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*Filing Fees Exempt Pursuant to
Government Code Section 6103.*

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF LOS ANGELES

13 CALIFORNIA DEPARTMENT OF HOUSING AND
14 COMMUNITY DEVELOPMENT,

15 PLAINTIFF,

16 v.

17 SHANGRI-LA INDUSTRIES LLC.; STEP UP ON
SECOND STREET, INC.; CITY OF THOUSAND OAKS;
18 CITY OF SALINAS; CITY OF REDLANDS; CITY OF
SAN BERNARDINO; CITY OF KING; 12 CONEJO,
19 LP; 180 SANBORN LP; 1675 Industrial Park LP;
1030 Fairview LP; 1130 Broadway Street L.P;
20 450 G Street, L.P.; 545 Work Street, L.P.; PMF
CA REIT, LLC; PEAK FORECLOSURE SERVICES,
21 INC.; QUALFAX, INC.; TULLIUS LAW GROUP;
FIDELITY NATIONAL TITLE CORPORATION; BMO
22 HARRIS BANK, NA; BEACON DEFAULT
MANAGEMENT, INC.; CALIFORNIA TD
23 SPECIALISTS; PPRF REIT, LLC; CHICAGO TITLE
COMPANY; LONE OAK FUND, LLC; ARIXA
24 INSTITUTIONAL LENDING PARTNERS, LLC;
FAIRVIEW LOAN 123 LLC; 310 REIT; MEDALIST
25 PARTNERS ASSET-BASED PRIVATE CREDIT FUND
III CRE LLC; FOLEY & LARDNER LLP;
26 MEDALIST PARTNERS ASSET-BASED REIT III;
PACIFIC WESTERN BANK; DOES 1-100,

27 DEFENDANTS
28

Case No.:

**COMPLAINT FOR BREACH OF
CONTRACT, SPECIFIC
PERFORMANCE, DECLARATORY
RELIEF, FRAUD, COMPENSATORY
DAMAGES, AND TO QUIET TITLE**

1 Plaintiff, California Department of Housing and Community Development alleges as follows:

2 1. Permanent supportive housing for California’s unhoused population is in critically
3 short supply, and cities are suffering under the burden of trying to provide it. The Department’s
4 Homekey program, which it administers under the authority of Health and Safety Code sections
5 50675.1.1 and 50675.1.3, is intended to help provide that housing, in collaboration with local
6 governments and private businesses. Defendant Shangri-La Industries LLC, its partners and the
7 shell businesses it controls have sought to take advantage of this program, to the detriment of the
8 State of California and its residents, for which immediate and permanent relief is sought.

9 **THE PARTIES**

10 **I. PLAINTIFF AND INTRODUCTION**

11 2. Plaintiff California Department of Housing and Community Development (the
12 Department), is a California state agency which helps to provide stable, safe homes affordable to
13 veterans, seniors, young families, farm workers, tribes, people with disabilities, and individuals and
14 families experiencing homelessness or at risk of experiencing homelessness. The Department
15 administers the Homekey program pursuant to Health and Safety Code sections 50675.1.1 and
16 50675.1.3.

17 3. The Department provides grants to California cities, counties, and other local public
18 entities through the Homekey program to provide housing for individuals and families who are
19 experiencing homelessness or who are at risk of homelessness (the Target Population) through, as
20 relevant to this case, the acquisition and/or rehabilitation of motels that can be converted to
21 permanent or interim housing, and capitalizing operating subsidies for units purchased and
22 converted. All applications for Homekey funding must include a local public entity, as that term is
23 described by Health and Safety Code section 50675.1.1 or 50675.1.3, on the application. Most local
24 public entities partner with a nonprofit corporation or a limited liability company when they apply
25 for Homekey funding.

26 4. While the State of California’s Health and Safety Code provides the statutory basis for
27 the Homekey program, a significant funding source for the Homekey program comes from the
28 federal government. Round 1 of the Homekey program was funded primarily by Coronavirus Relief

1 Fund (CRF) money that the state received from the U.S. Department of the Treasury (Treasury).
2 The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES)
3 Act (Pub. L. No. 116-136). Round 2 of the Homekey program was funded primarily by the
4 Treasury's distribution of funds from the Coronavirus State Fiscal Recovery Fund (CSFRF), which
5 was established by the federal American Rescue Plan Act of 2021 (ARPA) (Pub. L. No. 117-2).
6 Accordingly, the Department's administration of the Homekey program remains subject to and
7 constrained by the expenditure deadlines, eligible uses, reporting obligations, and federal oversight
8 specified and described in the foregoing laws, as well as in the Treasury's implementing
9 regulations.

10 5. The grants awarded by the Department through the Homekey program require the
11 public and private entities involved in the project (collectively, the Grantees) to sign an STD 213,
12 Standard Agreement (Homekey Standard Agreement) with the Department setting out the
13 responsibilities of the parties. As relevant to the projects involved in this Complaint, the Grantees
14 requested grant funds from the Department which were disbursed from the State Controller as
15 directed by the Grantees. The Grantees are responsible for, among other responsibilities, acquiring
16 the property, rehabilitating existing structures (motels) to provide permanent housing, managing
17 the properties, and providing supportive services.

18 6. To ensure the property's use for affordable housing for the Target Population, the
19 Homekey Standard Agreements require the public entity grantee to cause the recordation of a 10-,
20 15-, or 55-year use restriction or Regulatory Agreement in first position against the private
21 grantee/owner's real property. That use restriction must be signed by the private grantee/owner
22 and recorded in the Official Records of the particular county where the property is located. All
23 grantees are prohibited under the Homekey Standard Agreements from transferring or encumbering
24 the properties without the express prior, written approval of the Department, in part to ensure that
25 the Regulatory Agreements will be in first priority position.

26 7. As set forth below, the public and private parties to seven Homekey projects failed to
27 perform and thus breached their obligations to the Department under the Homekey Standard
28 Agreements in several ways. For six of the seven properties here at issue, the public grantees failed

1 to cause the preparation and timely recordation of a use restriction restricting the use of the
2 properties for the purposes intended. In all seven properties here in issue, at least one of the private
3 grantees was defendant Shangri-La Industries LLC (SLI), a private, for-profit developer. SLI
4 received over \$100 million dollars in Homekey funding for these seven projects. SLI encumbered
5 the Homekey properties by granting and recording deeds of trust to secure loans from third party
6 lenders, without obtaining the Department's prior written approval, as SLI was required to do by
7 each of the several Homekey Standard Agreements. SLI then failed to notify the Department, as
8 each of the Homekey Standard Agreements required, that it defaulted on those loans, causing the
9 private lenders to record notices of foreclosure. All seven Homekey properties in which SLI was a
10 private grantee are at risk of imminent foreclosure.

11 8. The remedies sought in this Complaint include an order for the public entities to prepare
12 where necessary the Regulatory Agreements and to ensure that they are duly executed and recorded,
13 and an order establishing the Regulatory Agreements as first priority encumbrances on the
14 properties, so that the use of Homekey properties will be restricted to supportive housing for people
15 experiencing homelessness, or at risk of homelessness, as provided in the Homekey Standard
16 Agreements.

17 **II. GRANTEE/CONTRACTOR DEFENDANTS**

18 9. Defendant SHANGRI-LA INDUSTRIES LLC (SLI) is a limited liability corporation
19 with its principal place of business in Los Angeles County. SLI's managing member is
20 W Investments, LLC (WI). WI's managing member is Andrew Meyers Abdul-Wahab. SLI
21 contracted with the Department and others to acquire certain properties and convert them for use
22 as affordable housing as part of the Homekey program, including those properties and projects
23 alleged herein.

24 10. Defendant STEP UP ON SECOND STREET, INC. (Step Up) is a non-profit
25 corporation with its principal place of business in Los Angeles County. Step Up was a
26 grantee/contractor identified on all the Homekey Standard Agreements alleged in this Complaint.

27 11. Defendant CITY OF THOUSAND OAKS is a municipality in Ventura County. The
28 City of Thousand Oaks contracted with the Department as a grantee for the Homekey program

1 relating to property located at 12 Conejo Boulevard in Thousand Oaks, California, as further alleged
2 below.

3 12. Defendant CITY OF SALINAS is a municipality in Monterey County. The City of
4 Salinas contracted with the Department as a grantee for Homekey funds relating to properties
5 located at 180 S. Sanborn Road, 1030 Fairview Avenue, and 545 Work Street in Salinas, California,
6 as further alleged below.

7 13. Defendant CITY OF REDLANDS (Redlands) is a municipality in San Bernardino
8 County. The City of Redlands contracted with the Department as a grantee for Homekey funds
9 relating to property at 1675 Industrial Avenue in Redlands, California, as further alleged below.

10 14. Defendant CITY OF KING is a municipality in Monterey County. The City of King
11 contracted with the Department as a grantee for Homekey funds relating to property at 1130
12 Broadway Street in King City, California, as further alleged below.

13 15. Defendant COUNTY OF SAN BERNARDINO contracted with the Department as a
14 grantee for Homekey funds relating to property at 450 North G Street in San Bernardino, California,
15 as further alleged below.

16 16. Collectively, SLI, Step Up, City of Thousand Oaks, City of Salinas, City of Redlands,
17 City of King and County of San Bernardino are referred to herein as the Grantee/Contractor
18 Defendants.

19 **III. PROPERTY TITLEHOLDER DEFENDANTS**

20 17. Defendant 12 CONEJO LP (12 Conejo) is a Delaware limited partnership with its
21 principal place of business at 660 S. Figueroa Street, Suite 1888 in Los Angeles, California. 12
22 Conejo's partners include Step UP GP, LLC and 12 Conejo Preservation LLC. The managing
23 member and principals of 12 Conejo's general partners also serve in management positions with
24 defendants SLI and Step Up. 12 Conejo is a titleholder to the property located at 12 Conejo
25 Boulevard in Thousand Oaks, the legal address of which is included in Exhibit 1 attached to this
26 Complaint. 12 Conejo was granted title to the property by the Grantee/Contractor Defendants
27 without the Department's express approval as required by the terms of the Homekey Standard
28 Agreements.

1 18. Defendant 180 SANBORN LP (180 Sanborn) is a Delaware limited partnership with
2 its principal place of business at 660 S. Figueroa Street, Suite 1888, Los Angeles, California. 180
3 Sanborn's general partners are 180 Sanborn Preservation LLC and Step Up GP LLC. The managing
4 member and principals of 180 Sanborn's general partners also serve in management positions with
5 defendants SLI and Step Up. 180 Sanborn is a titleholder to the property located at 180 Sanborn
6 Road in Salinas, California, the legal address of which is included in Exhibit 1 attached to this
7 Complaint. 180 Sanborn was granted title to the property by the Grantee/Contractor Defendants
8 without the Department's express approval as required by the terms of the Homekey Standard
9 Agreements.

10 19. Defendant 1030 FAIRVIEW LP (1030 Fairview) is a Delaware limited partnership
11 with its principal place of business at 660 S. Figueroa Street, Suite 1888, Los Angeles, California.
12 1030 Fairview's general partners include 1030 Fairview Avenue Preservation LLC and Step Up
13 GP LLC. The managing member and principals of 1030 Fairview's general partners also serve in
14 management positions in defendants Step Up and SLI. 1030 Fairview is a titleholder to the property
15 located at 1030 Fairview Avenue in Salinas, California, the legal address of which is included in
16 Exhibit 1 attached to this Complaint. 1030 Fairview was granted title to the property by the
17 Grantee/Contractor Defendants without the Department's express approval as required by the terms
18 of the Homekey Standard Agreements.

19 20. Defendant 1130 BROADWAY STREET L.P. (1130 Broadway) is a Delaware limited
20 partnership with its principal place of business at 660 S. Figueroa Street, Suite 1888, Los Angeles,
21 California. 1130 Broadway's partners include 1130 Broadway Street Preservation LLC and Step
22 Up GP LLC. The managing member and principals of 1130 Broadway's general partners also serve
23 in management positions with defendants SLI and Step Up. 1130 Broadway is a titleholder to the
24 property located at 1130 Broadway Street in King City, California, the legal address of which is
25 included in Exhibit 1 attached to this Complaint. 1130 Broadway was granted title to the property
26 by the Grantee/Contractor Defendants without the Department's express approval as required by
27 the terms of the Homekey Standard Agreements.
28

1 21. Defendant 1675 INDUSTRIAL PARK LP (1675 Industrial Park) is a Delaware limited
2 partnership with its principal place of business at 660 S. Figueroa Street, Suite 1888, Los Angeles,
3 California. 1675 Industrial Park's general partners include 167 Industrial Park Preservation LLC
4 and Step Up GP LLC. The managing member and principals of 1675 Industrial Park's general
5 partners are intertwined with the ownership and management of defendants Step Up and SLI. 1675
6 Industrial Park is a titleholder to the property located at 1675 Industrial Park in Redlands,
7 California, the legal address of which is included in Exhibit 1 attached to this Complaint. 1675
8 Industrial Park was granted title to the property by the Grantee/Contractor Defendants without the
9 Department's express approval as required by the terms of the Homekey Standard Agreements.

10 22. Defendant 450 G STREET, L.P. (450 G) is a Delaware limited partnership with its
11 principal place of business at 23801 Calabasas Road in Calabasas, California. 450 G's general
12 partners include 450 G Street Preservation Fund LLC. 450 G Street Preservation Fund's general
13 manager is Shangri-La Development, Inc. The managing member and principals of 450 G also
14 serve in management positions in defendants Step Up and SLI . 450 G is a titleholder to the property
15 located at 450 N. G Street in San Bernardino, California, the legal address of which is included in
16 Exhibit 1 attached to this Complaint. 450 G Street was granted title to the property by the
17 Grantee/Contractor Defendants without the Department's express approval as required by the terms
18 of the Homekey Standard Agreements.

19 23. Defendant 545 Work Street, L.P. (545 Work) is a Delaware limited partnership with its
20 principal place of business at 23801 Calabasas Road in Calabasas, California. 545 Work St.'s
21 general partner is identified as 545 Work Street Preservation Fund LLC, whose managing member
22 is Shangri-La Development, LLC. The managing partner and principals of 545 Work St. also serve
23 in management positions in defendants Step Up and SLI. 545 Work is a titleholder to the property
24 located 545 Work Street in Salinas, California, the legal address of which is included in Exhibit 1
25 attached to this Complaint. 545 Work Street was granted title to the property by the
26 Grantee/Contractor Defendants without the Department's express approval as required by the terms
27 of the Homekey Standard Agreements.

28

1 24. Collectively, 12 Conejo, 180 Sanborn, 1030 Fairview, 1130 Broadway, 1675 Industrial
2 Park, 450 G, and 545 Work are referred to in this Complaint as the Property Titleholder Defendants.

3 25. The individual owners, shareholders, officers and managing agents of defendants
4 SLI and Step Up were involved in, and acted as agents for, each of the Property Titleholder
5 Defendants relating to the Homekey Standard Agreements, transfers of property, and loans
6 referenced herein.

7 26. Defendants SLI and Step Up and the Property Titleholder Defendants have such a unity
8 of interest and ownership that the separate personalities of these business entities do not exist, or
9 are merged, so that one business entity is a mere adjunct of the others to form a single enterprise.
10 The Property Titleholder Defendants were and remain undercapitalized and were created as shells
11 for the sole purpose of carrying out the misconduct of SLI and Step Up as alleged herein. These
12 defendants have the same managing agents, partners and shareholders, and share the same offices.
13 Each Property Titleholder Defendant's business is controlled, and its affairs are so conducted, as to
14 make it merely an instrument, agent, conduit, or adjunct of defendants SLI and Step Up. If these
15 Property Titleholder Defendants were allowed to be considered and remain as separately distinct
16 legal entities, it would lead to inequitable results in this case and in other matters.

17 **IV. LENDER DEFENDANTS**

18 **12 Conejo Boulevard Project Lenders**

19 27. Defendant PMF CA REIT, LLC (PMF) is a limited liability corporation with its
20 principal place of business at 23586 Calabasas Road in Calabasas, California.

21 28. Defendant Tullius Law Group (Tullius) is a law partnership with its primary office in
22 Los Angeles County

23 29, PMF loaned defendant 12 Conejo LP \$10,065,000 for which a Deed of Trust (DOT)
24 regarding the property was recorded in Ventura County on or about October 1, 2022 identifying
25 California TD Specialists as trustee, 12 Conejo LP as trustor and PMF as beneficiary of the loan
26 (PMF Loan). A trustee as discussed herein refers to the entity that generally has the power to
27 transfer the property or hold a judicial foreclosure; "trustor" refers to the borrower; and
28 "beneficiary" refers to the lender.

1 30. Tullius was assigned as trustee of the PMF Loan from California TD Specialists.

2 31. At the time PMF agreed to the loan, PMF was on notice of the terms of the Homekey
3 Standard Agreement 21-HK-17425, the statutory limits on expenditure of Homekey funds, and an
4 unrecorded instrument or encumbrance in favor of the Department on the 12 Conejo property
5 relating to the use restriction and Regulatory Agreement as alleged below.

6 32. Upon information and belief, a Notice of Default has been prepared by Tullius as
7 trustee relating to the PMF Loan.

8 33. Defendant Peak Foreclosure Services, Inc. (Peak) is a corporation with its principal
9 place of business in Los Angeles County.

10 34. Defendant Qualfax, Inc. (Qualfax) is a corporation with an as yet unknown principal
11 place of business.

12 35. Qualfax loaned defendant 12 Conejo \$1,830,000 for which a DOT regarding the
13 property was recorded in Ventura County on or about October 4, 2022, identifying Peak as trustee,
14 12 Conejo as trustor and Qualfax as beneficiary of the loan (Qualfax Loan),

15 36. At the time Qualfax agreed to the loan, Peak and Qualfax were on notice of the terms
16 of Homekey Standard Agreement 21-HK-17425, the statutory limit on expenditure of Homekey
17 funds, and an unrecorded instrument or encumbrance in favor of the Department on the 12 Conejo
18 Boulevard property relating to the use restriction and Regulatory Agreement as alleged below.

19 37. Upon information and belief, a Notice of Default has been prepared by Peak regarding
20 the Qualfax Loan.

21 **180 S. Sanborn Road Project Lenders**

22 38. Defendant LONE OAK FUND, LLC, (Lone Oak) is a California limited liability
23 company with an unknown principal place of business.

24 39. Lone Oak loaned 180 Sanborn LP \$2,800,000 for which a DOT regarding the property
25 was recorded in Monterey County on or about April 5, 2022 identifying Loan Oak Industries Inc.,
26 as trustee, 180 Sanborn LP as trustor, and Lone Oak as beneficiary (Loan Oak Loan).

27 40. At the time Lone Oak agreed to the loan, Loan Oak and Lone Oak Industries Inc. were
28 on notice of the terms of Homekey Standard Agreement 21-HK-17100, the statutory limit on

1 expenditure of Homekey funds, and an unrecorded instrument or encumbrance in favor of the
2 Department on the 180 S. Sanborn Road property relating to the use restriction and Regulatory
3 Agreement as alleged below.

4 41. Defendant Peak has substituted as trustee for Lone Oak Industries Inc. for the Lone
5 Oak Loan.

6 42. Upon information and belief, a Notice of Default has been prepared by Peak relating to
7 the Lone Oak Loan.

8 43. Defendant California TD SPECIALISTS (TD Specialists) is a business entity, form
9 unknown, with an unknown principal place of business.

10 44. Defendant Pacific Point Realty Fund, LLC (Pacific Point) is a California limited
11 liability company with its principal place of business in San Diego County.

12 45. Pacific Point loaned 180 Sanborn LP \$3,350,000, for which a DOT regarding the
13 property was recorded in Monterey County on or about June 28, 2023 identifying TD Specialists
14 as trustee, 180 Sanborn LP as trustor, and Pacific Point as beneficiary (Pacific Point Loan).

15 46. At the time Pacific Point agreed to the loan, Pacific Point and TD Specialists were on
16 notice of the terms of Homekey Standard Agreement 21-HK-17100, the statutory limit on
17 expenditure of Homekey funds, and an unrecorded instrument or encumbrance in favor of the
18 Department on the 180 S. Sanborn Road property relating to the use restriction and Regulatory
19 Agreement as alleged below.

