

EXHIBIT D

REGULATORY AGREEMENT

See Attached

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL DOCUMENT
AND TAX STATEMENT TO:

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

(Space above this line for Recorder's use)

COUNTY OF SANTA BARBARA
DEPARTMENT OF BEHAVIORAL WELLNESS
MHSA REGULATORY AGREEMENT
(Mental Health Services Act Housing Program)

This Regulatory Agreement (the "**MHSA Regulatory Agreement**" or the "**Agreement**"), dated as of August __, 2018, is made and entered into by and between The Residences at Depot Street, L.P., a California limited partnership (the "**Borrower**"), and the County of Santa Barbara, a political subdivision of the State of California, through its Department of Behavioral Wellness (the "**County**").

RECITALS

A. The Borrower is the owner of the real property described in **Exhibit A** attached hereto and incorporated herein by this reference, and has applied to County for an MHSA Loan (defined below) under the Mental Health Services Act of 2004, as amended, ("**MHSA**") and the terms of the County's application for release of MHSA funds as approved by the California Housing Finance Agency and the California Department of Health Care Services (collectively the "**MHSA Housing Program**") to fund the Project and construction of an eighty (80) unit affordable rental housing project with thirty-five (35) MHSA housing units ("**Project**").

B. The Borrower, in coordination with County, has agreed to make the Project, and in particular, the MHSA Housing Units (defined below) available to MHSA Eligible Residents (defined below) pursuant to the MHSA Housing Program.

C. Pursuant to Welfare and Institutions Code sections 5600.3 and 5892.5, the County has authority to provide housing assistance for the target populations identified, using the County's Mental Health Services Fund moneys dedicated to the Mental Health Services Act Housing Program, and the County authorized a loan of County MHSA Housing Funds to Borrower to support financing for special needs housing at Project.

D. As inducement for the County to make the MHSA Loan, the Borrower has agreed to enter into this Agreement and has consented to be and to have the Project regulated and restricted by the County as provided in this Agreement, and by the MHSA Housing Program set forth by state law and the County's MHSA Plan, and by the Memorandum of Understanding between the County of Santa Barbara and the Borrower regarding the Residences at Depot Street (*the "MHSA MOU"*), and by all applicable rules, policies and procedures of the County, as such may be amended from time to time.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall be effective as of the date of recordation of this Agreement in the official records of the County of Santa Barbara ("**MHSA Loan Closing Date**") and shall remain in full force and effect and shall apply to the for thirty five (35) years after the MHSA Loan Closing Date.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

(a) "**Area Median Income**" or "**AMI**" means the median gross income of the area in which the Project is located as determined by the Secretary of the Treasury of the United States for the purposes of Section 42 of the Internal Revenue Code of 1986, adjusted for family size in accordance with 26 USC 42(g)(2)(c)(ii).

(b) "**Fair Housing**" means all federal, state and local laws, as applicable, relating to prohibitions on discrimination in rental housing.

(c) "**Fiscal Year**" means the twelve (12) month accounting period between July 1 and June 30.

(d) "**Homeless or at Risk of Homelessness**" means living on the streets or lacking a fixed and regular night-time residence. This includes living in a shelter, motel or other temporary living situation in which the individual has no tenant rights. "At Risk of Homelessness" may be due to one of the following situations: (i) transition age youth exiting the child welfare or juvenile justice systems; (ii) discharge from crisis and transitional residential settings, a hospital, including acute psychiatric hospitals, psychiatric health facilities, skilled nursing facilities with a certified special treatment program for the mentally disordered, and mental health rehabilitation centers; (iii) release from city or county jails, but not a parolee from state prison; (iv) temporary placement in a residential care facility upon discharge from (ii) or (iii) above; and (v) certification by the County Mental Health Director as an individual who has been assessed by and is receiving services from the County and who has been deemed to be at imminent risk of being homeless.

(e) "**MHSA Deed of Trust**" means that certain deed of trust entitled "County of Santa Barbara Department of Behavioral Wellness, MHSA Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing," which was executed by the Borrower, secures the Note, this Agreement, and all other MHSA lending and regulatory agreements and encumbrances of the Project. It is intended that this Agreement shall be recorded ahead of and have priority over the MHSA Deed of Trust.

