

EXHIBIT B
DEED OF TRUST

See Attached

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL DOCUMENT TO:

County of Santa Barbara
Department of Behavioral Wellness
300 Camino Del Remedio, Bldg 3
Santa Barbara, CA 93110
Attn: Director

Request recording without fee. Record for the benefit of the
County of Santa Barbara pursuant to Govt Code section 27383.

APN:

(Space above this line for Recorder's use)

**DEED OF TRUST
WITH ASSIGNMENT OF RENTS, SECURITY
AGREEMENT AND FIXTURE FILING**

This Deed of Trust (the "*MHSA Deed of Trust*") is made on August __, 2018 by The Residences at Depot Street, L.P., a California limited partnership (the "*Borrower*"), whose business address is 815 West Ocean Avenue, Lompoc, California 93436, to Fidelity National Title Company, as trustee (the "*Trustee*"), whose business address is 4050 Calle Real, Suite 100, Santa Barbara, California 93110, for the benefit of the County of Santa Barbara, a political subdivision of the State of California (the "*County*"), whose principal office is at 300 Camino Del Remedio Road, Building 3, Santa Barbara, California 93110.

1. BORROWER HEREBY IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee in trust, with power of sale and right of entry and possession, all of Borrower's right, title and interest now held or hereafter acquired in and to the following: (a) all of that certain real property located in the County of Santa Barbara, State of California, described in **Exhibit A** (attached) which is incorporated herein by this reference; (b) subject to the rights and powers of the County under Section 5.9 of this MHSA Deed of Trust, the rents, issues, profits, royalties, income and other benefits derived from use or occupancy of the Property (defined below); (c) all appurtenances, easements, rights of way and rights now owned or hereafter acquired by Borrower as they relate to the Property; (d) all rights title and interest of Borrower now owned or hereinafter acquired, in and to any land lying within the right of way of any street, open or proposed, adjoining all or any portion of the land on which the Property is located, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with the Property; and (e) all buildings, improvements and fixtures now or hereafter erected thereto and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon or used in connection with such real property and owned by Borrower or in which Borrower has an interest, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property (all of which real and personal property are sometimes referred to as the "*Property*"); all of which are hereby pledged and assigned, transferred, and set over unto Trustee, and for purposes of this MHSA Deed of Trust declared to be part of the realty; provided, however, that furniture and other personal property of tenants of dwelling units in the buildings now or hereafter situated on said real property are not

intended to be included within this MHSA Deed of Trust except to the extent of Borrower's interest therein.

2. BORROWER HEREBY ABSOLUTELY, UNCONDITIONALLY AND IRREVOCABLY ASSIGNS to the County all rents, royalties, issues, accounts and profits of or relating to the Property, and all of Borrower's interest under all leases, subleases, rental agreements and other contracts and occupancy agreements relating to construction, use and possession for the purposes and upon the terms and conditions hereinafter set forth. This assignment is absolute, primary and direct and is not intended to be a separate or secondary pledge, or other form of additional security, and no further act or step is or shall be required of the County to perfect this assignment. Notwithstanding the foregoing, the County confers upon Borrower a license to collect and retain the rents, issues and profits of the Property as they become due and payable until an Event of Default (defined below in Section 5.7), upon the occurrence of which said license shall be automatically revoked. This assignment shall not impose upon the County any duty to cause the Property to produce rents nor shall the County be deemed to be a mortgagee in possession by reason thereof for any purpose.

3. THE ABOVE GRANT, TRANSFER, AND ASSIGNMENTS ARE FOR THE PURPOSE OF SECURING:

(a) Payment of the indebtedness evidenced by that certain promissory note titled "County of Santa Barbara Department of Behavioral Wellness, MHSA Promissory Note (Permanent Financing)" (the "**MHSA Promissory Note**") of Borrower in the face amount of Two Million Four Hundred Ten Thousand Three Hundred Seventy-Nine Dollars and Ninety-One Cents (\$2,410,379.91), together with interest on such indebtedness according to the terms of the MHSA Promissory Note, and any or all amendments, modifications, extensions or renewals of the MHSA Promissory Note and the indebtedness and all other sums becoming due and payable to the County, or Trustee, pursuant to the terms of this MHSA Deed of Trust.

