STATE OF CALIFORNIA- DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER	PURCHASING AUTHORITY NUMBER (If Applicable)
22-DRMHP-22013	

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

CONTRACTOR NAME
Sunrise Cottages Associates LLC, Rural Communities Housing Development Corporation

2. The term of this Agreement is:

START DATE
Upon HCD Approval

THROUGH END DATE
12/19/2083

3. The maximum amount of this Agreement is:
$4,833,749.00

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Authority, Purpose and Scope of Work	8
Exhibit B	Budget Detail and Payment Provisions	4
Exhibit C *	State of California General Terms and Conditions	GTC 2/25
Exhibit D	CDBG-DR Terms and Conditions	47
Exhibit E	Special Terms and Conditions	6

Items shown with an asterisk(*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
~~These documents can be viewed at https://www.dgs.ca.gov/OLS/Resources~~

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)
See Attached

CONTRACTOR BUSINESS ADDRESS	CITY	STATE ZIP
See Attached	See Attached	See Attached

PRINTED NAME OF PERSON SIGNING	TITLE
See Attached	See Attached

CONTRACTOR AUTHORIZED SIGNATURE	DATE SIGNED
	See Attached

STATE OF CALIFORNIA- DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER	PURCHASING AUTHORITY NUMBER (If Applicable)
22-DRMHP-22013	

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME			
Department of Housing and Community Development			
CONTRACTING AGENCY ADDRESS	CITY	STATE	ZIP
651 Bannon Street, Suite# 400	Sacramento	**CA**	**95811**
PRINTED NAME OF PERSON SIGNING	TITLE		
Diana Malimon	Contract Services Section Manager		
CONTRACTING AGENCY AUTHORIZED SIGNATURE	DATE SIGNED		
Diana Malimon	04/17/2026		
CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL	EXEMPTION (If Applicable)		
	Exempt per: SCM Vol. 1, 4.04.A.3 (DGS memo dated 06/12/1981)		

CONTRACTOR

BORROWER:

SUNRISE COTTAGES ASSOCIATES LLC,
a California limited liability company

By: Rural Communities Housing Development Corporation
a California nonprofit public benefit corporation
Its: Sole Member and Manager

DocuSigned by:
By: Ryan LaRue
E5E08ADD47EA41F...

Ryan LaRue
Chief Executive Officer

Address: 499 Leslie Street, Ukiah, CA 95482

SPONSOR:

RURAL COMMUNITIES HOUSING DEVELOPMENT CORPORATION,
a California nonprofit public benefit corporation

DocuSigned by:
By: Ryan LaRue
E5E08ADD47EA41F...

Ryan LaRue
Chief Executive Officer

Address: 499 Leslie Street, Ukiah, CA 95482

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority & Purpose

A. This Standard Agreement (hereinafter "Agreement") will provide official notification of the commitment of funds under the State of California's administration of the Community Development Block Grant – Disaster Recovery (hereinafter "CDBG-DR") program by the Department of Housing and Community Development (hereinafter "HCD" or the "Department") appropriated under Public Law 117-43 and allocated to the State of California by the Department of Housing and Urban Development (hereinafter "HUD"). CDBG-DR supports the State of California's recovery needs related to the Federal Emergency Management Agency's Major Disaster Declaration DR-4558 in August 2020 and DR-4569 in October 2020.

B. The purpose of the CDBG-DR Multifamily Housing Program (hereinafter "DR-MHP") is to assist Developers in new construction of affordable housing to meet the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the above-referenced disasters. In accepting this Agreement, the Sponsor and the Borrower each hereby agree to fully comply with the terms and conditions of this Agreement, the Notice of Funding Availability (NOFA) published on June 28, 2024 and amended on December 13, 2024 under which the Sponsor applied, the representations contained in the application for this funding allocation (the "Application"), the requirements of the Community Development Block Grant Program, including, without limitation, 24 CFR Part 570, as amended by the applicable Federal Register Notices including, without limitation, Federal Register, Vol. 87, No. 23, February 3, 2022 (87 FR 6364) and Federal Register Vol. 87, No. 100, May 24, 2022 (87 FR 31636) and Public Law 117-43, the Department's DR-MHP Policies and Procedures, and the Uniform Multifamily Regulations at 25 C.C.R. section 8300, et seq., as incorporated in the DR-MHP Policies and Procedures.

2. Definitions

Capitalized terms herein shall have the meaning of the definitions set forth in the federal regulations, and the DR-MHP Policies and Procedures, and in addition:

EXHIBIT A

Unless the context requires otherwise, the terms used in this Agreement shall be governed by the definitions set forth in the applicable federal Regulations, and the DR-MHP Policies and Procedures. The following terms shall have the respective meanings assigned to them in this section unless the context in which they are used clearly requires otherwise:

A. “Agreement” refers to this Standard Agreement, as may be amended from time to time.

B. “Award” means the commitment of DR-MHP funds to an Applicant after the Notice of Funding Availability (NOFA) process is completed.

C. “Borrower” or “Ultimate Borrower” refers to the borrowing entity and owner of the Development. The Sponsor, determined by HCD as having sufficient capacity and experience to develop, own and operate the Development, or its wholly-controlled affiliate, shall have continuing control of the Development.

The Borrower structure shall not have more levels of organization than are allowed in accordance with the Department’s Uniform Multifamily Regulations (UMR) Section 8313.2.

D. “Construction Loan Closing” refers to the closing of all loans funding acquisition, rehabilitation, and the construction of the project.

E. “Department” or “HCD” refers to the California Department of Housing and Community Development.

F. “Disaster Recovery Grant Reporting” (DRGR) system refers to the federal database for Disaster Recovery Grants, as established by HUD.

G. “DR-MHP Assisted Unit” means an Affordable Unit that is subject to rent and occupancy restrictions as a result of the financial assistance provided by DR-MHP, that is rented at an Affordable Rent to a household that earns less than 65% of Area Median Income (AMI) adjusted for household size as published by HCD annually in the Multifamily Tax Subsidy Projects (MTSP) Regular Income and Rent Limits, as specified in the Regulatory Agreement, or as set forth in Exhibit E for a Tribal Sponsor.

EXHIBIT A

H. "DR-MHP Loan" refers to the loan provided by the Department to the Ultimate Borrower to fund the construction of the Project set out in the DR-MHP Application submitted by the Sponsor.

I. "National Environmental Policy Act" ("NEPA") is the Federal law establishing a broad national framework for protecting the environment. NEPA ensures that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.

J. "Performance Milestones" refers to the development schedule and/or milestones proposed by the Sponsor at time of application and as set forth below in section 5 of this Exhibit.

K. "Program" refers to the Community Development Block Grant – Disaster Recovery Multifamily Housing Program.

L. "Project" means a Rental Housing Development, which may include mixed-used development components. This also includes Scattered Site Projects as defined below.

M. "Project Completion Report" refers to the report that conveys the project completion information for inputting into DRGR.

N. "Project Report" refers to the HCD staff report presented to and approved by the Department's Internal Loan Committee. The Project Report sets forth the project criteria approved by the Department at the time of the Award of Program Loan funds. The project criteria may be amended only upon HCD's written approval in its sole discretion.

O. "Rental Housing Development" means a structure or set of structures which collectively contains 5 or more Units. "Rental Housing Development" does not include any "health facility" as defined by Section 1250 of the Health and Safety Code or any "alcoholism or drug abuse recovery or treatment facility" as defined by Section 11834.02 of the Health and Safety Code.

P. "Scattered Site Project" means a Project with five or more units on one or more contiguous or non-contiguous sites that meet the additional requirements in UMR Section 8303(b)(1)-(5).

Q. "Sponsor" refers to the entity or entities that made the Application to the Department for the Award for the Development and identified as a "Contractor"

EXHIBIT A

on page one of the STD 213 for this Agreement. "Sponsor" also includes any affiliate or assignee of the Sponsor approved by the Department and undertaking all the obligations of the Sponsor hereunder. In the case of joint applicants, "Sponsor" shall refer to each applicant or the approved assignee of such applicant. Each joint applicant shall be jointly and severally liable for all obligations of a Sponsor as set forth herein. Sponsor means the legal entity or combination of legal entities with continuing control of the Rental Housing Development. For the DR-MHP Program, the Sponsor is the recipient and borrower of DR-MHP Funds. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the Project, unless the seller will retain control of the Project for the period of time necessary to ensure Project feasibility as determined by the Department. Sponsor also includes a Tribal Entity or other legal entity that meets the Program eligibility requirements.

R. "Ultimate Borrower" is an affiliate of the Sponsor awarded the DR-MHP Loan funds pursuant to the Award letter. The Ultimate Borrower will be considered the borrower of the DR-MHP Loan funds and as such will execute the Loan Documents. Ultimate Borrower shall be jointly and severally liable for all the obligations of a Sponsor as set forth herein. Performance satisfactory to the Department by the Ultimate Borrower of any duties and obligations under this Standard Agreement, and any other agreements as required by the Department, by Ultimate Borrower will be deemed as performance by the Sponsor.

At a minimum, the Sponsor-controlled general partner of the Borrower must perform the substantial management duties identified in the Board of Equalization (BOE) Rule 140.1(a)(10) as items (A), (H), (I) and (K).

S. "TCAC" refers to the California Tax Credit Allocation Committee.

EXHIBIT A

3. Scope of Work

A. Sponsor shall perform the Scope of Work (hereinafter "Work") as described in the Application, which is on file at the Department, Division of Federal Financial Assistance, 651 Bannon Street, Suite 700, Sacramento, California and which is incorporated herein by reference. The final Project Report as approved by the Internal Loan Committee is hereby incorporated as part of the Application. All written materials or alterations submitted as addenda to the original Application, and which are approved in writing by the DR-MHP Program Manager or higher Departmental official, as appropriate, are hereby incorporated as part of the Application.

B. The Department reserves the right to require the Sponsor to modify any or all parts of the application in order to comply with the DR-MHP Policies and Procedures and/or any other applicable federal regulations. The Department reserves the right to review and approve all Work to be performed by the Sponsor in relation to this Agreement. Any proposed revision to the Work must be submitted in writing for review and approval by the Department. Any approval shall not be presumed unless such approval is made by the Department in writing.

4. Contract Amount

For the purposes of performing the Work, the Department agrees to provide up to the maximum amount shown in Section 3 of the STD 213 form for this Agreement, known as the DR-MHP Loan amount. In no instance shall the Department be liable for any costs for Work in excess of this amount, nor for any unauthorized or ineligible costs. The Sponsor agrees to administer this amount in accordance with the provisions of Federal Register, Vol. 87, No. 23, February 3, 2022 (87 FR 6364) and Federal Register Vol. 87, No. 100, May 24, 2022 (87 FR 31636) and Public Law 117-43, the DR-MHP Policies and Procedures, the DR-MHP Notice of Funding Availability ("hereinafter "NOFA") dated June 28, 2024 and amended on December 13, 2024, the award letter dated February 13, 2025 issued by the Department to Sponsor with respect to the award of the Loan, and the Uniform Multifamily Regulations ("hereinafter "UMRs") at 25 C.C.R. section 8300, et. seq., as incorporated into the DR-MHP Policies and Procedures.

EXHIBIT A

5. Term of Agreement and Deadlines

A. Awarded projects that require 4 percent or 9 percent tax credits shall have no more than three (3) tax credit rounds or 18 months from the date of the DR-MHP award to secure tax credits or fill the funding gap before the DR-MHP award expires.

B. Awarded projects shall have 20 months from the date of the DR-MHP award to complete construction loan closing, unless the Project has received tax credits and the reservation readiness deadline exceeds the 20 months.

C. Projects shall have 18 months from loan closing to complete construction. HCD may, at its sole discretion, grant extensions if the Sponsor has been operating in good faith with the Department and the delay is based on factors impacting the project timeline that are determined to be outside of the Sponsor's control.

D. A monthly "Project Activity Report" shall be submitted by the 10th calendar day of each month on a form provided by the Department. Unless otherwise waived in writing by the Department, Project Activity Report submittal shall begin in the second month following the execution of the Agreement and shall continue through the receipt and approval by the Department of the "Project Completion Report".

E. Projects receiving Low Income Housing Tax Credits shall have twelve (12) months from construction completion to submit project closeout information. Otherwise, Projects will have six (6) months to submit project closeout information.

F. The 58-year affordability period shall commence on the Project's construction loan closing date as set forth in Exhibit E Section 4. Projects to be developed on Native American Lands shall be restricted for a period not less than 50 years and where site control is through a ground lease, said lease shall be so restricted for a period not less than 50 years.

G. All Project(s) Set-Ups shall be completed by the date described in Exhibit E, paragraph 4 (a), no later than 20 months from the date of the DR-MHP award.

H. Permanent loan closing documents shall be submitted by the date described in Exhibit E, paragraph 4 (g).

EXHIBIT A

I. The permanent loan closing shall occur by the date described in Exhibit E, paragraph 4 (h).

J. The project shall be completed within 18 months of the construction closing as set forth in Exhibit E paragraph 4 (c).

