

RECORDING REQUESTED BY
FIRST AMERICAN TITLE

Attachment D



2000-0065821

Recording Requested by:

County of Santa Barbara,
Santa Barbara, California

When recorded mail to:

County of Santa Barbara,
Affordable Housing Division/Treasurer - Tax Collector
P.O. Box 2219
Santa Barbara, CA 93120-2219

Attention: Homebuyer Assistance Program

Recorded
Official Records
County Of
SANTA BARBARA
KENNETH A. PETTIT
Recorder
LARRY G. HERRERA
Assistant

REC FEE .00

NJB
Page 1 of 11

[No Fee as per Government Code 6103]

COUNTY OF SANTA BARBARA
HOMEBUYER ASSISTANCE PROGRAM
SUBORDINATE DEED OF TRUST

1444883-RB

THIS SUBORDINATE DEED OF TRUST ("Security Instrument") is made on October 25, 2000. The trustor is Dale L. Richards and Aniko Richards, Husband and Wife ("Borrower"). The trustee is First American Title Insurance Company ("Trustee"). The beneficiary is the County of Santa Barbara, whose address is 105 East Anapamu Street, Room 301, Santa Barbara CA 93101 ("County"). Borrower owes County the principal sum of Thirty Thousand 00/100 U. S. Dollars (\$ 30,000.00). This debt is evidenced by Borrower's promissory note dated the same date as this Security Instrument ("Note").

The Note provides for deferral of payments if the Borrower complies with the terms of the Note and this Security Instrument.

The Note provides that, under certain circumstances (as defined in the Note), the Borrower will be released from the obligations of the Note, with the exception of Principal repayment upon Transfer or Refinance, if not paid earlier, on October 25, 2030, ("Maturity Date").

The loan evidenced by the Note and secured by this Security Instrument (the "Loan") is being made pursuant to:

(a.) the HOME Investment Partnerships Program and the regulations issued thereunder [(Title II, the Cranston-Gonzalez National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), 24 C. F. R. Part 92, as amended from time to time) (the "HOME Program")] and;

(b.) the County of Santa Barbara Homebuyer Assistance Program, approved on June 27, 1995, by Board of Supervisors and any regulations established thereunder; and

(c.) Affordable Housing Program Administration and Guidelines which govern the expenditure of Local Affordable Housing Funds when such funds are used; and

(d.) California State regulations governing the expenditure of Redevelopment Authority funds when such funds are used.

In addition to the Loan, the Borrower obtained a deed of trust loan (the "First Deed of Trust

Loan") from Los Padres Bank (the "Senior Lien Holder"), which loan is secured by a first deed of trust lien on the Property (the "First Deed of Trust"). The documents evidencing or securing the First Deed of Trust Loan are collectively referred to herein as the First Deed of Trust Loan Documents.

This Security Instrument secures to County:

(a) the repayment of the debt evidenced by the Note, with shared net proceeds upon sale based on the County's equity share as provided in the Note, and all renewals, extensions and modifications of the Note;

(b) the payment of all other sums, with interest as provided in the Note, advanced under paragraph 7 to protect the security of this Security Instrument; and

(c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note.

For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, subject to the rights of the Senior Lien Holder under the First Deed of Trust, the property

located in Santa Barbara County, California, which has the address of 825 Patterson
Road, Santa Maria, California, 93455
[zip code], and is further described in Exhibit "A" attached hereto ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All of the replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and, except for the First Deed of Trust and other encumbrances of record acceptable to the Senior Lien Holder, the property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and County covenant and agree as follows:

1. Payment of Principal and Interest; Late Charges. Borrower shall promptly pay when due the principal sum and net proceeds based on equity shares as evidenced by the Note and any interest and late charges due under the Note.
2. Application of Payments. Unless applicable law provides otherwise, all payments received by County under paragraph 1 shall be applied: first, to any interest due; secondly, to principal due; and last, the County's equity share due under the Note.
3. Prior Deeds of Trust; Charges; Liens. The borrower shall perform all of the Borrower's obligations under the First Deed of Trust, including Borrower's covenants to make payments when due.

Except for the lien of the First Deed of Trust, Borrower shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower:

(a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to County; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the County's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to County subordinating the lien to this Security Instrument. Except for the lien of the First Deed of Trust, if County determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, County may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within 10 days of the giving of notice.