(b) Payment of such additional indebtedness, when evidenced by a promissory note or notes reciting the same to be secured by this MHSA Deed of Trust, together with interest, as the County at its sole discretion may advance to Borrower, or its successor in interest, from time to time and payment or performance of such other obligations as the then record owner of the Property may agree to pay or perform when evidenced by a promissory note or other instrument or agreement reciting that it is secured hereby.

(c) Performance and observance of all of the terms, covenants and conditions to be performed or observed by Borrower under this MHSA Deed of Trust or the MHSA Promissory Note, that certain document entitled "County of Santa Barbara Department of Behavioral Wellness, MHSA Regulatory Agreement (Mental Health Services Act Housing Program)" executed between the Borrower and the County and imposed upon the Property as defined below (the "**MHSA Regulatory Agreement**"); that certain loan agreement entitled "Loan Agreement (\$2,410,379.91) Between County of Santa Barbara Department of Behavioral Wellness and The Residences at Depot Street, L.P. (201 & 205 N. Depot Street)" between Borrower and County (the "**MHSA Loan Agreement**") and all other loan documents as such

term is defined in the MHS A Regulatory Agreement (all of which are referred to collectively herein as either the "*MHS A Loan Documents*" or "*Secured Obligations*").

(d) Payment of all other obligations owed by Borrower to County that by their terms recite that they are secured by this MHS A Deed of Trust, including those incurred as primary obligor or as guarantor.

4. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

4.1 Maintenance of the Property.

(a) To keep the Property in a decent, safe; sanitary, rentable and tenantable condition and repair and permit no waste thereof (other than normal wear and tear);

(b) Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable;

(c) Not to remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property without the prior written consent of County;

(d) To repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this MHS A Deed of Trust to the extent insurance proceeds are available and permitted for such use by all lenders;

(e) To comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property;

(f) Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the County's prior written consent; and

(g) Not to materially alter the use of all or any part of the Property without the prior written consent of the County.

4.2 Insurance.

(a) To keep the Property insured, with loss payable to the County, against loss or damage by fire and such other hazards, casualties and contingencies and by such companies, on such forms and in such amounts as the County may from time to time require, and to deliver the original of all such policies to the County, together with receipts satisfactory to the County evidencing payment of the premiums. All such policies shall provide that the County shall be

given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the County, shall be delivered to the County at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor the County shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of losses. **THE COUNTY HEREBY DISCLOSES TO BORROWER IN WRITING THAT UNDER SECTION 2955.5 OF THE CALIFORNIA CIVIL CODE:**

"No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

(b) Effective on the occurrence of any Event of Default, all of Borrower's right, title and interest in all policies of property insurance and any unearned premiums paid are assigned to the County, who may assign them to any purchaser of the Property at any foreclosure.

4.3 Payment of Taxes and Utility Charges. To pay, at least ten (10) days prior to delinquency, all taxes and assessments, both general and special, fines, penalties, levies and charges of every type or nature levied upon or assessed against any part of the Property or upon Trustee's or the County's interest in the Property. The Borrower shall have the right to contest in good faith any such amounts but in no event shall Borrower allow penalties or such other charges accrue because of late payments.

4.4 Payment and Discharge of Liens. Borrower shall pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part thereof and shall not at any time create or allow to exist any lien on the Property or any part thereof of any kind or nature other than this MHSA Deed of Trust; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien; (b) such of the above claims as are, and only during the time they are being contested by Borrower in good faith and by appropriate legal proceedings; and (c) those matters affecting title which appeared in the title insurance policy or binder delivered to the County at the time of recording of this Deed of Trust or which have at any time been consented to in writing by the County. Borrower shall post security for the payment of these contested claims as may be requested by the County.