(f) "**MHSA Eligible Resident**" means a person who is Homeless or at Risk of Homelessness and who has a mental illness in accordance with California Welfare & Institutions Code Section 5600.3(a) and/or California Welfare & Institutions Code Section 5600.3(b).

(g) "**MHSA Housing Unit**" means the thirty-five (35) Units which are targeted to be occupied by an MHSA Eligible Resident.

(h) "**MHSA Loan Agreement**" means 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.

(i) **"MHSa Loan"** means the loan or loans to the Borrower originated by the County as evidenced by the Note, and funded from the Fund.

(j) **"MHSa Loan Documents"** means this Agreement, the Note, Deed of Trust, the Loan Agreement, and any other document evidencing or securing the Loan.

(k) **"MHSa Memorandum of Understanding (MHSa MOU)"** means an agreement between Borrower and County, acting through its Department of Behavioral Wellness, regarding management of the Project's MHSa eligible units, and describing the supportive services Borrower will make available to MHSa Eligible Residents.

(l) **"MHSa Promissory Note"** means that certain promissory note entitled "County of Santa Barbara Department of Behavioral Wellness, MHSa Promissory Note (Permanent Financing)" of the 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).

(m) **"Property Management Agreement"** means a contract between the Borrower and the property management agency which defines the roles and responsibilities of each party for the operation of the Project and includes a property management plan.

(n) **"Supportive Services"** means assistance made available to MHSa Eligible Residents, and other tenants within the Project who may benefit from such services, to help them maintain stable housing and/or achieve improvements in health, wellness, recovery, employment, income, socialization and quality of life.

(o) **"Unit"** is defined as a traditional apartment residence containing at least one (1) bathroom and a kitchen.

3. **Rental and Occupancy Requirements.** Borrower agrees and covenants that:

(a) All MHSa Housing Units shall be occupied or targeted for occupancy by at least one MHSa Eligible Resident. Specific Units shall not be permanently assigned to MHSa Eligible Residents, and must be evenly disbursed within the Project. Project waiting lists shall ensure that MHSa Eligible Residents shall be provided equal access to non-designated MHSa Housing Units to the extent that they qualify for occupancy of those Units. In the event that there are no qualified MHSa Eligible Residents, Borrower will seek County's written approval to occupy the MHSa Housing Units with non-MHSa residents otherwise eligible to reside in the Project, which will be provided within 10 business days upon notice of vacancy. County reserves the right to require Borrower to maintain a referral waiting list of MHSa-eligible clients to fill the MHSa units upon vacancy.

(b) Rents for the MHSa Housing Units occupied by an MHSa Eligible Resident shall be restricted to no more than thirty percent (30%) of fifty percent (50%) of AMI, adjusted for number of bedrooms, household size and applicable utility allowances.

(c) The Borrower shall require each Unit to be subject to a rental agreement in a form which may be subject to approval by the County, and shall not lease any Unit for less than thirty (30) days or for more than one (1) year. The rental agreement, executed by all adult or emancipated youth household members, shall provide for the following:

(i) Evictions shall be carried out in accordance with California law and, if applicable, federal law governing month to month tenancies and reasonable accommodation consistent

with not causing undue administrative or financial burden upon the Project.

(ii) If the basis for eviction is abandonment or failure to occupy, the Borrower shall comply with California Civil Code Section 1951.3 and any other applicable laws unless the Borrower receives notification or has actual knowledge that the non-occupancy of the MHSA Housing Unit is due to hospitalization or institutionalization (other than in state prison) of the MHSA Eligible Resident. Under these conditions, the Borrower shall hold the Unit available for the MHSA Eligible Resident for three (3) months, provided the rent for the Unit is fully paid as agreed to in the rental agreement.