20 47. Defendant PPRF REIT, LLC (PPRF) is a limited liability corporation with an unknown
21 principal place of business.

22 48. PPRF was assigned Pacific Point's interest as beneficiary of the Pacific Point Loan.

23 49. The Department is not presently aware whether 180 Sanborn LP has defaulted on the
24 Pacific Point Loan.

25 50. Defendant BMO HARRIS BANK, N.A. (BMO Harris) is a business entity, form and
26 principal place of address presently unknown.

27 51. Defendant BEACON DEFAULT MANAGEMENT, INC. (Beacon) is a corporation
28 with an as yet unknown principal place of business address.

1 52. BMO Harris loaned 180 Sanborn LP \$3,000,000 for which a DOT was recorded in
2 Monterey County on August 4, 2023, identifying Fidelity National Title Company (Fidelity) as
3 trustee, 180 Sanborn LP as trustor, and BMO Harris as beneficiary (BMO Harris I Loan).

4 53. Beacon substituted as trustee of the BMO Harris I Loan in place of Fidelity.

5 54. At the time BMO Harris agreed to the loan, BMO Harris and Fidelity were on notice
6 of the terms of Homekey Standard Agreement 21-HK-17100, the statutory limit on expenditure of
7 Homekey funds, and an unrecorded instrument or encumbrance in favor of the Department on the
8 180 S. Sanborn Road property relating to the use restriction and Regulatory Agreement as alleged
9 below.

10 55. Upon information and belief, a Notice of Default has been prepared by Beacon relating
11 to the BMO Harris I Loan.

12 **1675 Industrial Park Ave Project Lenders**

13 56. Defendant ARIXA INSTITUTIONAL LENDING PARTNERS, LLC (Arixa) is a
14 limited liability corporation with an unknown principal place of business.

15 57. Defendant Chicago Title Company (Chicago Title) is a corporation with its principal
16 place of business address presently unknown.

17 58. Arixa loaned 1675 Industrial Park LP \$12,000,000 for which a DOT was recorded in
18 San Bernardino County on or about June 29, 2022, identifying Ticor Title as trustee, 1675 Industrial
19 Park LP as trustor and Arixa as beneficiary (Arixa Loan).

20 59. Defendant Chicago Title substituted as trustee for Ticor Title on the Arixa Loan.

21 60. At the time the Arixa Loan was made, Arixa and Ticor Title were on notice of the terms
22 of Homekey Standard Agreement 21-HK-17166, and specifically an unrecorded instrument or
23 encumbrance in favor of the Department on the 1675 Industrial Park Avenue property relating to
24 the use restriction and Regulatory Agreement alleged below.

25 61. Upon information and belief, a Notice of Default has been prepared by Chicago Title
26 for the Arixa Loan.

27
28

1 62. Defendant BMO Harris loaned \$20,000,000 to 1675 Industrial Park LP for which a
2 DOT was recorded in San Bernardino County on August 4, 2023 identifying Fidelity as trustee,
3 1675 Industrial Park LP as trustor and BMO Harris as beneficiary of the loan (BMO Harris II Loan).

4 63. Defendant Beacon substituted as trustee for Fidelity on the BMO Harris II Loan.

5 64. At the time BMO Harris agreed to the BMO Harris II Loan, BMO Harris and Fidelity
6 were on notice of the terms of Homekey Standard Agreement 21-HK-17166, the statutory limit on
7 expenditure of Homekey funds, and an unrecorded instrument or encumbrance in favor of the
8 Department on the 1675 Industrial Park Avenue property relating to the use restriction as alleged
9 below.

10 65. Upon information and belief, a Notice of Default has been prepared by Beacon relating
11 to the BMO Harris II Loan.

12 **1030 Fairview Avenue Project Lenders**

13 66. Defendant FAIRVIEW LOAN 123 LLC (Fairview Loan) is a limited liability
14 corporation with unknown principal place of business.

15 67. SC Lend Co 2 123, LLC (SC Lend) loaned 1030 Fairview LP an undisclosed amount
16 for which a DOT was recorded in Monterey County relating to the 1030 Fairview Avenue property
17 on or about March 23, 2023, identifying Old Republic Title Company as trustee, 1030 Fairview LP
18 as trustor and SC Lend as beneficiary (SC Lend Loan).

19 68. Fairview Loan was assigned as beneficiary of the SC Lend Loan by SC Lend.

20 69. Foley & Lardner LLP was appointed as substituted trustee of the SC Lend Loan by
21 Fairview Loan. Defendant Beacon was appointed as substituted trustee of the SC Lend Loan by
22 Fairview Loan.

23 70. At the time of the SC Lend Loan, SC Lend and Old Republic Title Company were on
24 notice of the terms of Homekey Standard Agreement 21-HK-17097, the statutory limit on
25 expenditure of Homekey funds, and an unrecorded instrument or encumbrance in favor of the
26 Department on the 1030 Fairview Avenue property relating to the use restriction and Regulatory
27 Agreement alleged below.

1 71. Upon information and belief, a Notice of Default has been prepared by Beacon relating
2 to the SC Lend Loan.

3 72. Defendant 310 REIT is a business entity, form and principal address unknown.

4 73. 310 REIT loaned 1030 Fairview LP \$5,000,000 for which a DOT was filed in Monterey
5 County on or about March 23, 2023, identifying 310 REIT as trustee, 1030 Fairview LP as trustor,
6 and 310 REIT as beneficiary of the loan (310 REIT Loan).

7 74. At the time the loan was made to 1030 Fairview LP, 310 REIT was on notice of the
8 terms of Homekey Standard Agreement 21-HK-17097, the statutory limit on expenditure of
9 Homekey funds, and an unrecorded instrument or encumbrance in favor of the Department on the
10 1030 Fairview Avenue property relating to the use restriction and Regulatory Agreement alleged
11 below.

12 75. The Department is not presently aware whether 1030 Fairview LP has defaulted on the
13 301 REIT Loan.

14 **1130 Broadway Street Project Lenders**

15 76. Defendant, FOLEY & LARDNER LLP (Foley), is a limited liability partnership with
16 an office in Los Angeles.

17 77. Defendant, MEDALIST PARTNERS ASSET-BASED PRIVATE CREDIT FUND III
18 CRE LLC (Medalist Partners Credit), is a limited liability company with unknown principal
19 address.

20 78. Sunday Capital MP Loan Sales (Sunday Capital MP) loaned 1130 Broadway L.P.
21 \$4,300,000 and for which a DOT was recorded in Monterey County on or about January 20, 2023,
22 identifying Old Republic Title Company as trustee, 1130 Broadway Street LP as trustor, and
23 Sunday Capital MP as beneficiary (Sunday Capital MP I loan).

24 79. Medalist Partners Credit was assigned as beneficiary and Foley was assigned as trustee
25 of the Sunday Capital MP I loan.

26 80. At the time the Sunday Capital MP I loan was made, Sunday Capital MP and Old
27 Republic Title were on notice of the terms of Agreement 17170 (as alleged below), the statutory
28 limit on expenditure of Homekey funds, and an unrecorded instrument or encumbrance in favor of

1 the Department on the 1130 Broadway Street property relating to the use restriction and Regulatory
2 Agreement alleged below.

3 81. Upon information and belief, a Notice of Default has been prepared by Foley relating
4 to the Sunday Capital I loan.

5 **450 North G Street Lenders**

6 82. Defendant MEDALIST PARTNERS ASSET-BASED REIT III (Medalist Partners
7 REIT) is a Real Estate Investment Trust with an unknown principal place of business.

8 83. Defendant PACIFIC WESTERN BANK is a California state-chartered bank (Pacific
9 Western Bank) with an unknown principal place of business.

10 84. Sunday Capital MP loaned an undisclosed amount of money to 450 G Street LP for
11 which a DOT was recorded in San Bernardino County on or about September 30, 2022, identifying
12 North American Title Insurance Company as trustee, 450 G. Street LP as trustor and Sunday Capital
13 as beneficiary of the loan (Sunday Capital II loan).

14 85. Defendants Medalist Partners and Pacific Western Bank are lender assignees of a loan
15 to 450 G St LP in an unknown amount by the original lender, Sunday Capital MP on or about
16 September 30, 2022, for which the 450 N. G Street property was used as collateral, and for which
17 a DOT was recorded on September 30, 2022.

18 86. Defendant Foley is the assigned trustee of the Sunday Capital MP II loan to 450 G St.
19 LP loan. At the time the loan was made, Sunday Capital MP and North American Title Insurance
20 Company were on notice of the terms of Homekey Project Agreement 00112, the statutory limit on
21 expenditure of Homekey funds, and an unrecorded instrument or encumbrance on the 450 N. G
22 Street property relating to the use restriction and Regulatory Agreement alleged below.

23 87. The Department is presently not aware whether 450 G has defaulted on the Sunday
24 Capital MP II loan.

25 **545 Work Street Lenders**

26 88. Defendant BMO Harris Bank is the lender on a \$18,924,830 loan to 545 Work St. for
27 which a DOT was recorded in Monterey County on or about August 4, 2023 identifying Fidelity
28 National Title Company as trustee, 545 Work St as trustor, and BMO Harris Bank N.A. as

1 beneficiary. (BMO Harris III loan). Defendant Beacon Default Management, Inc. has substituted
2 as trustee for Fidelity.

3 89. Upon information and belief Notice of Default has been prepared by Beacon for the
4 BMO Harris III loan.

5 90. Sunday Capital MP Loan Sales LLC loaned 545 Work St. \$13,800,000 for which a
6 DOT was recorded on or about September 30, 2022, identifying North American Title Insurance
7 Company as trustee, 545 Work Street L.P. as trustor and Sunday Capital MP Loan Sales LLC as
8 beneficiary (Sunday Capital MP III loan).

9 91. Defendant Foley & Lardner has been assigned as Trustee for North American Title
10 Insurance on the Sunday Capital MP III loan. Medalist Partners Asset-Based REIT III was assigned
11 the loan as beneficiary, which in turn assigned its interest to Defendant Medalist Partners Asset-
12 Based Private Credit Fund III CRE LLC.

13 92. At the time the Sunday Capital loan was made, Sunday Capital MP Loan Sales LLC
14 and North American Title Insurance were on notice of the terms of Agreement 00132, and
15 specifically a recorded Regulatory Agreement in favor of the Department on the 545 Work Street
16 property as alleged below.

17 93. Upon information and belief, a Notice of Default has been prepared by Foley & Lardner
18 relating to the Sunday Capital MP III loan.

19 94. Defendant Medalist Partners is the lender/beneficiary on a \$1,192,652.52 loan to 545
20 Work St. for which it is not yet know if a DOT was recorded in Monterey County. Defendant
21 Beacon Default Management, Inc. is identified as the current trustee for this loan.

22 95. Upon information and belief a Notice of Default has been prepared by Beacon for the
23 BMO Harris III loan.

24 96. None of the loans referenced in this section were given with the Department's express
25 prior written approval as required by the terms of the Homekey Standard Agreements.

26 **HOMEKEY PROJECTS CONTRACTS**

27 97. The Grantee/Contractor Defendants entered into Homekey Standard Agreements with
28 the Department as grantor to acquire, convert, rehabilitate and operate the properties identified in

1 this complaint as affordable housing as part of the Homekey Project. In return, the Department
2 provided grant money to be used by the Grantee/Contractor Defendants to acquire these properties.
3 As set forth more specifically below, the provisions of the agreements under which the Department
4 agreed to provide this funding to the Grantee/Contractor Defendants required that the
5 Grantee/Contractor Defendants record restrictive covenants with respect to each of the properties
6 stating that the properties were to be developed as affordable housing, and that these restrictive
7 covenants would be recorded in a senior position such that they would take priority over any
8 subsequently conveyed interest.

9 **General Homekey Project Contract Terms**

10 98. Each of the Homekey Standard Agreements included certain General Terms and
11 Conditions identified and attached to the Agreements as Exhibit “D”, and Special Terms and
12 Conditions identified and attached to the Agreements as Exhibit “E.” The Exhibit “D” and Exhibit
13 “E” terms and conditions vary according to whether the Agreement is a “Round 1” or “Round 2”
14 Agreement.

15 99. The General Terms and Conditions included in each of the “Round 1” Agreements
16 alleged in this Complaint include but are not limited to the following provisions:

17 Exhibit “D” provisions to Round 1 of Homekey Standard Agreements:

18 23. Use Restrictions and Affordability Covenants

19
20 Either a use restriction or an affordability covenant shall be recorded against the
21 Project real property, depending on the Project type. For Interim Housing Projects
22 that will not result in permanent housing, the Department shall cause a 10-year use
23 restriction to be recorded against the Project real property. For Interim Housing
24 Projects that will ultimately result in permanent housing, the Local Public Entity shall
25 cause a 10-year use restriction to be recorded against the Project real property. For
26 Permanent Housing Projects, the Local Public Entity shall cause a 55-year
27 affordability covenant to be recorded against the Project real property.

28 All use restrictions and affordability covenants shall require integration of the Target
Population within all entrances, common areas, and buildings that comprise the
Project.

All use restrictions and affordability covenants are subject to the advance written
approval of the Department, and shall be acceptable to the Department in form,
substance, and priority. Project-specific requirements and deadlines are set forth at
Exhibit E of this Agreement.

1 24. Restrictions on Sales, Transfers, and Encumbrances

2 Sponsor shall not, for the duration of this Agreement, sell, assign, transfer, or convey
3 the Project, or any interest therein or portion thereof, without the express prior written
4 approval of the Department.

4 30. Litigation

5 Sponsor shall notify the Department immediately of any claim or action undertaken
6 by or against it which affects or may affect this Agreement or the Department, and
7 shall take such action with respect to the claim or action as is consistent with the
8 terms of this Agreement, the Program Requirements, the interests of the Department,
9 and the objectives of the Homekey Program.

8 Exhibit “E” Provision Regarding “Round 1” Homekey Standard Agreements

9 B. The [Public Entity] shall cause a regulatory agreement in accordance with the
10 NOFA and Program Requirements (“Regulatory Agreement”) to be recorded against
11 the real property of the Project site by the Performance Milestone date set forth
12 herein. The [Public Entity] shall obtain the Department’s express written approval of
13 the Regulatory Agreement prior to the [Public Entity’s] recordation of same.

12 Unless otherwise authorized by the prior and express written approval of the
13 Department, the Regulatory Agreement shall be recorded as a lien against the
14 Project in first position and shall remain in first position over all other Project
15 agreements, covenants or other matters of record on the real property for the
16 period of affordability required by the Program.

15 100. The General Terms and Conditions included in each of the “Round 2” Agreements
16 alleged in this Complaint include but are not limited to the following provisions:

17 Exhibit “D” Provisions to Round 2 Homekey Standard Agreements:

18 28. Restrictive Covenants and Regulatory Agreements

19 A restrictive covenant, regulatory agreement, or similar use restriction shall be
20 recorded against the Project real property, depending on the Project type. For Interim
21 Housing or Transitional Housing Projects that will not result in Permanent Housing,
22 the Department will prepare, and the Public Entity shall cause, a 15-year restrictive
23 covenant to be recorded against the Project real property. For Interim Housing or
24 Transitional Housing Projects that will ultimately result in Permanent Housing, the
25 Public Entity or Tribal Entity shall prepare and cause a 15-year restrictive covenant to
26 be recorded against the Project real property. For Permanent Housing Projects, the
27 Public Entity or Tribal Entity shall prepare and cause a 55-year regulatory agreement
28 to be recorded against the Project real property. For Permanent Housing Projects
located on tribal trust land, a 50-year use restriction shall be recorded against the
Project real property.

26 All use restrictions shall require integration of the Target Population within all
27 entrances, common areas, and buildings that comprise the Project.

28 All use restrictions shall include occupancy and rent restrictions that maintain the

1 Project's accessibility to the Target Population over the full term of the use
2 restriction.

3 All use restrictions are subject to the advance written approval of the Department, and
4 shall be acceptable to the Department in form, substance, and priority. Project-
5 specific requirements and deadlines are set forth at Exhibit E of this Agreement.

6 29. Restrictions on Sales, Transfers, and Encumbrances

7 Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey
8 the Project, or any interest therein or portion thereof, without the express prior written
9 approval of the Department.

10 35. Litigation

11 Grantee shall notify the Department immediately of any claim or action undertaken
12 by or against it which affects or may affect this Agreement or the Department, and
13 shall take such action with respect to the claim or action as is consistent with the
14 terms of this Agreement, the Program Requirements, the interests of the Department,
15 and the objectives of the Homekey Program.

16 "Exhibit E" Provision to Round 2 of Homekey Standard Agreements:

17 1. Use Restriction. The state, regional, local, or tribal Grantee shall ensure that the
18 Project is duly encumbered with a 55-year covenant, declaration, regulatory
19 agreement, or similar use restriction (the "Regulatory Agreement") that (a) is
20 recorded in first position against the Project for the benefit of the state, regional,
21 local, or tribal Grantee; (b) restricts the use, operation, occupancy, and affordability
22 of the Project in accordance with this Agreement and the applicable Program
23 Requirements; (c) duly names the Department as a third-party beneficiary with the
24 right and privilege, but not the obligation, of enforcement thereof; and (d) is
25 otherwise in form and substance acceptable to the Department.

26 The Regulatory Agreement must be recorded against the real property of the Project
27 site by the Milestone Completion Date set forth herein. The Grantee shall obtain the
28 Department's express written approval of the Regulatory Agreement prior to the
29 recordation of the same. After recordation, the Grantee shall promptly provide the
30 Department with a conformed copy of the recorded Regulatory Agreement.

31 Unless otherwise authorized by the prior and express written approval of the
32 Department, the Regulatory Agreement must be recorded as a lien against the
33 Project in first position, and must remain in first position, over all other Project
34 agreements, covenants, or other matters of record on the real property for the period
35 of affordability required by the Program.

36 **12 Conejo Boulevard Project (Thousand Oaks)**

37 101. SLI, Step Up and City of Thousand Oaks will be referred to as "12 Conejo Boulevard
38 Project Defendants" in this section.

39 102. On or about June 28, 2022, the Department awarded Homekey funds in an amount up
40 to \$26,744,713 to the 12 Conejo Boulevard Project Defendants to provide 78 units of permanent
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1 housing through acquisition and rehabilitation of an existing hotel on the property and capitalization
2 of an operating subsidy for the Assisted Units.

3 103. On or about September 2, 2022, the Department entered into STD 213, Standard
4 Agreement number 21-HK-17425 (Agreement 17425) with the 12 Conejo Boulevard Project
5 Defendants. Agreement 17425 is a “Round 2” Agreement as noted above. A true and correct copy
6 of Agreement 17425 is attached as Exhibit 2.

7 104. Defendant City of Thousand Oaks has made two Requests for Funds relating to this
8 project to the Department for acquisition and rehabilitation of the existing structures, and operating
9 capital, which the State of California has paid in full to defendant SLI.

10 105. The Department has fully performed its obligations under Agreement 17425. The
11 subject funds were given toward the 12 Conejo Boulevard Project so that its use and enjoyment,
12 and that of the underlying land, would be restricted as noted above, all as to be enforceable by the
13 Department. For the foregoing reasons the Department claims a real property interest therein.

14 **180 S. Sanborn Road Project (Salinas)**

15 106. Defendants SLI, Step Up and City of Salinas will be referred to in this section as “180
16 S. Sanborn Road Defendants.”

17 107. On or about February 16, 2022, the Department awarded the 180 S. Sanborn Road
18 Defendants Homekey funds in an amount up to \$16,364,786 to provide 58 units of interim housing
19 (with a plan for future conversion of the facility to permanent housing) through acquisition and
20 rehabilitation of an existing hotel at 180 S. Sanborn in Salinas, California, and to capitalize an
21 operating subsidy.

22 108. On or about March 15, 2022, the Department entered into Standard Agreement number
23 21-HK-17100 (Agreement 17100) with the 180 S. Sanborn Road Defendants. Agreement 17100 is
24 a “Round 2” Agreement as noted above A true and correct copy of Agreement 17100 is attached
25 as Exhibit 3.