4. Subordination. County and Borrower acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the Borrower under the First Deed of Trust or any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the County has been given written notice of a default under the First Deed of Trust and (ii) the County shall not have cured the default under the First Deed of Trust, or diligently pursued curing the default as determined by the Senior Lien Holder, within the 90-day period provided in such notice sent to the County.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which County requires insurance. This insurance shall be maintained in the amounts and for the periods that County requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to County's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, County may, at County's option, obtain coverage to protect County's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to County and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the First Deed of Trust. All original policies of insurance required pursuant to the First Deed of Trust shall be held by the Senior Lien Holder; provided, however, County may be named as a loss payee as its interest may appear and may be named as an additional insured. If County requires, Borrower shall promptly give to County copies of all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holder and County. County may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower.

Unless County and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged. If the restoration or repair is not economically feasible or County's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from County that the insurance carrier has offered to settle a claim, then County may collect the insurance proceeds. County may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

If under paragraph 21 the Property is acquired by County, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to County to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

Notwithstanding the above, the County's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the First Deed of Trust.

6. Occupancy, Preservation, Maintenance, and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in County's good judgement could result in forfeiture of the Property, or otherwise materially impair the lien created by this Security Instrument or County's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 17, by causing the action or proceeding to be dismissed with a ruling that, in County's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or County's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to County (or failed to provide County with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning (i) Borrower's occupancy of the Property as a principal residence; (ii) Borrower's income; and (iii) Borrower's eligibility as a first-time homebuyer as provided in the Note.

The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions. The use and occupancy restrictions limit the Borrower's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the County to the remedies provided in Section 21 hereof.

7. Protection of County's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect County's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then County may do and pay for whatever is necessary to protect the value of the Property and County's rights in the Property. County's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the First Deed of Trust), appearing in court, paying reasonable attorneys' fees and entering the Property to make repairs. Although County may take action under this paragraph 7, County does not have to do so.

Any amounts disbursed by County under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and County agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from County to Borrower requesting payment.

Prior to taking any action under this paragraph 7, however, County shall notify the Senior Lien Holder of such default in the manner provided in paragraph 21 of this Security Instrument, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Security Instrument. All amounts advanced by the Senior Lien Holder to cure a default hereunder shall be deemed advanced by the Senior Lien Holder and shall be secured by the First Deed of Trust. In addition, the County agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure until it has given the Senior Lien Holder at least 60 days' prior written notice. Any action by County hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the First Deed of Trust.

County and Borrower further agree that a default hereunder shall constitute a default under the First Deed of Trust. In event of a default hereunder, the Senior Lien Holder shall have the right to exercise all rights and remedies under the First Deed of Trust.

8. Inspection. County or its agent may make reasonable entries upon and inspections of the Property. County shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspections.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to County, subject to the terms of the First Deed of Trust.

In the event of the total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of the partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and County otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to the Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and County otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by the Borrower, or if, after notice by County to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to County within 30 days after the date the notice is given, County is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

10. Borrower Not Released; Forbearance by County Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by County to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. County shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by County in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns to County and Borrower, subject to the provisions of paragraph 16.

12. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. County may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to County. Any notice to County shall be given by first class mail to County's address stated herein or any other address County designates by notice to Borrower. Any notice required to be given to Senior Lien Holder shall be given by first class mail to whatever address is designated by the Senior Lien Holder by notice to the Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or County when given as provided in this paragraph.

14. Governing Law; Severability. This Security Instrument shall be governed by federal law and California law. In the event that any provisions or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

15. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

16. Default, Remedies. Upon default by Trustor in the payment of any indebtedness secured by this Security Instrument or in the performance of any obligation under this Security Instrument, Beneficiary may declare all sums secured hereunder immediately due and payable by delivering to Trustee a written declaration of default and election to sell the Property. If County invokes the power of sale, County or Trustee shall mail copies of notice of sale in manner prescribed by applicable law to Borrower, the Senior Lien Holder, and to the other persons prescribed by applicable law. Trustee shall cause notice of default and election to sell to be recorded. Beneficiary shall deposit with Trustee this Security Instrument, the Note, and any receipts and evidence of expenditures made and secured as Trustee may require.

