AFFORDABLE HOUSING RESTRICTIVE COVENANT
AND PREEMPTIVE RIGHT

This document creates a lien on real property.

Old Town Village Project

Case No.: 14-026-VTM-DP

This Affordable Housing Restrictive Covenant and Preemptive Right ("Covenant"),
dated as of this 20th day of July, 2016, is entered into by and between City Ventures
Homebuilding, LLC, a Delaware limited liability company ("Developer"), and the City of
Goleta, a municipal corporation organized under the general laws of the State of California
("City"). City and Developer are individually referred to as “Party” and collectively referred to
as the “Parties.” The Parties agree as follows.

I. RECITALS. The Parties enter into this Agreement with reference to the following:
This Covenant applies to certain real property identified as Assessor Parcel Number 071-130-064, located at Kellogg Avenue and Ekwill St. (future) in the City of Goleta, Santa Barbara County, California, which is more fully described in the legal description in Exhibit A attached and incorporated herein by this reference ("Subject Property"); and

Developer will be constructing housing units in a new subdivision named Old Town Village according to the Old Town Village Development Plan (City Case No. 14-026-VM-TM-DP) and all other approvals received by the City Council on October 20, 2015 (collectively "Development"); and

As a condition of the Development, City has required Developer to construct seven (7) units as affordable housing units to moderate income households and seven (7) units as affordable housing units to above moderate income households within the Development, which are more particularly described in Exhibit B attached and incorporated herein by this reference ("Restricted Units"); and

It is the intent of the Parties that the Restricted Units be transferred in accordance with this Covenant and any affordable housing program which may be adopted and implemented by City at any time to ensure that the Restricted Units remain affordable for the term of this Covenant; and

It is the intent of the Parties that this Covenant will place sales price restrictions on the Restricted Units and maximum income restrictions on potential transferees of the Restricted Units; and

The purpose of this Covenant is to ensure that the Restricted Units remain affordable for moderate and above moderate income households for the term of this Covenant.

II. DEFINITIONS

A. "Above Moderate Income Household" means a household that earns a gross income between 120% and 200% of the AMI adjusted for number of persons in the household pursuant to the current applicable HCD State income limits for Santa Barbara County.

B. "Ares Median Income" or "AMI" means the annual median income for Santa Barbara County as determined by HCD and/or HUD.

C. "City" has the meaning set forth above. Any obligations or rights of City set forth in this Covenant may be performed or exercised by the City Manager, or designee.

D. "Covenant" has the meaning set forth above.

E. "Developer" has the meaning set forth in the above recitals.
F. "Development" has the meaning set forth in the above recitals.

G. "Eligible Transferee" means a Moderate Income Household or an Above Moderate Income Household that receives a Certificate of Eligibility certifying that the potential transferee is an Eligible Transferee from City or a City-approved agency pursuant to Section V.

H. "First Deed of Trust" means any first deeds of trust which secure a loan made by an Institutional Lender.

I. "HCD" means the California Department of Housing and Community Development.

J. "HUD" means the United States Department of Housing and Urban Development.

K. "Institutional Lender" means any bank, savings and loan association, or any other lender which is licensed to engage in the business of providing purchase money mortgage financing for residential real property in the State of California or HUD.

L. "Intent to Reside Statement" means a statement in the Application for Eligibility stating that the potential transferee intends to occupy the Restricted Unit in compliance with the Owner occupancy requirement upon becoming the Owner of the Restricted Unit.

M. "Maximum Sales Price" means the following:

1. For the initial Transfer of a Restricted Unit, the purchase price that results in monthly housing costs (principal, interest, taxes, insurance and condominium or homeowners' association fees, if any) that do not exceed thirty percent (30%) of the gross income equivalent to 120% of the AMI for a Moderate Income Household and 200% of the AMI for an Above Moderate Income Household; and

2. For any subsequent Transfer of a Restricted Unit, the purchase price that results in monthly housing costs (principal, interest, taxes, insurance and condominium fees or homeowners' association fees, if any) that do not exceed thirty percent (30%) of the gross income of the Eligible Transferee.