26 109. Defendant City of Salinas has made two Requests for Funds relating to this project to
27 the Department for acquisition and rehabilitation of the existing structures, and operating capital,
28 which the State of California has paid in full to defendant SLI, and the Department has fully

1 performed all its obligations under Agreement 17100. The subject funds were given toward the
2 project located at 180 S. Sanborn in Salinas, so that its use and enjoyment, and that of the underlying
3 land, would be restricted as noted above, all as to be enforceable by the Department. For the
4 foregoing reasons the Department claims a real property interest therein.

5 **1675 Industrial Park Ave Project (Redlands)**

6 110. SLI, Step Up and City of Redlands will be referred to as “1675 Industrial Park Avenue
7 Project Defendants” in this section.

8 111. On or about February 16, 2022, the Department awarded Homekey funds in an amount
9 up to \$30,000,000 to the 1675 Industrial Park Avenue Project Defendants to provide 99 units of
10 permanent housing through acquisition and rehabilitation of an existing hotel on the property, and
11 to capitalize an operating subsidy.

12 112. On or about May 24, 2022, the Department entered into Standard Agreement number
13 21-HK-17166 (Agreement 17166) with the 1675 Industrial Park Avenue Project Defendants.
14 Agreement 17166 is a “Round 2” Agreement as noted above. A true and correct copy of Agreement
15 17166 is attached as Exhibit 4.

16 113. Defendant City of Redlands has made two Requests for Funds relating to this project
17 to the Department for acquisition and rehabilitation of the existing structures, and operating capital,
18 which the State of California has paid in full to defendant SLI.

19 114. Defendant City of Redlands prepared and filed a “Regulatory Agreement and
20 Declaration of Restrictive Covenants” (Regulatory Agreement) with the County of San Bernardino
21 on October 25, 2023, relating to the property at 1675 Industrial Park property in Redlands,
22 California, as further alleged below. The Regulatory Agreement references the use restriction and
23 55 year covenant required by Agreement 17166. The Regulatory Agreement was not recorded
24 before the property was encumbered by the DOTs referenced above.

25 115. The Department has fully performed its obligations under Agreement 17166. The
26 subject funds were given toward the project located at 1675 Industrial Park in Redlands, so that its
27 use and enjoyment, and that of the underlying land, would be restricted as noted above, all as to be
28

1 enforceable by the Department. For the foregoing reasons the Department claims a real property
2 interest therein.

3 **1030 Fairview Avenue Project (Salinas)**

4 116. Defendants SLI, Step Up and City of Salinas will be referred to in this section as “1030
5 Fairview Avenue Project Defendants.”

6 117. On or about February 16, 2022, the Department awarded Homekey funds in an amount
7 up to \$13,251,663 to the 1030 Fairview Avenue Project Defendants to provide 43 units of
8 permanent housing through acquisition and rehabilitation of a hotel, and to capitalize an operating
9 subsidy.

10 118. On or about March 10, 2022, the Department entered into Standard Agreement number
11 21-HK-17097 (Agreement 17097) with the 1030 Fairview Avenue Project Defendants. Agreement
12 17097 is a “Round 2” Agreement as noted above. A true and correct copy of Agreement 17097 is
13 attached as Exhibit 5.

14 119. Defendant City of Salinas’ Requests for Funds to the Department for acquisition and
15 rehabilitation of the existing structures, and operating capital, have been paid in full by the State of
16 California to defendant SLI, and the Department has fully performed its obligations under
17 Agreement 17097. The subject funds were given toward the project located at 1030 Fairview
18 Avenue in Salinas, so that its use and enjoyment, and that of the underlying land, would be restricted
19 as noted above, all as to be enforceable by the Department. For the foregoing reasons the
20 Department claims a real property interest therein.

21 **1130 Broadway Street Project (City of King)**

22 120. SLI, Step Up and City of King will be referred to as “1130 Broadway Street Project
23 Defendants” in this section. On or about March 14, 2022, the Department awarded Homekey funds
24 in an amount up to \$12,429,393 to the 1130 Broadway Street Project Defendants to provide 45
25 units of permanent housing through acquisition and rehabilitation of an existing hotel and to
26 capitalize an operating subsidy.

27 121. On or about May 18, 2022, the Department entered into Standard Agreement number
28 21-HK-17170 (Agreement 17170) with the 1130 Broadway Street Project Defendants. Agreement

1 17170 is a “Round 2” Agreement as noted above. A true and correct copy of Agreement 21-HK-
2 17170 is attached as Exhibit 6.

3 122. Defendant City of King has made two Requests for Funds relating to this project to the
4 Department for acquisition and rehabilitation of the existing structures, and operating capital, which
5 the State of California has paid in full to defendant SLI, and the Department has fully performed
6 its obligations under Agreement 17170. The subject funds were given toward the project located at
7 1130 Broadway Street in King City, so that its use and enjoyment, and that of the underlying land,
8 would be restricted as noted above, all as to be enforceable by the Department. For the foregoing
9 reasons the Department claims a real property interest therein.

10 **450 North G Street Project (San Bernardino County)**

11 123. SLI, Step Up and County of San Bernardino will be referred to as “450 North G Street
12 Project Defendants” in this section.

13 124. On or about November 24, 2020, the Department awarded Homekey funds in an
14 amount up to \$8,380,402 to the 450 North G Street Project Defendants to provide 76 units of
15 permanent housing through acquisition and rehabilitation of an existing hotel.

16 125. On or about November 24, 2020, the Department entered into Standard Agreement
17 number 20-HK-00112 (Agreement 00112) with the 450 North G Street Project Defendants. The
18 Agreement was amended on or about December 24, 2020. Agreement 00112 is a “Round 1”
19 Agreement as noted above. True and correct copies of Agreement 00112 and Amendment are
20 attached collectively as Exhibit 7.

21 126. Defendant County of San Bernardino has made two Requests for Funds relating to this
22 project to the Department for acquisition and rehabilitation of the existing structures, and operating
23 capital, which the State of California has paid in full to defendant SLI, and the Department has fully
24 performed its obligations under Agreement 00112. The subject funds were given toward the project
25 located at 450 North G Street in San Bernadino, so that its use and enjoyment, and that of the
26 underlying land, would be restricted as noted above, all as to be enforceable by the Department.
27 For the foregoing reasons the Department claims a real property interest therein.

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1 **545 Work Street Project (Salinas)**

2 127. SLI, Step Up and City of Salinas will be referred to as “545 Work Street Project
3 Defendants” in this section.

4 128. On or about November 30, 2020, the Department awarded a Homekey project for up
5 to \$6,965,000 to the 545 Work Street Project Defendants to provide 103 units of temporary housing
6 which would then be converted to permanent housing, through acquisition and rehabilitation of an
7 existing hotel on the property. On or about November 30, 2020, the Department entered into
8 Standard Agreement number 20-HK-00132 (Agreement 00132), a version of the standard
9 Homekey Project Agreement, with the 545 Work Street Project Defendants. Agreement 00132 is a
10 “Round 1” Agreement as noted above. A true and correct copy of Agreement 00132 is attached as
11 Exhibit 8.

12 129. Defendant City of Salinas has made a Request for Funds relating to this project to the
13 Department for acquisition and rehabilitation of the existing structures, and operating capital, which
14 the State of California has paid in full to defendant SLI.

15 130. Defendant City of Salinas prepared and recorded a “Regulatory Agreement and
16 Declaration of Restrictive Covenants” (Regulatory Agreement) with the County of Monterey on
17 May 12, 2022, relating to the property at 545 Work Street in Salinas, California as further alleged
18 below. The Regulatory Agreement references the use restriction and 55 year covenant required by
19 Agreement 17166.

20 131. The Department has fully performed its obligations under Agreement 00132. The
21 subject funds were given toward the project located at 545 Work Street in Salinas, so that its use
22 and enjoyment, and that of the underlying land, would be restricted as noted above, all as to be
23 enforceable by the Department. For the foregoing reasons the Department claims a real property
24 interest therein.

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1 CAUSES OF ACTION

2 FIRST CAUSE OF ACTION

3 (BREACH OF CONTRACT FOR SPECIFIC PERFORMANCE AGAINST
4 GRANTEE/CONTRACTOR DEFENDANTS, AND DOES 1-10)

5 132. The Department incorporates the allegations in paragraphs 1- 130 as though fully set
6 forth herein.

7 133. Each of the Grantee/Contractor Defendants entered into valid and enforceable
8 Homekey Standard Agreements with the Department, as alleged above.

9 134. The Department performed its material obligations under the Homekey Standard
10 Agreements.

11 135. Each of the Homekey Standard Agreements referenced in this Complaint includes
12 substantially similar material terms relating to the obligations breached by the Grantee/Contractor
13 Defendants.

14 136. Each of the Grantee/Contractor Defendants breached their duties under the terms of the
15 Homekey Standard Agreements that they were party to, as alleged in this Complaint.

16 137. Defendants Step Up and SLI breached the Agreements in several material ways
17 including but not limited to the following:

18 a) **12 Conejo Boulevard Project**

19 1) By conveying title on acquisition of the property to a separate partnership entity that
20 was not identified as a grantee/contractor in Agreement 17425 without requesting or receiving the
21 Department's express prior written approval;

22 2) By encumbering the property with one or more DOTs and using the property as
23 collateral for loans without requesting or receiving the Department's express prior written approval;

24 3) By failing to comply with the restrictive use provisions in paragraph 28 of Exhibit
25 D and in section B.1 of Exhibit E in Agreement 17425, as applicable;

26 4) By failing to pay contractors hired to rehabilitate the properties resulting in
27 Mechanics Liens being placed on the property.

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1 **b) 180 S. Sanborn Project:**

2 1) By conveying title on acquisition of the property to a separate partnership entity that
3 was not identified as a grantee/contractor in Agreement 17100 without requesting or receiving the
4 Department's express prior written approval;

5 2) By encumbering the property with one or more DOTs and using the property as
6 collateral for loans without requesting or receiving the Department's express prior written approval;

7 3) By failing to comply with the restrictive use provisions in paragraph 28 of Exhibit
8 D and in section B.1 of Exhibit E in Agreement 17100, as applicable.

9 **c) 1675 Industrial Avenue Project:**

10 1) By conveying title on acquisition of the property to a separate partnership entity that
11 was not identified as a grantee/contractor in Agreement 17166 without requesting or receiving the
12 Department's express prior written approval;

13 2) By encumbering the property with one or more DOTs and using the property as
14 collateral for loans without requesting or receiving the Department's express prior written approval;

15 3) By failing to comply with the restrictive use provisions in paragraph 28 of Exhibit
16 D and in section B.1 of Exhibit E in Agreement 17166, as applicable;

17 4) By failing to pay contractors hired to rehabilitate the properties resulting in
18 Mechanics Liens being placed on the property.

19 5) By failing to pay debt on the property causing the court appointment of a receiver
20 over the property and its special purpose entity titleholder (1675 Industrial Park LP), which
21 receivership became effective on January 1, 2024.

22 **d) 1030 Fairview Avenue Project:**

23 1) By conveying title on acquisition of the property to a separate partnership entity that
24 was not identified as a grantee/contractor in Agreement 17097 without requesting or receiving the
25 Department's express prior written approval;

26 2) By encumbering the property with one or more DOTs and using the property as
27 collateral for loans without requesting or receiving the Department's express prior written approval;

1 3) By failing to comply with the restrictive use provisions in paragraph 28 of Exhibit
2 D and in section B.1 of Exhibit E in Agreement 17097, as applicable;

3 4) By failing to pay contractors hired to rehabilitate the properties resulting in
4 Mechanics Liens being placed on the property.

5 5) By failing to pay debt on the property causing the court appointment of a receiver
6 over the property and its special purpose entity titleholder (1030 Fairview LP), the order for which
7 was signed December 1, 2023.

8 e) **1130 Broadway Street Project:**

9 1) By conveying title on acquisition of the property to a separate partnership entity that
10 was not identified as a grantee/contractor in Agreement 17170 without requesting or receiving the
11 Department's express prior written approval;

12 2) By encumbering the property with one or more DOTs and using the property as
13 collateral for loans without requesting or receiving the Department's express prior written approval;

14 3) By failing to comply with the restrictive use provisions in paragraph 28 of Exhibit
15 D and in section B.1 of Exhibit E in Agreement 17170, as applicable.

16 f) **450 North G Street Project:**

17 1) By conveying title on acquisition of the property to a separate partnership entity that
18 was not identified as a grantee/contractor in Agreement 00112 without requesting or receiving the
19 Department's express prior written approval;

20 2) By encumbering the property with one or more DOTs and using the property as
21 collateral for loans without requesting or receiving the Department's express prior written approval;

22 3) By failing to comply with the restrictive use provisions in paragraph 23 of Exhibit
23 D and Section 2.B of Exhibit E of Agreement 00112, as applicable;

24 4) By failing to pay contractors hired to rehabilitate the properties resulting in
25 Mechanics Liens being placed on the property.

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1 g) **545 Work Street Project:**

2 1) By conveying title on acquisition of the property to a separate partnership entity that
3 was not identified as a grantee/contractor in Agreement 00132 without requesting or receiving the
4 Department's express prior written approval;

5 2) By encumbering the property with one or more DOTs and using the property as
6 collateral for loans without requesting or receiving the Department's express prior written approval;

7 3) By failing to comply with the restrictive use provisions in paragraph 23 of Exhibit
8 D and Section 2.C of Exhibit E of Agreement 00132, as applicable;

9 4) By failing to pay contractors hired to rehabilitate the properties resulting in
10 Mechanics Liens being placed on the property.

11 5) By failing to pay debt on the property causing the court appointment of a receiver
12 over the property and its special purpose entity titleholder (1050 Work Street LP), which
13 receivership was signed on January 2, 2024.

14 138. Defendants City of Thousand Oaks, City of Salinas, City of Redlands, City of King and
15 County of San Bernardino have breached the Agreements which they are a party to as follows:

16 1) Failing to timely prepare and/or obtain signatures from the property titleholders on
17 a Regulatory Agreement satisfactory to the Department;

18 2) Failing to timely cause the recordation of a Regulatory Agreement in first position
19 against the real property of the project sites.

20 139. The Grantee/Contractor Defendants' breaches of the Homekey Standard Agreements
21 have jeopardized the properties' intended and long-term use for affordable housing and put the
22 Target Population as described in the Agreements at risk of losing their homes. There is no adequate
23 remedy at law for these multiple breaches of contract, in that any monetary recovery will not serve
24 to further the purposes of the Agreements or of the Homekey program as mandated by the State of
25 California.

26 140. In the alternative to specific performance of the restrictive use obligations of the
27 Agreements, the Department contends it has been damaged by the breaches of contract in an amount
28 consistent with the total amounts paid for each of the Homekey projects referenced herein.

1 141. The terms of the Homekey Standard Agreements are certain, just and reasonable and
2 there is adequate consideration as stated in the terms of the Agreements.

3 142. The Grantee/Contractor Defendants are capable of performing the terms relating to the
4 restrictive use covenants in the Agreements and to the extent they are unable to do so, potentially
5 with respect to the recordation of a first priority lien, the Department seeks an order from the court
6 quieting title and authorizing the recordation of a first priority as alleged below.

7 143. Each of the Contract/Grantee Defendants is jointly and severally liable for performance
8 under its respective Standard Agreement and for compliance with the Homekey program
9 requirements, pursuant to paragraph 35 of Exhibit D of the “Round 1” Agreements referenced
10 herein, and pursuant to paragraph 43 of Exhibit D of the “Round 2” Agreements referenced herein,
11 as applicable.

12 144. The Department has been damaged by the breaches of the Homekey Standard
13 Agreements in the entire amounts provided to the Grantee/Contractor Defendants pursuant to the
14 Agreements. The Department is required to pursue and recapture any funds paid for the Projects by
15 the State of California from federal funding sources and has standing to pursue such funds. Further,
16 the federal government may seek to recover sums it paid to the State of California which were
17 disbursed to the Grantee/Contractor Defendants as alleged herein.

18 Wherefore, the Department requests the following relief:

19 145. Specific Performance: An order directing the Grantee/Contractor and Property
20 Titleholder Defendants ensure that each project referenced in this Complaint are duly encumbered
21 with, as applicable, a 10- or 55-year covenant, declaration, regulatory agreement, or similar use
22 restriction (Regulatory Agreement) that (a) is recorded in first position against the Project; (b)
23 restricts the use, operation, occupancy, and affordability of the Project in accordance with the
24 Homekey Standard Agreements and the applicable Program Requirements; and (c) duly names the
25 Department as a third-party beneficiary with the right and privilege, but not the obligation, of
26 enforcement thereof; and an order directing the Grantee/Contractor Defendants to comply with the
27 restrictive use provisions of their respective Homekey Standard Agreements;

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1 146. Compensatory damages: monetary damages in the total amount of funds paid by the
2 State of California to defendants pursuant to the Homekey Standard Agreements; and

3 147. Contractual attorney fees in an amount according to proof as against the
4 Grantee/Contractor Defendants.

5 **SECOND CAUSE OF ACTION**

6 **(QUIET TITLE AGAINST ALL DEFENDANTS)**

7 148. The Department incorporates the allegations in paragraphs 1 - 143 as though fully set
8 forth herein.

9 149. The Department has a legal and equitable real property interest in and to each of the
10 Homekey Project locations as referenced in each of the Homekey Standard Agreements both by
11 virtue of the terms of said agreements and also as may be of record in any affordability restrictive
12 instruments recorded proximate to the filing of this Complaint.

13 150. The Department seeks an order quieting and conforming title to the properties which
14 are the subject of the Homekey Standard Agreements consistent with the terms and conditions of
15 use restriction provisions of the Grantee/Contractor Defendants' respective Homekey Standard
16 Agreements.

17 151. Each of the Lender Defendants, in performance of their due diligence responsibility,
18 were on notice, as set forth in Civil Code section 1217, of encumbrances or potential encumbrances
19 of the property in the form of the restrictive use covenants and Regulatory Agreement obligations
20 specified and described in the Homekey Standard Agreements.

21 152. Despite such notice, the Lender Defendants issued loans to the Property Titleholder
22 Defendants purporting to be secured by first or second priority encumbrances on the properties,
23 rather than subordinate to the use restriction/Regulatory Agreements required by the Homekey
24 Standard Agreements.

25 153. The Property Titleholder Defendants and Defendants Step Up and SLI were
26 specifically aware of the restrictive use covenant/Regulatory Agreement requirements in the
27 Homekey Standard Agreements and purposefully sought to conceal and did conceal the loans from
28 the Department.

1 154. The Department was unaware of any encumbrances on the properties which are the
2 subject of the Homekey Standard Agreements until receipt of Notices of Default by the Lender
3 Defendants as referenced in section IV above.

4 155. The DOTs filed by the Lender Defendants relating to loans secured by the properties
5 to which the Homekey Standard Agreements relate are adverse to the first-position lien priority of
6 the Homekey use restriction / Regulatory Agreement, as required by the Homekey Standard
7 Agreements, and they jeopardize the purpose and intent of the Homekey statutes and use of
8 Homekey funds.

9 156. Had the Grantee/Contractor and Property Titleholder Defendants complied with the
10 terms of the Homekey Standard Agreements, and not engaged in the conduct alleged in this
11 Complaint, each of the properties which are the subject of the Homekey Standard Agreements
12 would have the required restrictive use/Regulatory Agreements executed and recorded as priority
13 encumbrances, to the benefit of the Target Population, as required by the Homekey Standard
14 Agreements and as mandated by the State of California.