(iii) If an MHSA Eligible Resident abandons or fails to occupy the MHSA Housing Unit, as defined in California Civil Code Section 1951.3, but non-MHSA Eligible Residents of the household remain in the MHSA Housing Unit and continue to pay the rent, the following applies:

(1) The other household members may continue to occupy the MHSA Housing Unit provided a comparable non-MHSA Housing Unit is available to lease and is leased to an MHSA Eligible Resident, and the existing household member's/members' occupancy is in compliance with the property management agreement and the rental agreement. Rents may be adjusted to maximum allowable rents according to the property management plan and in accordance with federal, state and local law.

(2) If the Project has no vacant non-MHSA Housing Unit available, and so long as the household member(s) otherwise meets the criteria or conditions for the occupancy for the Project, the other household member(s) may continue to occupy the MHSA Housing Unit for the three (3) month grace period while seeking alternative living accommodations, and Borrower shall make reasonable attempts to assist the other household member(s) in finding alternative living accommodations.

(3) If the MHSA Housing Unit is not vacated at the end of the three (3) month grace period, the rent amount may be adjusted to the maximum allowable rent according to the property management plan and applicable law, and/or eviction proceedings may commence.

(4) For purposes of this section, the three (3) month grace period shall begin on the first day of the next tenancy period following notification by the Borrower to other household member(s) that the MHSA Eligible Resident is no longer occupying the MHSA Housing Unit.

(f) The Borrower shall not discriminate against tenants or applicants who are recipients of federal rent subsidies pursuant to Section 8 of the United States Housing Act of 1937 (42 USC Section 1437(f)) ("**Section 8**"), as amended, or any successor subsidy program. Borrower agrees to comply with terms of existing subsidies and actively seek extensions to existing project- based subsidies and other new project- and/or tenant-based subsidies.

(g) Use of the commercial facilities of the Project, if any, shall be compatible with the residential uses of the Project. Any commercial tenants, improvements and lease provisions may be subject to approval by the County. The County shall have the right to require existing and future commercial tenants to enter into nondisturbance and attornment agreements on commercially reasonable terms. The Borrower agrees to do any acts and execute any documents necessary to effectuate the County's rights in this regard.

(h) The Borrower agrees to make available any and all MHSA Housing Units of the Project for the purposes of physical inspection by the County personnel upon prior notice and in accordance with the County's policies and procedures. Borrower shall require that its managing agent inspect each MHSA Housing Unit at least on an annual basis.

(i) Borrower shall collect and maintain tenant security deposits in accordance with applicable laws.

(j) Borrower shall assist MHSA Eligible Residents in applying for any and all benefits for which they may be eligible including but not limited to tenant-based rental subsidies and medical benefits.

4. Project Management.

(a) The Borrower shall provide for the management of the Project in a manner satisfactory to the County, shall employ a bonded and licensed management agent, develop a management plan, and use a management agreement which may be subject to review by the County. All management agreements shall include a copy of this Agreement, which shall be incorporated therein, and made a part of the contract. The management agreement shall be structured so that it is subject to termination with or without cause by the Borrower or the County, and without penalty, upon not less than thirty (30) days prior written notice to the management agent. Any liability associated with the termination of the management contract shall be the sole obligation of the Borrower. Upon notice of termination, the Borrower agrees to make immediate alternative arrangements, reasonably satisfactory to the County, for the continued management of the Project. In the event that the Borrower shall fail to make such alternative arrangements for a substitute managing agent within a reasonable time (which in no event shall exceed sixty (60) days from the date of the sending of the termination notice), the County shall have the unilateral right to make such alternative arrangements subject to the reasonable consent of the investor limited partner, if applicable.

(b) For all MHSA units, Borrower shall comply with applicable state and local law regarding the need to provide publications, information, brochures and leases in the household's native language of such persons.

(c) Borrower and County shall agree to and Borrower shall maintain a current policy and procedure for the selection and rejection of tenants for the MHSA units and a grievance and eviction policy and procedure for tenants of the Project.