3. For any subsequent Transfer of a Restricted Unit in which the First Deed of Trust is insured by the Federal Housing Administration, the Maximum Sales Price must be the greater of the purchase price derived pursuant to Section II(M)(2) or the sum of the Owner’s original purchase price for the Restricted Unit, the Owner’s reasonable costs of sale of the Restricted
Unit, the reasonable costs of improvements made to the Restricted Unit by Owner, any negative amortization on a graduated payment mortgage, and a reasonable share (as determined by the Secretary of Housing and Urban Development) of the appreciation in the value of the Restricted Unit.

N. "Moderate Income Household" means a household that earns a gross income between 80% and 120% of the AMI adjusted for number of persons in the household pursuant to the current applicable HCD State income limits for Santa Barbara County.

O. "Notice of Intent to Exercise the Option to Purchase" means City's written notice to an Owner of City's intent to exercise its option to purchase the Restricted Unit in accordance with Section IV.

P. "Notice of Intent to Transfer" means an Owner's written notice to City of the Owner's intent to Transfer a Restricted Unit in accordance with Section IV.

Q. "Option to Purchase" means City's right to exercise the option to purchase a Restricted Unit before the Transfer of the Restricted Unit to any potential transferee in accordance with Section IV.

R. "Owner" means the record title owner(s) of a Restricted Unit and any subsequent successor(s), transferee(s), purchaser(s), beneficiary(ies), devisee(s), grantee(s) or holder(s) of title of the Restricted Units whether in whole or in part.

S. "Principal Place of Residence" means the place where a person or persons reside on a full-time basis for a minimum of ten (10) months out of each twelve (12) month period.

T. "Restricted Unit(s)" has the meaning set forth in the above recitals.

U. "Subject Property" has the meaning set forth in the above recitals.

V. "Transfer(red)" means any sale, assignment or transfer, voluntary or involuntary, by operation of law (whether by deed, contract of sale, gift, devise, bequest, trustee's sale, deed in lieu of foreclosure, or otherwise) of any ownership or possessory interest in a Restricted Unit or any portion thereof, including but not limited to, a fee simple interest, or mortgage or lien.

III. TERM

A. Covenant Term. This Covenant is binding upon and enforceable against the Owners of the Restricted Units for the benefit of and enforceable by City until fifty-five (55) years from the date of the last Transfer of a Restricted Unit occupied by the Owner and not Transferred for fifty-five (55) consecutive years.

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Resale Restrictive Covenant and Preemptive Right
B. **Term of Covenant for Each Restricted Unit.** It is intended and agreed that this Covenant is binding upon and enforceable against each Owner of a Restricted Unit for the benefit of and enforceable by City until completion of fifty-five (55) consecutive years of occupancy by the Owner without any Transfer of the Restricted Unit during those fifty-five (55) years. In the event an Owner occupies the Restricted Unit for the full fifty-five (55) year term in compliance with this Covenant, the Restricted Unit will no longer be subject to this Covenant and the Owner may Transfer the Restricted Unit to any potential transferee for any price. Notwithstanding the foregoing, this Covenant remains effective for the entire term set forth in Section II.A.

C. **Covenant to Run with the Restricted Units.** Each Restricted Unit is held (and will be held), Transferred, and occupied subject to the covenants, conditions, restrictions and limitations in this Covenant. This Covenant is intended to constitute both an equitable servitude and covenant running with the Subject Property.

D. **Owner Knowledge.** Any and all Owners are deemed to have taken title with knowledge of this Covenant, and to have personally covenanted, consented to and accepted the covenants, conditions, restrictions and limitations set forth herein.

III. **TRANSFER OF RESTRICTED UNITS**

A. **Transfer Requirements.** Except as otherwise provided in this Covenant, a Restricted Unit or any interest therein, will not at any time be Transferred by the Owner to a potential transferee and no attempted Transfer to a potential transferee is valid.

B. **Transfer Exemptions.** The following Transfers are exempt from this Covenant:

1. **Death.** Any Transfer resulting from the death of an Owner by operation of law or pursuant to any will or trust to a spouse, child, parent, grandparent or grandchild of any Owner. For purposes of this Covenant, the term "child" includes adopted children and stepchildren.

2. **Divorce.** Any Transfer resulting from a decree of dissolution of the marriage or legal separation or from a property settlement agreement incidental to such a decree, by which a spouse who is an Owner and becomes the sole Owner of the Restricted Unit.

3. **Trust.** Any Transfer by an Owner into an inter vivos trust in which the Owner is named the trustee and the beneficiary.