K. All project funds shall be expended by the date described in Exhibit E, paragraph 4 (d).

L. This Agreement shall expire on the date described in paragraph 2 of the STD 213.

M. Pursuant to 24 CFR 570.483(b)(3), the housing must be occupied by eligible tenants in order to meet a National Objective. CDBG-DR funds invested in any housing unit that has not been rented to eligible tenants before the overall grant expenditure deadline shall be repaid to HCD if no extension has been granted by HUD.

6. Funding Sources

A. Other Funding Sources - The Sponsor shall report on the value of other contributions included as leverage to the project activity in the Application. Any changes to the approved funding sources and uses, including higher costs or cost savings, shall be reported in the Monthly Financial Report, as described in Section 5.5 of the DR-MHP Policies and Procedures.

B. Maximum Award - Awards of CDBG-DR funds shall not exceed the lesser of the demonstrated need or the DR-MHP Maximum Per-Unit Loan Limit, as described in Section 2.3.2 of the DR-MHP Policies and Procedures, and in no event shall exceed the maximum amount of this Agreement as set forth in section 3 of the STD 213 form which is a part of this Agreement.

C. Per Unit Loan Limits - The DR-MHP per-unit maximum loan assistance is consistent with the Basic Statutory Mortgage Limits, Section 234, adjusted for high-cost areas as published by the Federal Housing Administration (FHA). The per unit loan limit is the amount in effect as of the execution of this agreement.

EXHIBIT A

7. Department Program Contract Coordinator

The DR-MHP program's contact person for this Agreement may vary over the term of this Agreement; therefore, you will be contacted directly by your assigned representative. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class or priority mail to the DR-MHP Program Manager at the following address:

Email: DR-MHP@hcd.ca.gov
Address: Department of Housing and Community Development
Division of Federal Financial Assistance
CDBG-DR MHP Program Manager
P.O. Box 952054
Sacramento, CA 94252-2054

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Terms of Loan

A. Subject to the terms and conditions of this Agreement and various other documents between the Department, Sponsor, and the Developer, the Department will disburse funds under this Agreement on a reimbursement-only basis for the new construction by Sponsor and Borrower of that certain 45-unit rental housing development Project commonly known as the Sunrise Cottages on real property located at Southwest Corner of North St and Stingy Ln, , Anderson, County of Shasta, California, more particularly described in the Application (the “DR-MHP Loan”). The DR-MHP Loan will convert to a permanent loan at permanent loan closing.

1) The Department may disburse up to ninety percent (90%) of the proceeds of the DR-MHP Loan, on a reimbursement-only basis, for only the following costs at the following times:

a) At construction closing: If expressly authorized in Exhibit E of this Agreement, the Department may reimburse the Borrower for eligible Project acquisition and predevelopment soft costs incurred within twenty-four (24) months prior to the execution of this Agreement including architectural, engineering, or related professional services required to prepare plans, drawings and specifications, or work write-ups.

b) During construction: The Department may reimburse the Borrower for eligible Project development hard costs and related soft costs, but only if the Borrower incurs and pays these costs on or after the execution of this Agreement. In addition, the Department may only make disbursements from an DR-MHP Loan under this Agreement in amounts based on the percentage of the Project completed.

The final ten percent (10%) disbursement of the DR-MHP Loan (i.e., the retention amount) shall be made upon the Department’s written approval of the Project Completion Report specified in Section 27 of Exhibit D of this Agreement. All costs to be reimbursed by the Department must be eligible and reasonable pursuant to the Program requirements.

EXHIBIT B

2) Maximum Principal Loan Amount

The maximum principal amount of the DR-MHP Loan shall be the lesser of the following:

a) The principal amount as requested in the Application; or

b) The amount later approved by the Department in the Award Letter as consistent with the requirements of the DR-MHP Policies and Procedures.

In no event shall the maximum principal amount of the DR-MHP Loan exceed the maximum amount set forth in section 3 of the STD 213 form which is part of this Agreement.

3) Interest, Term, and Documents

a) The DR-MHP Loan shall bear simple interest on the unpaid principal balance at a rate that is the lesser of:

i. 3 percent per annum; or,

ii. If a Project has received an allocation of tax credits, the maximum rate that allows the DR-MHP loan to be treated as debt for federal or state low-income housing tax credit purposes, or that avoids the inability to syndicate due to projected negative capital account balances, but not less than 0.42 percent, but only if the change in interest rate:

1. Materially increases the feasibility of the Project; and

2. Ensures long-term affordability for the residents.

iii. The Department may require a third-party tax professional to verify the necessity for reducing the interest rate below three (3) percent, the cost of which shall be borne by the Sponsor. Any reductions in the amount of the interest rate must be approved by the Department in its sole discretion.

EXHIBIT B

b) The DR-MHP Loan has a term of 58-years commencing on the Project's construction loan closing date as set forth in Exhibit E Section 4 (b).

c) The Borrower must sign a promissory note for the DR-MHP Loan, which promissory note shall be secured by the deed of trust referenced in subsection (e) below.

d) The Borrower may not prepay the DR-MHP Loan without the prior written consent of the Department, which may given, withheld, or conditioned in the sole and absolute discretion of the Department. No prepayment of the DR-MHP Loan, whether partial or full, shall result in the termination of, or reduction in the term of, any Department regulatory agreements(s) affecting the Project.

e) The Borrower must sign a deed of trust that secures the DR-MHP Loan for the Department with the real property the Project occupies, which deed of trust shall be recorded against the real property at the close of construction loan funding.

2. <u>Invoicing and Payment</u>

A. Pursuant to Section 5 of the DR-MHP Policies and Procedures, payments shall be made directly to Sponsors as reimbursements. The Program does not permit advances of funds. "Reimbursement" means that Project costs must first be incurred by the Sponsor and documented as required in Section 5 of the DR-MHP Policies and Procedures before they are reimbursed by the Department. All costs must be eligible and reasonable in order to be eligible for reimbursement. Reimbursement requests shall be submitted in the form of a Monthly Financial Report submitted by the Sponsor. The Monthly Financial Report shall include the following supporting documentation, at minimum:

1) Cover letter signed by the person authorized to sign Financial Reports as provided in the Standard Agreement.

2) Satisfactory documentation showing the Project costs incurred during the reporting period.

EXHIBIT B

B. Pursuant to Section 5 of the DR-MHP Policies and Procedures, the Sponsor and Borrower must follow the Department's CDBG-DR Grant Administration Manual, Section V, as amended from time to time, and relevant Management Memos, as issued, amended, or superseded from time to time, with respect to submission of Monthly Financial Reports.

C. Pursuant to Section 927 of the California Civil Code (the California Prompt Payment Act), the Department shall pay properly submitted, undisputed invoices within 45 calendar days of initial receipt.

D. Change Orders. Any changes to the proforma Sources and Uses, including higher costs or cost savings, shall be promptly reported in the Monthly Financial Report for HCD review and consideration.

EXHIBIT D

CDBG-DR TERMS AND CONDITIONS

1. Definitions

Affordable Rents - means the annual Multifamily Tax Subsidy Projects (MTSP) Regular Income and Rent Limits published by HCD annually for each County, to determine rent limits.

Affordable Units - means a Housing Unit that is used as a primary residence by its occupants that earns less than 80 percent of Area Median Income of their monthly income adjusted for household size as published by HCD annually in the Multifamily Tax Subsidy Projects (MTSP) Regular Income and Rent Limits.

Annual Income – means annual income as defined at 24 CFR Part 5.609. For projects with low-income housing tax credits, annual income may instead be determined using the process mandated by the California Tax Credit Allocation Committee.

Area Median Income (AMI) - means the median family income for specific geographic areas, adjusted for household size, as calculated by HCD Multifamily Tax Subsidy Projects (MTSP).

California Environmental Quality Act (CEQA) - is a state statute that requires state and local agencies to identify significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

Contractor - a properly licensed person or company who the Sponsor(s) and/or Borrower hire to undertake a contract to provide materials or labor to perform a service or do a job for a Project.

Deeply Affordable Units - means a housing unit that is rented up to thirty percent (30%) income level of the Area Median Income.

Department – means the California Department of Housing and Community Development. The Department is also referred to herein as “HCD”.

Developer - A private for-profit or nonprofit organization that owns, or has adequate documented site control over, real property on which a Project is to be located, and arranges all financing, professional, technical, construction, management and maintenance services necessary to fully develop or rehabilitate affordable housing for the Project. For the purposes of this Agreement, the term Developer is inclusive of the entity that owns the Project during the affordability period and is responsible for operating the development in accordance with all of the requirements of the terms and conditions of this Agreement.

Disaster Recovery Grant Reporting System (DRGR) – The electronic system primarily

EXHIBIT D

used by the Department to access DR-MHP Loan funds from HUD and report performance accomplishments for grant-funded activities to HUD. The DRGR system is used by HUD to review grant-funded activities, prepare reports to Congress and other interested parties, and monitor program compliance.

DR-MHP Loan - The DR-MHP Loan is the loan provided by the Department to the Ultimate Borrower to fund the construction of the Project set out in the DR-MHP Application submitted by the Applicant/Sponsor.

Duplication of Benefits (DOB) - means any person, business concern, or other entity receiving financial assistance from another source that is provided for the same purpose as the CDBG-DR funds per Section 312 of the Stafford Act.

Eligible Expenses – Those necessary and reasonable costs under 2 CFR 200.400 through 475, and applicable notices and waivers, and associated directly with the Scope of Work in Exhibit A of this Agreement. and as approved by the Department. Eligible Expenses do not include any costs which are disallowed or otherwise deemed ineligible by the State of California and/or HUD.

Household - One or more persons occupying a housing unit.

Housing Unit - a residential unit that is used as a primary residence by its occupants.

HUD - The United States Department of Housing and Urban Development.

Low- to Moderate- Income (LMI) – Low to moderate income people are those having incomes not more than the “moderate-income” level (80% Area Median Family Income) set by the federal government for the HUD-assisted housing programs. This income standard changes from year to year and varies by Household size, county, and the metropolitan statistical area.

Monthly Activity Reports – Reports submitted by the Sponsor that describe Project progress and/or beneficiaries served during a given reporting period.

Monthly Financial Reports – the forms and processes required for a Sponsor to request DR-MHP Loan funds.

National Environmental Protection Act (NEPA) – The federal law and associated regulations which establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment. The governing statutes are contained in 42 U.S.C. sections 4321-4347 and the implementing regulations at 24 CFR Parts 50 and 58.

Program Income – The income directly generated from Sponsor’s repayment of the DR-MHP Loan to the Department.

EXHIBIT D

Project – A Rental Housing Development, which may include mixed-used development components. This also includes Scattered Site Projects.

Rental Housing Development – A structure or set of structures which collectively contains 5 or more Units, as provided in the UMR, Section 8301. “Rental Housing Development” does not include any “health facility” as defined by Section 1250 of the Health and Safety Code or any “alcoholism or drug abuse recovery or treatment facility” as defined by Section 11834.02 of the Health and Safety Code.

Scattered Site Project – A Project with five or more units on one or more contiguous or non-contiguous sites that meet the additional requirements in UMR Section 8303(b)(1)-(5).

Senior Housing – Means housing where all units are restricted to residents who are 62 years of age or older under applicable provisions of Section 51.3 of the California Civil Code and the federal Fair Housing Act (except for Projects utilizing federal funds whose programs have differing definitions for senior projects, or have the Rehabilitation of occupied developments restricted to residents 55 or older, or have Supportive Housing or Special Needs Projects also restricting occupancy to residents who are 55 years of age or older), and further be subject to state and federal fair housing laws with respect to senior housing.

Special Needs or Special Needs Populations - Special Needs or Special Needs Population(s) means one or more of the following groups who need Supportive Services to maintain and stabilize their housing: (1) people with disabilities; (2) At Risk of Homelessness, as defined in 24 CFR Part 578.3; (3) individuals with substance use disorders; (4) frequent users of public health or mental health services, as identified by a public health or mental health agency; (5) individuals who are fleeing domestic violence, sexual assault, and human trafficking; (6) individuals who are experiencing Homelessness and individuals experiencing Chronic Homelessness as defined under the federal Continuum of Care Program at 24 CFR Part 578.3; (7) homeless youth as defined in Government Code Section 12957, subdivision (e)(2); (8) families in the child welfare system for whom the absence of housing is a barrier to family reunification, as certified by a county; (9) individuals exiting from institutional settings or at risk of placement in an institutional setting; (10) Older Adults in Need of Supportive Services; or (11) other specific groups with unique housing needs as determined by the Department. Special Needs Populations does not include “seniors or veterans” unless they otherwise qualify as a “Special Needs Population” as required by other statutory laws.