(d) Borrower shall assure compliance with all Fair Housing laws. Occupancy of the Project shall be open to all regardless of race, color, ancestry, national origin, religion, sex, gender, gender identity or expression, sexual preference or orientation, age, marital status, family status, source of income, military or veteran status, physical or mental disability, medical condition, genetic information, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC) acquired or perceived. The Borrower shall require that its officers, agents, employees, management agent, contractors and subcontractors, and employees associated with the Project provide equal opportunity for employment and that they not engage in any unlawful discriminatory conduct. In addition, the Borrower agrees to conduct its own affirmative marketing and outreach programs in conformance with County requirements, the MHSA Housing Program and, if applicable, federal requirements associated with any federal funding applicable to the Project.

5. Supportive Services.

(a) Borrower shall comply with the MHSA MOU regarding management of the 35 MHSA Units at the Residences at Depot Street, which may be amended from time to time with the mutual written consent of Borrower and County acting through its Director of the Department of Behavioral Wellness or designee.

(b) Borrower shall not mandate participation in on-site and off-site Supportive Services provided pursuant to the MHSA MOU as a condition of occupancy.

6. Financial Covenants. In addition to, but not by way of limitation of, all other duties of the Borrower set forth herein, the Borrower shall comply with the following:

(a) Annual Audit. The Borrower shall provide the following reports to the County not later than ninety (90) days following the end of each Fiscal Year (June 30):

(i) A complete annual financial statement for the Project based upon an examination of the books and records of the Project prepared in accordance with the requirements of the County, in compliance with the requirements of the MHSA Loan Agreement ("**Annual Audit**"). The Annual Audit shall be certified, at the Borrower's expense, by an independent certified public accountant licensed in California and acceptable to the County. Each such Annual Audit shall be subject to the approval by the County; and

(ii) Any other financial report as may be reasonably required by the County.

(b) Audit Books and Records. The Borrower shall maintain the books and records of the Project in accordance with the requirements of the County. The Project and all equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination, inspection and copying at any reasonable time by the County or by its authorized representative upon reasonable notice to the Borrower.

(c) Furnishing Information. Upon the County's request, Borrower shall furnish such reports, financial statements, projections and analyses as may be required by the County, and shall provide information the County requests regarding the income, expenses, assets, liabilities, contracts, operations and conditions of the Borrower and the Project. Borrower understands and agrees that the content of such reports, statements, projections, analyses and any other information may be publicly disclosed.

(d) Single Asset Entity. Unless the County agrees otherwise in writing, Borrower shall maintain its status as a single asset entity.

7. Certain Acts Prohibited and Events of Default. The Borrower shall not, without the prior written approval of the County, do any of the following. The granting of the County's approval shall be in its sole, but reasonable discretion and may be conditioned upon the satisfaction of such terms and conditions as the County may prescribe.

(a) Make any sale, assignment, conveyance or transfer in any other form of the Project or any part thereof or of any of its interest therein, whether voluntarily or involuntarily, or by operation of law other than as provided in the Loan Agreement.

- (b) Assign or transfer any right to manage the Project.
- (c) Materially remodel, add to, demolish or damage any part of the Project.
- (d) Require, as a condition of the occupancy or leasing of any Unit in the Project to an MHSA Eligible Resident, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one (1) month's rent to guarantee the performance of the covenants of the lease.
- (e) Incur any liability or obligation in connection with the Project, contingent or otherwise, other than for the indebtedness evidenced by the Note, or incur any liability or obligation whatsoever that is secured in whole or in part by any interest in or lien or encumbrance on the Project, except as authorized by the Loan Agreement.
- (f) Invest any funds from the Project in any property, real, personal or mixed, except as authorized by this Agreement, or deposit any such funds in a depository not authorized by this Agreement. Wells Fargo Bank, National Association is hereby authorized as a depository for funds from the Project and Borrower.
- (g) Make a loan of any funds from the Project to any person or entity.
- (h) Cause or permit the Project to be maintained in a condition which the County deems, in its reasonable discretion, as an impairment of its security interest, or a violation of the Borrower's obligation to maintain the Project in a safe, sanitary and decent condition.
- (i) If the Project receives project-based assistance or subsidy, and Borrower's actions or inactions cause or permit the loss of the subsidy or termination of the contract governing such subsidy, or failure to apply for or accept an extension thereof.
- (j) Fail to provide, or cause to be provided, the Supportive Services as contemplated in the MHSA MOU **Exhibit B**, unless otherwise approved in writing by the County.
- (k) Fail to rent MHSA Housing Units to MHSA Eligible Residents, unless there are no suitable MHSA Eligible Residents, in which case Borrower shall seek County's written approval to occupy the MHSA Eligible Units with non-MHSA residents otherwise eligible to reside in the Project.
- (l) Be in default under the terms of any senior lender's loan obligations.
- (m) Fail to comply with the terms of the MHSA Loan Documents.