Following any exempt Transfer set forth above, the Restricted Unit remains subject to this Covenant and any subsequent non-exempt Transfer are subject to the covenants, conditions, restrictions and limitations of this Covenant. Any Transfer to an Institutional Lender is subject to Section VIII.
IV. CITY OPTION TO PURCHASE

A. **Grant of Option to Purchase.** In accordance with the terms of this Section IV and in consideration of the benefits received by the Owners, the Owners grant to City an Option to Purchase each Restricted Unit which City may exercise any time the Owners intend to Transfer a Restricted Unit. This Option to Purchase is effective as long as this Covenant is effective. The failure of City to exercise this Option to Purchase in any one case, does not affect City’s right to exercise this Option to Purchase in other cases thereafter arising during the term of this Covenant.

B. **Notice of Intent to Transfer.** Before the Transfer of a Restricted Unit, the Owner must send to City a Notice of Intent to Transfer at the address and in the manner specified in Section IX.G. The Notice of Intent to Transfer must specify the Owner’s intent to Transfer the Restricted Unit with a summary of the proposed Transfer.

C. **Notice of Intent to Exercise the Option to Purchase.** City has thirty days after receiving the Notice of Intent to Transfer to send to the Owner a Notice of Intent to Exercise the Option to Purchase at the address and in the manner specified in Section IX.G. In the event City sends a Notice of Intent to Exercise the Option to Purchase, City may either purchase the Restricted Unit directly or designate a City-approved organization to exercise City’s Option to Purchase. City or its designee may assign this Option to Purchase to a potential transferee determined to be an Eligible Transferee pursuant to Section V. The purchase of the Restricted Unit by City or City’s assignee shall be at the Maximum Sales Price for the initial sale of the Restricted Unit or at a lower price upon mutual agreement of City and the Owner and such purchase shall be completed within sixty (60) days of the date of the Notice of Intent to Exercise the Option to Purchase. The length of any delays caused by the Owner or the Owner’s agents shall extend such time and/or such time may be extended by mutual written agreement of City and the Owner. The Owner shall be solely responsible for all costs and provide all reports as is customary for sellers of residential property in City, including title insurance, termite report, and required corrective work.

D. **Non-Exercise of Option to Purchase.** In the event that City elects not to exercise the Option to Purchase, fails to respond to the Owner’s Notice of Intent to Transfer in the applicable time period, or the purchase pursuant to the Option to Purchase is not completed within the applicable time period, the Owner may Transfer the Restricted Unit to an Eligible Transferee in accordance with Section V.

E. **City as Owner.** City shall not be bound by the Owner obligations and authorizations set forth in Section V and VI except as provided in Section VI Subsection D.
V. ELIGIBLE TRANSFEREES AND CERTIFICATION OF TRANSFER

A. Eligibility. Any and all Owners shall not Transfer a Restricted Unit to any potential transferee who does not satisfy all of the following requirements:

1. The combined annual gross income for all potential transferees for the Restricted Unit shall not exceed the income level for a Moderate Income Household or an Above Moderate Income Household, as applicable for the particular Restricted Unit, as determined pursuant to this Section V; and

2. The potential transferee(s) have obtained financing for the Restricted Unit approved by City pursuant to this Section V; and

3. The potential transferee(s) shall not own any improved residentially-zoned real property or any mobile home or manufactured housing located on real property not owned by the potential transferee(s) in the United States at the time of completion of the Transfer of the Restricted Unit. If the potential transferee(s) own(s) improved residential real property at the time of submission of an Application for Eligibility pursuant to this Section V, a divestment of any interest in the improved residential real property, mobile home or manufactured housing shall be required before the completion of the Transfer of the Restricted Unit and relevant Transfer documents shall be provided to City before the completion of the Transfer of the Restricted Unit.

B. Application for Eligibility and Certificate of Eligibility. An Application for Eligibility shall be obtained from City and shall require any information and documentation City deems necessary to determine the satisfaction of the eligibility requirements set forth in Section V.A and any eligibility standards that are part of an affordable housing program which may be adopted and implemented by City at any time. A potential transferee shall complete, execute, and submit an Application for Eligibility to City not less than forty-five (45) days before the completion of the Transfer. City or a City-approved agency shall process the Application for Eligibility. City reserves the right to collect a reasonable fee to cover the City’s or a City-approved agency’s costs of verifying information and other necessary actions to process the Application for Eligibility. City or a City-approved agency shall either grant or deny issuance of a Certificate of Eligibility not less than fifteen (15) days before the completion of Transfer of the Restricted Unit. In the event that issuance of a Certificate of Eligibility is denied, City or a City-approved agency shall provide a written denial to the potential transferee.

