein the public interest would be prejudiced and the County would thereby be damaged. The parties agree that it is impracticable and extremely difficult to fix the extent of actual damages to County from such a breach. However, the parties have made reasonable efforts to establish fairly the amount of compensation for certain types of breach described below and agree that a fair and reasonable amount owing to the County for such types of breach by the Owner as liquidated damages would be as follows:

1. **If a Restricted Unit in the Subject Property is rented or leased for an amount in excess of the Maximum Monthly Rent permitted under this Agreement, Owner shall be liable to the County for damages in an amount equal to twice the difference between the actual monthly rent and the allowable Maximum Monthly Rent multiplied by the number of months that the Restricted Unit has been leased in violation of the Agreement.**
2. **If a Restricted Unit is rented or leased to a Tenant whose household income and other qualifications has not been certified as provided for herein, the required certification set forth in Section III shall be completed within thirty (30) days of notification of non-compliance. If the Tenant's household income does not qualify for letting of the Restricted Unit as required by this Agreement, then in addition to Owner's obligation under Section III.(D) herein, Owner shall be assessed liquidated damages in the amount of three times the difference between the Tenant's gross monthly household income and one twelfth of the County's maximum annual household income level for Very Low Income households that is allowed for rent or lease of the Restricted Unit in effect at the time the Restricted is rented or leased multiplied by the number of months that the Restricted Unit has been so leased. Conversely, if any Tenant of a Restricted Unit is initially certified as a qualifying Very Low Income Household and a subsequent recertification reveals that such Tenant no longer qualifies as a Very Low Income Household, then Owner shall not be subject to any penalty under this Section VI(B)(2) so long as Owner complies with the requirements of Section III(D) above. Notwithstanding the foregoing, liquidated damages for Owner shall not apply if it is the Tenant that has provided false or misleading household income information and the Owner and property manager have conducted due diligence and acted in good faith in reviewing such information.**

Owner hereby agrees to the above liquidated damages provisions
_____ **(Owner's initials)**

3. These remedies shall be cumulative to all other rights and remedies the County may have.
- C. In addition to any other remedies the County may have, Owner hereby grants, transfers and assigns to the County the right to receive the rents due or collected during the entire period a Restricted Unit is rented in violation of this Agreement. Owner also assigns to the County the right to collect and/or compromise such rents, in whole or in part, and/or to enforce the payment of all or any part thereof as the County may deem proper.
- D. The running of the term of this Agreement shall be tolled during any period in which Owner is in violation of this Agreement.
- E. The remedies stated herein shall not be exclusive, but shall be cumulative to all other remedies and rights the parties may lawfully exercise.
- F. A violation of this Agreement constitutes a violation of the Project Conditions of Approval placed upon the Subject Property by the County, and in addition to the remedies provided for herein, a violation of this Agreement may be enforced as a violation of the Project Conditions of Approval. This Agreement shall not be enforceable against a person or entity that is not: a party to this Agreement, an Owner of the Subject Property, or an owner of a unit that is not a Restricted Unit as to that unit that is not a Restricted Unit.

VII. ADDITIONAL PROVISIONS

- A. The County may assign its rights and delegate its duties thereunder without the consent of Owner. Upon such assignment the County shall notify Owner.
- B. Owner and County covenant that they have not and will not execute any other agreement or covenant with provisions contradictory to or in opposition to the provisions hereof, and that in any event this Agreement is controlling as to the rights and obligations between Owner, the County, and their respective successors without regard to where such other agreement or covenant is executed before or after this Agreement.
- C. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

- D. The terms of this Agreement shall be interpreted under the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.
- E. The terms of this Agreement shall be interpreted in a manner that is consistent with the County Housing Element and Housing Element Implementation Guidelines which were in effect the County Board of Supervisors approved the Project and the Project Conditions of Approval.
- F. All notices required herein shall be sent by certified mail, return receipt requested, to the addresses listed below.