Sponsor - means the legal entity or combination of legal entities with continuing control of the Rental Housing Development. For the DR-MHP Program, the Sponsor is the recipient and borrower of DR-MHP Funds. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not

EXHIBIT D

include the seller of the property to be developed as the Project, unless the seller will retain control of the Project for the period of time necessary to ensure Project feasibility as determined by the Department. Sponsor also includes a Tribal Entity as defined herein or other legal entity that meets the Program eligibility requirements.

Standard Agreement – The contractual arrangement (“Agreement”) between the Department and the Sponsor which sets forth the terms and conditions by which CDBG-DR funds must be utilized for the implementation of the DR-MHP program.

Supportive Housing - means housing with no limit on length of stay, that is occupied by the target population and that is linked to onsite or offsite services that assist the Supportive Housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

2. National Objectives

All Projects approved under this Agreement must be eligible and must meet the low-to moderate-income households National Objective (“LMH National Objective”) of the HUD regulations authorized under Title I of the Housing and Community Development Act of 1974, Section 104(b)(3), as amended, and 24 CFR Part 570.483. While proposed projects may be mixed-income units, CDBG-DR funds must only be applied to the affordable units for occupancy by LMI households. All Senior Housing Projects and all rehabilitation Projects must have at least 51% affordable units in order to meet the LMH National Objective, unless otherwise waived by HUD.

Upon completion of the Project(s) funded under this Agreement and prior to the funding expiration date of this Agreement, the Sponsor must document that the Project(s) met the LMH National Objective. The Department shall review the actual National Objective achievements of the Project. If the Sponsor does not or cannot satisfactorily document the National Objective achievement of a Project, the Project may be deemed ineligible and repayment of funds may be required of the Sponsor.

3. Affordable Rents and Tenant Income Limits

A. The maximum Affordable Rents (inclusive of all utility costs) must not exceed the Multifamily Tax Subsidy Projects (MTSP) Regular Income and Rent Limits published by HCD annually for each County.

B. For Deeply Affordable Units, the maximum rent must not exceed the levels set for thirty percent (30%) income level.

C. DR-MHP units may only be leased to Households with an Annual Income that is not more than 80% of the AMI.

EXHIBIT D

4. Affordability Period and Regulatory Agreement

A. Projects shall be rent and income restricted and must remain affordable for a minimum affordability period of 55 years beginning upon the Department's receipt of the Project Completion Report as defined in Section 30(A)(4) herein, except as may be approved by the Department.

B. The affordability restrictions for the Project will be evidenced and enforced by way of the DR-MHP Regulatory Agreement, in form and substance provided by the Department. Sponsor must record against each real property in the official records of the County in which each Project is located. For purposes of this Agreement, the term "DR-MHP Regulatory Agreement" shall mean and include both a Senior Regulatory Agreement and a Junior Regulatory Agreement, which collectively shall regulate the operation of the Project. The DR-MHP Regulatory Agreement shall have priority over other liens, encumbrances and other matters of record except as may be approved by the Department. Exceptions to the position of the DR-MHP Regulatory Agreement must be approved in writing and in advance by the Department.

C. The DR-MHP Regulatory Agreement shall remain in effect at all times during the affordability period. The DR-MHP Regulatory Agreement shall also remain in effect during the affordability period notwithstanding any partial or full prepayment of the Loan.

D. A sale or transfer of the Project to another entity, in whole or in part and whether direct or indirect, during the affordability period is subject to the Department's review and approval in its sole and absolute discretion. The Department may find a sale or transfer acceptable, provided any prospective purchaser or transferee is an eligible owner, acknowledges that they and the Project remain subject to the affordability restrictions and all other terms and conditions of the Project's DR-MHP Regulatory Agreement, which restrictions, terms, and conditions shall remain unmodified and in full force and effect during the term thereof, and there is no change in the lien priority of that agreement.

5. Duplication of Benefits

A Duplication of Benefits (DOB) occurs when a program beneficiary receives financial assistance from multiple sources for a cumulative amount that exceeds the total need for the same recovery purpose of the DR-MHP Loan funds. The amount of the duplication is the amount of assistance provided in excess of the need. It is the Department's responsibility to ensure that the DR-MHP provides financial assistance

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only to the extent that the disaster recovery need has not been fully met by funds that have already been paid, or will be paid, from another source.

The Sponsor must report all funds obtained for the Project from any source from the date of the disaster until the Project is completed.

Additionally, the Department has performed a check for DOB prior to executing this Agreement to ensure that duplicative financial assistance is not provided for multifamily housing. The Department also reserves the right to perform additional DOB checks throughout the course of the Project's performance period, up to and through the closeout of each Project, to ensure there is no duplicative financial assistance throughout the course of the Project. Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.

The Sponsor agrees to repay to the Department any financial assistance later received for the same purpose as the CDBG–DR funds from another source, and, that exceeds the total need for the particular recovery purpose. This repayment obligation is a joint and several obligation of the Sponsor and the Borrower.

6. **<u>Sponsor Responsibilities</u>**

A. The Sponsor for the Project, shall be responsible for all project management functions of the Project including without limitation, project design and development, construction and/or rehabilitation, maintenance, selection of tenants, annual recertification of Household income and size, and management of the Project and units in accordance with local requirements, the most recent version of the DR-MHP Policies and Procedures Manual, and the requirements of the DR-MHP Regulatory Agreement and of this Agreement for the duration of the affordability period.

B. The Sponsor for the Project shall be responsible for all repair and maintenance functions of the Project, including ordinary maintenance and replacement of capital items. "Ordinary maintenance and repair" means regular or usual care, upkeep or replacement of any part, or putting back together that which is deteriorated or broken, of an existing property, building or structure so that the Project is in decent, safe, and sanitary condition at all times. The Sponsor shall ensure maintenance of residential units, commercial space, and common areas in accordance with local health, building, and housing codes, and the management plan described below.

C. If the Sponsor hires a separate entity to manage the property after construction is complete, the Sponsor for the Project shall ensure that the Project is managed by

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an entity approved by the Department that is actively in the business of managing affordable housing. Any management contract entered into for this purpose shall be subject to Department approval and must contain a provision allowing the Sponsor to terminate the contract upon thirty (30) days' notice. The Sponsor shall terminate said contract as directed by Department upon a determination that management does not comply with DR-MHP requirements and/or the provisions of any recorded regulatory agreement for the Project.

D. The Sponsor shall develop a management plan for the Project subject to Department approval within ninety (90) days of the commencement of construction. Any change to the plan shall be subject to the approval of the Department. The plan shall be consistent with program requirements and must include provisions addressing the following:

1) The role and responsibility of the Sponsor and the delegation of its authority;

2) Personnel policy and staffing arrangements including key personnel and lines of authority;

3) Plans and procedures for affirmatively marketing all housing units in a manner that ensures equal access to all persons in any category protected by federal, state or local laws governing discrimination, and without regard to any arbitrary factor, and achieving early and continued occupancy;

4) Procedures for determining tenant eligibility and selecting tenants, as well as notifying applicants of eligibility and availability of a DR-MHP Assisted Unit, and for certifying and annually recertifying Household income and size;

5) Plans for carrying out, and budgeting for, an effective maintenance and repair program including a capital needs assessment prepared every five (5) years, beginning 10 years from issuance of certificate of occupancy;

6) Procedures for notifying ineligible applicants of the reason for their ineligibility;

7) Procedures for maintaining a waiting list of eligible applicants;

8) Rent collection policies and procedures;

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9) Policies and Procedures for managing funds that meet generally accepted accounting principles;

10) A program for maintaining adequate accounting records and handling necessary forms and vouchers;

11) Plan for safeguarding all tenant personally identifiable information (PII) such as social security numbers, names, and birthdates, against possible identity theft as applicable.

12) Plans for enhancing tenant-management relations;

13) The management agreement, if any;

14) Provisions for periodic update of the management plan;

15) Appeal and grievance procedures;

16) Policies and procedures for collections for tenant-caused damages, processing evictions and terminations; and

17) If applicable, a final Supportive Services Plan for Projects serving Special Needs Populations, including Supportive Housing and/or providing Supportive Services to the general tenant population that includes details outlined in Section 2.3.8 of the DR-MHP Policies and Procedures.

E. Annually, during the term of this Agreement, the Department shall perform monitoring of the Sponsor and Project to ensure compliance with federal and state requirements and timely project completion. The Sponsor shall be required to resolve any monitoring findings to the Department's satisfaction by the deadlines set by the Department.

Sponsor shall retain all books, records, accounts, documentation, and all other materials relevant to this Agreement and the initial development phase of a Project for a minimum period of five (5) years after the Department notifies the Sponsor that the grant agreement between HUD and the State of California ("2020 HUD-HCD Grant Agreement") has been closed. Subsequent to close-out of the 2020 HUD-HCD Grant Agreement, all records and books relevant to this Agreement and the operational phase of a Project shall be retained for the most recent five (5) year period, until five years after the affordability period terminates. All records must be maintained in such a manner as to ensure that the records

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are reasonably protected from destruction or tampering. All records shall be subject to inspection and audit by the Department, HUD, or its representative, from time-to-time.

Should the Sponsor fail to perform its duties as described above, including a failure constituting a material default pursuant to this Agreement, such that the Project's ability to meet its stated goals under the Program is materially impaired or wholly prevented, or that materially impacts the delivery of an eligible and compliant project on a timely basis pursuant to this Agreement, such failure shall constitute a material default under this Agreement and the DR-MHP Loan.

7. <u>Remedies, Appeals, and Termination for Noncompliance</u>

A. <u>Remedies for Noncompliance:</u> In addition to any other rights and remedies the Department may have under this Agreement, at law, or in equity, the Department may initiate remedies for noncompliance as identified in 2 CFR 200.338-339 at any time it has been determined that the Sponsor is no longer meeting the terms and conditions of this Agreement. Remedies for noncompliance may be required in addition to, in lieu of, or prior to termination. Such remedies for noncompliance with a federal statute or regulation, a state statute or regulation, an assurance, in a State plan or application, or elsewhere may include, as appropriate:

1) Temporarily withhold cash payments/reimbursements pending correction of the deficiency by the Sponsor.

2) Disallow all or part of the cost of the action not in compliance.

3) Wholly or partly suspend or terminate the Sponsor's DR-MHP Loan.

4) Withhold further and/or future awards for CDBG-DR funds and/or any other funds administered by the Department.

5) Request that the Federal Awarding Agency initiate suspension or debarment proceedings.

6) Take other remedies that may be legally available, such as:

a) In the case of costs incurred without meeting a National Objective, require repayment of all funds reimbursed and/or paid to the Sponsor and/or Borrower, as appropriate.

b) In the case of Duplication of Benefits, require repayment of all CDBG-DR funds reimbursed and/or paid to the Sponsor and/or Borrower where other financial assistance was received for the same purpose in excess of the need.

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c) In the case of DR-MHP units, require repayment of all CDBG-DR funds reimbursed and/or paid to the Sponsor and/or Borrower for any DR-MHP Housing Units that have not been rented to eligible tenants 18 months after the date of project completion.

In taking an action to remedy noncompliance, the Department will provide the Sponsor an opportunity for such hearing, appeal, or other administrative proceeding to which the Sponsor is entitled under any statute or regulation applicable to the action involved as per 2 CFR 200.342 or the Department's CDBG-DR Monitoring Plan and associated exhibit(s). Sponsor shall contact the Department Contract Manager or designee for the current appeal exhibit(s).

Effects of suspension and termination. Sponsor costs resulting from obligations incurred by the Sponsor or any of the Sponsor's Contractors during a suspension or after termination of an Agreement are not allowable or eligible for reimbursement unless otherwise authorized by the Department in written notice or as allowable in 2 CFR 200.343. The enforcement remedies identified in this Section do not preclude a Sponsor or any of the Sponsor's contractors from being subject to 2 CFR Part 2424. CDBG-DR funds may not be provided to excluded or disqualified persons pursuant to 24 CFR 570.489(l) and 2 CFR 200.338-200.339.

The remedies available to the Department under this Agreement are cumulative and not exclusive.

B. Appeals Process for Finding of Noncompliance: If Sponsor disagrees with a finding of noncompliance and/or any accompanying remedy and/or termination that are associated with such finding, the Sponsor may appeal the disputed decision to the Department in writing via U.S. Mail no later than thirty (30) calendar days from the date of HCD's issuance of the disputed decision. In the event the 30th day falls on a weekend or a recognized state or federal holiday, the Sponsor's written request for appeal shall be due by 5:00 pm Pacific Time the following business day.

There are two levels of appeal available to aggrieved Sponsors:

- Level I Request for Reconsideration, and
- Level II Request for Official Review.

1) Level I Request for Reconsideration: A Sponsor must first submit a written Level I Request for Reconsideration to the Program Manager within thirty (30) calendar days from HCD's issuance of the underlying decision as described above. If the written request is timely submitted, the Program Manager then has ten (10) calendar days of receipt of such request within

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which to issue any stay requested by the Sponsor, in full or in part, and thirty (30) calendar days within which to issue a written reconsideration decision. Submitting a timely Level I Request for Reconsideration (and receiving a subsequent reconsideration decision from the Program Manager) is a necessary predicate to the Sponsor having a right to initiate a Level II Request for Official Review.