C. Intent to Reside Statement. The Application for Eligibility shall include an Intent to Reside Statement, which shall be executed by any potential transferee. The Application for Eligibility shall not be considered complete unless and until the Intent to Reside Statement has been executed.
D. City Approval of Financing or Refinancing. All potential transferees and Owners shall obtain written approval from City or a City-approved agency of the terms of all financing secured by the Restricted Unit. Financing and refinancing shall only be provided by licensed Institutional Lenders.

E. Transfer Certification Form and Certificate of Transfer. Any Owner intending to Transfer a Restricted Unit shall obtain a Transfer Certification Form from City. The Transfer Certification Form shall require any information and/or documentation City deems necessary to determine that the aggregate value of all consideration and payments of every kind given or paid by the potential transferee for and in connection with the Transfer of the Restricted Unit is equal to or less than the Maximum Sales Price. The Owner shall not require a potential transferee of a Restricted Unit to pay any commissions or other costs of sale typically paid by sellers of residential real property. The Owner shall complete, execute, and submit a Transfer Certification Form to City not less than forty-five (45) days before the completion of the Transfer. City or a City-approved agency shall process the Transfer Certification Form. City reserves the right to collect a reasonable fee to cover the City’s or a City-approved agency’s costs of verifying information and other necessary actions to process the Transfer Certification Form. City or a City-approved agency shall either grant or deny issuance of a Certificate of Transfer not less than fifteen (15) days before the completion of the Transfer. In the event that issuance of a Certificate of Transfer is denied, City or a City-approved agency shall provide a written denial to the Owner.

F. Denial of Certificate of Eligibility and/or Transfer. Not less than fifteen (15) days before completion of the Transfer, City or a City-approved agency shall notify escrow and any other necessary parties in writing that the potential transferee and/or the Owner’s proposed Transfer fail to qualify for the issuance of a Certificate of Eligibility and/or Certificate of Transfer for the Restricted Unit. If the potential transferee and/or the Owner’s proposed Transfer fail to qualify for the issuance of a Certificate of Eligibility and/or Certificate of Transfer for the Restricted Unit, the completion of the Transfer would constitute a default of this Covenant subject to enforcement by City as set forth in Section VII.

G. Copy of Recorded Deed. Within ten (10) days of the completion of the Transfer, the new Owner shall deliver to City a certified copy of the recorded deed of the Restricted Unit.

VI. OWNER OBLIGATIONS AND AUTHORIZATIONS

A. Cooperation with Audits. The Owners shall permit City or a City-approved agency to audit their household income and/or request any additional information and/or documentation determined necessary for the purpose of re-evaluating eligibility for the Transfer of a Restricted Unit and for compliance with the terms of this Covenant. The Owners agree to assist and cooperate with City or a City-approved agency in any such audit. Such assistance and cooperation shall

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include, but not be limited to, promptly supplying any information and/or
documentation reasonably requested by City or a City-approved agency including,
but not limited to, tax returns, utility bills, bank statements and employment:
records and signing any reasonably requested release of information forms.

B. **Status of Loans.** The Owners shall permit City or a City-approved agency to
contact the Owner's lender(s) to obtain current loan status at any time without:
further written authorization from the Owner.

C. **Inspection of the Restricted Unit.** The Owners shall permit City or a City-
approved agency to enter and inspect the Restricted Unit during normal business
hours upon at least seventy-two (72) hours advance written notice to the Owner.

D. **Owner Occupancy.** The Owners shall occupy the Restricted Units as
his/her/their Principal Place of Residence. During the time the Restricted Unit is
vacant while being actively offered for Transfer by the Owner(s), this Owner-
occupancy requirement shall not apply; however, the Owner(s) shall not lease or
rent the Restricted Unit during such period. The Restricted Unit shall not be
leased or rented, in whole or in part. The Owners shall not lease or rent out
bedrooms or other parts of the Restricted Unit, even if the Owner(s) continues to
occupy the Restricted Unit. If the City becomes the Owner of a Restricted Unit
the City or its designee shall not rent or lease the Restricted Unit sooner than ten
(10) years after the date of the issuance of a certificate of occupancy for the Unit.