4.5 Rights of County to Remedy Defaults. If Borrower defaults in payment of any tax, assessment, lien, encumbrance, claim, insurance premium, or any other proper charge, in whole or in part, or defaults in the performance of any of the Secured Obligations, the County at any time and from time to time, with or without notice to or demand upon Borrower, may make such payments or perform any such acts required of Borrower, to such extent and in any form or manner deemed expedient by the County, and pay any other sums, expenses and charges,

including attorney fees, necessary to protect the Property and the lien of this MHSA Deed of Trust, without incurring any obligation so to do or releasing Borrower from any obligations and without waiving or curing any default The County shall be the sole judge of the validity, priority, and amount of any such tax, assessment, lien, premium, claim or charge so paid by it, and the necessity for the performance by the County of any such obligation which Borrower was required but failed to perform. The County, at its option, shall be subrogated to any tax, assessment, lien, premium, claim or charge which it has paid under these provisions and any such subrogation rights shall be additional and cumulative security to those set forth in the Secured Obligations. In the event that the Property is or becomes encumbered by liens or deed(s) of trust other than this MHSA Deed of Trust or the liens of any additional financing approved pursuant to the Loan Agreement, then a default under such other unapproved lien or deed(s) of trust shall constitute a default under this MHSA Deed of Trust.

4.6 Repayment to the County. Upon the County's payment of any tax, assessment, lien, encumbrance, claim, insurance premium or other charge which Borrower fails to pay, or upon the County's performance of any obligation which Borrower fails to perform, all asset forth in paragraph 4.5 above, the amount so paid or the cost of performing any such obligation, together with other sums paid or incurred by the County, including charges, expenses and attorney fees relating to or growing out of such default, with interest thereon from date of payment at the rate of the lesser of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum, shall be paid by Borrower to the County upon written demand. For the purposes of this paragraph 4.6, the term ". . . charges, expenses and attorney fees relating to or growing out of such default ..." shall include but not necessarily be limited to the cost of obtaining, after the filing of a notice of default but prior to the foreclosure sale, a "Phase I" environmental site assessment of the Property by a qualified environmental professional and, if warranted in the opinion of such professional, a "Phase II" assessment. The aggregate of all such amounts, including interest, shall be secured by the lien of this MHSA Deed of Trust.

4.7 Defense of Actions and Payment of Costs. Borrower shall appear in and defend all actions and proceedings purporting to affect the Property or any right or power of the County or Trustee hereunder, provided that the County and Trustee, or either of them, may appear in and defend any such action or proceeding and the County is authorized to pay, purchase or compromise on behalf of Borrower any lien or claim which in its judgment appears to or purports to affect the security of or to be superior to this MHSA Deed of Trust. Borrower shall pay on demand all sums so expended and all charges, expenses and attorney fees incurred, with interest from the date of expenditure at the lesser amount of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum. Borrower shall give the County prompt written notice in writing of: (i) the assertion of any claim; (ii) the filing of an action or proceeding; (iii) the occurrence of any damage to any of the Property; (iv) any condemnation; and (v) any other material nonmonetary default.

5. IT IS MUTUALLY AGREED THAT:

5.1 Awards and Damages. All judgments, awards of damages, settlements and compensation made in connection with or in lieu of: (a) taking of all or any part of, or any interest in the Property by or under assertion of the power of eminent domain; (b) any damage to

or destruction of the Property, or any part thereof by insured casualty; and (c) any other injury or damage to all or any part of the Property, are hereby assigned to and shall be paid to the County. The County is authorized and empowered (but not required) to collect and receive any such sums, and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the County shall determine at its option. The County shall be entitled to settle and adjust all claims under insurance policies provided under this MHSA Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the County may be released to Borrower upon such conditions as the County may impose for its disposition; provided, however, that the County shall permit the use of all such awards and proceeds for the restoration of the Property in the event that Wells Fargo Bank, National Association, as holder of a Senior Loan, also permits such use. Application of all or any part of the amounts collected and received by the County or the release thereof shall not cure or waive any default under this MHSA Deed of Trust.