2) Level II Request for Official Review: A Sponsor who disagrees with a Reconsideration decision may submit a Level II Request for Official Review to the Disaster Recovery Section Chief or Designee within thirty (30) calendar days from the issuance of the underlying reconsideration decision, as described above. The Section Chief or Designee will conduct an independent review and has thirty (30) calendar days within which to issue a written Official Review decision, which shall be final and binding and not subject to further appeal.

Time is of the essence with regards to the Sponsor's obligation to timely file appeals or requests to the Department within the time periods set forth in this Appeals Process. As such, any appeal by Sponsor that is not timely made in strict accordance herewith shall be void and not considered, and the initial decision or finding shall automatically remain as originally issued.

C. Termination for Noncompliance: DR-MHP Loan funds provided by this Agreement may be terminated in whole or in part as per federal regulation at 2 CFR 200.339 by HUD or by HCD if Sponsor fails to comply with the terms and conditions of the Agreement that include the terms and conditions of the federal award. All terminations shall include written notification setting forth the reason(s) for such termination, the effective date, and the portion to be terminated in the case of partial terminations and will follow termination notification requirements identified in 2 CFR 200.340.

1) Termination Without Cause: This Agreement may be terminated by the Department in whole or in part at any time without cause only with the consent of the Sponsor. In the case of a termination of the whole agreement, the parties shall agree upon termination conditions, including the effective date. In the case of a partial termination, the parties shall agree upon termination conditions, including the portion to be terminated and the effective date.

2) Termination With Cause: This Agreement may be terminated by the Department in whole or in part at any time for cause by giving at least fourteen (14) calendar days' prior written notice to the Sponsor. Termination with cause includes termination prior to the end of the period of performance for failure to comply with the terms and conditions of this

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Agreement, and pursuant to 2 CFR 200.339(b), such termination shall be reported to the appropriate federal program integrity and performance system accessible through the System for Award Management. Termination with cause also includes, without limitation, a failure by Sponsor to comply with the Project Schedule, Project Performance Milestones, Reporting Requirements, and/or Special Conditions for a Project to use CDBG-DR funds.

8. Severability

A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.

B. The Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects, or may affect this Agreement or the Department and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

9. Waivers

No waiver or any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce, at any time, the provisions of this Agreement or to require, at any time, performance by the Sponsor of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions. All waivers by the Department must be in writing in order to be valid.

10. Uniform Administrative Requirements

The Sponsor, its agencies or instrumentalities, shall comply with the policies, guidelines and Administrative Requirements of 2 CFR Part 200 et al, as applicable, as they relate to the cost principles, audit requirements, acceptance and use of federal funds under this part.

A. Accounting Standards: The Sponsor agrees to comply with, and perform the activity in conformance with 2 CFR Part 200.300, et seq., as applicable to a private entity, and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls and maintain necessary source documentation for all costs incurred.

B. Suspension and Debarment: By executing this Agreement, Sponsor verifies and affirms that it has not been suspended or debarred from participating in or

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receiving federal government contracts, subcontracts, loans, grants, or other assistance programs. Sponsor further agrees to verify that its Developers and Contractors have not been suspended or debarred from participating or receiving federal government contracts, subcontracts, loans, grants, or other assistance programs. The Department reserves the right to request from Sponsor documented confirmation that neither Sponsor nor any of its partners, contractors and subcontractors have been suspended or debarred from receiving federal government contracts, subcontracts, loans, grants or other assistance programs, and are in good standing with the Department and the State of California.

11. Compliance with State and Federal Laws and Regulations

A. The Sponsor, Borrower, their respective agencies or instrumentalities, Contractors, and Developers shall comply with all local, state, and federal laws, statutes, and regulations, as well as policies and procedures established by the Department for the administration of the DR-MHP program, as the same may be amended from time to time.

B. The Sponsor shall comply with the requirements of 24 CFR 570, the HUD regulations concerning Community Development Block Grants, 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance, adopted by HUD at 2 CFR 2400, and all federal regulations, rules, and policies issued pursuant to these regulations. The Sponsor further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available. Pursuant to 24 CFR 570.480(e), religious or faith-based organizations are eligible, on the same basis as any other organization, to participate in DR-MHP as provided in 24 CFR 570.200(j) and in 24 CFR 5.109(c).

12. Authority to Impose Additional Special Conditions

In accordance with 2 CFR 200.207, Department reserves the right and authority to impose additional specific conditions issued under this Standard Agreement under any of the following circumstances:

A. When, in HCD's sole discretion, HCD finds that Sponsor or Developer has a history of failure to comply with the general or specific terms and conditions applicable to the CDBG-DR funds allocated under this Agreement or to other awards of federally-funded grant or loan assistance passed through HCD.

B. When Sponsor fails to meet expected performance goals under this Agreement.

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C. When Sponsor poses an increased risk for noncompliance based on factors including, but not limited to, financial stability, quality of management systems, history of performance under federal awards, history of timeliness under federal awards, history of conformance with terms and conditions of previous federal awards, and reports and findings from audits.

D. When, in HCD's sole and absolute discretion, such conditions are necessary to ensure timely and compliant performance under the federal award.

Such specific conditions, or special conditions, may include, withholding of authority to proceed to the next phase of a Project until receipt of evidence of acceptable performance within a given period of performance, requiring additional detailed financial reports, requiring additional project monitoring, requiring the Sponsor or Developer to obtain technical or management assistance, establishing additional prior approvals, or any other condition HCD deems reasonable and necessary to safeguard federal funds.

Such additional specific award conditions, or special conditions, shall be provided in writing to the Sponsor and shall include the nature of the additional requirements, the reason why the additional requirements are being imposed, the nature of the action needed to remove the additional requirement (if applicable), the time allowed for completion of the actions (if applicable), and the method for requesting reconsideration of the additional requirements imposed.

13. Affirmatively Furthering Fair Housing

The Sponsor shall affirmatively further fair housing, in accordance with the Civil Rights Act of 1964 (42 U.S.C 2000a, et seq.), Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), and the Fair Housing Act (42 U.S.C. 3601, et seq.), according to 42 U.S.C. 5306, et seq. and in compliance with California Gov. Code sections 65583, et seq. and 8899.5, et seq.), as each may be amended from time to time. Sponsor shall also comply with the Fair Housing Amendment Act of 1988 (Public Law 100-430), as may be amended from time to time.

14. Equal Opportunity Requirements and Responsibilities

The obligations undertaken by Sponsor include, but are not limited to, the obligation to comply with all federal laws and regulations described in Subpart K of 24 CFR Part 570 and specifically with each of the following, among other things, as the same may be amended from time to time:

A. **Title VI of the Civil Rights Act of 1964:** This act provides that no person shall be, excluded from participation, denied program benefits, or subject to discrimination based on race, color, and/or national origin under any program or activity receiving federal financial assistance.

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B. **Title VII of the Civil Rights Act of 1968 (The Fair Housing Act):** This act prohibits discrimination in housing on the basis of race, color, religion, sex and/or national origin. This law also requires actions which affirmatively promote fair housing.

C. **Restoration Act of 1987:** This act restores the broad scope of coverage and clarifies the application of the Civil Rights Act of 1964. It also specifies that an institution which receives federal financial assistance is prohibited from discriminating on the basis of race, color, national origin, religion, sex, disability or age in a program or activity which does not directly benefit from such assistance.

D. **Section 109 of Title 1 of the Housing and Community Development Act of 1974 [42 U.S.C. 5309]:** This section of Title 1 provides that no person shall be excluded from participation (including employment), denied program benefits, or subject to discrimination on the basis of race, color, national origin, or sex under any program or activity funded in whole or in part under Title 1 of the Act.

E. **The Fair Housing Amendment Act of 1988:** This act amended the original Fair Housing Act to provide for the protection of families with children and people with disabilities, strengthen punishment for acts of housing discrimination, expand the Justice Department jurisdiction to bring suit on behalf of victims in federal district courts, and create an exemption to the provisions barring discrimination on the basis of familial status for those housing developments that qualify as housing for persons age 55 or older.

F. **The Age Discrimination Act of 1975:** This act provides that no person shall be, excluded from participation, denied program benefits, or subject to discrimination on the basis of age under any program or activity receiving federal funding assistance. Effective January 1987, the age cap of 70 was deleted from the laws. Federal law preempts any State law currently in effect on the same topic.

G. **Section 504 of the Rehabilitation Act of 1973:** It is unlawful to discriminate based on disability in federally assisted programs. This Section provides that no otherwise qualified individual shall, solely by reason of his or her disability, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving federal funding assistance. Section 504 also contains design and construction accessibility provisions for multi-family dwellings developed or substantially rehabilitated for first occupancy on or after March 13, 1991.

H. **The Americans with Disabilities Act of 1990 (ADA):** This act modifies and expands the Rehabilitation Act of 1973 to prohibit discrimination against "a qualified individual with a disability" in employment and public accommodations.

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The ADA requires that an individual with a physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment.

I. **Executive Order 11063:** This executive order provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in housing and related facilities provided with federal assistance and lending practices with respect to residential property when such practices are connected with loans insured or guaranteed by the federal government.

J. **Executive Order 12259:** This executive order provides that the administration of all federal programs and activities relating to housing and urban development be carried out in a manner to further housing opportunities throughout the United States.

K. **The Equal Employment Opportunity Act:** This act empowers the Equal Employment Opportunity Commission (EEOC) to bring civil action in federal court against private sector employers after the EEOC has investigated the charge, found "probable cause" of discrimination, and failed to obtain a conciliation agreement acceptable to the EEOC. It also brings federal, state, and local governments under the Civil Rights Act of 1964.

L. **The Uniform Guidelines on Employee Selection Procedures adopted by the Equal Employment Opportunity Commission in 1978:** This manual applies to employee selection procedures in the areas of hiring, retention, promotion, transfer, demotion, dismissal, and referral. It is designed to assist employers, labor organizations, employment agencies, licensing, and certification boards in complying with the requirements of federal laws prohibiting discriminatory employment.

M. **The Vietnam Era Veterans' Readjustment Act of 1974 (revised Jobs for Veterans Act of 2002):** This act was passed to ensure equal employment opportunity for qualified disabled veterans and veterans of the Vietnam War. Affirmative action is required in the hiring and promotion of veterans.

N. **Executive Order 11246:** This executive order applies to all federally assisted construction contracts and subcontracts. It provides that no person shall be discriminated against on the basis of race.

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15. Assurance of Compliance with the "Violence Against Women Reauthorization Act of 2022" (VAWA) (in Division W of the Consolidated Appropriations Act of 2022 VAWA 2022; P.L. 117-103) Title VI - Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking – Sec. 601-603. See also 81 FR 80724.

VAWA provides housing protections for survivors of domestic and dating violence, sexual assault, and stalking when it comes to finding and keeping a home, they can feel safe in.

VAWA applies for all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, and which must be applied consistently with all nondiscrimination and fair housing requirements. VAWA now expands housing protections to HUD programs beyond HUD's public housing program and HUD's tenant-based and project-based Section 8 programs. VAWA now provides enhanced protections and options for victims of domestic violence, dating violence, sexual assault, and stalking.

During the performance of this Agreement, Sponsor and Developer shall assure that all requirements of VAWA are complied with (including but not limited to):

A. Domestic Violence survivors are not denied assistance as an applicant, or evicted or have assistance terminated as a tenant, because the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking.

B. It will implement an 'emergency transfer plan', which allows for domestic violence survivors to move to another safe and available unit if they fear for their life and safety.

C. It will provide "Protections against denials, terminations, and evictions that directly result from being a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy."

D. It will implement a 'low-barrier certification process' where a domestic violence survivor need only to self-certify in order to document the domestic violence, dating violence, sexual assault, or stalking, ensuring third party documentation does not cause a barrier in a survivor expressing their rights and receiving the protections needed to keep themselves safe.

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16. Relocation, Displacement, and Acquisition

The Sponsor shall comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and regulations adopted to implement the Act in 24 CFR Part 42, 49 CFR Part 24, and Section 104(d)of the Housing and Community Development Act of 1974 as they apply to the performance of this Agreement.

17. The Training, Employment, and Contracting Opportunities for Business and Lower Income Persons Assurance of Compliance (Section 3):

The Sponsor and the Sponsor's Contractors and Developers shall comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulation at 24 CFR, Part 75. The responsibilities outlined in 24 CFR Part 75.19 include:

A. Implementing procedures designed to notify Section 3 workers about training and employment opportunities generated by Section 3 covered assistance and Section 3 business concerns about contracting opportunities generated by Section 3 covered assistance.

B. Notifying potential Contractors for Section 3 covered projects of the requirements of Part 75, Subpart C and incorporating the Section 3 clause set forth below in all solicitations and contracts as required at 24 CFR 75.27.

Section 3 Clause

The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

The parties to this contract agree to comply with HUD's regulations in 24 C.F.R. Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.