E. **Modifications to Owner Occupancy Requirement.**

1. **Need for Modifications.** An Owner may request and City may approve
modifications to the Owner occupancy requirement if the Owner
demonstrates to the satisfaction of City or a City-approved agency the
need for modifications due to long-term illness or injury requiring medical
attention to or of the Owner or a member of the immediate family, the
Owner's temporary employment relocation or loss of employment,
sabbatical by the Owner, or other similar extraordinary and unforeseeable
circumstances arising as a result of events beyond the control of the
participant as determined by City, which will result in an economic
hardship to the Owner (i.e. the retention of the Restricted Unit would
result in a substantial and irrevocable loss of the Owner's investment in
the Restricted Unit).

2. **Request for Modifications.** A request from the Owner shall be submitted
to City in writing stating the reason(s) for the request. The Owner shall
submit to City any and all information and/or documentation requested by
City or a City-approved agency demonstrating the stated reasons for the
need of modifications to the Owner occupancy requirement. City or a
City-approved agency shall process the request for modifications to the
Owner occupancy requirement. City reserves the right to collect a

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reasonable fee to cover the City's or a City-approved agency's costs of verifying information and other necessary actions to process the request. City or a City-approved agency shall either approve or deny the request in writing within thirty (30) days of receiving the request. Modifications to the Owner occupancy requirement shall not be made, if the need for the modifications can be relieved by either liquidation of the Owner's assets, to the extent the liquidation of such assets would not cause severe economic hardship, or reimbursement or compensation by insurance or otherwise.

F. **Annual Certification.** Each year on or before October 15th, or on such other date as specified by City in writing, the Owners shall submit an annual certification, signed by the Owner under penalty of perjury, which includes the Owner's statement that the Owner has occupied the Restricted Unit or complied with any City-approved modifications to the Owner occupancy requirement and complied with all provisions of this Covenant, and/or includes the Owner's explanation of any financing, occupancy or other violation of any provision of this Covenant.

VII. ENFORCEMENT

A. **Notice of Default or Violation.** In the event of any default under or violation of this Covenant, City shall provide the Owner thirty (30) days written notice of such default, which notice shall state the nature of the default or violation. If the default or violation is not cured to the satisfaction of City within thirty (30) days from receipt of such notice, City may pursue any or all remedies available to it as set forth in this Section VII.

B. **Providing False or Misleading Information.** All Owners shall be held liable for the accuracy of all information and documentation provided in and/or in connection with the Application for Eligibility and any audits. If it is determined that false or misleading information was supplied to City, the Transfer of the Restricted Unit shall be wholly null and void and City may pursue any or all remedies available to it as set forth in this Section VII.

C. **City Enforcement.** City hereby reserves the right to enforce this Covenant by pursuing any and all remedies provided by law or in equity. City's remedies shall include, by way of example and not limitation, the right to specific performance of this Covenant, the right to a mandatory injunction requiring the sale of a Restricted Unit in conformance with this Covenant, the disgorgement of profits received from any Transfer conducted in violation of this Covenant, and damages and injunctive relief for breach of this Covenant. The Parties agree that failure to perform this Agreement cannot be adequately relieved by pecuniary compensation. Accordingly, City may compel specific performance of this Agreement in accordance with Civil Code §§ 3384, 3386, or 3389, and any other applicable law, should Owner fail to fully perform their obligations under this Agreement. If successful in compelling specific performance, City will be

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entitled to recover all costs associated with such enforcement including, without limitation, reasonable attorneys’ fees. All of the remedies available to City shall be cumulative, and City’s election to pursue any remedy shall not preclude City from then or later pursuing any one or more other remedies. In the event City resorts to litigation with respect to any default or violation under this Covenant and City prevails, City shall be entitled to recover its damages and costs, including reasonable attorneys’ fees and expert witness fees. If City does not prevail in such litigation, the prevailing party shall be entitled to recover its damages and costs, including reasonable attorneys’ fees and expert witness fees. The Party in default hereunder shall be responsible for the costs of any Court-ordered sale of a Restricted Unit required to enforce the provisions of this Covenant. Notwithstanding the foregoing, in no event shall a violation of the restrictions on conveyance of a Restricted Unit as set forth in this Covenant be grounds for voiding a conveyance of the Owner’s interest in the Restricted Unit, terminating the Owner’s interest in the Restricted Unit, or subjecting the Owner to liability other than requiring repayment (at a reasonable rate of interest) of assistance provided to make the Restricted Unit affordable as low or moderate income housing.