5.2 Sales and Encumbrances Prohibited. Except as provided in the MHSA Loan Agreement, Borrower shall not make any sale, assignment or conveyance, or transfer in any other form, nor any further pledge, encumbrance or mortgaging, of the Property, or any part thereof or of any of its interest therein, without the prior written consent of the County, which consent may be granted or withheld in the sole unfettered discretion of the County, and may be conditioned upon the satisfaction of such terms and conditions as the County may prescribe.

5.3 Sale or Forbearance. No sale of the Property, forbearances on the part of the County or extension of the time for payment of the indebtedness hereby secured shall operate to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

5.4 Late Payment. The County's acceptance of late payment of any sum shall not constitute a waiver of its rights to require prompt payment when due of all other indebtedness, or to declare a default for any failure so to pay, or to proceed with foreclosure or sale for any other default then existing. The County's acceptance of partial payment of any sum after default shall not cure such default or affect any notice of default unless such notice of default is expressly revoked in writing by the County.

5.5 The County's Rights to Release. Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice, the County may, at its sole discretion: (i) release any person now or hereafter liable for payment of any or all such indebtedness; (ii) extend the time for or agree to alter the terms of payment of any or all of such indebtedness; and (iii) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and Trustee, acting pursuant to the written request of the County, may reconvey all or any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any such agreement of extension or subordination.

5.6 Reconveyance. Upon written request of the County stating that all sums and obligations secured hereby have been discharged, or otherwise as requested in writing by the County, and upon surrender of this MHSA Deed of Trust and the MHSA Promissory Note and any additional loan notes to Trustee for cancellation, and upon payment to Trustee of its fees and expenses, Trustee shall reconvey, without warranty, the Property or that part thereof then held hereunder. The recitals in any reconveyance shall be conclusive proof of their truthfulness and the grantee in any such reconveyance may be described "as the person or persons legally entitled thereto." When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all of the rents, royalties, issues, accounts and profits of the Property to the person or persons legally entitled thereto unless such reconveyance expressly provides to the contrary.

5.7 Events of Default.

(a) Any one or more of the following events shall constitute a default under this MHSA Deed of Trust: (a) failure of the Borrower to pay the indebtedness secured hereby or any installment thereof, whether principal, interest or otherwise, when and as the same become due and payable, whether at maturity or by acceleration or otherwise; or (b) failure of Borrower to observe or to perform any covenant, condition or agreement to be observed or performed by Borrower pursuant to the Secured Obligations; or (c) any representation or warranty made by the Borrower proves to be false or misleading in any material respect; or (d) bankruptcy or insolvency of Borrower or any guarantor of the Borrower for the Secured Obligations; or (e) the occurrence of any event which, under the terms of the Secured Obligations, shall entitle the County to exercise the rights or remedies thereunder.

(b) Notwithstanding anything to the contrary contained in this MHSA Deed of Trust, County hereby agrees that any cure of any default made or tendered by Borrower's Investment Limited Partner 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. Copies of all notices which are sent to Borrower under the terms of this MHSA Deed of Trust shall also be sent to Borrower's Investor Limited Partner c/o Wells Fargo Affordable Housing Community Development Corporation, 301 S. College Street, MAC D1053-170, Charlotte, NC 28288, Attn: Director of Tax Credit Asset Management.

5.8 Acceleration and Sale.

(a) Acceleration. In the event of any default as set forth in paragraph 5.7 above, the County, without demand on Borrower, may declare all sums hereby secured immediately due and payable by notice thereof to Borrower or by executing and recording or by causing the Trustee to execute and record a notice of default and election to cause the Property, and any personal property secured hereby, either separately or together, to be sold to satisfy the obligations secured hereby or by the commencement of an appropriate action to foreclose this MHSA Deed of Trust or by any other appropriate manner.

(b) Sale. After delivery to Trustee of a notice of default and demand for sale and after the expiration of such time and the giving of such notice of default and sale as may then

be required by law, and without demand on Borrower, Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the County, may purchase at such sale. Upon such sale by Trustee it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied.