The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor

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organization or workers' representative of the contractor's commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 75 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 75.

The contractor acknowledges that subrecipients, contractors, and subcontractors are required to meet the employment, training, and contraction requirements of 24 C.F.R. 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. Part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 C.F.R. Part 75.

Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

C. Facilitating the training and employment of Section 3 workers and the award of contracts to Section 3 business concerns by undertaking activities such as described in 24 C.F.R. Part 75.25(b), as appropriate, to reach the goals set forth in 24 C.F.R. Part 75.23 and in Federal Register Vol. 85, No. 189, page 60909, until superseded by HUD in a subsequent publication. As of September 29, 2020, the minimum Section 3 benchmark is twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers.

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D. Documenting all qualitative efforts taken pursuant to 24 CFR 75.25(b) to comply with the foregoing requirements, the results of those actions taken, and impediments, if any.

18. Environmental Compliance

Satisfactory completion of environmental review and receipt by the Department of an approval of the request for release of funds and certification from HUD under 24 CFR Part 58 for this Project has occurred. In addition:

A. The Sponsor shall have complied with the California Environmental Quality Act (CEQA) requirements as they apply to this Project.

B. The Sponsor shall have complied with the Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.

C. The Sponsor shall have complied with the requirements of the Clean Air Act, 42 U.S.C. 1857, et seq., as amended.

D. The Sponsor shall have complied with Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Parts 15 and 50, as amended.

E. The Sponsor shall have complied with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001). The Sponsor shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, that flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

F. The Sponsor shall have complied with the requirements of the Residential Lead-Based Paint Hazard Reduction Act of 1992 and Section 401(b) of the Lead-Based Paint Poisoning Prevention Act of 1971. The Sponsor agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978, be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on

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the property, abatement measures may be required.

G. The Sponsor shall have complied with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), the Archaeological and Historical Preservation Act of 1974 (Public Law 93-291), and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement. The Sponsor shall also have complied with Executive Order 11593 on the protection and enhancement of the cultural environment. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a federal, state, or local historic property list.

H. The Sponsor shall have complied with all NEPA requirements as found in 24 CFR Part 50, 24 CFR Parts 58, as applicable, and 40 CFR 1500 – 1508. This includes satisfactory completion and documentation of mitigation measures as identified in the environmental review record.

19. <u>Procurement of Recovered Materials</u>

In accordance with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, the Contractor shall procure items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The Sponsor shall ensure the Contractor procures items designated in the EPA guidelines that contain the highest percentage of recovered materials practicable unless the Contractor determines that such items: (1) are not reasonably available in a reasonable period of time; (2) fail to meet reasonable performance standards, which shall be determined on the basis of the guidelines of the National Institute of Standards and Technology, if applicable to the item; or (3) are only available at an unreasonable price.

This clause shall apply to items purchased under this Agreement where: (1) the Contractor purchases in excess of $10,000 of the item under this contract; or (2) during the preceding Federal fiscal year, the Contractor: (i) purchased any amount of the items for use under a contract that was funded with Federal appropriations and was with a Federal agency or a State agency or agency of a political subdivision of a State; and (ii) purchased a total of in excess of $10,000 of the item both under and outside that contract.

20. <u>Construction Standards</u>

The Sponsor and its Contractors shall ensure the Project complies with the requirements listed below.

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A. California Building Codes (CBC) (Cal. Code Regs., Title 24)

All residential construction projects shall comply with the housing construction codes of the State of California, including all units developed under DR-MHP.

B. The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157)

The Architectural Barriers Act (ABA) ensures access to the built environment for people with disabilities. The law requires that buildings or facilities that were designed, built, or altered with federal dollars or leased by federal agencies after August 12, 1968 be accessible.

C. California Green Buildings Standards Code (CALGreen) (Title 24, Part 11 of the California Code of Regulations)

All new construction of residential buildings or reconstruction of substantially damaged buildings must incorporate California Green Buildings Standards Code (CALGreen).

D. Sustainability Requirements

All reconstruction, and new construction must be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters. Wherever feasible, the Sponsor and the Sponsor's Contractors must follow best practices, such as those provided by the U.S. Department of Energy, Home Energy Professionals: Professional Certifications and Standard work specifications.

E. National Floodplain Elevation Standards

Sponsors and Contractors must comply with the national floodplain elevation standards for new construction, repair of substantially damaged structures, or substantial improvements to residential structures in flood hazard areas. All structures designed for residential use within a 100-year (or one percent annual chance) floodplain will be elevated with the lowest floor at least two feet above the base flood elevation level and comply with the requirements of 83 FR 5850 and 83 FR 5861.

F. Wildland-Urban Interface Building Codes (WUI Codes)

If the Project is located in a CAL FIRE high fire zone, the Project must comply with applicable WUI codes, found in Title 24, Chapter 7a of the California

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Building Code, which offer specific material, design and construction standards to maximize ignition-resistance.

21. Federal Labor Standards Provisions

The Sponsor shall at all times comply, and cause all Project contractors to comply, with applicable federal labor standards, including without limitation, the following:

A. Davis-Bacon Act (40 U.S.C. §§ 3141-3148), which requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Federal Department of Labor and are issued in the form of federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over $2,000.

B. "Anti-Kickback Act of 1986" (41 U.S.C. §§ 51-58), which prohibits attempted as well as completed "kickbacks," which include any money, fees, commission, credit, gift, gratuity, thing of value, or compensation of any kind. The act also provides that the inclusion of kickback amounts in contract prices is prohibited conduct in itself. This act requires that the purpose of the kickback was for improperly obtaining or rewarding favorable treatment. It is intended to embrace the full range of government contracting.

C. Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. § 3702), which requires that workers receive "overtime" compensation at a rate of one and one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.

D. Title 29, Code of Federal Regulations CFR, Subtitle A, Parts 1, 3 and 5, which are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

The Sponsor shall maintain all appropriate and necessary documentation that demonstrates compliance with hour and wage requirements of this Agreement. Such documentation shall be made available to the Department for review upon request. Sponsor shall be responsible for monitoring contractors, and subcontractors, as applicable, for compliance with these provisions.

22. State Prevailing Wages

A. The Sponsor shall ensure that the requirements of California Labor Code (LC), Chapter 1, commencing with Section 1720, Part 7 [LC Section 1720-1743] pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations are met.

B. For the purposes of this requirement "construction work" includes, but is not

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limited to rehabilitation, alteration, demolition, installation, or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the "Construction Contract"). Where the Construction Contract will be between the Sponsor and a licensed building contractor, the Sponsor shall serve as the "awarding body" as that term is defined in the LC. Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

C. The applicable wage rate determination on construction work will be the higher amount of the rate prescribed in LC Section 1770-1784 or the Davis-Bacon Wage Determination.

23. Agreements with Contractors

A. The Sponsor shall not enter into any agreement, written or oral, with any Contractor or other party without the prior determination that the Contractor or other party is eligible to receive federal funds, is duly licensed and eligible to perform the work being contracted for, is in good standing with the State of California as determined by the Department, and is not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.

The terms “other party” is defined as public or private nonprofit agencies or organizations and certain (limited) private for-profit entities who receive DR-MHP Loan funds from the Department to undertake the Projects.

The Department reserves the right to review and approve any contracts or agreements executed by the Sponsor related to any DR-MHP-assisted project.

B. An agreement between the Sponsor and any Contractor or other party shall require:

1) Compliance with all State and federal requirements described in this Agreement, including without limitation those that pertain to labor standards, nondiscrimination, Americans with Disabilities Act, Equal Employment Opportunity and Drug Free Workplace, and prevailing wages. In addition to these requirements, all contractors and subcontractors shall comply with the applicable provisions of the California Labor Code.

2) Maintenance of at least the minimum State required Workers' Compensation Insurance for those employees who will perform the Project activities.

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3) Maintenance, as required by law, of unemployment insurance, disability insurance and liability insurance, which is reasonable to compensate any person, firm, or corporation, who may be injured or damaged by the contractor, or any subcontractor in performing the Project activities.

4) Compliance with all other insurance requirements, as applicable, detailed in Section 32 herein.

5) Compliance with the applicable Equal Opportunity Requirements described in Exhibit D, Section 14 of this Agreement.

C. Contractors shall:

1) Perform the Project activities in accordance with federal, state and local housing and building codes, as are applicable.

2) Provide security to assure completion of the Project(s) by furnishing the borrower and construction lenders with proof of sufficient insurance as detailed in Section 32 herein and performance and payment bonds, or other security approved in advance in writing by the Department, as determined by the particulars of each individual Project will be required.

D. Sponsor, Contractors and Subcontractors shall comply with the Drug-Free Workplace Act of 1988, including:

1) Publish and give a policy statement to all covered employees informing them that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the covered workplace and specifying the actions that will be taken against employees who violate the policy.

2) Establish a drug-free awareness program to make employees aware of a) the dangers of drug abuse in the workplace; b) the policy of maintaining a drug-free workplace; c) any available drug counseling, rehabilitation, and employee assistance programs; and d) the penalties that may be imposed upon employees for drug abuse violations.

3) Notify employees that as a condition of employment on a federal contract or grant, the employee must a) abide by the terms of the policy statement; and b) notify the employer, within five (5) calendar days, if he or she is convicted of a criminal drug violation in the workplace.

4) Notify the contracting or granting agency within ten (10) days after receiving notice that a covered employee has been convicted of a criminal drug violation in the workplace.

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5) Impose a penalty on or require satisfactory participation in a drug abuse assistance or rehabilitation program by any employee who is convicted of a reportable workplace drug conviction.

6) Make an ongoing, good faith effort to maintain a drug-free workplace by meeting the requirements of the act.

E. Contractors and Subcontractors - Federal Requirements

As a condition of receipt of federal funds under this Agreement, the Sponsor and all its contractors and their subcontractors are required to provide the certification set forth below and include this certification in their contracts.

1) This certification is required by the federal government and contains terms defined in Executive Order 12549, a copy of which is available from the Department. For purposes of this Agreement:

   a) “prospective lower tier participant” refers to the Sponsor and any other party or person that shall receive funds from this Agreement, such as general contractors and their subcontractors;

   b) “lower tier transaction” refers to contracts let by the Sponsor or Sponsor’s contractors utilizing funds provided through this Agreement; and

   c) “this proposal” refers to the Sponsor’s DR-MHP application and any bid or application from a prospective lower tier participant.

2) By signing this Agreement, the Sponsor is providing the certification set forth below. The Sponsor shall provide immediate written notice to the Department if at any time the Sponsor learns that its certification was erroneous when submitted or has become erroneous.

3) Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions:

   a) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

   b) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective

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participant shall attach an explanation to this proposal.

4) By signing this Agreement, the Sponsor agrees that it shall not knowingly enter into any lower tier transaction with a person or entity that is proposed for debarment under 48 CFR 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction.

5) By signing this Agreement, the Sponsor agrees that it shall include the above certification in all lower tier transactions to which it is a part; and it shall require that each of its contractors include the certification in their subcontracts.

24. Rights to Inventions Made Under a Contract or Agreement

If a Federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of recipient or subrecipient must comply with requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulation issued by the awarding agency.

25. Special Conditions Pertaining to Hazards, Safety Standards and Accident Prevention

The Sponsor shall ensure that all of its contractors and subcontractors shall at all times comply with the following requirements:

A. Use of Explosives: When the use of explosives is necessary for the prosecution of the work, the Contractor shall observe all local, state and federal laws in purchasing and handling explosives. The Contractor shall take all necessary precaution to protect completed work, neighboring property, water lines, or other underground structures. Where there is danger to structures or property from blasting, the charges shall be reduced, and the material shall be covered with suitable timber, steel or rope mats.

The Contractor shall notify all owners of public utility property of intention to use explosives at least 8 hours before blasting is done close to such property. Any supervision or direction of use of explosives by the engineer does not in any way reduce the responsibility of the Contractor or his Surety for damages that may be caused by such use.

B. Danger Signals and Safety Devices: The Contractor shall make all necessary precautions to guard against damages to property and injury to persons. The

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Contractor shall put up and maintain in good condition, sufficient red or warning lights at night, suitable barricades, and other devices necessary to protect the public. In case the Contractor fails or neglects to take such precautions, the Developer may have such lights and barricades installed and charge the cost of this work to the Contractor. Such action by the Developer does not relieve the Contractor of any liability incurred under these specifications or contract.

C. Protection of Lives and Health: The Contractor shall exercise proper precaution at all times for the protection of persons and property and shall be responsible for all damages to persons or property, either on or off the worksite, which occur as a result of prosecution of the work. The safety provisions of applicable laws and building and construction codes, in addition to specific safety and health regulations described by Chapter XIII, Bureau of Labor Standards, Department of Labor, Part 1518, Safety and Health Regulations for Construction, as outlined in the Federal Register, Volume 36, No. 75, Saturday, April 17, 1971, Title 29 – LABOR, shall be observed and the Contractor shall take or cause to be taken, such additional safety and health measures as the Developer may determine to be reasonably necessary.