15 157. To remedy the breaches of contract and fraud alleged herein, and to clear title on the
16 properties from encumbrances from the Lender Defendants that loaned money to the Property
17 Titleholder Defendants despite having notice of the unrecorded instruments/Homekey Standard
18 Agreement requirements, the Department seeks the following orders:

19 158. An order that the Grantee/Contractor and Property Titleholder Defendants ensure that
20 each project referenced in this Complaint are duly encumbered with, as applicable, a 10- or 55-year
21 covenant, declaration, regulatory agreement, or similar use restriction (Regulatory Agreement) that
22 (a) is recorded in first position against the Project; (b) restricts the use, operation, occupancy, and
23 affordability of the Project in accordance with the Homekey Standard Agreements and the
24 applicable Program Requirements; and (c) duly names the Department as a third-party beneficiary
25 with the right and privilege, but not the obligation, of enforcement thereof; and an order directing
26 the Grantee/Contractor Defendants to comply with the restrictive use provisions/Regulatory
27 Agreements of their respective Homekey Standard Agreements; and
28

1 **FOURTH CAUSE OF ACTION**

2 **(FRAUD AGAINST DEFENDANTS SLI, STEP UP, PROPERTY TITLEHOLDER**
3 **DEFENDANTS, AND DOES 10-30)**

4 164. The Department incorporates the allegations in paragraphs 1 - 162 as though fully set
5 forth herein.

6 165. Defendant SLI, Defendant Step Up, and the Property Titleholder Defendants
7 (referenced in this section as Defendants) specifically represented in the Homekey Standard
8 Agreements that they would not transfer or encumber the properties without the express prior
9 written approval from the Department, yet intentionally did not seek approval for or inform the
10 Department of their transfer of interest in the project properties at the time the properties were
11 acquired to the Property Titleholder Defendants.

12 166. Defendants knew that they had a period of time after the Agreements were signed to
13 secure loans from private lenders without the required restrictive covenants or Regulatory
14 Agreements having yet been signed or recorded, and acted on that knowledge to the Department's
15 detriment by encumbering the properties with loans from private lenders without requesting or
16 receiving the express approval from the Department as required by the Agreements. At the time
17 Defendants entered into loan agreements using the properties as collateral, they had already
18 received or had been approved to receive sufficient funds from the Department for acquisition or
19 rehabilitation of the properties and operating costs, and knew that they were not authorized to
20 encumber the properties without the approval of the Department. On information and belief, the
21 Defendants on several occasions expressly represented that the projects would not have the level,
22 kind, or extent of debt as they knew at the time they made the representations that they had either
23 secured or would seek to secure.

24 167. Defendants knew that their representations in the Homekey Standard Agreements that
25 they would seek the Department's approval to transfer or encumber the properties were false at the
26 time the representations were made. The Department relied on Defendants' representations in
27 awarding the Projects to Defendants, and in disbursing grant funds to Defendants for the projects.

28

1 168. The Department has been damaged by Defendants' misrepresentations as Regulatory
2 Agreements were not timely filed in first position for the Projects as required by the Homekey
3 Standard Agreements and as represented they would be by Defendants, thereby frustrating the
4 purpose of the Homekey program as mandated by the State of California. The Department has also
5 been damaged monetarily in the amounts granted to Defendants for the projects.

6 169. Had defendants sought timely approval of the Department for the transfer or
7 encumbrances on the properties, the Department would have either declined to approve the
8 encumbrances/loans, or required the lenders to include a subordination clause in the terms of their
9 loan agreements relating to the use restriction covenant in the Agreements. However, Defendants
10 knew it may be more difficult to obtain such loans, or obtain loans for the same amount if they
11 sought the Department's approval and consciously and deliberately chose to disregard their
12 contractual requirements.

13 170. The Department seeks compensatory damages under this cause of action in the amount
14 according to proof and consistent with the amounts paid to the Grantee/Contractor Defendants
15 under the Homekey Standard Agreements.

16 **SUMMARY OF RELIEF REQUESTED**

17 Wherefore, the Department requests the following relief:

18 On the first cause of action:

19 171. Specific Performance: An order directing the Grantee/Contractor and Property
20 Titleholder Defendants to ensure that each project referenced in this Complaint is duly encumbered
21 with, as applicable, a 10- or 55-year covenant, declaration, regulatory agreement, or similar use
22 restriction (Regulatory Agreement) that (a) is recorded in first position against the Project; (b)
23 restricts the use, operation, occupancy, and affordability of the Project in accordance with the
24 Homekey Standard Agreements and the applicable Program Requirements; and (c) duly names the
25 Department as a third-party beneficiary with the right and privilege, but not the obligation, of
26 enforcement thereof; and an order directing the Grantee/Contractor Defendants to comply with of
27 the restrictive use provisions of their respective Homekey Standard Agreements.

28

1 172. Appointment of a receiver for each of the subject properties to ensure they are run in
2 accordance with their respective Homekey Standard Agreements and any applicable affordability
3 restrictions as well as to ensure that funds provided pursuant to State and Federal Statutes are
4 applied to eligible uses.

5 173. Compensatory damages: monetary damages in the total amount of funds paid by the
6 State of California to the Grantee/Contractor Defendants pursuant to the Homekey Standard
7 Agreements;

8 174. Contractual attorney fees in an amount according to proof as against the
9 Grantee/Contractor Defendants;

10 Any further relief as ordered by the Court.

11 On the Second Cause of Action:

12 175. An order that the Grantee/Contractor and Property Titleholder Defendants ensure that
13 each project referenced in this Complaint is duly encumbered with, as applicable, a 10- or 55-year
14 covenant, declaration, regulatory agreement, or similar use restriction (Regulatory Agreement) that
15 (a) is recorded in first position against the Project; (b) restricts the use, operation, occupancy, and
16 affordability of the Project in accordance with the Homekey Standard Agreements and the
17 applicable Program Requirements; and (c) duly names the Department as a third-party beneficiary
18 with the right and privilege, but not the obligation, of enforcement thereof; and an order directing
19 the Grantee/Contractor Defendants to comply with the restrictive use provisions of their respective
20 Homekey Standard Agreements; and

21 176. An Order that the Regulatory Agreements prepared and recorded pursuant to the order
22 have first priority over any other encumbrances on the property; and an order that the previously
23 filed Regulatory Agreement is first priority over any other encumbrances on the properties recorded
24 by the Lender Defendants or other entities not specifically identified in this Complaint, as of the
25 date this Complaint is filed; and any further relief as ordered by the Court.

26 On the Third Cause of Action:

27 177. An order delineating the rights and obligations of the parties identified in the Complaint
28 with respect to the properties subject to the Homekey Standard Agreements referenced herein,

1 including the property rights and priority lien rights relating to the encumbrances on the properties
2 for the parties involved and any unnamed interested parties; and any such further relief as ordered
3 by the Court.

4 On the Fourth Cause of Action:

5 178. Compensatory damages in the amount according to proof, and any further relief as
6 ordered by the Court.

7
8 Dated: January 8, 2024

Respectfully submitted,

9 ROB BONTA
10 Attorney General of California
11 CRAIG D. RUST
12 Supervising Deputy Attorney General

13 */s/ Jack C. Nick*
14 JACK C. NICK
15 Deputy Attorney General
16 *Attorneys for Plaintiff*
California Department of Housing
and Community Development

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EXHIBIT 1

EXHIBIT 1 LEGAL ADDRESSES

12 Conejo Boulevard, Thousand Oaks:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF THOUSAND OAKS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

A PART OF LOT 7, OF TRACT NO. 1229, IN THE CITY OF THOUSAND OAKS, COUNTY OF VENTURA, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 28, PAGES 57-59, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF CONEJO BOULEVARD, 80.00 FEET WIDE, AS PER SAID MAP, FROM WHICH THE MOST NORTHERLY CORNER OF LOT 6 OF TRACT NO. 1229 BEARS SOUTH 21° 00' EAST, 62.00 FEET DISTANT; THENCE, FROM SAID POINT OF BEGINNING AND ALONG A LINE PARALLEL WITH THE NORTHERLY LINE OF SAID LOT 6,

1ST: SOUTH 69° 00' WEST, 170.00 FEET; THENCE,

2ND: SOUTH 21° 00' EAST, 20.00 FEET; THENCE,

3RD: SOUTH 69° 00' WEST, 200.00 FEET; THENCE,

4TH: NORTH 21° 00' WEST, 244.93 FEET, ALONG A LINE PARALLEL WITH SAID WESTERLY LINE OF CONEJO BOULEVARD; THENCE,

5TH: NORTH 69° 26' 24" EAST, 370.01 FEET, TO A POINT IN SAID WESTERLY LINE OF CONDO BOULEVARD; THENCE, ALONG SAID WESTERLY LINE,

6TH: SOUTH 21° 00' EAST, 222.09 FEET, TO THE POINT OF BEGINNING.

APN: 525-0-020-030

180 S. Sanborn Road, Salinas:

For APN/Parcel ID(s): 003-883-027

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SALINAS, COUNTY OF MONTEREY, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL I:

Parcel A as said parcel is shown and so designated on that certain Parcel Map filed in Volume 16 of "Parcel Maps", at Page 26, Monterey County Records.

PARCEL II:

An easement for ingress, egress and parking purposes being more particularly described as follows:

Beginning at "Point A" as described in the deed to Arthur James Dunn, et al, recorded October 17, 1984 in Reel

1778 of Official Records of Monterey County at Page 571 and run thence along the boundary of said "Parcel A"

- (1) South 85° 26' 15" East, 29.29 feet; thence leave said boundary
- (2) South 62° 34" West, 34.50 feet; thence
- (3) North 4° 33' 45" East, 18.30 feet to the point of beginning.

PARCEL III:

An easement for ingress, egress and driveway purposes being more particularly described as follows:

Beginning at the most Southeasterly corner of "Parcel B" located on Sanborn Road as said parcel and road are shown on the map referred to in Parcel I above and running thence;

- (1) North 82° 04' 02" West, 43.44 feet; thence
- (2) North 48° 24' 16" East, 64.07 feet to the easterly boundary of said "Parcel B" and the Westerly line of Sanborn Road; thence
- (3) Southerly along the arc of a non-tangent circular curve, concave to the west, the center of circle of which bears North 84° 58' West, 1947.00 feet distant, through a central angle of 1° 26' 07", for an arc distance of 48.77 feet to the point of beginning.

1030 Fairview Avenue, Salinas

For APN/Parcel ID(s): 003-474-002

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SALINAS, COUNTY OF MONTEREY, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL I:

Parcel 2, as shown on the map filed August 30, 1971 in Volume 1 of Parcel Maps, Page 107, in the Office of the

County Recorder of the County of Monterey, State of California.

PARCEL II:

A non-exclusive easement for ingress and egress over that certain triangular parcel of land within Parcel 1, as

shown on the map filed August 30, 1971 in Volume 1 of Parcel Maps, Page 107, Official Records of Monterey

County, California.

PARCEL III:

A non-exclusive easement for ingress and egress over the southeasterly 25 feet of Parcel 3, as shown on the map

filed August 30, 1971 in Volume 1 of Parcel Maps, Page 107, Official Records of Monterey County, California.

1130 Broadway Street, City of King

For APN/Parcel ID(s): 026-401-020

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF KING CITY, COUNTY OF MONTEREY, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:
Parcel I:

A portion of Section B of that certain Lot 125 of "Burbank and Devendorf Subdivision of the Rancho San Lorenzo," as shown on the map filed June 11, 1895 in Volume 1 of Surveys, at Page 29, Records of Monterey County, California, particularly described as follows:

BEGINNING at the most Easterly corner of that certain parcel conveyed by Lenard M. Andrus, et al., to Ranch House Lanes, Inc., a Corporation, by Deed dated January 4, 1961 and recorded January 24, 1961 in Volume 2116, Page 221, of Official Records, being a point in the Southeasterly boundary of that certain parcel described in Deed from the State of California, to Lenard M. Andrus, et al., recorded January 13, 1960 in Volume 2020, Page 15, of Official Records; thence along the Northeasterly boundary of said Ranch House Lanes, Inc. parcel,

(1) N. 15° 35' 41" W., 176.82 feet; thence leaving the Northwesterly boundary of said Ranch House Lanes, Inc. parcel,

(2) N. 74° 24' 19" E., 86.48 feet; thence

(3) N. 15° 35' 41" W., 320.00 feet; thence

(3a) N. 74° 24' 19" E., 15.00 feet; thence

(4) N. 68° 59' 16" E., 87.77 feet to a point in the Western boundary of that certain King City Cemetery property as

described in the Deed recorded July 22, 1898 in Book 55 of Deeds, Page 199, Records of Monterey County; thence along said Western Cemetery boundary,

(5) S. 22° 01' 57" E., 224.56 feet; thence

(6) S. 1° 15' 30" E., 170.63 feet; thence

(7) S. 49° 38' 32" E., 16.34 feet to the most Northerly corner of that certain parcel conveyed to the State of California, by Deed recorded September 12, 1955 in Volume 1644, Page 293, of Official Records; thence along the Northwesterly boundary of said State parcel,

(8) S. 42° 51' 19" W., 93.23 feet; thence

(9) Along the arc of a circular curve to the right with a radius of 973.00 feet through a central angle of 6° 46' 55", a distance of 115.18 feet to the point of beginning.

EXCEPTING THEREFROM that certain parcel of land conveyed from Hyatt Chalet Motels, Inc., a Corporation, to Humble Oil and Refining Company, a

Corporation, by Deed dated November 1, 1965 and recorded December 22, 1965 in Reel 439, Page 886, of Official Records.

ALSO EXCEPTING THEREFROM that land deeded to the City of King, by Deed recorded April 10, 1995 in Reel 3216, Page 1599, of Official Records.

Parcel II:

All that real property lying within the City of King, being a portion of that certain Parcel 5 (Five) relinquished to the City of King as described in that certain "Relinquishment of Highway Right of Way in the City of King, Road 05-MON-101-39.3-41.2 Request No. 1742" recorded October 28, 1969 in Reel 626, at Page 879, Official Records of Monterey County, and as shown on State Highway Map Book No. 5, at Page 26, Records of Monterey County, being more particularly described as follows: BEGINNING at the most Northeasterly terminus of that course shown as "S. 42°51'18" W. 93.22" on said State Highway Map, said terminus being an angle point on the boundary of said Parcel 5, thence along the Northeasterly boundary of said Parcel 5, S. 49°37'00" E. 46.50 feet to a point; thence leaving said boundary, S. 40°16'00" W. 44.50 feet to a point; thence S. 1°05'42" W. 12.36 feet to a point; thence S. 49°25'58" W. 36.77 feet to a point; thence N. 36°30'42" W. 53.40 feet to a point on the Northwesterly boundary of said Parcel 5; thence along said boundary, N. 42°51'18" E. 78.34 feet to the point of beginning.

1675 Industrial Park, Redlands

Real property in the City of Redlands, County of San Bernardino, State of California, described as follows:

THAT PORTION OF LOT 2 IN BLOCK 1 OF HENRY L. WILLIAMS TRACT, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 17 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE;BEGINNING AT THE NORTHWEST CORNER OF LOT 2;THENCE ALONG THE WEST LINE, SOUTH 0° 25' 34" EAST, 198.80 FEET; THENCE NORTH 89° 34' 16" EAST, 469.83 FEET;THENCE ALONG A TANGENT CURVE SOUTHWESTERLY, WITH A RADIUS OF 370.00 FEET THROUGH AN ANGLE OF 30° 55' 23", 199.69 FEET TO THE EAST LINE, DISTANT ALONG SAID EAST LINE SOUTH 0°25' 29" EAST, 45.67 FEET FROM A 1-INCH IRON PIPE MARKING THE SOUTHEAST CORNER OF THE NORTH 206.00 FEET ON THE EAST 95.00 FEET. EXCEPT THE EAST 475.00 FEET OF SAID LAND, BEING MEASURED AT RIGHT ANGLES TO AN PARALLEL WITH THE EAST LINE OF LOT 2. APN: 0292-063-38-0-000 and 0292-063-38 and 0292-063-38

450 North G Street, San Bernardino County

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

THAT PORTION OF LOTS 6 AND 7, BLOCK 26, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7, PAGE 1 OF MAPS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 100 FEET NORTH OF THE SOUTHEAST CORNER OF SAID LOT 7, THENCE WEST 201 FEET; THENCE NORTH 70 FEET; THENCE EAST 201 FEET; THENCE SOUTH 70 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, LYING BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY.

PARCEL NO 2:

THE SOUTH 50 FEET OF THE EAST 200 FEET OF LOT 7, BLOCK 26, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7, PAGE 1 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, LYING BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY.

PARCEL NO. 2A:

THE NORTH 50 FEET OF THE NORTH 99.45 FEET OF LOT 8, BLOCK 26, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7, PAGE 1 OF MAPS, RECORDS OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, LYING BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY.

PARCEL NO. 3:

THAT PORTION OF LOT 7, BLOCK 26, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7, PAGE 1 OF MAPS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 50 FEET NORTH OF THE SOUTHEAST CORNER OF SAID LOT 7; THENCE NORTH 50 FEET; THENCE WEST 200 FEET; THENCE SOUTH 50 FEET; THENCE EAST 200 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, LYING BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY.

Assessor's Parcel Number: 0134-093-10-0-000, 0134-093-11-0-000 and 0134-093-44-0-000

545 Work Street, Salinas

CLTA Preliminary Report Form - Modified (11.17.06) Printed: 12.15.23 @ 03:52 PM by JO

SCA0002402.doc / Updated: 08.09.23 3 CA-CT-FWMN-02180.054526-SPS-1-23-FWMN-TO23001156

For APN/Parcel ID(s): 003-011-048

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SALINAS, COUNTY OF

MONTEREY, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel B, as shown in the Parcel Map filed April 24, 1986 in Volume 16 of Parcel Maps, at Page 153, in the Office of the County Recorder of the County of Monterey, State of California.

EXHIBIT 2

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

21-HK-17425

PURCHASING AUTHORITY NUMBER (if applicable)

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'S NAME

Shangri-La Industries LLC, City of Thousand Oaks, and Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

fifteen(15) Years from Effective Date

3. The maximum amount of this Agreement is:

\$26,744,713.00

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	9
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	Homekey General Terms and Conditions	15
Exhibit E	Project-Specific Provisions and Special Terms and Conditions	8
TOTAL NUMBER OF PAGES ATTACHED		35

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

See Attached

CITY

See Attached

STATE

See Attached

ZIP

See Attached

PRINTED NAME OF PERSON SIGNING

See Attached

TITLE

See Attached

CONTRACTOR AUTHORIZED SIGNATURE

See Attached

DATE SIGNED

See Attached

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS

2020 W. El Camino Ave., Suite 130

CITY

Sacramento

STATE

CA

ZIP

95833

PRINTED NAME OF PERSON SIGNING

Rebecca Taylor

TITLE

Contracts Manager,
Business & Contract Services Branch

CONTRACTING AGENCY AUTHORIZED SIGNATURE

Rebecca Taylor

California Department of General Services Approval (or exemption, if applicable)

DATE SIGNED

09/08/2022

CONTRACTOR

Shangri-La Industries LLC

a Delaware limited liability company

By: W Investments, LLC

a California limited liability company

Its: Member

By: 

Date: 9/2/2022

Andrew Meyers Abdul-Wahab
Chief Executive Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

Step Up on Second Street, Inc.

a California non-profit public benefit corporation

By: 

Date: 9/2/2022

Tod Lipka
President and CEO

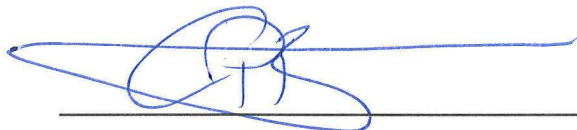
Address:

1328 Second Street
Santa Monica, CA 90401

City of Thousand Oaks

a California municipal corporation

By: Andrew Powers



Address:

2100 E. Thousand Oaks Boulevard
Thousand Oaks, CA 91362

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) (“**AB 140**”) added sections 50675.1.3 and 50675.1.4 to the Multifamily Housing Program (“**MHP**”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.3 provides the statutory basis for the Homekey Program – Round 2 (“**Homekey**” or “**Program**”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“**Department**” or “**HCD**”) to administer MHP.

The Department issued a Homekey Program Notice of Funding Availability, Round 2 on September 9, 2021, which was subsequently amended on January 14, 2022 (the “**NOFA**”). The NOFA incorporates by reference the MHP, as well as the Multifamily Housing Program Final Guidelines, dated June 19, 2019 (“**MHP Guidelines**”), both as amended and in effect from time to time. Homekey grant funds are derived primarily from the state’s direct allocation of the federal Coronavirus State Fiscal Recovery Fund (“**CSFRF**”), which was established by the American Rescue Plan Act of 2021 (“**ARPA**”) (Pub.L. No. 117-2). Homekey funds are also derived from the State of California’s General Fund.