The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee, and after deducting all costs, expenses and fees of Trustee and of this MHSA Deed of Trust, Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the MHSA Promissory Note or otherwise, or representing advances made or costs or expenses paid or incurred by the County under this MHSA Deed of Trust, or the Secured Obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured hereby, including interest as provided in this MHSA Deed of Trust, the Secured Obligations or any other such instrument, in such order as the County shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

5.9 Entry Possession and Receivership. In the event of any default and following the expiration of any applicable notice and cure periods hereunder and irrespective of whether the County accelerates the maturity of all indebtedness secured hereby or files a notice of default hereunder, the County at any time, without notice of demand or regard to the adequacy of any security for the indebtedness and obligations hereby secured, in person, or by any agent or employee, or by receiver appointed by court, may enter upon and take the possession of the Property or any part thereof and Borrower agrees to surrender such possession to the County, and perform any acts, including the right to rent, lease, operate and maintain any part of all of the Property, which the County deems necessary or proper to conserve the Property, and may sue for or otherwise collect and receive all rents, royalties, issues, accounts and profits thereof, including those past due as well as those accruing thereafter. Borrower hereby presently assigns to the County, absolutely and regardless of possession of the Property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of all or any part of the Property, now existing or hereafter made, reserving to Borrower only the right, prior to any such default, to collect and retain such rents as they become due, but not otherwise. Borrower shall on demand execute such further assignments to the County of any or all such leases, agreements, rents or monies as the County may require; and deliver to the County a fully executed original of any or all such leases or agreements. The County, in person, or by any agent, employee or receiver, may also take possession of, and for these purposes use, any and all of Borrower's personal property contained in or on the Property and used by Borrower in the operation, rental or leasing thereof or any part thereof. The expenses (including, but not limited to, receiver's fees, attorney fees and agent's compensation) incurred by the County pursuant to the power herein contained shall be secured hereby. The County may bring or defend any legal action in connection with the Property, as it may deem proper, and may, from time to time, make all necessary or proper repairs, replacements and alterations to the

Property as to it may deem judicious and may insure and reinsure the same and may lease the Property or any part or parts thereof in such parcels and for such periods and on such terms as to it may seem fit, including leases for terms expiring after the maturity of the indebtedness hereby secured, and may terminate and lease for any cause which would entitle Borrower to terminate it. After deducting the expenses of managing and operating the same and all maintenance, repairs, replacements and alterations and all payments which may be made for taxes, assessments, liens, claims, insurance premiums, or other proper charges of the Property or any part thereof, including fair and reasonable compensation for attorneys and for agents employed by the County to manage and operate the Property, the County may apply any and all remaining funds to the payment of the indebtedness hereby secured in such order and proportion as the County may determine. Neither application of said amounts to such indebtedness nor any other action taken by the County under this subparagraph shall cure or waive any default hereunder or nullify the effect of any such notice of default or invalidate any act done pursuant to such notice or any cause of action to foreclose this MHSA Deed of Trust. The right to enter and take possession of the Property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be in addition to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The County shall be liable to account only for such rents, royalties, issues, accounts and profits actually received by it.

5.10 Attorneys' Fees. If Trustee or the County shall be made parties to or shall intervene in any action or proceeding affecting the Property or the title thereto or the interest of Trustee or the County under this MHSA Deed of Trust, or if the County employs an attorney to collect any or all of the indebtedness hereby secured or to foreclose this MHSA Deed of Trust, or authorizes Trustee to conduct trustee's sale proceedings hereunder, then Trustee and the County shall be reimbursed by Borrower, immediately and without demand, for all reasonable costs, charges and attorney fees incurred by them or either of them in any such case whether or not suit be commenced, and the same, together with interest thereon from the date of payment at the rate of the lesser of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum, shall be secured hereby as provided in paragraphs 4.5, 4.6, and 4.7.

5.11 Exercise of Remedies: Delay. No exercise of any right or remedy by the County or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law, and no delay by the County or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.12 Trustee Substitution. The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the County, to be exercised at any time hereafter, without specifying any reason therefor by filing for record in the office where this MHSA Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the County deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby

conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally named as trustee or as one of the trustees.