26. Prohibition Against Payments of Bonus or Commission

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of:

A. Obtaining the Department's approval of the Application for such assistance; or,

B. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of 1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

27. Reporting Requirements

A. Construction and Lease Up Reporting: Following the execution of this Agreement, Sponsor must timely submit the reports prescribed below. The Department reserves the right to request additional detail and support for any report made. Reports must be made according to the dates identified, in the formats provided by the Department, and via the Department's Grants Network unless otherwise specified at the discretion of the Department. The Sponsor's performance under this Agreement will be assessed based in part on whether it has submitted the reports on a timely basis.

1) Monthly Activity Report: Sponsor must submit a Monthly Activity Report, in the form and format prescribed by the Department, that addresses the

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following, at a minimum: (1) a description of the current status of the Project, including number of units leased, and demographics of the Households assisted; (2) a description of activities to be undertaken in the next reporting period; (3) a description of problems or delays encountered in Project and course of action taken to address them; (4) a description of actions taken to achieve Project expenditure deadlines; (5) a summary of Project fiscal status, including award amount, funds drawn, and remaining balance, and (6) Compliance with the 24 CFR Part 75 Section 3 requirements, including the number of hours worked on the project by targeted Section 3 workers and Section 3 workers, as applicable. Unless otherwise waived in writing by the Department, Monthly Activity Reports must begin on the 10^{th} calendar day of the second month following execution of this Agreement and must continue through the receipt and approval by the Department of the Project Completion Report, detailed below.

2) Semi-Annual Labor Standards Report: During the term of construction for each Project, each April 1^{st} and October 1^{st}, the Sponsor shall submit the Labor Standards Cover Memo, the HUD Form 4710 and the Davis Bacon Labor Standards Report 5.7 (if applicable). These forms are located on the Department's website and are also available upon request.

3) Project Completion Report: At the completion of construction and once a Project is placed in service, the Sponsor must submit a Project Completion Report that includes the total number of units built and leased, affordable units built and leased, DR-MHP units built and leased, an accomplishment narrative, and the tenants' names, demographics and income for each DR-MHP unit. The Project Completion Report shall also include a Section 3 Summary Report of the total number of labor hours worked by all contractors and subcontractors, the total number of labor hours worked by Section 3 workers, and the total number of labor hours worked by Targeted Section 3 workers, as required pursuant to 24 CFR 75.25(a), as applicable. In the event that the number of Section 3 worker labor hours divided by the total labor hours worked by all workers on a Section 3 project does not meet or exceed HUD's twenty-five percent (25%) standard, and/or that the number of Section 3 targeted worker labor hours divided by the total labor hours worked by all workers on a Section 3 project does not meet or exceed HUD's five percent (5%) standard, Sponsor shall provide additional reporting on the qualitative nature of its activities and those its contractors and subcontractors pursued, as defined at 24 CFR 75.25(b).

B. Affordability Period Reporting: Once a Project is placed in service and through the Affordability Period described in Exhibit D, Section 4 of this Agreement, the Sponsor must timely submit the reports prescribed below. The Department

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reserves the right to request additional detail and support for any report made. Reports must be made according to the dates identified, in the formats provided by the Department, and via the Department's Grants Network unless otherwise specified at the discretion of the Department. The Sponsor's performance under this Agreement will be assessed based in part on whether it has submitted the reports on a timely basis.

1) Annual Beneficiary Report: Sponsor must submit an Annual Beneficiary Report providing the household size, tenants demographics household annual income, and unit rents for each DR-MHP unit.

2) Annual Audit: Sponsors shall provide an annual audit of the Project prepared by an independent certified public accountant.

3) Annual Operating Budget and Schedule of Rental Income: Sponsor shall submit proposed operating budgets and Schedule of Rental Income (SRI) to the Department prior to occupancy and annually thereafter. These operating budgets and SRI shall be subject to Department approval, be consistent with related and supporting documentation, and comply with the following requirements:

   a) For the Initial Operating Year, the Sponsor shall operate the Project in accordance with the initial operating budget and SRI, which were approved by the Department prior to permanent loan closing. Such budget shall show all anticipated Operating Income, debt service, Operating Expenses and amount payable to reserves for the Initial Operating Year. Such SRI shall set forth the rent roll, which will identify each tenant household (by unit number or other method of household identification that is acceptable to the Department), as well as the following information in connection with each tenant household: size, demographics, income, current Rent, and proposed Rent adjustments (including utility allowances, if applicable). Such SRI shall provide estimated income projections for DR-MHP Assisted Units, Affordable Units, non-Assisted Units, and Commercial Space or use.

   b) For as long as deemed necessary by the Department to ensure compliance with Program requirements, but for no less than the full-term of the recorded Regulatory Agreement, the Sponsor shall submit to the Department for its approval, 60 days prior to the end of each Project fiscal year, a proposed operating budget and SRI on forms provided by the Department. The proposed annual operating budget and SRI, together, shall set forth the borrowing

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entity's estimates for the upcoming year of Operating Income, Operating Expenses, debt service amounts payable to reserves, and proposed Rent adjustments. The Department, at its sole discretion, may request in situations, such as, but not limited to, re-syndication, change of ownership, or change of Project fiscal year, submission of limited budget information, such as a proposed Rent schedule, proposed management fees, and reserve deposit amounts. The Department may re-impose the requirement for submission of complete operating budgets where necessary to ensure compliance with program requirements.

c) The initial and subsequent proposed operating budgets shall be subject to the approval of the Department based on its determination that the budget line items are reasonable and necessary, considering costs for comparable Rental Housing Developments and prior year budgets. Actual expenditures in excess of the approved budget amount shall be subject to Department approval.

d) The initial and subsequent proposed SRI shall be subject to approval of the Department based on its determination that the proposed rents are in accordance with these guidelines and applicable regulations and statutes.

e) For Projects with non-DR-MHP Assisted Units or Commercial Space, all budgets submitted pursuant to this section shall show income and uses of income allocated among DR-MHP Assisted Units, Affordable Units, non-Restricted Units, and Commercial Space. The allocation method used for each budget line item shall be subject to Department approval and shall apportion income and expenses in a manner that accurately reflects the particular physical, operational, and economic characteristics of the Project.

C. At any time during the term of the Standard Agreement, HCD may perform or cause to be performed an independent financial audit of any and all phases of the Sponsor's Project. At HCD's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant.

D. The Department, in its sole and absolute discretion, may incorporate some or all of the reporting and monitoring provisions into the terms of the DR-MHP Regulatory Agreement and will be placed of record against the Project, in a lien order acceptable to the Department.

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28. Monitoring Fee

For the first 30 years of the loan term, interest payments in the amount of 0.42 percent of the original principal DR-MHP Loan balance shall be payable to the Department commencing on the last day of the Initial Operating Year and continuing on each anniversary date thereafter. The payment shall remain constant for the first thirty (30) years regardless of any paydown of the original loan amount. The balance of accrued interest shall be payable out of Operating Income remaining after payment of approved Operating Expenses, debt service on other loans, and reserve deposits. Commencing on the thirtieth (30^{th}) anniversary of the last day of the Initial Operating Year, and continuing annually thereafter, the monitoring fee shall be payable annually in an amount equal to the lesser of the following, regardless of whether the loan has been prepaid in full or in part:

A. an amount equal to the full amount of interest accruing on the original principal loan amount; or

B. the amount determined by the Department to be necessary to cover the costs of continued monitoring of the Project for compliance with the requirements of the Program which amount shall in no event be less than that in effect for the immediately preceding year. HUD Sections 811 and 202 projects will be subject to this requirement.

29. Inspections of Project Activities

The Department reserves the right to inspect any Project activities performed hereunder from time-to-time to verify that the Project activities are being and/or have been performed in accordance with the applicable federal, state and/or local requirements and this Agreement.

A. The Department may designate a qualified third party to inspect the Project activity performed by Sponsor, contractors, or subcontractors hereunder to ensure that the Project activities are being and have been performed in accordance with the applicable federal, state and/or local requirements and this Agreement.

B. The Sponsor shall promptly correct all Project activities found to be deficient and that do not conform to the applicable requirements as identified during the inspection. The Department, at its sole discretion, may withhold payment to the Sponsor, Contractor, or subcontractor, respectively, until all deficiencies are corrected.

C. Access by the Department, the federal grantor agency, the State, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the Sponsor, Contractor or

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subcontractor which are directly pertinent to that specific contract for the purpose of monitoring, making audit, examination, excerpts, and transcriptions pursuant to 2 CFR 200.336 shall be permitted. Sponsor shall include in its agreements with Contractors, as applicable, provisions requiring such parties to provide access to its records for the purposes specified above.

30. <u>Audit/Retention and Inspection of Records</u>

A. The Sponsor agrees that the Department or its designee shall have the right to review, obtain, and copy all records and supporting documentation pertaining to performance of this Agreement. The Sponsor agrees to provide the Department or its designee with any relevant information requested and shall permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees who might reasonably have information related to such records and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Government Code § 8546.7.

The Sponsor further agrees to maintain such records for a period of five (5) years after the Department closes the HUD-HCD Grant Agreement, as provided by the publication of the Federal Register, Vol. 87, No. 23, February 3, 2022 (87 FR 6364) and Federal Register Vol. 87, No. 100, May 24, 2022 (87 FR 31636) and Public Law 117-43.

B. The Sponsor also agrees to include in any contract that it enters into, in an amount exceeding $10,000.00, a provision establishing the Department's right to audit the contractor's records and interview their employees. If the Sponsor provides DR-MHP Loan funds to for-profit owners or developers or other entity approved by the Department, the Sponsor must have a written agreement that includes a provision for meeting the fiscal and audit requirements of this Section. The Sponsor shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in California Public Contract Code § 10115.10.

C. An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed, and funds must be returned to the Department within sixty (60) days of discovery by the Sponsor unless the Department approves in writing an alternate plan.

D. The determination by the Department of the eligibility of any expenditure shall be final and not subject to appeal.

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E. If requested by the Department pursuant to regulation at § 8216 of Title 25 of the California Code of Regulations, the Sponsor shall cause to be performed a financial audit by an independent certified public accountant.

1) The Sponsor shall notify the Department of the auditor's name and address immediately after the selection has been made. The contract for audit shall allow access by the Department to the independent auditor's working papers.

2) The Sponsor shall submit one copy of all required audit reports to the Department within the earlier of 30 days after receipt of the auditor's report or nine months after the close of the required audit period unless a longer period is agreed to in advance by the Department, to:

Department of Housing and Community Development
Division of Federal Financial Assistance
P.O. Box 952054
Sacramento, CA 94252-2050
ATTN: CDBG DR-MHP Long Term Monitoring

F. The Sponsor shall notify the Department of the auditor's name and address immediately after the selection has been made. The contract for audit shall allow access by the Department to the independent auditor's working papers.

G. The performance of this Agreement by the Sponsor shall be subject to examination and audit by the State Auditor pursuant to Government Code § 8546.7.

H. The Sponsor is responsible for the completion of any required audits and all costs of preparing audits.

I. If there are audit findings, the Sponsor shall submit a detailed response acceptable to the Department for each audit finding.

31. <u>Signs</u>

If the Sponsor places signs stating that the Project is funded with private or public dollars and the Department is also providing financing, it shall indicate in a typeface and size commensurate with the Department’s funding portion of the Project that the Department is a source of financing through the CDBG-DR Program.

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32. Insurance

Sponsor and Contractors shall comply with all requirements outlined in the (A) General Provisions section and (B) Project Insurance Requirements outlined in this section. These requirements are in addition to, and not in lieu of, any other insurance coverages required elsewhere in this Agreement. No payments will be made under this Agreement until the Sponsor fully complies with all requirements. No payments will be made under the terms of any Project until the Sponsor confirms to the Department that all Contractors on the specified Project fully comply with all requirements. The Department reserves the right to waive or adjust required insurance coverages from time to time in its sole discretion.

A. General Provisions Applying to All Policies

1) Coverage Term – Sponsor's coverage needs to be in force for the complete term of the Agreement, unless otherwise noted herein. The Contractor's coverage needs to be in force until a certificate of occupancy is issued for each Project. No work may be performed by Sponsor or a Contractor until, and unless, all insurances required by this Agreement are in full force and effect. If insurance expires during the term of the Agreement/affordability period/certificate of occupancy issuance, as applicable, a new certificate must be received by the Department at least thirty (30) days prior to the expiration of said insurance. Any new insurance must comply with the original terms of this Agreement.

2) Policy Cancellation or Termination & Notice of Non-Renewal – Sponsor is responsible to notify the Department within fifteen (15) business days prior to any actual or proposed cancellation, non-renewal or material change that affects the Project's required insurance coverages. No policy may be cancelled upon less than thirty (30) days' prior written notice from the insurer to the insured and the Department. New certificates of insurance are subject to the approval of the Department and the Sponsor agrees no Work or services will be commenced or performed prior to obtaining such approval. In the event Sponsor or Contractor fails to keep in effect at all times the specified insurance coverage, the Department may, in addition to any other remedies it may have, terminate this Agreement and/or Project upon the occurrence of such event, subject to the provisions of this Agreement.