This STD 213, Standard Agreement (“**Agreement**”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Grantee, as defined below, for funding under the Program (the “**Grant**”). As such, this Agreement shall be executed by the Grantee. Where the Grantee comprises a Public Entity or Tribal Entity, as defined below, and one or more additional entities, all entities shall execute the Agreement.

This Agreement hereby incorporates by reference the Application, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is incorporated hereto as if set forth in full herein:

- A. AB 140;
- B. The above-referenced MHP statutory scheme;

Homekey Program – Round 2 (Homekey)
NOFA Date: September 9, 2021, and amended on January 14, 2022
Project Name: Step Up in Thousand Oaks, A Shangri-La Community
Approved Date: 01-24-2022
Prep. Date: 06-24-2022

EXHIBIT A

- C. The NOFA;
- D. The MHP Guidelines;
- E. ARPA and related federal guidance;
- F. The award letter issued by the Department to the Grantee; and
- G. All other applicable law.

2. **Purpose**

The Homekey Program is intended to provide housing for individuals and families who are homeless or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases (“**Target Population**”).

Grantee applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Grantee agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. **Definitions**

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. “**AMI**” means Area Median Income.
- B. “**Application**” means the application for Grant funds that was submitted in response to the Department’s NOFA.
- C. “**Assisted Unit**” means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with Program Requirements. See also “**Youth Assisted Unit**.”
- D. “**Chronically Homeless**” is defined in accordance with Part 578.3 of Title 24 of the Code of Federal Regulations.

EXHIBIT A

- E. **“Co-Applicant”** means the nonprofit corporation, for-profit corporation, limited liability company, and/or limited partnership that applied for an award of Homekey Grant funds with the Eligible Applicant (i.e., a Public Entity or Tribal Entity).
- F. **“Designated Payee”** means the Co-Grantee that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- G. **“Eligible Applicant”** means the Public Entity or Tribal Entity that applied for an award of Homekey Grant funds.
- H. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.3, subdivision (a).
- I. **“Expenditure Deadline for Capital Funds”** means the date by which the capital expenditure award must be fully expended. This deadline is eight (8) months from the date of the Grantee’s award unless the Department has approved an alternate arrangement in advance and in writing.
- J. **“Expenditure Deadline for Operating Funds”** means the date by which the operating subsidy award must be fully expended. This deadline is **June 30, 2026**.
- K. **“Grantee”** means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an “Eligible Applicant,” as defined in the NOFA and as set forth above. **“Grantee”** refers, both individually and collectively, to the Co-Applicant and/or the Eligible Applicant that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Grantee comprises two or more entities, each entity may be referred to as a **“Co-Grantee.”** On the STD 213 portion of this Agreement, the Grantee is identified as the Contractor.
- L. **“Homeless Youth”** means a child, youth, or current or former foster youth through the age of 25 who qualifies as “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.
- M. **“Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because **(i)** at least 25 percent of its Assisted Units will be restricted to Homeless Youth or Youth at Risk of Homelessness; **(ii)** the Grantee jointly applied

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and/or partnered with a nonprofit corporation with experience serving the foregoing subpopulation; and (iii) the Project is in reasonable proximity to youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth. Alternatively, “**Homeless Youth Project**” means a Project that was prioritized to receive set-aside Homekey funds because it will provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care.

- N. “**Interim Housing**” or “**Transitional Housing**” means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements, or to pay any rent, fees, or charges.
- O. “**Local Public Entity**” is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term “**Local Public Entity**” also includes two or more local public entities acting jointly.
- P. “**Performance Milestones**” means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Grantee’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- Q. “**Permanent Housing**” means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of tenancy, the landlord does not restrict the tenant’s movements, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.

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- R. **“Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – G, above.
- S. **“Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing, Interim Housing, or Transitional Housing for the Target Population.
- T. **“Public Entity”** is defined in accordance with Health and Safety Code section 50675.1.3, subdivision (a), and means a city, a county, a city and county, and any other state, regional, or Local Public Entity, including any council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code. For purposes of this Agreement, a **“Local Public Entity”** is defined in accordance with Health and Safety Code section 50079 and as set forth above.
- U. **“Scope of Work”** or **“Work”** means the work to be performed by the Grantee to accomplish the Program purpose.
- V. **“Supportive Services”** means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- W. **“Target Population”** means individuals and families who are “homeless” or “at risk of homelessness,” as those terms are defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.
- X. **“TCAC”** means the California Tax Credit Allocation Committee.
- Y. **“Tribal Entity”** means an entity that meets any of the following criteria:
- i. Meets the definition of Indian tribe under section 4103(13)(B) of title 25 of the United States Code;
 - ii. Meets the definition of Tribally Designated Housing Entity under section 4103(22) of title 25 of the United States Code;
 - iii. Is not a federally recognized tribe, but is either:
 - I. Listed in the petitioner list of the Office of Federal Acknowledgment (OFA) within the Office of the Assistant Secretary – Indian Affairs of the

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Department of the Interior pursuant to Part 82.1 of Title 25 of the Code of Federal Regulations; or

- II. Is an Indian tribe located in the State of California and identified on the contact list maintained by the Native American Heritage Commission for the purpose of consultation pursuant to Government Code section 65352.3.

Z. “Youth Assisted Unit” means an Assisted Unit serving Homeless Youth or Youth at Risk of Homelessness. See also **“Assisted Unit.”**

AA. “Youth at Risk of Homelessness” means a child, youth, or current or former foster youth through the age of 25 who qualifies as “at risk of homelessness” or “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

4. Eligible Uses

Grantee shall apply the Program Grant funds to one or more of the following uses. All costs in connection with such Eligible Uses must be incurred on or after March 3, 2021, by the Expenditure Deadline for Capital Funds, and by the Expenditure Deadline for Operating Funds, respectively and as applicable. Grantee’s use of the funds and scope of work (**“Scope of Work”** or **“Work”**) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- B. Master leasing of properties for non-congregate housing.
- C. Conversion of units from nonresidential to residential.
- D. New construction of dwelling units.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of the Homekey Project.

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G. Capitalized operating subsidies for units purchased, converted, or altered with Homekey Grant funds provided pursuant to Health and Safety Code section 50675.1.3.

5. **Rent Standards**

Permanent Housing. Rent limits for initial occupancy, and for each subsequent occupancy, of an Assisted Unit shall not exceed 30 percent of that Assisted Unit's designated income-eligibility level.

Interim Housing, Transitional Housing. No rent shall be charged to the Target Population residents of Interim Housing or Transitional Housing.

6. **Program Deadlines**

For Projects that involve acquisition, the Grantee shall expend any capital expenditure award and the Project escrow must be closed by the Expenditure Deadline for Capital Funds.

For Projects that involve construction and/or rehabilitation, the Grantee shall expend any capital expenditure award by the Expenditure Deadline for Capital Funds, and complete any construction or rehabilitation activities within twelve (12) months of the date of the award.

All acquisition-only Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of the Expenditure Deadline for Capital Funds. Otherwise, Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of construction and/or rehabilitation completion. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time.

Projects that received a bonus award for expedited occupancy shall achieve full occupancy within eight (8) months of the date of the award. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time. No bonus award shall be granted for expedited occupancy if the Grantee requests and the Department approves an extension for full occupancy.

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Grantee may ask the Department for an extension to complete construction and/or rehabilitation, where the Grantee clearly demonstrates that the extension is due to circumstances or conditions beyond the Grantee's control, and that granting the extension will enable the construction and/or rehabilitation to be completed and full occupancy of the Assisted Units to be achieved. Where the Department grants an extension for completion of construction and/or rehabilitation, the Expenditure Deadline for Capital Funds and the deadline for full occupancy of the Assisted Units may also be extended within the constraints of applicable law.

Grantee shall expend any Homekey-funded operating subsidy award by the Expenditure Deadline for Operating Funds.

7. **Performance Milestones**

Grantee shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each, a "**Milestone Completion Date**"). The Performance Milestones shall include, but not be limited to, any applicable Expenditure Deadline for Capital Funds, Expenditure Deadline for Operating Funds, occupancy deadline, or expedited occupancy deadline.

Grantee may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's reasonable discretion. In no event will the Department approve an extension request in the absence of Grantee's demonstration of good cause for said extension, along with Grantee's reasonable assurances that the extension will not result in Grantee's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

8. **Reporting Requirements**

Grantee shall submit an annual Homekey Program and Expenditure Report, and comply with all additional reporting requirements, as set forth and specified at Section 601 of the NOFA, all in accordance with the Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department.

Upon the Department's request and as specified, the Grantee shall provide progress reports in connection with the development plan and any updates to the timeline for

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completion of the Project. The development plan should include the Project's completion milestones and any updates or substantial changes.

In addition, the Grantee shall submit to the Department such periodic reports, updates, and information as deemed necessary by the Department to monitor compliance and/or perform Program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

Grantee shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.

9. **Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of State Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Grantee shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address or email to Homekey2SGM@hcd.ca.gov:

California Department of Housing and Community Development
Attention: Homekey Program – Round 2 (Homekey)
State Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

10. **Grantee Contract Coordinator**

The Grantee Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Grantee Contract Coordinator at the address specified at Exhibit E of this Agreement.

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BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Grantee has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Grantee after this Agreement has been fully executed and after the Department receives the Grantee's request for funds, with all required supporting documents appended thereto. The Grantee shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program Requirements (if the Grantee has not already submitted same);
- C. Documentary evidence of any eligible costs incurred on or after March 3, 2021 and before the execution of this Agreement;
- D. Certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law;
- E. A copy of the Department-approved relocation plan for the Project, or a copy of a Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department;
- F. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- G. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- H. A current title report (dated within 15 days of the request for funds); or for tribal trust land, a title status report ("**TSR**") or an attorney's opinion regarding chain of title and current title status;

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- I. Any forms, certifications, or documentation required pursuant to Paragraph 5– Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- J. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Grantee shall meet each Performance Milestone set forth at Exhibit E by the relevant Milestone Completion Date. After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department. Grantee may apply to the Department for an extension of any Milestone Completion Date based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Performance Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE GRANTEE TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

4. Fiscal Administration

- A. Grantee shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit the Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any capital expenditure award funds that have not been expended by the Expenditure Deadline for Capital Funds must be returned to the Department with accrued interest. Any operating subsidy award funds that have not been expended by the Expenditure Deadline for Operating Funds must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

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Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Grantee may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

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HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement, when fully executed by the Department and the Grantee, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").
- B. This Agreement shall terminate fifteen (15) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").
- C. Grantee will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B and, as necessary and applicable, under Paragraph 5 – Additional Conditions Precedent to Disbursement of Exhibit E.
- D. Any expenses incurred prior to March 3, 2021, after the Expenditure Deadline for Capital Funds, or after the Expenditure Deadline for Operating Funds, respectively and as applicable, are not eligible for payment under the Program, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.
- E. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department in the absence of an alternate arrangement that has been approved by the Department in advance and in writing.

2. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Grantee. Upon such termination, Grantee shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

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Cause shall consist of Grantee's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Grantee's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified.
- B. Grantee's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Grantee's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Grantee in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Grantee has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Grantee, the Department may give written notice to the Grantee to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department in its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. Cancellation

- A. It is mutually understood between the parties that this Agreement 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 this Agreement were executed after that determination was made.

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- B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement 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 Agreement in any manner.
- C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement shall be amended to reflect any subsequent reduction in CSFRF funds.
- D. The Department may cancel this Agreement, in whole or in part, if **(i)** sufficient funds are not made available by the United States Government; **(ii)** Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or **(iii)** cancellation is otherwise permitted under state contracting law.
- E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Grantee. The Locality shall return any undisbursed portion of its Grant award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless **(i)** the parties have agreed upon an alternate arrangement in advance and in writing; or **(ii)** an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

4. **Eligible Activities**

Grant funds awarded to the Grantee shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

5. **Performance Milestones**

Grantee shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

6. **Article XXXIV**

Per Health and Safety Code section 37001, subdivision (h)(2), article XXXIV, section 1 of the California Constitution ("**Article XXXIV**") is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new

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construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from CSFRF established by ARPA. As such, Article XXXIV is not applicable to Homekey-funded development, construction, or acquisition.

7. **Appraisals**

Grantee shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

8. **Compliance with Prevailing Wage Law**

Grantee's Project is subject to state and federal prevailing wage law. Grantee is urged to seek professional legal advice about prevailing wage law requirements and Grantee's potential obligations thereunder. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Grantee and its general contractor(s).

9. **Environmental Conditions**

Grantee shall provide a Phase I Environmental Site Assessment ("ESA") for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Grantee desires to proceed with the Project, the Grantee shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Grantee shall also provide an asbestos assessment and a lead-based paint report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

10. **Insurance**

Grantee shall obtain the insurance coverages identified in the NOFA. Grantee shall maintain such insurance coverages for either the term of this Agreement or the term of any required restrictive covenant or regulatory agreement, whichever applicable

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term is longer. Grantee shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Grantee shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Grantee is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Grantee shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Grantee abandons its self-insured status at any time after execution of this Agreement, the Grantee shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

11. **Operating Funds**

Grantee shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Grantee shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

12. **Relocation**

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the Homekey award will be disbursed, Grantee must have either:

- A. A Department-approved relocation plan; or
- B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department.

13. **One-for-One Replacement of Assisted Units**

One-for-one replacement of Assisted Units is permissible if approved in advance by the Department per Section 301 of the NOFA, after the Department's determination, Homekey Program – Round 2 (Homekey)

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in its sole and absolute discretion, that such replacement will not reduce the inventory of units that are already available at affordable rents to households that are at or under 30 percent AMI.

14. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Grantee shall have control of the property at all times, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Grantee's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Grantee, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Grantee shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Grantee. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).

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- F. Other evidence of site control that gives the Department assurance (equivalent to A-E above) that the Grantee will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

15. **Adaptability and Accessibility**

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility, including, without limitation, the requirements set forth in the NOFA.

16. **Title Status and Reports**

Grantee shall provide a current title report for the real property on which the Project is located. If Grantee's interest in the property is leasehold, then Grantee shall provide a current title report for the leasehold interest and the fee interest. For tribal trust land, Grantee shall provide a TSR or an attorney's opinion regarding chain of title and current title status. As set forth and specified at Exhibit B of this Agreement, Grantee shall provide such title report or documentation of title status prior to disbursement of any Homekey Grant funds.

17. **Title Insurance**

Grantee shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Grantee holds good and marketable title (fee simple or leasehold).

18. **Property Management Plan**

Grantee shall submit a property management plan to the Department for its review and approval. Such management plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., include the management, maintenance, and repair information required by the MHP Guidelines).

19. **Supportive Services Plan**

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Grantee shall submit a Supportive Services plan to the Department for its review and approval. Such Supportive Services plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., provide for delivery of housing stability services and benefits).

20. **Compliance with Title VI of the Civil Rights Act of 1964**

Grantee and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

21. **Nondiscrimination**

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;
- B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);
- C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);
- E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and

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F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the NOFA and at Exhibit C of this Agreement.

Grantee shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Homekey funds.

22. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Grantee shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing, Transitional Housing, or Permanent Housing. Grantee is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Grantee shall comply with all applicable state and federal fair housing laws.

23. Grantee Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Grantee acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, 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 governmental ordinances related to public health, animal control, and animal anticruelty.

24. Final Certificate of Occupancy

Grantee shall provide a final certificate of occupancy (or an equivalent form of Homekey Program – Round 2 (Homekey)

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occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

25. Occupancy

The Assisted Units shall be occupied by the Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Grantee shall certify, upon occupancy, that it will employ the core components of Housing First (as set forth at Welfare and Institutions Code section 8255) as part of its property management plan and Supportive Services plan.

26. Tenant Selection

Referrals to Assisted Units shall be made through the local Coordinated Entry System (“CES”), or another comparable prioritization system based on greatest need shall be used. All referral protocols for Assisted Units shall be developed in collaboration with the local Continuum of Care and implemented consistent with the Program Requirements.

27. Participation in Statewide HDIS/HMIS

Grantee shall support Continuum of Care participation in the statewide Homeless Data Integration System (“HDIS”). As required by and in accordance with state and federal law (including all applicable privacy law), Grantee shall further disclose relevant data to the local Homeless Management Information System (“HMIS”) and comparable data collection systems.

28. Restrictive Covenants and Regulatory Agreements

A restrictive covenant, regulatory agreement, or similar use restriction shall be recorded against the Project real property, depending on the Project type. For Interim Housing or Transitional Housing Projects that will not result in Permanent Housing, the Department will prepare, and the Public Entity shall cause, a 15-year restrictive covenant to be recorded against the Project real property. For Interim Housing or Transitional Housing Projects that will ultimately result in Permanent Housing, the Public Entity or Tribal Entity shall prepare and cause a 15-year restrictive covenant to be recorded against the Project real property. For Permanent Housing Projects, the Public Entity or Tribal Entity shall prepare and cause a 55-year regulatory agreement to be recorded against the Project real property. For Permanent Housing Projects located on tribal trust land, a 50-year use restriction shall be recorded against the Project real property.

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All use restrictions shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions shall include occupancy and rent restrictions that maintain the Project's accessibility to the Target Population over the full term of the use restriction.

All use restrictions are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

29. Restrictions on Sales, Transfers, and Encumbrances

Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

30. Retention, Inspection, and Audit of Records

Grantee is responsible for maintaining records which fully disclose the activities funded by the Grant. Grantee shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Grantee shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Grantee shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified

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state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Grantee shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Grantee in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Grantee, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Grantee shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

31. **Site Inspection**

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

32. **Compliance with State and Federal Laws, Rules, Guidelines, and Regulations**

Grantee agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

33. **Updated Information**

If there is any change in the information that has been provided to the Department, Grantee shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval. In addition, Grantee shall promptly notify the Department, in writing, of any changes in

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Grantee or Co-Grantee organization, authorization, or capacity.

34. **Survival of Obligations**

The obligations of the Grantee, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

35. **Litigation**

Grantee 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, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

36. **Entire Agreement; Severability**

This Agreement constitutes the entire agreement between the Grantee and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

37. **Modification or Waiver under AB 1010**

The Department reserves the right to waive or modify any requirement under this Agreement, or any Program Requirement, as authorized by and in accordance with Assembly Bill No. 1010 (Chapter 660, Statutes of 2019) ("**AB 1010**"), which is codified at Health and Safety Code section 50406, subdivision (p).

38. **Waivers**

No waiver of any breach, violation, or default under this Agreement shall be held to be a waiver of any other or subsequent breach or violation thereof or default thereunder. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Grantee's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the

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validity of this Agreement or the Department's right to enforce this Agreement.

39. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

40. Single Audit Requirements

Grantee is responsible for complying, as necessary, with the Single Audit Act and its implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

41. Disputes

In the event of any conflict between this Agreement and any Grantee documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

42. Consent

The parties agree that wherever the consent or approval of the Department or Grantee is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

43. Grantee Liability

Grantee shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Grantee shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Grantees' identification of a Designated Payee.

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44. Defense and Indemnification

Grantee agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Grantee's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Grantee shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

45. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

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PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS
Permanent Housing

A. PROJECT-SPECIFIC PROVISIONS

Project Name Step Up in Thousand Oaks, A Shangri-La Community Address: 12 Conejo Blvd Thousand Oaks, CA 91360 County of Ventura		Assessor Parcel Number (APN): 525-0-020-030			
# of Bedrooms	Units	Non-Homekey Units	Homekey-Assisted Units	AMI Income Limit	Restriction to Subset of Target Population
Manager Unit	1	0	1	N/A	N/A
0 (Studio)	58	0	58	30%	Chronically Homeless
0 (Studio)	19	0	19	30%	N/A
Totals:	78	0	78		

- 1. Permanent Housing – Award, Disbursement, and Eligible Use(s).** Grantee received Homekey Program award letter on June 28, 2022 (the “**Award Date**”). Pursuant to that award letter, the Grantee is receiving Homekey Grant funds in the amount of \$25,974,713.00 (the “**Award**”). The Payee of these funds is Shangri-La LLC. Grantee will use the funds to provide Permanent Housing for the Target Population. Specifically, the Grantee will apply these funds towards the following eligible use(s):

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- a. Acquisition and rehabilitation of a hotel to provide Permanent Housing for the Target Population
- b. Capitalization of an operating subsidy for the Assisted Units

Grantee's Award includes \$22,367,513.00 for capital expenditures and \$3,607,200.00 for operating funds. The Expenditure Deadline for Capital Funds is set forth herein as a Milestone Completion Date. The Expenditure Deadline for Operating Funds is set forth herein as a Milestone Completion Date.