To the County at:

Community Services Department
Housing and Community Development Division
105 East Anapamu, Room 105
Santa Barbara, CA 93101

To Developer at:

The Oak Creek Company, a California Corporation
735 State Street, Suite 215
Santa Barbara, CA 93101
ATTN: Jeffrey C. Nelson, President

To Owner at:

The Cavaletto Family L.P., a California limited partnership
555 Las Perlas Drive
Santa Barbara, CA 93111
Attn: Larry J. Cavaletto, General Partner

Or such other addresses that the parties may subsequently provide in writing.

- H. In the event of a transfer of the Subject Property by operation of law, including, but not limited to, by devise, bequest, foreclosure on any financing, the transferee or the estate of the decedent shall be bound by the provisions of this Agreement.
- I. Owner covenants to cause to be filed for record in the office of the County Recorder of Santa Barbara County a Request for a copy of any Notice of Default and a copy of any Notice of Sale be recorded with the original and all subsequent deeds of trust or mortgage with power of sale encumbering the Subject Property, pursuant to Section 2924b of the Civil Code of the State of California. The request shall specify that any notice shall be mailed to the address for the County set forth above.
- J. Owner shall defend, indemnify and save harmless the County, its officers, officials, agents and employees from any and all claims, demands, damages, losses, costs,

expenses (including attorney fees), judgments or liabilities arising out of, related to, or in connection with this Agreement or occasioned by the performance or non-performance or attempted performance of the provisions hereof, including, but not limited to, any act or omission to act on the part of the Owner or its agents, officers, representatives, or employees, except those claims, demands, damages, costs, expenses (including attorney fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the County.

- K. All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons or firms represented or purported to be represented by such entities, persons or firms, and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the date appearing below.

COUNTY OF SANTA BARBARA

Dated: _____

By: _____
Steve Lavagnino, Chair
BOARD OF SUPERVISORS
(Signature must be notarized)

ATTEST:
MONA MIYASATO
COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

DEVELOPER

The Oak Creek Company,
a California Corporation

By: Jeffrey C. Nelson
Jeffrey C. Nelson, President

By: _____
Deputy Clerk

By: Dorothy P. Nelson
Dorothy P. Nelson, Treasurer
(Signature(s) must be notarized)

Dated: _____

APPROVED AS TO FORM:

Michael C. Ghizzoni
COUNTY COUNSEL

By: Michael C. Ghizzoni
Deputy County Counsel

OWNER

The Cavaletto Family L.P., a
California Limited Partnership

By: Larry J. Cavaletto
Name: Larry J. Cavaletto
Title: General Partner

By: Jacqueline Cavaletto
Name: Jacqueline Cavaletto
Title: General Partner
(Signature(s) must be notarized)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Exhibit "A"

Legal Description

A.P.N.: 069-100-06 and 069-100-51 and 069-100-57

Real property in the unincorporated area of the County of Santa Barbara, State of California, described as follows:

THOSE PORTIONS OF TRACT "C" OF THE RANCHO LA GOLETA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, PARTITIONED BY DECREE OF THE PROBATE COURT OF SAID COUNTY, FEBRUARY 1868, IN THE MATTER OF THE ESTATE OF DANIEL A. HILL, DECEASED, AS SHOWN ON THE MAP ACCOMPANYING THE COMMISSIONER'S REPORT IN SAID MATTER, DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING AT A POINT IN THE CENTER LINE OF PATTERSON AVENUE, FROM WHICH POST NO. 66 OF THE PARTITION SURVEY OF SAID RANCHO BEARS NORTH 17° 11' 30" WEST 26.13 FEET AND A CONCRETE SURVEY MONUMENT LOCATED 18 INCHES UNDER THE GROUND BEARS SOUTH 89° 42' WEST 30 FEET, BEING THE NORTHEAST CORNER OF THE LAND DESCRIBED IN THE DEED TO J. W. ROCHLITZER, RECORDED IN BOOK 357, PAGE 344 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTH 89° 42' WEST ALONG THE NORTH LINE OF THE LAND SO DESCRIBED IN SAID DEED 1485.15 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89° 42' WEST ALONG THE NORTH LINE 887.06 FEET TO THE COMMON BOUNDARY LINE BETWEEN THE LAND FORMERLY OF J. A. SEAGOE AND BETTY SIMONDS, AS SAID BOUNDARY LINE WAS ESTABLISHED BY AN AGREEMENT EXECUTED BY AND BETWEEN SAID J. A. SEAGOE AND MARCIA J. VAN DYKE, ET AL., RECORDED IN BOOK 181, PAGE 235 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 15° 30' 30" EAST ALONG SAID COMMON BOUNDARY LINE 25.99 FEET TO THE SOUTHWEST CORNER OF THE LAND DESCRIBED IN THE DEED TO CATERINA CAVALETTO, ET AL., RECORDED IN BOOK 231, PAGE 491 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE FOLLOWING ALONG THE WESTERLY LINE OF THE LAND SO DESCRIBED IN SAID DEED THE FOLLOWING COURSES AND DISTANCES: NORTH 21° 00' EAST 440.32 FEET; NORTH 10° 00' EAST 264.00 FEET; NORTH 34° 00' WEST 330.00 FEET AND NORTH 42° 00' EAST 53.25 FEET TO THE NORTHWEST CORNER OF THE LAND DESCRIBED IN SAID LAST MENTIONED DEED; THENCE ALONG THE NORTHERLY LINE OF THE LAND DESCRIBED IN SAID DEED, NORTH 89° 39' EAST 348.69 FEET; THENCE SOUTH 0° 21' EAST 12.91 FEET; THENCE NORTH 89° 39' EAST 50.00 FEET; THENCE NORTH 0° 21' WEST 12.91 FEET; THENCE NORTH 89° 39' EAST 434.10 FEET TO A 2" PIPE SURVEY MONUMENT WITH A BRASS CAP SET WITH ITS TOP ABOUT 18 INCHES BELOW THE PRESENT SURFACE OF THE GROUND; THENCE LEAVING SAID NORTHERLY LINE SOUTH 0° 25' WEST 1,008.10 FEET TO THE TRUE PLACE OF BEGINNING, CONTAINING 17.90 ACRES.

APN: 069-100-06

PARCEL TWO:

A RIGHT-OF-WAY FOR ROAD PURPOSES OVER A STRIP OF LAND 15 FEET IN WIDTH, NORTH OF AND ADJACENT TO THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE SOUTHEAST CORNER OF PARCEL ONE, HEREINABOVE DESCRIBED; THENCE NORTH 89° 42' EAST ALONG THE NORTH LINE OF THE LAND DESCRIBED IN THE DEED TO J.W. ROCHLITZER, RECORDED IN BOOK 357, PAGE 344 OF OFFICIAL RECORDS OF SAID COUNTY, 1485.15 FEET TO THE CENTER LINE OF PATTERSON AVENUE.

PARCEL THREE:

PARCEL D OF PARCEL MAP NO. 11503 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 9, PAGE 98 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID PARCEL COUNTY.

APN: 069-100-51

PARCEL FOUR:

PARCEL C OF PARCEL MAP NO. 11503 IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 9, PAGE 98 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA BARBARA.

APN: 069-100-57

PARCEL FIVE: (APN: 069-100-54)

THAT PORTION OF TRACT "C" OF THE RANCHO LA GOLETA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, PARTITIONED BY DECREE OF THE PROBATE COURT OF SAID COUNTY, FEBRUARY 1, 1868, IN THE MATTER OF THE ESTATE OF DANIEL A. HILL, DECEASED, AS SHOWN ON THE MAP ACCOMPANYING THE COMMISSIONER'S REPORT IN SAID MATTER, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE TRACT OF LAND DESCRIBED AS PARCEL ONE IN THE DEED RECORDED MARCH 11, 1998 AS INSTRUMENT NO. 98-015353 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 89° 39' EAST 348.69 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 0° 21' EAST 12.91 FEET; THENCE NORTH 89° 39' EAST 50; THENCE NORTH 0° 21' WEST 12.91 FEET; THENCE SOUTH 89° 39' WEST 50 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "B"