3) Premiums, Assessments and Deductibles – Sponsor and Contractors for each Project are responsible for the payment of all premiums, policy

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assessments, deductibles or self-insured retentions associated with their respective insurance programs.

4) Primary Clause – Any required insurance contained in this Agreement shall be primary, and not excess or contributory, to any other insurance carried by the Department.

5) Insurance Carrier Required Rating – All insurance companies must carry an AM Best rating of at least "A–" with a financial category rating of no lower than VII. If the Sponsor and/or Contractor is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required. Acceptance of self-insurance is within the sole discretion of the Department, and the Department reserves the right to require insurance from third-party commercial insurers.

6) Endorsements – Any required endorsements requested by the Department must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.

7) Inadequate Insurance – Inadequate or lack of insurance does not negate the Sponsor's or Contractor's obligations under this Agreement or the terms specific to the relevant Project, nor does the availability or limits of any insurance policies required herein in any way limit the liability of Sponsor, Borrower, or any Contractor, to the Department hereunder, nor does it in any way limit the liability of such parties to the Department in regards to any indemnification obligations of such parties herein.

8) Available Coverages/Limits – All coverage and limits available to the Sponsor or Contractor shall also be available and applicable to the Department.

9) Satisfying a Self-Insured Retention – All insurance required by this Agreement and any required by the terms specific to the relevant Project must allow the Department to pay and/or act as the Sponsor's or Contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the Sponsor's or Contractor's agent in satisfying any SIR is at the Department's discretion.

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10) Use of Subcontractors – In the case of Sponsor's or Contractor's utilization of subcontractors to complete the contracted scope of work for the relevant Project, Sponsor or Contractor shall include all subcontractors as insureds under Sponsor's or Contractor's insurance or supply evidence to the Department of subcontractor's insurance equal to policies, coverages, and limits required of Sponsor and Contractor.

B. Project Insurance Requirements

Sponsor and/or Contractor shall display evidence, as applicable for the relevant Project, of the following on a certificate of insurance evidencing the below coverages. No work shall be commenced on the Project prior to such coverages being in effect and the required certificate(s) have been provided to the Department.

1) Commercial General Liability – Sponsor and Contractor on the Project shall maintain commercial general liability insurance on an occurrence form with limits not less than $1,000,000 per occurrence for bodily injury and property damage liability combined with a $2,000,000 annual policy aggregate for the duration of this Agreement. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought, subject to the Developer's or Contractor's limit of liability.

The policy must name The State of California, its officers, agents, and employees as additional insureds, but only with respect to work performed under this Agreement.

2) Automobile Liability – Sponsor and Contractor shall maintain, as applicable, business automobile liability insurance for limits not less than $1,000,000 combined single limit. Such insurance shall cover liability arising out of a motor vehicle including owned, hired, and non-owned motor vehicles. Should the scope of the relevant Project involve transportation of hazardous materials, evidence of an MCS-90 endorsement is required.

The policy must name The State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under this Agreement.

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3) Workers Compensation and Employer's Liability – Sponsor and Contractor shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of this Agreement and the relevant Project. In addition, employer's liability limits of $1,000,000 are required. By signing this Agreement, Sponsor acknowledges compliance with these regulations. A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California must be attached to certificate.

4) Flood Insurance – Sponsor shall comply with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001). Sponsor shall ensure flood insurance coverage is provided for the Project if required by the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001). The Department shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, that flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

5) Builders Risk Insurance – Sponsor or Sponsor's contractor on a Project shall maintain builders risk coverage prior to or upon commencement of construction of the Project, including any delivery and storage of materials to be incorporated into the Project, through the completion of construction and until property insurance can be secured. This coverage must cover all risk of physical damage or risk of loss for an amount equal to the full amount of the cost of construction. This coverage must include coverage for flood if the Property is located in a Special Flood Hazard Area as determined by the Federal Emergency Management Agency. Additionally, Sponsor or Sponsor's general contractor must obtain a builder's risk installation floater for coverage of the contractor's labor, materials, and equipment to be used for completion of work performed under the construction contract. The minimum amount of coverage to be carried must be equal to the full amount of the cost of construction.

6) Property Insurance **–** Sponsor on a Project shall maintain including all risk coverage or standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements to the extent of full replacement value of the Project for the duration of the term of the Affordability Period. Coverage amount may be adjusted for fluctuation in replacement values. This coverage is required upon completion of construction of the Project and must name the Department as Loss Payee.

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7) Additional Coverages. In the event that Sponsor and/or any of its Contractors will be engaging in any Hazardous Activity as part of the Project contemplated by this Agreement, then the party(ies) engaging in any Hazard Activity(ies) shall provide to the Department, prior to commencement of any such activity(ies), such insurance coverages in such forms and in such amounts as the Department may require in its sole discretion. Such coverages are in addition to all other insurance coverages required by this Agreement and shall be imposed on the Sponsor pursuant to this Agreement. For purposes of the provision, the term “Hazardous Activity” includes the following: (a) the removal, storage, and/or transportation of any “hazardous material”, as such term is defined under federal, state, or local law, ordinance, regulation, or guideline, (b) the removal, storage, or transportation of lead-based paint, (c) blasting, (d) any activity which by its nature is abnormally dangerous, and (d) any “ultrahazardous activity” as defined in California case law. In addition to providing proof of such required coverages, the party(ies) engaging in the Hazardous Activity(ies) shall procure, at its expense prior to the commencement of any work, all required permits, licenses, consents, and approvals that are required for the lawful conduct of such activities, and shall provide adequate written proof thereof to the Department. No Hazardous Activity work may be commenced, or contracted for, prior to the provision of the required insurance coverages and licensure proof to the Department.”

33. Condemnation

A. The Sponsor shall at all times keep the Project insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by the Department. All insurance policies and renewals thereof shall be issued by a carrier and in form acceptable to the Department.

B. In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Sponsor shall be obligated to rebuild the Project, and to use all available insurance or condemnation proceeds therefore, provided that, as determined by the Department in its sole discretion, (i) such proceeds are sufficient to keep the Assistance in balance and rebuild the Project in a manner that provides adequate security to the Department for repayment of the Assistance or if such proceeds are insufficient, then Sponsor shall have funded any deficiency (ii) the Department shall have the right to approve plans and specifications for any major rebuilding and the right to approve

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disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (iii) no material breach or default then exists under the Program Legal Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Assistance in a manner that provides adequate security to the Department for repayment of the remaining balance of the Assistance.

C. In the event that the Sponsor fails to commence or to complete the rebuilding, repair, replacement or restoration of the Project timely, the Department shall have the right, in addition to any other remedies granted in the Program Legal Documents or at law or in equity, to repair, restore, rebuild or replace the Project so as to prevent the occurrence of a default hereunder.

34. <u>Indemnification</u>

Sponsor, at its sole cost and expense, shall indemnify, defend, and hold the Department and its employees, representatives, attorneys, agents, and their respective successors, heirs, and assigns harmless from, and against any and all claims, demands, actions, costs, losses, damages, and liabilities, whether direct or indirect, and regardless of their nature or source, which in any way relate to or arise from the actions or inactions of Sponsor(s) and their respective contractors, subcontractors, agents, and representatives, in connection with this Agreement and any agreement or instruments executed in connection herewith. The obligations of Sponsor under this Section 34 shall survive the expiration or earlier termination of this Agreement.

35. <u>Anti-Lobbying Certification</u>

The Sponsor shall require that the language of this certification be included in all contracts or subcontracts entered into in connection with the Project(s) and shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into.

Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and no more than $100,000 for such failure.

A. No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the cooperative agreement, and the extension, continuation,

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renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

36. Conflict of Interest

Pursuant to 24 CFR § 570.489(h), no member, officer, or employee of the Sponsor, or its designees or agents, no member of the governing body of the locality in which the Project is situated, and no other public official of such locality or localities who exercise or have exercised any functions or responsibilities with respect to CDBG-DR activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, including members and delegates to the Congress of the United States, may obtain a financial interest or benefit from a CDBG-DR assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to a CDBG-DR assisted activity or its proceeds, either for themselves or those with whom they have business or immediate family ties, during their tenure, or for one (1) year thereafter.

37. Obligations of Sponsor with Respect to Certain Third-Party Relationships

The Sponsor shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Work with respect to which assistance is being provided under this Agreement to the Sponsor. The Sponsor shall comply with all lawful requirements of the Department necessary to ensure that the Work, with respect to which assistance is being provided under this Agreement to the Sponsor, is carried out in accordance with the DR-MHP Policies and Procedures.

38. Energy Policy and Conservation Act

This Agreement is subject to mandatory standards and policies relating to energy efficiency which are contained in the State Energy Conservation Plan issued in compliance with the federal Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

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39. State Contracting Manual Requirements (Section 3.11, Federally Funded Contracts (Rev. 04/22):

A. All contracts, except for State construction projects that are funded in whole or in part by the Federal government, must contain a thirty (30)-day cancellation clause and the following provisions:

1) It is mutually understood between the parties that this contract may have been written for the mutual benefit of both parties before ascertaining the availability of congressional appropriation of funds to avoid program and fiscal delays that would occur if the contract were executed after that determination was made.

2) This contract is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the fiscal year(s) indicated in Exhibit E., Provision Ex. D, for the purpose of this Program. In addition, this contract is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute enacted by the Congress that may affect the provisions, terms, or funding of this contract in any manner.

3) The parties mutually agree that if the Congress does not appropriate sufficient funds for the program, this contract shall be amended to reflect any reduction in funds.

4) The Department has the option to invalidate the contract under the thirty (30)-day cancellation clause or to amend the contract to reflect any reduction in funds.

B. Exemptions from provisions A.1 through A.4 above may be granted by the Department of Finance provided that the director of the State agency can certify in writing that Federal funds are available for the term of the contract.

C. Gov. Code § 8546.4(e) provides that State agencies receiving Federal funds shall be primarily responsible for arranging for Federally required financial and compliance audits, and shall immediately notify the Director of Finance, the State Auditor, and the State Controller when they are required to obtain Federally required financial and compliance audits.

D. Agencies that may be eligible for Federal Emergency Management Agency (FEMA) funding and/or reimbursements should consult the Governor's Office of Emergency Services (Cal OES) on contract provisions required by Title 2 of the Code of Federal Regulations, Part 200.

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40. Pet Friendly Housing Act of 2017

Health and Safety Code § 50466 require each housing development that is financed on or after January 1, 2018, pursuant to this division, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local government ordinances related to public health, animal control, and animal anticruelty.

41. Attorney's Fees, Costs

In any action to enforce or relating to this Agreement, the prevailing party is entitled to recover from the other party, its costs and expenses for any 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 including attorneys' fees. Such costs and expenses are recoverable whether the services were rendered by a salaried employee of the party or by an independent contractor.

42. Integration

This Agreement, together with Exhibit A through Exhibit E attached hereto, incorporating references herein, and enclosures herewith, sets forth all of the promises, agreements, and understandings to date among the parties hereto with respect to the DR-MHP Loan, and there are no promises, agreements, or understandings, oral or written, express or implied, other than as set forth or incorporated herein. No alteration or variation of the terms of this Agreement are valid unless made in writing and signed by the parties hereto, except as expressly authorized in this Agreement.

43. Amendment of this Agreement

No amendment or modification of this Agreement is valid unless set forth in writing and executed by authorized representatives of all of the parties. Any amendment or modification becomes effective as of the date of the authorized Department representative's signature thereto or as of the date specified in the amendment. This paragraph does not apply to amendments or modifications of this Agreement if another paragraph of this Agreement expressly authorizes amendments or modifications in a manner inconsistent with this paragraph.

44. Construction

Each party hereto acknowledges and agrees that each has had opportunity to have independent counsel review this Agreement and each hereby fully waives the application of any law, statute or rule of construction or interpretation, including without

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limitation Civ. Code § 1654, to the effect that any ambiguities are to be construed against the drafting party.

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45. Assignment Prohibited

This Agreement must not be assigned, in whole or in part, unless approved by the Department.

46. Cash Out

No cash-out is permitted, in escrow or otherwise, to the Sponsor, or to any related party thereof (other than for reimbursement of the lower of actual cost or appraised value of land used by the Development) or to the Borrower or to any partners or members of Borrower, including cash-out of equity, deferred developer fee, seller-carry back loan, fees owed by seller to Sponsor, or for any other purpose for the entire term of the DR-MHP Loan and/or Regulatory Agreement, whichever is longer. Excess funds on close of escrow must be applied to reserve accounts or must be applied against the DR-MHP Loan, in the Department's sole and absolute discretion.

47. Combating Fraud

False, Fictitious or Fraudulent Claims

Warning: Any person who knowingly makes a false claim or statement to the U.S. Department of Housing and Urban Development ("HUD") or the Department in connection with this Agreement may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.