Grantee will receive additional funds in the amount of \$770,000.00 (the "**Bonus Award**") if the Project's Assisted Units achieve full occupancy (with consideration for an average of 10 percent vacancy) within eight (8) months of the Award Date. The occupancy deadline in connection with Grantee's Bonus Award is set forth herein as a Milestone Completion Date. The Department will not disburse the Bonus Award until it receives documentary evidence, in form and substance reasonably satisfactory to the Department, that the Milestone Completion Date has been met. Grantee shall only use such Bonus Award for its incurred or prospective operating costs for the Project. If Grantee duly satisfies all requirements and conditions relative to the Bonus Award, Grantee's total award amount will be \$26,744,713 (the "**Total Award Amount**").

2. Project Narrative.

Step Up in Thousand Oaks, A Shangri-La Community is a 78-unit acquisition and rehabilitation project with 77 studios serving households with incomes at 30 percent of Area Median Income (AMI), and one manager's unit. Twelve units will be for persons with mobility disabilities, and eight units will be for persons with hearing or vision disabilities. On-site amenities include lobby, office, breakfast area, swimming pool, spa, laundry, housekeeping, storage rooms, maintenance shop, guestrooms, and parking. Off-site amenities, located 1/2 a mile from the project include transportation, a grocery store, a health facility, and a library.

3. Scope of Work.

Step Up in Thousand Oaks, A Shangri-La Community will provide housing for individuals experiencing Chronically Homelessness and Homelessness. Recognizing that supportive services are crucial and must be offered to maximize housing stability and prevent returns to homelessness, the all-inclusive model

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framework will include wrap-around support services from the recognized Housing First Community Based Organization, Step Up on Second Street . Communal spaces will accommodate supportive services, a computer center, a dog park, and staff offices.

Supportive Services to be Provided:

- **Case Management:** Linkage to all services, including increasing income, mainstream benefits, vocational services, essential life skills development, food resources, mental health services, and health care services. Case management linkage may include DMV, SSI, Medicaid, Housing Authority, and other essential entities to increase independence.
- **Behavioral Health Services:** Full scope mental health services including individual mental health therapy, group therapy, psychiatric medication support services.
- **Physical Health Services:** Linkage to primary care physician or community health clinic.
- **Assistance obtaining benefits and essential documentation:** Assistance with obtaining benefits such as Medicaid, food stamps, general relief/cash aid, Social Security/SSDI advocacy and support.
- **Education and Employment Services:** Education resources, GED completion, specialized training programs through school district adult education skills and Occupation Centers, and local colleges; Workforce Development programs, job development and placement, benefits counseling (Social Security or other cash benefits tenants are receiving) and individualized support to help maintain employment. These services are delivered on-site to individuals and in group settings.
- **Other Services, such as housing retention skills, legal assistance, family connection services, etc.:** Included in Life Skills activities (see below) such as increasing pro-social behaviors, lease compliance, and emotional skill-building to enhance good neighbor relations and family unification.
- **Life Skills activities of daily living/rehab/independence:** Money management, shopping best practices, budgeting, support in finding constructive use of

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time, choices for decreasing substance usage, engaging in mental health and peer support services, and preventing conflict with neighbors and property management staff.

- Emotional Skills Building: Additional emotional skill building includes mindfulness, relaxation techniques, social activities offered individually and, in a group, setting.

The Case Manager Ratio for the Chronically Homeless is 16:1 and for the general homeless population is 21:1.

Supportive services staffing includes the following positions:

- Vice President (0.02 FTE)
- Director (0.05 FTE)
- Program Manager (0.02 FTE)
- Lead Service Coordinator (0.05 FTE)
- Service Coordinator I (3.9 FTE)

4. Grantee Contract Coordinator.

Authorized Representative Name:	Andrew Powers
Authorized Representative Title:	City Manager
Entity Name:	City of Thousand Oaks
Address:	2100 Thousand Oaks Boulevard Thousand Oaks, CA 91362
Telephone No.:	805-449-2121
E-Mail Address:	apowers@toaks.org

5. Additional Conditions Precedent to Disbursement.

- a) Grantee must provide satisfactory proof of General Liability Insurance that meets the requirements in the Homekey Round 2 NOFA §800(i) and must provide

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satisfactory proof of Property-Hazard Insurance that meets the requirements in §800(v) prior to the disbursement of funds.

b) Grantee will need to submit National Environmental Policy Act (NEPA) approval verification prior to disbursement of funds.

6. **Budget Detail.**

Grantee is obligated to cover the Project's development, operations and service costs for five (5) years. Grantee will satisfy this obligation by leveraging funding commitments, or other reasonable funding assurances, from the following funding sources:

- Homekey Award dated June 28, 2022, for funding commitment of \$26,744,713 for acquisition, rehabilitation, and capitalization of an operating subsidy.
- Shangri-La, Capital LLC commits General Partner Equity in a letter dated May 17, 2022, in the amount of \$2,721,233.
- City of Thousand Oaks letter dated January 25, 2022, committing Housing Successor Agency Funds in the amount of \$1,800,000.
- County of Ventura letter dated May 16, 2022, committing Community Development Block Grant – Disaster Recovery Multifamily Housing (CDBG-DR MHP) funds in the form of a forgivable loan at a zero percent (0%) interest rate, in the amount of \$3,363,653.

Grantee shall maintain the ongoing affordability of the Project by leveraging the following non-Homekey sources of rental or operating subsidies:

- Shangri-La, Capital LLC, commits General Partner Equity in a letter dated May 17, 2022, in the amount of \$1,721,233.
- County of Ventura letter dated January 26, 2022, committing HOME-American Rescue Plan Program (HOME-ARP) in the amount of \$2,500,000. The funds will be provided as a revocable grant with a 20-year term.

7. **Performance Milestones.**

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Performance Milestones	Milestone Completion Date
Capital funds must be fully expended.	February 28, 2023
All Homekey-funded construction or rehabilitation must be completed.	June 28, 2023
Full occupancy by the Target Population must be accomplished in accordance with the descriptions and representations set forth in the Application.	February 28, 2023
A copy of Grantee’s written nondiscrimination policy (in accordance with <u>Exhibit D</u> of this Agreement) must be submitted to the Department.	February 28, 2023
A [DRAFT] Regulatory Agreement or other use restriction must be submitted to the Department for review and approval.	February 28, 2023
A Department-approved Regulatory Agreement or other use restriction must be recorded against the Project real property as specified and described in the NOFA and this Agreement.	June 28, 2023
Homekey-funded operating funds must be fully expended.	June 30, 2026
A Homekey Program and Expenditure Report must be submitted to the Department as specified and described in the NOFA.	January 31 – Each year for five (5) years following the Effective Date of this Agreement

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B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

1. **Use Restriction.** The state, regional, local, or tribal Grantee shall ensure that the Project is duly encumbered with a 55-year covenant, declaration, regulatory agreement, or similar use restriction (the “**Regulatory Agreement**”) that **(a)** is recorded in first position against the Project for the benefit of the state, regional, local, or tribal Grantee; **(b)** restricts the use, operation, occupancy, and affordability of the Project in accordance with this Agreement and the applicable Program Requirements; **(c)** duly names the Department as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof; and **(d)** is otherwise in form and substance acceptable to the Department.

The Regulatory Agreement must be recorded against the real property of the Project site by the Milestone Completion Date set forth herein. The Grantee shall obtain the Department’s express written approval of the Regulatory Agreement prior to the recordation of the same. After recordation, the Grantee shall promptly provide the Department with a conformed copy of the recorded Regulatory Agreement.

Unless otherwise authorized by the prior and express written approval of the Department, the Regulatory Agreement must be recorded as a lien against the Project in first position, and must remain in first position, over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.

2. Grantee has committed to a 55-year use restriction for the Project and has waived any potential accommodation by the Department to increase income limits, as described in the NOFA, for 100 percent of the Assisted Units.
3. Grantee has made the following accessibility commitments with respect to the Project: The Project will exceed the state and federal accessibility requirements set forth in the NOFA. At least 15 percent of the Project’s Assisted Units must have features accessible to persons with mobility disabilities, as specified and described

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in the NOFA. At least 10 percent of the Project's units must have features accessible to persons with hearing or vision disabilities, as specified and described in the NOFA.

EXHIBIT 3

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

SCO ID:

AGREEMENT NUMBER

21-HK-17100

PURCHASING AUTHORITY NUMBER (if applicable)

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'S NAME

Shangri-La Industries LLC, City of Salinas, and Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

Fifteen (15) Years from Effective Date

3. The maximum amount of this Agreement is:

\$16,364,786.00

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	9
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	Homekey General Terms and Conditions	16
Exhibit E	Project-Specific Provisions and Special Terms and Conditions	10
TOTAL NUMBER OF PAGES ATTACHED		38

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 See Attached	CITY See Attached	STATE See Attached	ZIP See Attached
PRINTED NAME OF PERSON SIGNING See Attached	TITLE		
CONTRACTOR AUTHORIZED SIGNATURE See Attached	DATE SIGNED See Attached		

STATE OF CALIFORNIA**CONTRACTING AGENCY NAME**

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS 2020 W. El Camino Ave., Suite 130	CITY Sacramento	STATE CA	ZIP 95833
PRINTED NAME OF PERSON SIGNING Michael White	TITLE Contracts Manager, Business & Contract Services Branch		
CONTRACTING AGENCY AUTHORIZED SIGNATURE <i>Michael White</i>	DATE SIGNED 3/17/2022		

California Department of General Services Approval (or exemption, if applicable)

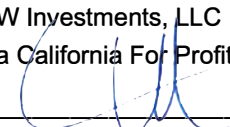
Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 06/12/1981)

CONTRACTOR

Shangri-La Industries LLC

a Delaware Limited Liability Company

By: W Investments, LLC
a California For Profit limited liability company

By:  _____ Date: 3/15/2022
Cody Holmes
Chief Financial Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

Step Up on Second Street, Inc.

a California nonprofit Corporation

By: _____ Date: _____

Tod Lipka
President & CEO

Address:

1328 Second Street
Santa Monica, CA 90401

City of Salinas

a California charter city and municipal corporation

By: _____ Date: _____

Steven S. Carrigan
City Manager

Address:

65 West Alisal Street, Second Floor
Salinas, CA 93901

CONTRACTOR

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By: W Investments, LLC
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Address:

1328 Second Street
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a California charter city and municipal corporation

By: _____ Date: _____

Steven S. Carrigan
City Manager

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65 West Alisal Street, Second Floor
Salinas, CA 93901

CONTRACTOR

Shangri-La Industries LLC
a Delaware Limited Liability Company

By: W Investments, LLC
a California For Profit limited liability company

By: _____ Date: _____

Cody Holmes
Chief Financial Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

Step Up on Second Street, Inc.
a California nonprofit Corporation

By: _____ Date: _____

Tod Lipka
President & CEO

Address:

1328 Second Street
Santa Monica, CA 90401

City of Salinas
a California charter city and municipal corporation

By: _____ Date: 3/16/22

Steven S. Carrigan
City Manager

Address:

65 West Alisal Street, Second Floor
Salinas, CA 93901

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) (“**AB 140**”) added sections 50675.1.3 and 50675.1.4 to the Multifamily Housing Program (“**MHP**”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.3 provides the statutory basis for the Homekey Program – Round 2 (“**Homekey**” or “**Program**”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“**Department**” or “**HCD**”) to administer MHP.

The Department issued a Homekey Program Notice of Funding Availability, Round 2 on September 9, 2021, which was subsequently amended on January 14, 2022 (the “**NOFA**”). The NOFA incorporates by reference the MHP, as well as the Multifamily Housing Program Final Guidelines, dated June 19, 2019 (“**MHP Guidelines**”), both as amended and in effect from time to time. Homekey grant funds are derived primarily from the state’s direct allocation of the federal Coronavirus State Fiscal Recovery Fund (“**CSFRF**”), which was established by the American Rescue Plan Act of 2021 (“**ARPA**”) (Pub.L. No. 117-2). Homekey funds are also derived from the State of California’s General Fund.

This STD 213, Standard Agreement (“**Agreement**”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Grantee, as defined below, for funding under the Program (the “**Grant**”). As such, this Agreement shall be executed by the Grantee. Where the Grantee comprises a Public Entity or Tribal Entity, as defined below, and one or more additional entities, all entities shall execute the Agreement.

This Agreement hereby incorporates by reference the Application, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is incorporated hereto as if set forth in full herein:

- A. AB 140;
- B. The above-referenced MHP statutory scheme;

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- C. The NOFA;
- D. The MHP Guidelines;
- E. ARPA and related federal guidance;
- F. The award letter issued by the Department to the Grantee; and
- G. All other applicable law.

2. **Purpose**

The Homekey Program is intended to provide housing for individuals and families who are homeless or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases (“**Target Population**”).

Grantee applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Grantee agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. **Definitions**

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. “**AMI**” means Area Median Income.
- B. “**Application**” means the application for Grant funds that was submitted in response to the Department’s NOFA.
- C. “**Assisted Unit**” means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with Program Requirements. See also “**Youth Assisted Unit**.”
- D. “**Chronically Homeless**” is defined in accordance with Part 578.3 of Title 24 of the Code of Federal Regulations.

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- E. **“Co-Applicant”** means the nonprofit corporation, for-profit corporation, limited liability company, and/or limited partnership that applied for an award of Homekey Grant funds with the Eligible Applicant (i.e., a Public Entity or Tribal Entity).
- F. **“Designated Payee”** means the Co-Grantee that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- G. **“Eligible Applicant”** means the Public Entity or Tribal Entity that applied for an award of Homekey Grant funds.
- H. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.3, subdivision (a).
- I. **“Expenditure Deadline for Capital Funds”** means the date by which the capital expenditure award must be fully expended. This deadline is eight (8) months from the date of the Grantee’s award unless the Department has approved an alternate arrangement in advance and in writing.
- J. **“Expenditure Deadline for Operating Funds”** means the date by which the operating subsidy award must be fully expended. This deadline is **June 30, 2026**.
- K. **“Grantee”** means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an “Eligible Applicant,” as defined in the NOFA and as set forth above. **“Grantee”** refers, both individually and collectively, to the Co-Applicant and/or the Eligible Applicant that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Grantee comprises two or more entities, each entity may be referred to as a **“Co-Grantee.”** On the STD 213 portion of this Agreement, the Grantee is identified as the Contractor.
- L. **“Homeless Youth”** means a child, youth, or current or former foster youth through the age of 25 who qualifies as “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.
- M. **“Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because **(i)** at least 25 percent of its Assisted Units will be restricted to Homeless Youth or Youth at Risk of Homelessness; **(ii)** the Grantee jointly applied

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and/or partnered with a nonprofit corporation with experience serving the foregoing subpopulation; and (iii) the Project is in reasonable proximity to youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth. Alternatively, “**Homeless Youth Project**” means a Project that was prioritized to receive set-aside Homekey funds because it will provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care.

- N. “**Interim Housing**” or “**Transitional Housing**” means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements, or to pay any rent, fees, or charges.
- O. “**Local Public Entity**” is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term “**Local Public Entity**” also includes two or more local public entities acting jointly.
- P. “**Performance Milestones**” means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Grantee’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- Q. “**Permanent Housing**” means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of tenancy, the landlord does not restrict the tenant’s movements, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.

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- R. **“Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – G, above.
- S. **“Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing, Interim Housing, or Transitional Housing for the Target Population.
- T. **“Public Entity”** is defined in accordance with Health and Safety Code section 50675.1.3, subdivision (a), and means a city, a county, a city and county, and any other state, regional, or Local Public Entity, including any council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code. For purposes of this Agreement, a **“Local Public Entity”** is defined in accordance with Health and Safety Code section 50079 and as set forth above.
- U. **“Scope of Work”** or **“Work”** means the work to be performed by the Grantee to accomplish the Program purpose.
- V. **“Supportive Services”** means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- W. **“Target Population”** means individuals and families who are “homeless” or “at risk of homelessness,” as those terms are defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.
- X. **“TCAC”** means the California Tax Credit Allocation Committee.
- Y. **“Tribal Entity”** means an entity that meets any of the following criteria:
- i. Meets the definition of Indian tribe under section 4103(13)(B) of title 25 of the United States Code;
 - ii. Meets the definition of Tribally Designated Housing Entity under section 4103(22) of title 25 of the United States Code;
 - iii. Is not a federally recognized tribe, but is either:
 - I. Listed in the petitioner list of the Office of Federal Acknowledgment (OFA) within the Office of the Assistant Secretary – Indian Affairs of the

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Department of the Interior pursuant to Part 82.1 of Title 25 of the Code of Federal Regulations; or

- II. Is an Indian tribe located in the State of California and identified on the contact list maintained by the Native American Heritage Commission for the purpose of consultation pursuant to Government Code section 65352.3.

Z. “Youth Assisted Unit” means an Assisted Unit serving Homeless Youth or Youth at Risk of Homelessness. See also “**Assisted Unit.**”

AA. “Youth at Risk of Homelessness” means a child, youth, or current or former foster youth through the age of 25 who qualifies as “at risk of homelessness” or “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

4. Eligible Uses

Grantee shall apply the Program Grant funds to one or more of the following uses. All costs in connection with such Eligible Uses must be incurred on or after March 3, 2021, by the Expenditure Deadline for Capital Funds, and by the Expenditure Deadline for Operating Funds, respectively and as applicable. Grantee’s use of the funds and scope of work (“**Scope of Work**” or “**Work**”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- B. Master leasing of properties for non-congregate housing.
- C. Conversion of units from nonresidential to residential.
- D. New construction of dwelling units.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of the Homekey Project.

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G. Capitalized operating subsidies for units purchased, converted, or altered with Homekey Grant funds provided pursuant to Health and Safety Code section 50675.1.3.

5. Rent Standards

Permanent Housing. Rent limits for initial occupancy, and for each subsequent occupancy, of an Assisted Unit shall not exceed 30 percent of that Assisted Unit's designated income-eligibility level.

Interim Housing, Transitional Housing. No rent shall be charged to the Target Population residents of Interim Housing or Transitional Housing.

6. Program Deadlines

For Projects that involve acquisition, the Grantee shall expend any capital expenditure award and the Project escrow must be closed by the Expenditure Deadline for Capital Funds.

For Projects that involve construction and/or rehabilitation, the Grantee shall expend any capital expenditure award by the Expenditure Deadline for Capital Funds, and complete any construction or rehabilitation activities within twelve (12) months of the date of the award.

All acquisition-only Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of the Expenditure Deadline for Capital Funds. Otherwise, Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of construction and/or rehabilitation completion. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time.

Projects that received a bonus award for expedited occupancy shall achieve full occupancy within eight (8) months of the date of the award. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time. No bonus award shall be granted for expedited occupancy if the Grantee requests and the Department approves an extension for full occupancy.

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Grantee may ask the Department for an extension to complete construction and/or rehabilitation, where the Grantee clearly demonstrates that the extension is due to circumstances or conditions beyond the Grantee's control, and that granting the extension will enable the construction and/or rehabilitation to be completed and full occupancy of the Assisted Units to be achieved. Where the Department grants an extension for completion of construction and/or rehabilitation, the Expenditure Deadline for Capital Funds and the deadline for full occupancy of the Assisted Units may also be extended within the constraints of applicable law.

Grantee shall expend any Homekey-funded operating subsidy award by the Expenditure Deadline for Operating Funds.