8. Non Discrimination. Borrower shall not discriminate in providing equal access with respect to rental of Units within the Project in accordance with the mandates of state, federal and local law. Borrower shall seek such legal advice as necessary to assure such non-discrimination and equal access to housing.

9. Actions. The Borrower agrees to notify the County promptly in writing of any action or proceeding by or against the Project or by or against the Borrower with respect to the Project. No action or proceeding seeking the recovery of a sum in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) or for specific performance or other equitable relief shall be instituted by the Borrower with respect to the Project, nor shall any action or proceeding seeking the recovery from the Project, or from the Borrower with respect of the Project, of a sum in excess of Twenty-Five Thousand and No/100

Dollars (\$25,000.00) or for specific performance or other equitable relief against the Project, or against the Borrower in respect of the Project, be settled or compromised by the Borrower, without the prior approval of the County. Any such approval may be subject to such terms and conditions as the County may prescribe.

10. Assignment of Rents for Security. As security for the performance of the Borrower of all its obligations under this Agreement, the Borrower hereby assigns and pledges to the County all of the Borrower's right, title and interest in and to the rents, profits, income and charges of whatsoever kind or nature which it may receive or be entitled to receive from the operation of the Project, subject, however, to any assignment of rents or like provision contained in the MHSA Deed of Trust or in any of the other MHSA Loan Documents; provided, however, that unless and until a default under this Agreement is declared by the County or a default or event of default shall have occurred under any of the other MHSA Loan Documents, the Borrower shall be permitted to collect and retain such rents, profits, income and charges, subject to the provisions of this Agreement.

11. Violation of Agreement by the Borrower. In the event of the violation of any of the provisions of this Agreement by the Borrower, which does not require immediate judicial relief due to waste or health and safety issues, the County shall give written notice thereof to the Borrower by registered or certified mail addressed to the Borrower at the address stated in this Agreement, or to such other address as may have been designated by the Borrower in writing; and if such violation is not corrected to the satisfaction of the County within thirty (30) days after the date such notice is mailed (or within such further time as the County in its sole discretion may permit), the County may without further prior notice declare in writing a default under this Agreement effective on the date of such declaration of default, and upon any such declaration of default, or, irrespective of any such declaration of default, upon the occurrence of a default or event of default under any of the other MHSA Loan Documents, the County may:

(a) Declare the whole of the principal amount of the indebtedness evidenced by the Note immediately due and payable and proceed with the rights and remedies provided for in the MHSA Loan Documents.

(b) Collect all rents, rental subsidies, profits, income and charges in connection with the operation of the Project and use same or the proceeds thereof, in such order as the County may determine, toward satisfaction of the Borrower's obligations under this Agreement or any of the MHSA Loan Documents, and toward payment of the necessary expenses of preserving and operating the Project.

(c) Take possession of the Project, bring any action necessary to enforce any rights of the Borrower growing out of the operation of the Project, and operate the Project in accordance with the terms of this Agreement until such time as the County, in its sole discretion, shall determine that the Borrower is again in a position to operate the Project in accordance with the terms of this Agreement and in compliance with the requirements of any of the other MHSA Loan Documents.

(d) Apply to any court, state or federal, for specific performance of this Agreement; for an injunction against any violation by the Borrower of this Agreement; for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement; or for such other relief as may be appropriate, it being agreed by the Borrower that the injury to the County arising from the default under any of the terms of this Agreement would be irreparable, and that it would be extremely difficult to ascertain the amount of compensation to the County which would afford adequate relief.

(e) Notwithstanding anything to the contrary contained in this Agreement, Lender 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 Agreement 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.