VIII. SUBORDINATION; DEFAULT; NOTICE TO CITY; RIGHT TO CURE

A. Subordination. This Covenant shall be subject and subordinate in all respects to the lien of any First Deed of Trust on a Restricted Unit and to all advances herefore made or which may hereafter be made pursuant to such 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 Owner under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Restricted Unit. This Covenant shall be senior to, and shall not be subordinated to any other liens or encumbrances other than the First Deed of Trust as set forth in this Section VIII and shall survive and not be extinguished by the foreclosure or deed in lieu of foreclosure regarding any such other liens or encumbrances. This includes, but is not limited to, assessment liens, tax liens, mechanic liens and second priority deeds of trust or liens securing loans from any non-Institutional Lenders.

B. Limit on Amount. The subordination of this Covenant pursuant to this Section VIII shall not apply to a First Deed of Trust that exceeds the Maximum Sales Price absent specific written approval from City.

C. Default; Right to Cure. In the event of default under any deed of trust, including the First Deed of Trust, City shall have the same right as the Owner to cure the default and redeem the Restricted Unit before foreclosure sale. Such redemption shall be subject to the same fees, charges and penalties which would otherwise be assessed against the Owner. Nothing herein shall be construed as creating an obligation on the part of City to cure any such default nor shall this right to cure
and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

D. **Right to Exercise Option.** Any default under a deed of trust, including the First Deed of Trust, shall trigger City’s right to exercise its Option to Purchase the Restricted Unit as described more fully in Section IV and City may exercise its Option to Purchase the Restricted Unit pursuant to such provisions. In the event City elects to exercise the Option to Purchase, subsequent to a default on the First Deed of Trust, and notwithstanding any language contained herein to the contrary with regard to the rights of City, City must complete such purchase no later than the end of the period established by Section 2924c of the Civil Code of the State of California for the reinstatement of a monetary default under the deed of trust.

E. **Request for Notice of Default.** The Owners hereby covenant to record in the office of the County Recorder of Santa Barbara County a request for any copy of any notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Restricted Unit pursuant to Section 2924b of the Civil Code of the State of California. The request shall specify that any notice shall be mailed to City at 130 Cremona Drive, Suite B, Goleta, California 93117. The Institutional Lender shall be under no obligation to provide notice of default to City other than as required pursuant to a duly filed request for notice of default under Section 2924b of the Civil Code of the State of California.

F. **Rights of Institutional Lender.** Subject to these above-stated conditions and limitations, this Covenant shall not impair the rights of such Institutional Lender, or such Lender’s assignee or successor in interest, to foreclose or take title to the Restricted Unit pursuant to the remedies in the First Deed of Trust, or accept a deed in lieu of foreclosure in the event of default by a trustor under the First Deed of Trust. Subsequent to the Institutional Lender acquiring title through foreclosure sale or accepting a deed in lieu of foreclosure under such First Deed of Trust, this Covenant shall be terminated and of no further force or effect as an encumbrance against the Restricted Unit (or any Owners or encumbrancers in the chain of title) and the Institutional Lender or subsequent transferee may transfer the Restricted Unit to any transferee at any price or lease the Restricted Unit to any tenant at any rental amount, without thereafter being subject to this Covenant. At the request of an Institutional Lender or its title insurer, City shall execute a quitclaim deed or other recordable instrument in order to confirm the termination of this Covenant.

G. **Notice to City by Owner.** Before recordation, any and all Owners shall notify City of any deed of trust, financing instrument or mortgage to be recorded against the Restricted Unit, and shall provide City with the information needed by City to record a request for notice of default. Note that City’s approval of any financing is required under Section V.

IX. **MISCELLANEOUS**
A. **No Guarantee.** Nothing in this Covenant shall be construed or give rise to any implied representation, warranty or guarantee, and City and Developer expressly disclaim that an Owner will be able to resell a Restricted Unit for the Maximum Sales Price or recover Owner's initial purchase price.