7. **Performance Milestones**

Grantee shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each, a "**Milestone Completion Date**"). The Performance Milestones shall include, but not be limited to, any applicable Expenditure Deadline for Capital Funds, Expenditure Deadline for Operating Funds, occupancy deadline, or expedited occupancy deadline.

Grantee may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's reasonable discretion. In no event will the Department approve an extension request in the absence of Grantee's demonstration of good cause for said extension, along with Grantee's reasonable assurances that the extension will not result in Grantee's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

8. **Reporting Requirements**

Grantee shall submit an annual Homekey Program and Expenditure Report, and comply with all additional reporting requirements, as set forth and specified at Section 601 of the NOFA, all in accordance with the Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department.

Upon the Department's request and as specified, the Grantee shall provide progress reports in connection with the development plan and any updates to the timeline for

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completion of the Project. The development plan should include the Project's completion milestones and any updates or substantial changes.

In addition, the Grantee shall submit to the Department such periodic reports, updates, and information as deemed necessary by the Department to monitor compliance and/or perform Program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

Grantee shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.

9. **Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of State Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Grantee shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address or email to Homekey2SGM@hcd.ca.gov:

California Department of Housing and Community Development
Attention: Homekey Program – Round 2 (Homekey)
State Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

10. **Grantee Contract Coordinator**

The Grantee Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Grantee Contract Coordinator at the address specified at Exhibit E of this Agreement.

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BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Grantee has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Grantee after this Agreement has been fully executed and after the Department receives the Grantee's request for funds, with all required supporting documents appended thereto. The Grantee shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program Requirements (if the Grantee has not already submitted same);
- C. Documentary evidence of any eligible costs incurred on or after March 3, 2021 and before the execution of this Agreement;
- D. Certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law;
- E. A copy of the Department-approved relocation plan for the Project, or a copy of a Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department;
- F. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- G. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- H. A current title report (dated within 15 days of the request for funds); or for tribal trust land, a title status report ("**TSR**") or an attorney's opinion regarding chain of

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title and current title status.

- I. Any forms, certifications, or documentation required pursuant to Paragraph 5– Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- J. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Grantee shall meet each Performance Milestone set forth at Exhibit E by the relevant Milestone Completion Date. After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department. Grantee may apply to the Department for an extension of any Milestone Completion Date based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Performance Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE GRANTEE TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

4. Fiscal Administration

- A. Grantee shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit the Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any capital expenditure award funds that have not been expended by the Expenditure Deadline for Capital Funds must be returned to the Department with accrued interest. Any operating subsidy award funds that have not been expended by the Expenditure Deadline for Operating Funds must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the

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Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Grantee may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

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HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement, when fully executed by the Department and the Grantee, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").
- B. This Agreement shall terminate fifteen (15) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").
- C. Grantee will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B and, as necessary and applicable, under Paragraph 5 – Additional Conditions Precedent to Disbursement of Exhibit E.
- D. Any expenses incurred prior to March 3, 2021, after the Expenditure Deadline for Capital Funds, or after the Expenditure Deadline for Operating Funds, respectively and as applicable, are not eligible for payment under the Program, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.
- E. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department in the absence of an alternate arrangement that has been approved by the Department in advance and in writing.

2. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Grantee. Upon such termination, Grantee shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

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Cause shall consist of Grantee's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Grantee's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified.
- B. Grantee's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Grantee's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Grantee in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Grantee has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Grantee, the Department may give written notice to the Grantee to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department in its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. **Cancellation**

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- A. It is mutually understood between the parties that this Agreement 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 this Agreement were executed after that determination was made.
- B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement 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 Agreement in any manner.
- C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement shall be amended to reflect any subsequent reduction in CSFRF funds.
- D. The Department may cancel this Agreement, in whole or in part, if **(i)** sufficient funds are not made available by the United States Government; **(ii)** Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or **(iii)** cancellation is otherwise permitted under state contracting law.
- E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Grantee. The Locality shall return any undisbursed portion of its Grant award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless **(i)** the parties have agreed upon an alternate arrangement in advance and in writing; or **(ii)** an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

4. **Eligible Activities**

Grant funds awarded to the Grantee shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

5. **Performance Milestones**

Grantee shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

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6. **Article XXXIV**

Per Health and Safety Code section 37001, subdivision (h)(2), article XXXIV, section 1 of the California Constitution (“**Article XXXIV**”) is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from CSFRF established by ARPA. As such, Article XXXIV is not applicable to Homekey-funded development, construction, or acquisition.

7. **Appraisals**

Grantee shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

8. **Compliance with Prevailing Wage Law**

Grantee’s Project is subject to state and federal prevailing wage law. Grantee is urged to seek professional legal advice about prevailing wage law requirements and Grantee’s potential obligations thereunder. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California’s prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Grantee and its general contractor(s).

9. **Environmental Conditions**

Grantee shall provide a Phase I Environmental Site Assessment (“**ESA**”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Grantee desires to proceed with the Project, the Grantee shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Grantee shall also provide an asbestos assessment and a lead-based paint

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report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

10. Insurance

Grantee shall obtain the insurance coverages identified in the NOFA. Grantee shall maintain such insurance coverages for either the term of this Agreement or the term of any required restrictive covenant or regulatory agreement, whichever applicable term is longer. Grantee shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Grantee shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Grantee is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Grantee shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Grantee abandons its self-insured status at any time after execution of this Agreement, the Grantee shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

11. Operating Funds

Grantee shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Grantee shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

12. Relocation

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the Homekey award will be disbursed, Grantee must have either:

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- A. A Department-approved relocation plan; or
- B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department.

13. One-for-One Replacement of Assisted Units

One-for-one replacement of Assisted Units is permissible if approved in advance by the Department per Section 301 of the NOFA, after the Department's determination, in its sole and absolute discretion, that such replacement will not reduce the inventory of units that are already available at affordable rents to households that are at or under 30 percent AMI.

14. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Grantee shall have control of the property at all times, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Grantee's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of

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- additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Grantee, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Grantee shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Grantee. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
 - F. Other evidence of site control that gives the Department assurance (equivalent to A-E above) that the Grantee will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

15. **Adaptability and Accessibility**

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility, including, without limitation, the requirements set forth in the NOFA.

16. **Title Status and Reports**

Grantee shall provide a current title report for the real property on which the Project is located. If Grantee's interest in the property is leasehold, then Grantee shall provide a current title report for the leasehold interest and the fee interest. For tribal trust land, Grantee shall provide a TSR or an attorney's opinion regarding chain of title and current title status. As set forth and specified at Exhibit B of this Agreement, Grantee shall provide such title report or documentation of title status prior to disbursement of any Homekey Grant funds.

17. **Title Insurance**

Grantee shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability

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amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Grantee holds good and marketable title (fee simple or leasehold).

18. **Property Management Plan**

Grantee shall submit a property management plan to the Department for its review and approval. Such management plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., include the management, maintenance, and repair information required by the MHP Guidelines).

19. **Supportive Services Plan**

Grantee shall submit a Supportive Services plan to the Department for its review and approval. Such Supportive Services plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., provide for delivery of housing stability services and benefits).

20. **Compliance with Title VI of the Civil Rights Act of 1964**

Grantee and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

21. **Nondiscrimination**

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

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- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;
- B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);
- C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);
- E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and
- F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the NOFA and at Exhibit C of this Agreement.

Grantee shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Homekey funds.

22. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Grantee shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and

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informational efforts to those who are least likely to know about and apply for Interim Housing, Transitional Housing, or Permanent Housing. Grantee is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Grantee shall comply with all applicable state and federal fair housing laws.

23. **Grantee Acknowledgment of the Pet Friendly Housing Act of 2017**

By executing this Agreement, Grantee acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, 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 governmental ordinances related to public health, animal control, and animal anticruelty.

24. **Final Certificate of Occupancy**

Grantee shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

25. **Occupancy**

The Assisted Units shall be occupied by the Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Grantee shall certify, upon occupancy, that it will employ the core components of Housing First (as set forth at Welfare and Institutions Code section 8255) as part of its property management plan and Supportive Services plan.

26. **Tenant Selection**

Referrals to Assisted Units shall be made through the local Coordinated Entry System (“CES”), or another comparable prioritization system based on greatest need shall be used. All referral protocols for Assisted Units shall be developed in collaboration with the local Continuum of Care and implemented consistent with the Program Requirements.

27. **Participation in Statewide HDIS/HMIS**

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Grantee shall support Continuum of Care participation in the statewide Homeless Data Integration System (“**HDIS**”). As required by and in accordance with state and federal law (including all applicable privacy law), Grantee shall further disclose relevant data to the local Homeless Management Information System (“**HMIS**”) and comparable data collection systems.

28. Restrictive Covenants and Regulatory Agreements

A restrictive covenant, regulatory agreement, or similar use restriction shall be recorded against the Project real property, depending on the Project type. For Interim Housing or Transitional Housing Projects that will not result in Permanent Housing, the Department will prepare, and the Public Entity shall cause, a 15-year restrictive covenant to be recorded against the Project real property. For Interim Housing or Transitional Housing Projects that will ultimately result in Permanent Housing, the Public Entity or Tribal Entity shall prepare and cause a 15-year restrictive covenant to be recorded against the Project real property. For Permanent Housing Projects, the Public Entity or Tribal Entity shall prepare and cause a 55-year regulatory agreement to be recorded against the Project real property. For Permanent Housing Projects located on tribal trust land, a 50-year use restriction shall be recorded against the Project real property.

All use restrictions shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions shall include occupancy and rent restrictions that maintain the Project’s accessibility to the Target Population over the full term of the use restriction.

All use restrictions are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

29. Restrictions on Sales, Transfers, and Encumbrances

Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

30. Retention, Inspection, and Audit of Records

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Grantee is responsible for maintaining records which fully disclose the activities funded by the Grant. Grantee shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Grantee shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Grantee shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Grantee shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Grantee in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Grantee, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Grantee shall deliver all records, accounts, documentation, and other materials

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that are relevant to this Agreement to the Department as depository.

31. **Site Inspection**

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

32. **Compliance with State and Federal Laws, Rules, Guidelines, and Regulations**

Grantee agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

33. **Updated Information**

If there is any change in the information that has been provided to the Department, Grantee shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval. In addition, Grantee shall promptly notify the Department, in writing, of any changes in Grantee or Co-Grantee organization, authorization, or capacity.

34. **Survival of Obligations**

The obligations of the Grantee, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

35. **Litigation**

Grantee 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, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

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36. Entire Agreement; Severability

This Agreement constitutes the entire agreement between the Grantee and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

37. Modification or Waiver under AB 1010

The Department reserves the right to waive or modify any requirement under this Agreement, or any Program Requirement, as authorized by and in accordance with Assembly Bill No. 1010 (Chapter 660, Statutes of 2019) ("**AB 1010**"), which is codified at Health and Safety Code section 50406, subdivision (p).

38. Waivers

No waiver of any breach, violation, or default under this Agreement shall be held to be a waiver of any other or subsequent breach or violation thereof or default thereunder. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Grantee's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

39. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

40. Single Audit Requirements

Grantee is responsible for complying, as necessary, with the Single Audit Act and its

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implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

41. **Disputes**

In the event of any conflict between this Agreement and any Grantee documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

42. **Consent**

The parties agree that wherever the consent or approval of the Department or Grantee is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

43. **Grantee Liability**

Grantee shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Grantee shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Grantees' identification of a Designated Payee.

44. **Defense and Indemnification**

Grantee agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Grantee's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or

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proceeding, Grantee shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

45. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

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PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS
Interim Housing-to-Permanent Housing

A. PROJECT-SPECIFIC PROVISIONS

Project Name: Step Up on Sanborn, A Shangri-La Community Street Address: 180 Sanborn Road Salinas, CA 93905				Assessor Parcel Number (APN): 003-883-027-000	
County of Monterey					
# of Bedrooms	Units	Non-Homekey Units	Homekey-Assisted Units	AMI Income Limit	Restriction to Subset of Target Population
Manager Unit	1	0	1	N/A	Risk of Homelessness Chronically Homeless N/A
0 (Studio)	34	0	34		At-Risk of Homelessness
0 (Studio)	23	0	23		Chronically Homeless
Totals:	58	0	58		

1. Interim-to-Permanent Housing – Award, Disbursement, and Eligible Use(s).

Grantee received a Homekey Program award letter on February 16, 2022 (the “**Award Date**”). Pursuant to that award letter, the Grantee is receiving Homekey Grant funds in the amount of \$15,794,786.00 (the “**Award**”). Shangri-La Industries LLC is the Payee of these funds. In the immediate term, Grantee will use the funds to provide Interim Housing for the Target Population. Specifically, Grantee will apply the Homekey funds towards the following Eligible Use(s):

- a. Acquisition and rehabilitation of a hotel to provide Interim Housing for the Target Population (with a plan for future conversion of the facility to Permanent Housing).

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b. Capitalization of an operating subsidy for the Assisted Units.

Grantee will then convert the Interim Housing facility to Permanent Housing. Such conversion must be completed before the expiration of the affordability period for the Interim Housing.

Grantee's Award includes \$12,833,758.00 for capital expenditures and \$3,531,028.00 for operating funds. The Expenditure Deadline for Capital Funds is set forth herein as a Milestone Completion Date. The Expenditure Deadline for Operating Funds is set forth herein as a Milestone Completion Date.

Grantee will receive additional funds in the amount of \$570,000.00 (the "**Bonus Award**") if the Project's Assisted Units achieve full occupancy (with consideration for an average of 10 percent vacancy) within eight (8) months of the Award Date. The occupancy deadline in connection with Grantee's Bonus Award is set forth herein as a Milestone Completion Date. The Department will not disburse the Bonus Award until it receives documentary evidence, in form and substance reasonably satisfactory to the Department, that the Milestone Completion Date has been met. Grantee shall only use such Bonus Award for its incurred or prospective operating costs for the Project. If Grantee duly satisfies all requirements and conditions relative to the Bonus Award, Grantee's total award amount will be \$16,364,786.00 (the "**Total Award Amount**").

2. **Project Narrative.** After award, Shangri-La Industries LLC (**Co-Applicant 1**) and Step Up on Second, Inc. (**Co-Applicant 2**) will form a single asset entity partnership to own the Sanborn Inn Hotel. To provide much needed, immediate housing options, the Sanborn Inn will initially be utilized as emergency, interim housing for people experiencing chronic homelessness. The acquisition and rehabilitation project will have 58 assisted studios and will be designated as follows: 1 manager unit, 34 units for people at-risk of homelessness, 23 units for people experiencing chronic homelessness. Nine units will be accessible for tenants with mobility disabilities and 6 units for people with hearing or vision disabilities. The site will include communal spaces to accommodate supportive services, a community room, computer room, staff offices, and the property will be beautifully landscaped. The project is close to several off-site amenities that are within half-a-mile, there are over 6 bus stops and full-scale grocery stores, such as Foods Co. and Cardenas Markets.

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Obligation to Serve Subsets of the Target Population. Grantee shall ensure that at least 25 percent of the Project's Assisted Units are restricted to occupancy by the Chronically Homeless.

3. **Scope of Work.** Each unit will have convertible kitchenettes (a portion of the kitchenette dedicated to storage can be removed to accommodate tenants with wheelchairs and reinstalled for those who do not use one), led lighting, anti-slide/lift devices on applicable doors/windows, smoke and carbon monoxide detectors, and furnishings including a drop leaf table with four chairs, dresser, twin beds and mattresses, Smart TV, digital TV antenna, and a microwave. Fire/Life/Safety will be accessible. Additionally, residents receive a Welcome Home Kit which includes kitchenware, linens, and cleaning supplies. No additional units or expansion of the building's floor area or height will be conducted. Construction will take approximately 6 months for completion.

Supportive Services:

Step Up on Second, Inc. will provide wrap-around services for each resident according to their need. Services are as follows:

- Onsite Case Manager – Step Up embraces a Housing First and person-centered approach to case management. Each resident meets with a Case Manager to create an Individual Service Plan (ISP) that details the supports, activities, and resources required for the individual to achieve personal goals. Case Managers provide linkage to agencies such as the County Behavior Health, Social Services and Public Health Services that provide appropriate supplemental services that cannot be provided on-site. Particularly, psychiatric, clinical and medication management, and mental health services will be referred out with support and coordination from staff to ensure the connection is made.
- Regional Director – oversees service provision and contract compliance for all Homekey sites in the region. Provides administrative and professional support to the Program Manager.
- Onsite Regional Program Manager – licensed Social Worker/Counselor who provides management support to Lead Service Coordinator to ensure that onsite supportive services are aligned with contract and agency requirements.

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- Onsite Lead Service Coordinator – responsible for oversight of the team and may assist to perform assessments and clinical interventions where necessary for individuals diagnosed with mental illness in a community setting. Reports to Regional Program Manager.
- Service Coordinator I – provides housing and shelter referrals, substance use support services, education resources such as GED completion, and employment resources and other essential entities to increase independence.
- Additional support services provided by Step Up includes full scope individual mental health therapy, group therapy, peer support services, transportation services, and budgeting.

Case Manager Staffing Ratio (how many staff are assigned per client):

- Chronically Homeless (15:1)
- At-Risk of Homelessness (15:1)

Total Full-Time Equivalent (FTE) Staff positions (half-time is 0.5)

- Service Coordinator I (2.0 FTE)
- Lead Service Coordinator (0.75 FTE)
- Regional Program Manager (2.0 FTE)
- Regional Director (.10 FTE)
- Case Manager (3.0 FTE)

4. **Conversion Obligations.** During the conversion process, and in accordance with the NOFA and Exhibit D of this Agreement, Grantee shall ensure one-for-one replacement of any Assisted Units that are taken offline during construction and/or rehabilitation. Furthermore, Grantee shall ensure that any tenants that are displaced during the conversion process receive relocation assistance and benefits in accordance with applicable law. Grantee shall complete the Interim Housing-to-Permanent Housing conversion before the expiration of the 15-year interim affordability period. Grantee shall ensure that the Permanent Housing Project provides the same square footage of space for the Target Population as the Interim Housing Project did, and that corresponding AMI levels do not exceed 30 percent AMI. Upon completion of the conversion, the Grantee shall cause the recordation of a regulatory agreement or other use restriction in accordance with and as more fully set forth in the Special Conditions below.

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5. Grantee Contract Coordinator.

Authorized Representative Name:	Megan Hunter
Authorized Representative Title:	Director of Community Development
Entity Name:	City of Salinas
Address:	65 W. Alisal Street, 2nd Floor Salinas, CA 93901
Telephone No.:	(831) 758-7387
E-Mail Address:	meganh@ci.salinas.ca.us
Co-App 1 Authorized Representative Name:	Dalia Wahab
Authorized Representative Title:	General Counsel
Entity Name:	Shangri-La Industries LLC
Address:	660 South Figueroa Street, Suite 1888 Los Angeles, CA 90017
Telephone No:	(714) 655-4353
E-Mail Address:	dwahab@shangrila.us
Co-App 2 Authorized Representative Name:	Aaron Criswell
Authorized Representative Title:	Chief Housing Development Officer
Entity Name:	Step Up on Second Street, Inc.

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Address:	1328 Second Street Santa Monica, CA 90401
Telephone No:	(213) 458-6491
E-Mail Address:	acriswell@stepup.org

Additional Conditions Precedent to Disbursement.

The Department will not disburse the Award until it receives a fully conforming resolution authorizing Grantee, through its authorized representative, to execute and deliver this Standard Agreement and other Homekey Documents.

6. Budget Detail.

Grantee is obligated to cover the Project's development, operations and service costs for five (5) years. Grantee will satisfy this obligation by leveraging funding commitments, or other reasonable funding assurances, from the following funding sources:

Homekey award in the amount of \$16,364,786.00 for site acquisition and rehabilitation and capitalization of an operating subsidy for the Assisted Units.

A letter dated February 8, 2022, from Shangri-La Industries LLC in the amount of \$2,449,926.00 for a construction loan for the project's development.

A letter dated February 8, 2022, from Shangri-La Development in the amount of \$533,832.00 for general provider equity loan for the project's development.