AFFORDABLE HOUSING CONDITION(S)

FOR

Cavaletto Tree Farm Residential Housing Project;

01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-0001209TRM-00000-00001 and

09RDN-00000-00001

(PROJECT NAME AND CASE NUMBER)

63. Hous-01 Agreement to Provide Affordable Housing: The Owner/Applicant shall enter into and record an Agreement to Provide Affordable Housing and a Restrictive Covenant and Preemptive Right with the County of Santa Barbara based on the County's model documents. These shall specify affordability terms described in Condition #64. In addition, the Agreement and Covenant shall include the following provisions:

- 1. Affordable units shall be constructed consistent with Condition #64, with one of the units within each of the first four triplexes designated as affordable until the six-plexes are constructed. The developer shall be responsible for moving costs associated with the relocation within the development of any tenants of the originally designated affordable units who continue to meet income eligibility requirements. This requirement for interim affordable units shall not be required if P&D determines after reviewing detailed scheduling information that construction of the eight permanent affordable units will be completed within six months of the first two phases of development. In the event that final occupancy for the eight affordable rental units is expected to not be granted within six months of completion of the first two phases of development, then the Owner/Applicant shall provide four interim affordable rentals at an off-site location using rental units that are not otherwise price-restricted. These off-site rentals shall be subject to the same price and income qualification requirements as the permanent on-site affordable rental units. In such an event, the Owner/Applicant shall be responsible for moving costs associated with the relocation of any tenants who continue to meet income eligibility requirements.**
- 2. The County will not issue Final Building Inspection Clearance for more than 50% of market rate units in any phase of development until Final Building Inspection Clearance is issued for all affordable rate units in that phase.**
- 3. Marketing requirements for the initial rental of units.**
- 4. Income eligibility requirements of prospective renters to be determined by the County or its designee.**
- 5. Requirement that prospective renters of the affordable units execute an agreement to occupy the unit as their primary residence.**
- 6. Requirement that a Request for Notice be recorded with the original and all subsequent deeds, which stipulates a copy of any Notice of Default and a copy of any Notice of Sale be mailed to the address contained in the recorded request.**
- 7. Statement that the maximum rental rate for the affordable units shall not exceed the maximum levels established by the Board of Supervisors, consistent with the provisions of the Housing Element and state law.**

Exhibit "B"

Page 1 of 2

PLAN REQUIREMENTS: The Owner/Applicant note on applicable construction plan pages that affordable units shall be constructed concurrent with the construction of the market rate units in each phase of development.

TIMING: The Owner/Applicant shall submit the Agreement and Covenant for P&D, County Counsel and County Community Services Department review prior to Final Map Clearance.

MONITORING: The Owner/Applicant shall demonstrate to P&D compliance monitoring staff that all affordable units for a given phase of development are completed (Final Building Inspection Clearance issued), before P&D will issue Final Building Inspection Clearance for more than 50% of the market rate units in the same phase of development.

64. HOUS-03 Rental Density Bonus Projects. The Owner/Applicant shall provide 8 very low income dwelling units available for rent at prices consistent with the provisions of Government Code § 65915-65918 (Density Bonus).

PLAN REQUIREMENTS: The applicant shall enter into and record an Agreement to Provide and Rental Restrictive Covenant and Preemptive Right based upon the County's model document which shall be subject to review and approval by Planning & Development, County Community Services Department (CSD), and County Counsel. This document shall specify affordability consistent with the terms described above and shall include provisions describing marketing of rental of units and requiring County approval of proposed leases. Income eligibility of prospective renters shall be determined by the County or its designee, however, CSD may choose to authorize applicant to conduct income certifications at the discretion of CSD subject to review and monitoring by CSD. The maximum rental rate for the affordable units shall not exceed the maximum levels established by the Board of Supervisors, consistent with the provisions of the Housing Element.

TIMING: The Agreement shall be entered into and recorded prior to Final Map Clearance. The units shall remain affordable for a period of thirty years or longer if required by the financing, insurance or rental subsidy program used. In addition, the running of the covenant shall toll during any period of violation.