Detecting, Preventing, and Reporting FRAUD

Fraud is a white-collar crime that has a devastating effect on the CDBG Program because the CDBG Program beneficiaries are victims of this crime when the CDBG Program is abused.

The Department wants to stop any criminal misuse of the CDBG Program it administers, and in so doing all CDBG funds go to people it was designed to help and to improve their living conditions.

Combating Fraud

The HUD Office of Inspector General (OIG) is committed to protecting HUD's programs, operations, and beneficiaries from dishonest individuals and organizations.

HUD cannot combat fraud alone.

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HUD relies on the Department and Sponsors to combat CDBG-DR Program fraud. HUD also relies on Applicants for, and people receiving, HUD benefits, such as tenants receiving rental assistance, borrowers with HUD-insured loans, or citizens having their communities restored using HUD grants.

The HUD OIG Hotline number is 1-800-347-3735, which is the primary means to submit allegations of fraud, waste, abuse, mismanagement, or whistleblower-related matters for the CDBG Program to the Office of Inspector General.

HUD OIG accepts reports of fraud, waste, abuse, or mismanagement in the CDBG-DR Program from HUD employees, anyone administering the CDBG-DR program, anyone working in the CDBG-DR program, Sponsors, contractors, and the public.

You can report mismanagement or violations of law, rules, or regulations by HUD employees or Program participants.

Fraud, Waste, and Abuse in the CDBG-DR Program and its operation may be reported in one of the following four (4) ways:

E-mail to: hotline@hudoig.gov
By Phone: Call toll free: 1-800-347-3735
By Fax: 202-708-4829
By Mail to:

HUD OIG, Office of Investigation
Room 1200
Field Office
One Sansome Street
San Francisco, CA 94104
(213) 534-2518

or

HUD OIG, Office of Investigation
Suite 4070
Regional Office
300 North Los Angeles Street
Los Angeles, CA 90012
(213) 534-2518

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48. Authority to Post Remediated Versions of Agreement

Sponsor hereby understands and acknowledges that the Department is obligated under federal law to post on the Department's website copies of all CDBG-DR executed contracts. As posted, such contracts must be compliant with federal and state law accessibility laws, including the California Government Code Section 11546.7 (2017 Assembly Bill 434) and the federal Americans with Disability Act, Section 508. The state law is most stringent of the two, so all posted documents must meet Web Content Accessibility Guidelines 2.0 (WCAG 2.0) accessibility level.

To comply, the Department must utilize document remediation tools that provide the compliant formatting. All remediation will only change formatting, color schemes, and update any tables so that screen readers can properly read out the content of the table. Thus, during remediation, the appearance of this Agreement may change, but under no circumstances shall any terms or tenets of the Agreement be changed in anyway.

Additionally, the Department shall offer website visitors the option to receive a scanned, un-remediated copy of this Agreement via email, which option Sponsor also consents to.

The foregoing Sponsor authorizations apply to both this original Standard Agreement as well as any and all subsequent amendments thereto.

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SPECIAL TERMS AND CONDITIONS

Federal Grant Identification
HUD Grant Number: (B-21-DZ-06-0001)
Assistance Listing Number: 14.228
Date HUD Grant Agreement signed by HUD: (08/10/2022)

The following are special terms and conditions which supplement and amend certain earlier provisions of this Agreement. The sections being supplemented or amended are referenced in parentheses.

1. Scope of Work

A. Unit Mix

# of Bedrooms	DR-MHP Assisted Units	All restricted units (Including DR-MHP Assisted Units)	Non-Restricted Units	Total Units	Income Limit
1	11	11		11	30% AMI
1	11	11		11	30% AMI
1	10	10		10	50% AMI
1	12	12		12	50% AMI
3	0	0	1	1	Mgr. Unit
Totals	44	44		45	

B. Environmental Mitigation Measures

As identified in the NEPA Environmental Review document prepared pursuant to 24 CFR 58.38, included specific mitigation measure necessary to achieve a Finding of No Significant Impact (FONSI) on the environment.

The Sponsor shall monitor the project development and incorporate provisions in its written agreement with contractors, as appropriate, to ensure timely implementation of previously identified mitigation measures during construction, and implement any and all necessary mitigation measures for impacts discovered during construction and the life of the project.

Sponsor shall also complete or coordinate completion of each mitigation measure and shall collect, review, maintain, and supply to the Department documentation evidencing completion of the required mitigation measures as part of their Environmental Review Record. Measures include:

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Endangered Species

Standard Condition - Nesting Birds: If construction activities would occur during the nesting season (typically February through August), a pre-construction survey for the presence of special-status bird species or any nesting bird species should be conducted by a qualified biologist within 500 feet of proposed construction areas. If active nests are identified in these areas, California Department of Fish and Wildlife (CDFW) and/or United States Fish and Wildlife Service (USFWS) should be consulted to develop measures to avoid "take" of active nests prior to the initiation of any construction activities.

Avoidance measures may include establishment of a buffer zone using construction fencing or the postponement of vegetation removal until after the nesting season, or until after a qualified biologist has determined the young have fledged and are independent of the nest site.

Standard Condition – Roosting Bats: Project implementation will result in the removal of approximately two dozen oak and walnut trees. These trees have the potential to support roosting bats. To prevent adverse impacts, pre-construction surveys for the presence of roosting bats will be required prior to the removal of onsite trees. If it is determined that any of the trees contain roosting bats, then CDFW and/or USFWS should be consulted to develop species-specific measures to mitigate potential impacts. Mitigation measures may include providing replacement/alternative roost habitat or humane evictions.

Historic Preservation

Standard Condition - Cultural Resources: If a concentration of artifacts or culturally modified soil deposits (including trash pits older than 50 years) should be encountered at any time during ground disturbing activities, all work must stop until a qualified archaeologist views the finds and makes a preliminary evaluation. If warranted, further archaeological work in the discovery area should be performed.

Standard Condition - Human Remains: If human remains of Native American origin are discovered during ground-disturbing activities, project applicant(s) shall comply with state laws relating to the dispositions of Native American burials, which falls within the jurisdiction of the California Native American Heritage Commission (NAHC) (Public Resources Code, Section 5097.98). If human remains are discovered or recognized in any location other than a dedicated cemetery, there shall be no further excavation or disturbance of the planning area or any nearby area reasonably suspected to overlie adjacent human remains until:

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-The Shasta County Coroner has been informed and has determined that no investigation of the cease of death is required, and

-If the remains are of Native American origin, the descendants from the deceased Native Americans have made a recommendation to the landowner or the person responsible for the excavation work for means of treating or disposing of, with appropriate dignity, the human remains and any associated grave good as provided in the Public Resources Code, Section 5097.98, or

-The California NAHC was unable to identify a descendant or the descendant failed to make a recommendation within 24 hours after being notified by the NAHC.
Noise Abatement and Control.

Standard Condition – Acoustical Analysis: To ensure the residential units proposed along North Street meet the HUD interior noise standards for new housing construction, the following standard condition shall be required for the project:

Prior to the issuance of building permits, the project applicant shall prepare final design plans that incorporate building design and acoustical treatments to ensure compliance with HUD interior noise standards. A project-specific acoustical analysis shall be prepared to ensure that the design incorporates controls to reduce interior noise levels to 45 dBA DNL or lower within the residential units proposed along North Street. The project applicant shall conform with any special building construction techniques requested by the City's Building Department, which may include sound-rated windows and doors, sound-rated wall constructions, and acoustical caulking.
Hazards and Nuisances including Site Safety and Noise

Standard Condition - Construction Noise: The project will temporarily increase community noise levels during construction due to the use of heavy equipment and other construction activity. In compliance with the below requirements, construction noise from the project would not result in adverse effects.
During construction, the city will require that standard BMPs be adhered to including allowable hours for use of equipment and other construction activities:

-In accordance with City of Anderson Municipal Code Section 8.30.070, the following limitations on the days and hours of construction activity shall apply: "Operating or causing the operation of any tools or equipment used in construction, drilling, repair, alteration or demolition work between the hours of ten p.m. and seven a.m. the following day on weekdays, or at any time on Sundays or holidays." The city may require the above limitation on hours and other restrictions be placed in all construction contracts along with the following items:

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-Post a sign that is clearly visible to adjacent land uses that provides the phone number for the public to call to register complaints about construction-related noise problems.

Standard Condition – Dust Control: To reduce fugitive dust generation during demolition, excavation, or earthmoving construction activities, the following dust control measures shall be implemented by the applicant and/or its construction contractors during construction activity:

-Water all active construction areas twice per day and use erosion control measures to prevent water runoff containing silt and debris from entering the storm drain system;
-Cover trucks hauling soil, sand, and other loose material;
-Pave, water, or apply non-toxic soil stabilizers on unpaved access roads and parking areas;
-Sweep paved access roads and parking areas daily; and
-Sweep streets daily if visible material is carried onto adjacent public streets.

Vegetation, Wildlife

Standard Condition - Tree Removal: Project implementation will result in alterations (removal) of approximately two dozen oak and walnut trees along with non-native grasses and forbs. Impacts to these plant communities will be mitigated in accordance with City of Anderson Municipal Code of Ordinances 17.33.090 – Trees. An arborist report will be required, and mitigation will occur in accordance with a tree habitat preservation plan. Compliance with the recommendations of the arborist will prevent adverse impacts from the tree removal proposed by the project.

2. Joint and Several Liability

[Sunrise Cottages Associates LLC (“LLC”) is an affiliate of Rural Communities Housing Development Corporation (“Corp”). The Department acknowledges that the LLC will be considered the Ultimate Borrower of the DR-MHP Loan funds and as such will execute the DR-MHP Loan Documents. For the purposes of this Standard Agreement, LLC and Corp will be collectively referred to herein as “Sponsor”. As such, the LLC and Corp are jointly and severally liable for all the obligations of a Recipient as set forth in this Agreement. Satisfactory performance of any duties and obligations under this Agreement, and any other agreements by either the LLC or Corp, will be deemed as performance by the Sponsor.

At a minimum, the Recipient-controlled general partner of LLC must perform the substantial management duties identified in BOE Rule 140.1(a)(10) as items (A), (H), (I) and (K)must so provide.

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3. DR-MHP Loan Amount

Rental New Construction Project Construction Financing Loan $4,833,749

4. Project Milestones

	Project Milestone	Date to be Completed
a	Submit all necessary construction loan closing documents to HCD	11/19/2025
b	Construction loan closing	12/19/2025
c	Project construction completion	6/19/2027
d	Project funds expenditure deadline	9/16/2027
e	Project lease-up completion	12/19/2027
f	Submit all necessary permanent loan closing documents to HCD	11/19/2027
g	Permanent loan closing	12/19/2027
h	Project closeout in Grants Network	3/16/2028
i	Expiration of Agreement per STD 213	12/19/2083

5. Payee

The authorized Payee(s) is/are as specified below.

Name: Sunrise Cottages Associates LLC
Amount: $4,833,749

6. Special Terms and Conditions

The following Special Terms and Conditions are applicable to this Project and specific to this Standard Agreement. In the event of any inconsistencies or conflicts between these Special Terms and Conditions and any of the terms of this Agreement, the Special Terms and Conditions control.

Updated Financials: Not less than 60 days prior to construction loan closing, the Sponsor shall provide updated financial documents including, but not limited to the development budget, development sources and uses, schedule of rents and unit mix, operating budget and 15-year cash-flow analysis, and all funding commitments which are acceptable to the Department and demonstrate compliance with all applicable Program regulations or guidelines and the Uniform Multifamily Regulations (UMR). All proposed changes to the project, including but not limited to project financing, rents and unit mix, scope of work to be performed or Borrower's organizational structure must be submitted to and approved by the Department in writing.

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Sponsor Control over Borrower: The Sponsor who garnered the experience points at the application stage must be the Sponsor who controls the borrowing entity at construction, through permanent close of escrow, and into management and operation of the project. Organizational documents demonstrating that the experienced Sponsor has the authority to exercise control of the borrowing entity in compliance with Section 8301(s) of the Uniform Multifamily Regulations (UMR) must be submitted to the Department for review and approved by the Department prior to execution of the Standard Agreement.

Performance Milestone Changes: Sponsor shall inform the Department of any anticipated delays, or changes to the Sponsor's proposed Performance Milestones as set forth in the Project Report no later than the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may submit a written request for extension of any such Milestone Completion Date. Any such request shall include Sponsor's demonstration of good cause and reasonable assurances that the extension will not adversely affect completion of the project. Approval of any such extension request shall be in the Department's sole discretion; however, such approval shall not be unreasonably withheld.

Relocation Requirements: Prior to construction loan close, the Sponsor must comply with applicable local, state and federal relocation requirements of Government Code section 7260 et seq. and California Code of Regulations, title 25, section 6000 et seq. including a relocation plan which shall be subject to the approval of the Department. Should a relocation plan not be required, Sponsor must provide documentation (such as a Certification of No Relocation) for Department approval that there are no relocation requirements.