B. **Binding Effect.** Any Owner of a Restricted Unit, by acceptance of a deed therefore or by the signing of a contract or agreement to purchase a Restricted Unit shall be deemed to have consented to and accepted the covenants, conditions, restrictions and limitations set forth herein.

C. **Assignment.** City may assign its rights and delegate its duties hereunder without the Consent of the Owners. Upon such assignment, City shall notify the Owners.

D. **Severability.** If any one or more of the provisions contained in this Covenant shall, for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision(s) shall be deemed severable from the remaining provisions contained in this Covenant and this Covenant be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

E. **Not Agent of City; Indemnity.** Nothing in this Agreement shall be construed to create the relationship of principal and agent, or of partnership, joint venture or association with one another. Owner agrees to indemnify, defend, and hold harmless City, its officers, agents, and employees from any and all claims, demands, liability, costs, and expenses of whatever nature, including but not limited to, court cost, damages, and counsel fees accruing or resulting from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by the Owner in the performance of this Covenant. City agrees to indemnify and hold harmless the Owners from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by the City in the performance of this Covenant.

F. **Venue.** This Covenant shall be construed in accordance with and governed by the laws of the State of California. Any legal action or proceeding brought to interpret or enforce this Covenant, or which in any way arises out of the activities undertaken pursuant to this Covenant, shall be filed and prosecuted in the appropriate California State Court in the County of Santa Barbara, California. The Parties waive the benefit of any provision of state or federal law providing for a change of venue to any other court or jurisdiction including, without limitation, a change of venue based on the fact that a governmental entity is a party to the action or proceeding, or that a federal right or question is involved or alleged to be involved in the action or proceeding. Without limiting the generality of the foregoing waiver, Owner expressly waives any right to have venue transferred pursuant to California Code of Civil Procedure Section 394.
G. Notices. All notices required herein shall be sent by certified mail, return receipt requested, to the Owner at the address of the Restricted Unit and to City at the following address or such other address as City may subsequently provide in writing:

City of Goleta  
130 Cremona Drive, Suite B  
Goleta, CA 93117  

The date of receipt shall be deemed the date of delivery by certified mail.  

[Signatures on the following page.]
IN WITNESS WHEREOF, the Parties have executed this Covenant on the date first appearing above.

CITY OF GOLETA,
a municipal corporation

By  
Michelle Greene, City Manager

CITY VENTURES HOMEBUILDING,
LLC, a Delaware limited liability company

By  

ATTEST
DEBORAH LOPEZ
CITY CLERK

APPROVED AS TO FORM:
TIM W. GILES
CITY ATTORNEY

By  

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Affordable Housing Restrictive Covenant and Preemptive Right
CALIFORNIA ALL-PURPOSE 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 July 20, 2016 before me, Ashley C Flores, Notary Public, personally appeared Michelle A. Greene

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 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 Ashley C. Flores

Signature of Notary Public

Description of Attached Document:
Title or Type of Document: A4 Restricted CV/DR
Document Date: 7/20/2016
Number of Pages: 11
Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer’s Name: ____________________________

□ Corporate Officer — Title(s): ____________________________
□ Partner — Limited General
□ Individual — Attorney in Fact
□ Trustee — Guardian or Conservator
□ Other: ____________________________

Signer Is Representing: ____________________________

□ Corporate Officer — Title(s): ____________________________
□ Partner — Limited General
□ Individual — Attorney in Fact
□ Trustee — Guardian or Conservator
□ Other: ____________________________

Signer Is Representing: ____________________________

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CALIFORNIA ALL-PURPOSE 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 Orange

On 8-2-16 before me, Michelle Bohannon, Notary Public, personally appeared Ben Besley & Scott Homan

Name(s) of Signer(s)

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 signing their signature(s) on the instrument the person(s), or the entity 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

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Affidavit

Document Date: 7/6

Number of Pages: 1

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer’s Name: Ben Besley & Scott Homan

Signer’s Name: Scott Homan

Partner — Limited — General

Individual — Attorney in Fact

Trustee — Guardian or Conservator

Partner — Limited — General

Individual — Attorney in Fact

Trustee — Guardian or Conservator

Other:

Signer Is Representing:

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