12. Interest Charges. In the event that the Borrower fails to make timely payment of any money provided for in this Agreement, then such payment obligation shall be increased to include interest at the rate of the lesser of ten percent (10%) simple interest per annum or the maximum rate permitted by law.

13. Action by the County. Except as may be otherwise specifically provided herein, whenever any approval, notice direction, consent, request or other action by the County is required or permitted under this Agreement, such approval, notice direction, consent, request or other action shall be in writing.

14. Integration and Amendments. The MHSA Loan Documents constitute the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral.

15. MHSA Housing Program Terms. The MHSA Loan Documents shall not be modified, except by written instrument executed by all parties. Any reference to the MHSA Loan Documents includes any amendments, renewals or extensions now or hereafter approved by the County in writing. Any changes in the MHSA Housing Program rules or lending terms made after execution of this Agreement, shall not affect Borrower's obligations as agreed to herein unless otherwise approved in writing by the County.

16. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

17. Binding on Successors. This Agreement shall bind, and the benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors and assigns; provided, however, that the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior approval of the County. Except as expressly provided herein, this Agreement shall be for the exclusive benefit of the parties hereto and shall not confer any rights upon any third party. In the event the Borrower transfers title, possession or control of the Project to a third party, the Borrower covenants to require as a condition of transfer that such third party agrees to be bound by and to operate the Project in accordance with this Agreement. The County is deemed to be the beneficiary of such conditions and agreements with the right to enforce them against any such third party.

18. Recordation. This Agreement shall be acknowledged by each of the parties and recorded in the official records of the county in which the Project is located.

19. Election of Remedies; Events of Default. The remedies of the County hereunder and under the other MHSA Loan Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the County of any one or more of its other remedies.

20. Waiver by the County. No waiver by the County of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach thereof or default hereunder.

21. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California. The Borrower represents and warrants that at all times its acts in connection with the Project have complied with and shall continue to comply with all applicable provisions of federal, state and local laws, all applicable provisions of the MHSA Housing Program, the rules, regulations, policies and procedures of the County and all agreements with the County and any other public entities concerning the Project as amended from time to time. The Borrower represents to the County that professional advice is available to the Borrower for the purpose of enabling the Borrower to be aware of and to comply with said laws, policies, procedures and agreements. The Borrower agrees to indemnify the County against any loss incurred by the County as a result of the Borrower's failure to comply therewith. Specifically, the Borrower acknowledges the existence of federal, state and local Fair Housing laws regarding discrimination in rental housing, handicapped accessibility and the relocation of persons displaced by the Project. The Borrower agrees that the Borrower, and not the County, is responsible for assuring compliance with such laws.

22. Legal Notices. Written notices by and between the parties hereto shall be addressed as follows unless and until a party hereto has, in writing, communicated a different address to the other party hereto, provided, for notices other than to Borrower, the County shall use its best efforts, and provided further that no legal consequences shall arise by reason of the County's failure to give notice to:

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

TO BORROWER: 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 C. College Street, MAC D1053-170
Charlotte, NC 28288
Attn: Director of Tax Credit Asset Management

23. Attorneys' Fees, Costs. In any nonjudicial foreclosure process, or action to enforce or relating to any provision of the MHSA Loan Documents, the prevailing party shall be entitled to recover from the other party its costs and expenses. The term "costs and expenses" as used herein shall include all costs and expenses actually and reasonably incurred including but not limited to attorney fees; filing, motion, and jury fees; juror food and lodging; taping, videotaping, and transcribing depositions and travel expenses to attend depositions; service of process by a public officer, registered process server, or other means; expenses of attachment including keeper's fees; premiums on surety bonds; ordinary witness fees pursuant to Section 68093 of the California Government Code; fees of expert witnesses whether or not ordered by the court; transcripts of court proceedings whether or not ordered by the court; court reporter's fees as established by statute; investigation expenses in preparing the case for trial; postage, telephone, and photocopying charges; costs in investigation of jurors or in preparation for voir dire;

models, blowups and photocopies of exhibits, and any other item that is required to be awarded to the prevailing party pursuant to statute as an incident to prevailing in the action at trial or on appeal. Such costs and expenses shall be recoverable whether the services were rendered by a salaried employee of the party or by an independent contractor.