After the required time period has lapsed following the recordation of the notice of default and after notice of sale has been given as required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place specified in the notice of sale, either as a whole or in separate parcels and in any order determined by the Trustee, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser at the auction its deed conveying the Property sold, but without any covenant or warranty, express or implied. The recital in the deed of any matter or fact shall be conclusive proof of the truthfulness of the recital. Any person, including Trustor, Trustee, or Beneficiary, may purchase at the sale.

After deducting all costs, fees, and expenses, of Trustee and Beneficiary under this section, including costs of procuring evidence of title incurred in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms of this Security Instrument, not then repaid, with accrued interest at the amount allowed by law in effect at the date of this Security Instrument; all other sums then secured by this Security Instrument; and the remainder, if any, to the person or persons legally entitled to the remaining proceeds.

17. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

18. No Assignment. Until the loan secured by the First Deed of Trust has been satisfied in full, the County and the Borrower agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holder's prior written consent.

19. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give County written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with State and federal law. Prior to taking any such remedial action, however, the Borrower shall notify the Senior Lien Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by applicable State and federal law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.

NON-UNIFORM COVENANTS. Borrower and County further covenant and agree as follows:

20. Release. Upon payment of all sums secured by this Security Instrument, County shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

21. Substitute Trustee. County, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

22. Right of First Refusal. Sale of the property for a price lower than the original purchase price or the fair market value is subject to approval and right of first refusal of County. Should Borrower decide to sell the property, Borrower shall notify the County in writing prior to offering the property for sale. Such notice shall be personally delivered or deposited in the United States mail, postage prepaid, first class, certified, addressed to The Affordable Housing Program at the County's address as stated herein, or any other address County designates by notice to Borrower. County, its designee or assignee, shall have the right to purchase the property for the asking price. This right shall be exercised by the delivery of written notice, by personal delivery or certified mail, to Borrower thereof at any time within fifteen (15) days from the receipt by County of such written notice from Borrower of intent to sell or dispose of the property. County may designate another governmental or nonprofit organization to exercise its right of first refusal. County or its designee may assign said rights to purchase to any substitute individual private buyer who meets County's eligibility requirements and is approved by County; provided, however, that such subsequent assignment shall not extend any time limits contained herein.

If County, its designee or assignee exercises its right to purchase the property, close of escrow of said purchase shall take place within sixty (60) days of the date of County's notice to Borrower of County's intent to exercise said right to purchase.

23. Modification of First Deed of Trust Loan Documents. The County consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces, or modifies any provisions of the First Deed of Trust Loan Documents, including any provisions requiring the payment of money as long as any such modifications do not prejudice the rights of the County.

BY SIGNING BELOW, the Borrower accepts and agrees to the terms and covenants contained in this security instrument.

Dale L. Richards

Borrower Dale L. Richards

Aniko Richards

Borrower Aniko Richards

504-85-0095

Social Security Number

[REDACTED]-5585

Social Security Number

APPROVED AS TO FORM:

STEPHEN SHANE STARK, County Counsel

ELIZABETH FARNUM, Deputy County Counsel

STATE OF CALIFORNIA, COUNTY OF SANTA BARBARA

On OCTOBER 25, 2000 before me, STACY AVILA a Notary

Public in and for said County and State, personally appeared DALE L. RICHARDS &

ANIKO RICHARDS. personally known to me (or 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.

WITNESS my hand and official seal

Stacy Avila

NOTARY SIGNATURE

(THIS AREA FOR OFFICIAL NOTARIAL SEAL OR STAMP)

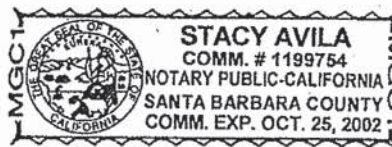


Exhibit "A"

Lot 16 of Tract 10247, Unit No. 1 in the County of Santa Barbara, State of California, as per map recorded in Book 70, Pages 40 and 41 of Maps, in the office of the County Recorder of said County.

EXCEPTING therefrom all oil, gas, minerals and hydrocarbons in, on or under the above described land without the right of entry on surface of said land or any portion of subsurface thereof lying above a depth of 500 feet below the surface of said land with the right of slant drilling from land lying to the East and adjacent thereto.