5.13 Uniform Commercial Code Security Agreement, Financing Statement and Fixture Filing.

(a) This MHSA Deed of Trust is a security agreement and financing statement under the Uniform Commercial Code for the benefit of the County as secured party for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Borrower hereby grants the County a security interest in said items. This MHSA Deed of Trust is filed as a fixture filing and covers goods which are or are to become fixtures. The address of the County (secured party) from which information concerning the security interest may be obtained and the mailing address of Borrower (debtor) are set forth in this MHSA Deed of Trust. The types or items of collateral are described in paragraph 1 of this MHSA Deed of Trust. Borrower agrees that the County may file any appropriate document in the appropriate index as a financing statement for any of the items specified above as part of the Property. In addition, Borrower agrees to execute and deliver to the County, upon the County's request, and further authorizes the County to file, with or without Borrower's signature, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this instrument in such form as the County may require to perfect a security interest with respect to said items. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as the County may reasonably require. Without the prior written consent of the County, Borrower shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto, except as otherwise expressly permitted in the MHSA Loan Documents. Upon an acceleration as provided in paragraph 5.8, the County shall have the remedies of a secured party under the Uniform Commercial Code and, at the County's option, may also invoke the other remedies provided in this MHSA Deed of Trust and MHSA Loan Documents as to such items. In exercising any of said remedies, the County may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, without in any way affecting the availability of the County's rights or remedies under the Uniform Commercial Code or of the other remedies provided in this MHSA Deed of Trust, in the MHSA Loan Documents, or by law.

Borrower agrees that the filing of any financing statement in the records normally having to do with personal property shall not be construed as anywise derogating from or impairing this MHSA Deed of Trust and the intention of the parties hereto that those portions of the Property herein declared part of the real estate are, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether any such item is physically attached to the improvements or any such item is referred to or reflected in any such financing statement so filed at any time.

(b) Similarly, the mention in any such financing statement of (i) compensation for damage to or destruction of the Property by insured casualty, or (ii) any judgment, award, or

other compensation for a taking of the Property by eminent domain, or (iii) the rents, royalties, issues, accounts and profits of the Property under leases, shall never be construed as altering in any manner any of the County's rights as determined by this MHSA Deed of Trust or impugning the priority of the County's lien granted hereby or by any other recorded document, but such mention in the financing statement is declared to be for the protection of the County in the event that any court or judge shall at any time hold with respect to (i), (ii) or (iii) of this paragraph that notice of the County's priority of interest to be effective against a particular class of person, including without limitation the federal government or any subdivision or entity thereof, must be filed as provided for in the Uniform Commercial Code.

5.14 Remedies Cumulative. No remedy herein contained or conferred upon the County or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the County or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

5.15 Successors, Assigns, Gender, Number. The covenants and agreements herein contained shall bind, and the benefit and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

5.16 Headings. The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this MHSA Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

5.17 Actions on Behalf of the County. Except as be otherwise specifically provided herein, whenever any approval, notice, direction, consent, request or other action by the County is required or permitted under this MHSA Deed of Trust, such action shall be in writing.

5.18 Terms. The words "the County" means the County of Santa Barbara, or any future owner or holder, including pledgee, of the indebtedness secured hereby.

5.19 Obligations of Borrower. If more than one person has executed this MHSA Deed of Trust as "Borrower," the obligations of all such persons hereunder shall be joint and several.

5.20 Three Year Tax Credit Period. In the event that the County were to take ownership of the Property, the County shall comply with the three (3) year extended use requirement, if this Property was assisted by Federal Tax Credits and it has been determined that IRS Code Section 42(h)(6)(E)(ii) is applicable to the County.

5.21 Miscellaneous Provisions.

(a) Beneficiary Statement. The County shall charge a fee for furnishing the statement in accordance with California Civil Code Section 2943.