24. No Conflict With Other Documents. The Borrower warrants that it has not, and shall not, execute any other agreement with provisions contradictory to the provisions hereof, and that, in any event, the requirements of this Agreement shall be paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

25. County Insurance Requirements. The Borrower shall cause insurance on the Project to be maintained in substantial conformance with the requirements of the MHSA Loan Agreement. In addition Borrower shall require that all service providers with which it is party to maintain adequate insurance associated with their scope of work and have both the Borrower and the County as additional insureds.

26. Maintenance. The Borrower shall maintain the Project in a decent, safe and sanitary condition and in a good state of repair as determined by the County in its sole discretion.

27. Indemnification. The Borrower shall indemnify, defend (with counsel reasonably chosen by the County, at the County's option), and hold the County, and its employees, officers, agents, and board members harmless against all claims which arise out of or in connection with the ownership or occupancy of or construction on or in connection with the Project (including, without limitation, rehabilitation) by the Borrower or the Borrower's contractors, subcontractors, agents, employees, or tenants. This section shall survive the termination of this Agreement.

28. Environmental Covenants. The Borrower represents and warrants that after reasonable investigation and inquiry, and except as indicated in the Phase I and Limited Phase II environmental reports submitted to the County, as of the MHSA Loan Closing Date it has no knowledge of any hazardous substance or environmental condition on or within two thousand (2,000) feet of the Project which may adversely impact the security of the MHSA Loan, or which may render the Project financially infeasible, or which may affect the health and safety of the occupants, the Project, or which may present an undue risk of liability to the County. The Borrower agrees to comply with all laws and orders of any federal, state or local governmental County relating to clean-up or remediation, or other response action required by applicable law or order concerning a release or threatened release of hazardous substances in or on the Project. The term "*hazardous substance*" as used in this paragraph shall mean as defined at Code of Civil Procedure Section 736(f)(3).

The Borrower shall give any and all environmental notices to tenants and/or workers (both employee and independent contractor) which may be required by state or federal law. The Borrower hereby agrees to indemnify and hold the County harmless for any and all liability arising out of the presence of hazardous substances on the Project during the longer of the term of the MHSA Loan or the term of the MHSA Regulatory Agreement. Liability may be established by, among other forms of demands, a demand in the form of a judgment, a settlement, or an administrative order; and may include costs, fees, penalties, interest, attorney fees, and other costs related thereto. Whereas the purpose of this indemnity is to protect the County from harm, the rights to recover shall accrue as soon as the liability is incurred or costs are advanced. The term "any and all liability" shall include, but shall not be limited to, liability for: (a) the clean-up of hazardous substances; (b) claims for contribution or apportionment of remedies; and (c) claims for physical or other damages to persons, property, or natural resources. The duty of the Borrower to indemnify and hold the County harmless shall include the duty to defend as set forth in California Civil Code Section 2778.

29. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Signatures appear on following page. No further text appears here.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ATTEST:

Mona Miyasato
Clerk of the Board

By: _____

_____,
Deputy Clerk of the Board

COUNTY:

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

By: _____

Das Williams, Chair

Date: _____

APPROVED AS TO ACCOUNTING FORM:

Theodore A. Fallati, CPA
Auditor-Controller

By: _____

_____,
Deputy

By: _____

Alice Gleghorn, Ph.D., Director
Department of Behavioral Wellness

BORROWER:

**THE RESIDENCES AT DEPOT
STREET, L.P.**

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

APPROVED AS TO FORM:

MICHAEL GHIZZONI
COUNTY COUNSEL

By: _____

_____,
Deputy County Counsel

Raymond F. Down, President

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

APPROVED AS TO FORM:

RISK MANAGEMENT

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

By: _____

Ray Aromatoria, ARM, AIC
Risk Manager

Robert P. Havlicek Jr., Executive Director

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

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 Das Williams, 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 Alice Gleghorn, 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 OF THE PROJECT

See Attached

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: _____