EXHIBIT "C"

ADDRESS LIST OF AFFORDABLE HOUSING UNITS

For

Cavaletto Tree Farm Residential Housing Project;

01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-0001209TRM-00000-00001 and 09RDN-00000-00001

(PROJECT NAME AND CASE NUMBER)

TOTAL NUMBER OF RESIDENTIAL UNITS IN THE PROJECT: 135

TOTAL NUMBER OF RESTRICTED UNITS IN THE PROJECT: 24

NUMBER OF AFFORDABLE UNITS FOR 50% INCOME HOUSEHOLDS: 8

<u>Address</u>	<u>Unit #</u>	<u>Bedrooms</u>	<u>Income Level</u>
1) _____	_____	<u>1</u>	<u>50%</u>
2) _____	_____	<u>1</u>	<u>50%</u>
3) _____	_____	<u>1</u>	<u>50%</u>
4) _____	_____	<u>1</u>	<u>50%</u>
5) _____	_____	<u>1</u>	<u>50%</u>
6) _____	_____	<u>1</u>	<u>50%</u>
7) _____	_____	<u>1</u>	<u>50%</u>
8) _____	_____	<u>1</u>	<u>50%</u>

Exhibit "C"

Page 1 of 1

EXHIBIT D
MARKETING PLAN
FOR

CAVALETTO TREE FARM RESIDENTIAL HOUSING PROJECT
EIGHT RESTRICTED UNITS FOR RENT TO VERY LOW INCOME HOUSEHOLDS

Project Case Nos. 01GPA-00000-00009, 01RZN-00000-00015, 08DVP-00000-00012, 09TRM-00000-00001, 09RDN-00000-00001

- A. After the Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right has been recorded for the Project, the Housing and Community Development Division will make the Restricted Units publicly available to the interested persons on the Affordable Housing notification lists by including the Project's name, location, number of Restricted Units, qualifying income, other qualifications and the Owner or his/her/its representative's phone number.
- B. Owner will advertise the Project in, at least, one newspaper of general circulation and, at least, one Spanish-language newspaper or radio station which circulates or broadcasts in the area of this Project. Each newspaper must include the official "Equal Housing Opportunity" logo and each radio advertisement must incorporate the statement "Equal housing opportunity".

The Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right binds the Owner to this Marketing Plan. If the Owner determines that changes may be necessary after the Agreement has been recorded, Owner must contact Housing and Community Development regarding these changes and must receive approval of the revised Marketing Plan from the Director of Community Services, or his or her designee. This Marketing Plan shall apply to the initial rental of each of the eight Restricted Units.

- C. Project advertising shall conform to the requirements of the California Fair Housing and Employment Act (FEHA) – California Government Code sections 12900 - 12996. The name and telephone number of the person to contact to obtain additional information regarding income requirements and rental restrictions shall also be provided in the advertisement. Owner shall provide Housing and Community Development with a copy of the publicized advertisement.
- D. Owner shall do the following minimum marketing for the identified Restricted Units but only for the initial rental for each of the eight Restricted Units:
1. Owner shall run at least one advertisement in the real estate section of the Santa Barbara News Press and one Spanish language newspaper or radio station which circulates or broadcasts in the area of this Project at least one time per week for six weeks or such additional time as specified in paragraph C of Exhibit D. At a minimum, the advertisement shall be placed in the Sunday Real Estate section.
 2. Owner will have a phone number identified at which inquiries concerning the Restricted Units can be made. A phone-recording device will be included on the phone when it is not being directly answered.

3. Information sheets will be available to prospective Tenants of the Restricted Units identifying the level of affordability for the Restricted Units, qualifying income levels, an explanation of the income certification process, rental restrictions, floor plans, a site plan indicating the location of available Restricted Units, and time within which each person must be qualified as a Tenant.
4. The Restricted Units will be leased to the parties identified and certified according to County Affordable Housing income requirements and Administrative Guidelines currently in affect at the time of lease.