(b) Severability. If any provision of this MHSA Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

(c) Indemnification. Borrower shall indemnify and hold the County, its officers and agents, harmless against any and all losses, claims, demands, penalties and liabilities which the County, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this MHSA Deed of Trust and not assert any claim against the County, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower's expense, defend, indemnify, save and hold the County, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this MHSA Deed of Trust. Borrower shall pay the County upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the County as a result of any legal action arising out of this MHSA Deed of Trust. Notwithstanding the foregoing, the Borrower shall not be obligated to indemnify the County against loss resulting from the gross negligence or willful misconduct of the County.

(d) Estoppel Certificate. When requested by the County, from time to time, the Borrower shall execute an estoppel certificate in favor of the County, which certificate shall certify as to the absence of any default by the County in the performance of its obligations hereunder or, if any such defaults exist, their existence as of the date of the certificate.

(e) Set-off. Borrower shall not, under any circumstances, fail or delay to perform (or resist the enforcement of) any of its obligations to the County in connection with this MHSA Deed of Trust or any other contract, note or instrument executed by Borrower in favor of the County because of any alleged offsetting claim or cause of action against the County (or any indebtedness or obligation of the County) which has not been confirmed in a final judgment of a court of competent jurisdiction (sustained on appeal, if any) against the County. Borrower hereby waives any such rights of set-off (or offset) which it might otherwise have with respect to any such claims or causes of action against the County or any such obligations or indebtedness of the County, unless and until such right of set-off (or offset) is confirmed and liquidated by such final judgment. Borrower further waives any right which it might otherwise have (if any) to require a marshalling of any security of the County, or to direct the order in which the County pursues its rights or remedies with respect to any of its security.

IN WITNESS WHEREOF, Borrower has executed this MHSA Deed of Trust on the day and year set forth above. If a mailing address is set forth opposite its signature below, and not otherwise, Borrower shall be deemed to have requested that a copy of any notice of default and of any notice of sale hereunder be mailed to it at such address.

MAILING ADDRESS FOR NOTICES:

The Residences at Depot Street, L.P.
c/o Surf Development Company

815 West Ocean Avenue
Lompoc, CA 93436
Attn: President

With a copy to:

Wells Fargo Affordable Housing Community Development Corporation
301 S. College Street, MAC D1053-170
Charlotte, NC 28288
Attn: Director of Tax Credit Asset Management

Provided, that for purposes of all statutory notice requirements under California law, notice to Borrower alone shall be sufficient.

(signatures appear on next page)

BORROWER:

**THE RESIDENCES AT DEPOT STREET, L.P., a
California limited partnership**

By: Surf Development Company, a California nonprofit
public benefit corporation, its managing general partner

Raymond F. Down, President

By: RDSGP LLC, a California limited liability company,
its administrative general partner

By: Housing Authority of the County of Santa Barbara, a
public body, corporate and politic, its managing member

Robert P. Havlicek Jr., Executive Director

[BORROWER'S SIGNATURE MUST BE ACKNOWLEDGED]

CERTIFICATE OF 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 _____, 2018, before me, _____,
a 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(ies) 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 of Notary Public

CERTIFICATE OF 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 _____, 2018, before me, _____,
a 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(ies) 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 of Notary Public

Exhibit A

Legal Description

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 1 AND 2 OF PARCEL MAP 6009, IN THE CITY OF SANTA MARIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK _____, PAGES ____ TO _____, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

NON-EXCLUSIVE AND EXCLUSIVE EASEMENTS APPURTENANT TO PARCELS 1 AND 2 OF PARCEL MAP 6009, IN THE CITY OF SANTA MARIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK _____, PAGES ____ TO _____, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, ABOVE, OVER AND ACROSS PARCELS 3 OF PARCEL MAP 6009 AND PARCEL 1 OF PARCEL MAP 5967, FOR PURPOSES OF VEHICULAR AND PEDESTRIAN ACCESS, INGRESS, EGRESS, PARKING, DRAINAGE, UTILITIES AND OTHER EASEMENTS AS SET FORTH IN THAT CERTAIN GREAT OF EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS AND MAINTENANCE DATED _____, 2018 AND RECORDED IN THE OFFICIAL RECORDS ON _____, 2018 AS INSTRUMENT NO. 2018-_____.

APN: _____