Grantee shall maintain the ongoing affordability of the Project by leveraging the following non-Homekey sources of rental or operating subsidies:

A Memorandum of Understanding (MOU) dated December 29, 2021, between the City of Salinas (City), Co-Applicant 1, Co-Applicant 2 committed the operating subsidies. The City approved the MOU on December 29, 2021, with a City Resolution dated January 21, 2022. The operating subsidies consist of:

- o HUD Home Investment Partnership American Rescue Plan (HOME ARP) in the amount of \$1,298,000.00

Homekey Program – Round 2 (Homekey)

NOFA Date: September 9, 2021, and amended on January 14, 2022

Project Name: Step Up On Sanborn, A Shangri-La Community

Approved Date: 01-24-2022

Prep. Date: 02-22-2022

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- HCD Permanent Local Housing Allocation (PLHA) in the amount of \$1,014,000.00
- American Rescue Plan Act (ARPA) in the amount of \$1,000,000.00, and,

Additionally, a letter from The Coalition of Homeless Service Providers dated February 1, 2022, on behalf of Salinas/Monterey and San Benito Counties' Continuum of Care committed 29 Emergency Housing Vouchers (EHV) in the amount of \$2,133,936.00 over 4 years.

7. Performance Milestones.

Performance Milestones	Milestone Completion Date
Capital funds must be fully expended.	October 16, 2022
All Homekey-funded construction or rehabilitation must be completed.	February 16, 2023
Full occupancy by the Target Population must be accomplished in accordance with the descriptions and representations set forth in the Application.	October 16, 2022
A copy of Grantee's written nondiscrimination policy (in accordance with <u>Exhibit D</u> of this Agreement) must be submitted to the Department.	October 16, 2022
A [DRAFT] Covenant must be submitted to the Department for review and approval.	October 16, 2022

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Performance Milestones	Milestone Completion Date
A Department-approved Covenant must be recorded against the Project as specified and described in the NOFA and this Agreement.	February 16, 2023
Homekey-funded operating funds must be fully expended.	June 30, 2026
A Homekey Program and Expenditure Report must be submitted to the Department as specified and described in the NOFA.	January 31 – Each year for five (5) years following the Effective Date of this Agreement
Conversion of the Interim Housing facility to Permanent Housing must be completed.	February 16, 2038
Regulatory Agreement/Use Restriction must be recorded against the Project site of the Permanent Housing.	Within three (3) months of completion of conversion.

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

1. **Interim Housing Use Restriction.** The state, regional, local, or tribal Grantee shall ensure that the Project is duly encumbered with a 15-year covenant, declaration, regulatory agreement, or similar use restriction (the “**Covenant**”) that **(a)** is recorded in first position against the Project for the benefit of the Department; **(b)** restricts the use, operation, occupancy, and affordability of the Project in accordance with this Agreement and the applicable Program Requirements; and **(c)** is otherwise in form and substance acceptable to the Department.

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The Covenant must be recorded against the real property of the Project site by the Milestone Completion Date set forth herein. The Grantee shall obtain the Department's express written approval of the Covenant prior to the recordation of the same. After recordation, the Grantee shall promptly provide the Department with a conformed copy of the recorded Covenant.

Unless otherwise authorized by the prior and express written approval of the Department, the Covenant must be recorded as a lien against the Project in first position, and must remain in first position, over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.

2. Grantee has committed to a 55-year use restriction for the Project and has waived any potential accommodation by the Department to increase income limits, as described in the NOFA, for 100 percent of the Assisted Units. During the Homekey Application review process and in accordance with the NOFA, the Grantee received a scoring advantage for making this commitment.
3. Grantee has made the following accessibility commitments with respect to the Project: The Project will exceed the state and federal accessibility requirements set forth in the NOFA. At least 15 percent of the Project's Assisted Units must have features accessible to persons with mobility disabilities, as specified and described in the NOFA. And at least 10 percent of the Project's units must have features accessible to persons with hearing or vision disabilities, as specified and described in the NOFA.
4. **Post-Conversion Regulatory Agreement.** After the Interim Housing facility has been converted to Permanent Housing, the state, regional, local, or tribal Grantee shall ensure that the Permanent Housing Project is duly encumbered with a 55-year covenant, declaration, regulatory agreement, or similar use restriction (the "**Regulatory Agreement**") that **(a)** is recorded in first position against the Project for the benefit of the state, regional, local, or tribal Grantee; **(b)** restricts the use, operation, occupancy, and affordability of the Project in accordance with this Agreement and the applicable Program Requirements; **(c)** duly names the Department as a third-party beneficiary with the right and privilege, but not the

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obligation, of enforcement thereof; and **(d)** is otherwise in form and substance acceptable to the Department.

The Regulatory Agreement must be recorded against the real property of the Project site by the Milestone Completion Date set forth herein. The Grantee shall obtain the Department's express written approval of the Regulatory Agreement prior to the recordation of the same. After recordation, the Grantee shall promptly provide the Department with a conformed copy of the recorded Regulatory Agreement.

Unless otherwise authorized by the prior and express written approval of the Department, the Regulatory Agreement must be recorded as a lien against the Project in first position, and must remain in first position, over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.

5. The Award Letter was made to the City, Co-Applicant I, and Co-Applicant II as Grantee. Following disbursement of the Award, Co-Applicant I and Co-Applicant II desire to form a single asset entity partnership (Partnership) to which ownership of the Project will be transferred. Prior to this transfer, Grantee will submit to the Department, for its express written consent, organizational documents demonstrating the Partnership's compliance with section 8313.2 of the Department's Uniform Multifamily Regulations (UMRs). The Department's consent shall be provided at its sole and absolute discretion. Following the Department's consent, the Grantee and the Partnership will be jointly and severally liable to the Department pursuant to Paragraph 43 of Exhibit D.

EXHIBIT 4

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 21-HK-17166

PURCHASING AUTHORITY NUMBER (if applicable)

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'S NAME
Shangri-La Industries LLC, City of Redlands, and Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

Fifteen (15) Years from Effective Date

3. The maximum amount of this Agreement is:

\$30,000,000.00

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	9
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	Homekey General Terms and Conditions	16
Exhibit E	Project-Specific Provisions and Special Terms and Conditions	8
TOTAL NUMBER OF PAGES ATTACHED		36

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 See Attached	CITY See Attached	STATE See Attached	ZIP See Attached
PRINTED NAME OF PERSON SIGNING See Attached	TITLE		
CONTRACTOR AUTHORIZED SIGNATURE See Attached	DATE SIGNED See Attached		

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME
Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS 2020 W. El Camino Ave., Suite 130	CITY Sacramento	STATE CA	ZIP 95833
PRINTED NAME OF PERSON SIGNING Michael White	TITLE Contracts Manager, Business & Contract Services Branch		
CONTRACTING AGENCY AUTHORIZED SIGNATURE <i>Michael White</i>	DATE SIGNED 5/24/2022		

California Department of General Services Approval (or exemption, if applicable)

Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 06/12/1981)

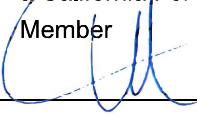
CONTRACTOR

Shangri-La Industries LLC

a Delaware Limited Liability Company

By: W Investments, LLC
a California For Profit limited liability company

Its: Member

By:  _____ Date: 5/10/2022


Cody Holmes
Chief Financial Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

Step Up on Second Street, Inc.

a California nonprofit Corporation

By:  _____ Date: 5/24/2022

Tod Lipka
President and CEO

Address:

1328 Second Street
Santa Monica, CA 90401

City of Redlands

a California city and municipal corporation

By: see next page _____ Date: _____

Paul T Barich
Mayor

Address:

35 Cajon Street, Suite 200
Redlands, CA 92373

CONTRACTOR

Shangri-La Industries LLC
a Delaware Limited Liability Company

By: W Investments, LLC
a California For Profit limited liability company

Its: Member

By: see prior page Date: _____

Cody Holmes
Chief Financial Officer

Address:

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a California nonprofit Corporation

By: see prior page Date: _____

Tod Lipka
President and CEO

Address:

1328 Second Street
Santa Monica, CA 90401

City of Redlands
a California city and municipal corporation

By:  Date: 5/12/22

Paul T Barich
Mayor

Address:

35 Cajon Street, Suite 200
Redlands, CA 92373

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) (“**AB 140**”) added sections 50675.1.3 and 50675.1.4 to the Multifamily Housing Program (“**MHP**”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.3 provides the statutory basis for the Homekey Program – Round 2 (“**Homekey**” or “**Program**”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“**Department**” or “**HCD**”) to administer MHP.

The Department issued a Homekey Program Notice of Funding Availability, Round 2 on September 9, 2021, which was subsequently amended on January 14, 2022 (the “**NOFA**”). The NOFA incorporates by reference the MHP, as well as the Multifamily Housing Program Final Guidelines, dated June 19, 2019 (“**MHP Guidelines**”), both as amended and in effect from time to time. Homekey grant funds are derived primarily from the state’s direct allocation of the federal Coronavirus State Fiscal Recovery Fund (“**CSFRF**”), which was established by the American Rescue Plan Act of 2021 (“**ARPA**”) (Pub.L. No. 117-2). Homekey funds are also derived from the State of California’s General Fund.

This STD 213, Standard Agreement (“**Agreement**”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Grantee, as defined below, for funding under the Program (the “**Grant**”). As such, this Agreement shall be executed by the Grantee. Where the Grantee comprises a Public Entity or Tribal Entity, as defined below, and one or more additional entities, all entities shall execute the Agreement.

This Agreement hereby incorporates by reference the Application, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is incorporated hereto as if set forth in full herein:

- A. AB 140;
- B. The above-referenced MHP statutory scheme;
- C. The NOFA;

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Prep. Date: 04-19-2022

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- D. The MHP Guidelines;
- E. ARPA and related federal guidance;
- F. The award letter issued by the Department to the Grantee; and
- G. All other applicable law.

2. Purpose

The Homekey Program is intended to provide housing for individuals and families who are homeless or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases ("**Target Population**").

Grantee applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Grantee agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. Definitions

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. "**AMI**" means Area Median Income.
- B. "**Application**" means the application for Grant funds that was submitted in response to the Department's NOFA.
- C. "**Assisted Unit**" means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with Program Requirements. See also "**Youth Assisted Unit**."
- D. "**Chronically Homeless**" is defined in accordance with Part 578.3 of Title 24 of the Code of Federal Regulations.
- E. "**Co-Applicant**" means the nonprofit corporation, for-profit corporation, limited liability company, and/or limited partnership that applied for an award of Homekey Grant funds with the Eligible Applicant (i.e., a Public Entity or Tribal Entity).

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Approved Date: 01-24-2022

Prep. Date: 04-19-2022

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- F. **“Designated Payee”** means the Co-Grantee that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- G. **“Eligible Applicant”** means the Public Entity or Tribal Entity that applied for an award of Homekey Grant funds.
- H. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.3, subdivision (a).
- I. **“Expenditure Deadline for Capital Funds”** means the date by which the capital expenditure award must be fully expended. This deadline is eight (8) months from the date of the Grantee’s award unless the Department has approved an alternate arrangement in advance and in writing.
- J. **“Expenditure Deadline for Operating Funds”** means the date by which the operating subsidy award must be fully expended. This deadline is **June 30, 2026**.
- K. **“Grantee”** means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an “Eligible Applicant,” as defined in the NOFA and as set forth above. **“Grantee”** refers, both individually and collectively, to the Co-Applicant and/or the Eligible Applicant that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Grantee comprises two or more entities, each entity may be referred to as a **“Co-Grantee.”** On the STD 213 portion of this Agreement, the Grantee is identified as the Contractor.
- L. **“Homeless Youth”** means a child, youth, or current or former foster youth through the age of 25 who qualifies as “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.
- M. **“Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because **(i)** at least 25 percent of its Assisted Units will be restricted to Homeless Youth or Youth at Risk of Homelessness; **(ii)** the Grantee jointly applied and/or partnered with a nonprofit corporation with experience serving the foregoing subpopulation; and **(iii)** the Project is in reasonable proximity to youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting

EXHIBIT A

youth, and community centers for youth. Alternatively, **“Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because it will provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care.

- N. “Interim Housing” or “Transitional Housing”** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements, or to pay any rent, fees, or charges.
- O. “Local Public Entity”** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term **“Local Public Entity”** also includes two or more local public entities acting jointly.
- P. “Performance Milestones”** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Grantee’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- Q. “Permanent Housing”** means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of tenancy, the landlord does not restrict the tenant’s movements, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- R. “Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – G, above.
- S. “Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing, Interim Housing, or Transitional Housing for the Target Population.

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- T. “Public Entity”** is defined in accordance with Health and Safety Code section 50675.1.3, subdivision (a), and means a city, a county, a city and county, and any other state, regional, or Local Public Entity, including any council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code. For purposes of this Agreement, a **“Local Public Entity”** is defined in accordance with Health and Safety Code section 50079 and as set forth above.
- U. “Scope of Work”** or **“Work”** means the work to be performed by the Grantee to accomplish the Program purpose.
- V. “Supportive Services”** means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- W. “Target Population”** means individuals and families who are “homeless” or “at risk of homelessness,” as those terms are defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.
- X. “TCAC”** means the California Tax Credit Allocation Committee.
- Y. “Tribal Entity”** means an entity that meets any of the following criteria:
- i. Meets the definition of Indian tribe under section 4103(13)(B) of title 25 of the United States Code;
 - ii. Meets the definition of Tribally Designated Housing Entity under section 4103(22) of title 25 of the United States Code;
 - iii. Is not a federally recognized tribe, but is either:
 - I. Listed in the petitioner list of the Office of Federal Acknowledgment (OFA) within the Office of the Assistant Secretary – Indian Affairs of the Department of the Interior pursuant to Part 82.1 of Title 25 of the Code of Federal Regulations; or
 - II. Is an Indian tribe located in the State of California and identified on the contact list maintained by the Native American Heritage Commission for the purpose of consultation pursuant to Government Code section 65352.3.

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Z. “Youth Assisted Unit” means an Assisted Unit serving Homeless Youth or Youth at Risk of Homelessness. See also “**Assisted Unit.**”

AA. “Youth at Risk of Homelessness” means a child, youth, or current or former foster youth through the age of 25 who qualifies as “at risk of homelessness” or “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

4. Eligible Uses

Grantee shall apply the Program Grant funds to one or more of the following uses. All costs in connection with such Eligible Uses must be incurred on or after March 3, 2021, by the Expenditure Deadline for Capital Funds, and by the Expenditure Deadline for Operating Funds, respectively and as applicable. Grantee’s use of the funds and scope of work (“**Scope of Work**” or “**Work**”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- B. Master leasing of properties for non-congregate housing.
- C. Conversion of units from nonresidential to residential.
- D. New construction of dwelling units.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of the Homekey Project.
- G. Capitalized operating subsidies for units purchased, converted, or altered with Homekey Grant funds provided pursuant to Health and Safety Code section 50675.1.3.

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5. Rent Standards

Permanent Housing. Rent limits for initial occupancy, and for each subsequent occupancy, of an Assisted Unit shall not exceed 30 percent of that Assisted Unit's designated income-eligibility level.

Interim Housing, Transitional Housing. No rent shall be charged to the Target Population residents of Interim Housing or Transitional Housing.

6. Program Deadlines

For Projects that involve acquisition, the Grantee shall expend any capital expenditure award and the Project escrow must be closed by the Expenditure Deadline for Capital Funds.

For Projects that involve construction and/or rehabilitation, the Grantee shall expend any capital expenditure award by the Expenditure Deadline for Capital Funds, and complete any construction or rehabilitation activities within twelve (12) months of the date of the award.

All acquisition-only Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of the Expenditure Deadline for Capital Funds. Otherwise, Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of construction and/or rehabilitation completion. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time.

Projects that received a bonus award for expedited occupancy shall achieve full occupancy within eight (8) months of the date of the award. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time. No bonus award shall be granted for expedited occupancy if the Grantee requests and the Department approves an extension for full occupancy.

Grantee may ask the Department for an extension to complete construction and/or rehabilitation, where the Grantee clearly demonstrates that the extension is due to circumstances or conditions beyond the Grantee's control, and that granting the extension will enable the construction and/or rehabilitation to be completed and full occupancy of the Assisted Units to be achieved. Where the Department grants an extension for completion of construction and/or rehabilitation, the Expenditure Deadline

EXHIBIT A

for Capital Funds and the deadline for full occupancy of the Assisted Units may also be extended within the constraints of applicable law.

Grantee shall expend any Homekey-funded operating subsidy award by the Expenditure Deadline for Operating Funds.

7. **Performance Milestones**

Grantee shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each, a “**Milestone Completion Date**”). The Performance Milestones shall include, but not be limited to, any applicable Expenditure Deadline for Capital Funds, Expenditure Deadline for Operating Funds, occupancy deadline, or expedited occupancy deadline.

Grantee may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department’s reasonable discretion. In no event will the Department approve an extension request in the absence of Grantee’s demonstration of good cause for said extension, along with Grantee’s reasonable assurances that the extension will not result in Grantee’s failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

8. **Reporting Requirements**

Grantee shall submit an annual Homekey Program and Expenditure Report, and comply with all additional reporting requirements, as set forth and specified at Section 601 of the NOFA, all in accordance with the Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department.

Upon the Department’s request and as specified, the Grantee shall provide progress reports in connection with the development plan and any updates to the timeline for completion of the Project. The development plan should include the Project’s completion milestones and any updates or substantial changes.

In addition, the Grantee shall submit to the Department such periodic reports, updates, and information as deemed necessary by the Department to monitor compliance and/or perform Program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

EXHIBIT A

Grantee shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.

9. Department Contract Coordinator

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of State Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Grantee shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address or email to Homekey2SGM@hcd.ca.gov:

California Department of Housing and Community Development
Attention: Homekey Program – Round 2 (Homekey)
State Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

10. Grantee Contract Coordinator

The Grantee Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Grantee Contract Coordinator at the address specified at Exhibit E of this Agreement.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Grantee has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Grantee after this Agreement has been fully executed and after the Department receives the Grantee's request for funds, with all required supporting documents appended thereto. The Grantee shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program Requirements (if the Grantee has not already submitted same);
- C. Documentary evidence of any eligible costs incurred on or after March 3, 2021 and before the execution of this Agreement;
- D. Certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law;
- E. A copy of the Department-approved relocation plan for the Project, or a copy of a Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department;
- F. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- G. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- H. A current title report (dated within 15 days of the request for funds); or for tribal trust land, a title status report ("TSR") or an attorney's opinion regarding chain of title and current title status;

EXHIBIT B

- I. Any forms, certifications, or documentation required pursuant to Paragraph 5– Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- J. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Grantee shall meet each Performance Milestone set forth at Exhibit E by the relevant Milestone Completion Date. After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department. Grantee may apply to the Department for an extension of any Milestone Completion Date based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Performance Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE GRANTEE TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

4. Fiscal Administration

- A. Grantee shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit the Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any capital expenditure award funds that have not been expended by the Expenditure Deadline for Capital Funds must be returned to the Department with accrued interest. Any operating subsidy award funds that have not been expended by the Expenditure Deadline for Operating Funds must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

EXHIBIT B

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Grantee may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

EXHIBIT D

HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement, when fully executed by the Department and the Grantee, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").
- B. This Agreement shall terminate fifteen (15) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").
- C. Grantee will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B and, as necessary and applicable, under Paragraph 5 – Additional Conditions Precedent to Disbursement of Exhibit E.
- D. Any expenses incurred prior to March 3, 2021, after the Expenditure Deadline for Capital Funds, or after the Expenditure Deadline for Operating Funds, respectively and as applicable, are not eligible for payment under the Program, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.
- E. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department in the absence of an alternate arrangement that has been approved by the Department in advance and in writing.

2. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Grantee. Upon such termination, Grantee shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

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Cause shall consist of Grantee's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Grantee's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified.
- B. Grantee's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Grantee's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Grantee in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Grantee has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Grantee, the Department may give written notice to the Grantee to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department in its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

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3. Cancellation

- A. It is mutually understood between the parties that this Agreement 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 this Agreement were executed after that determination was made.
- B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement 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 Agreement in any manner.
- C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement shall be amended to reflect any subsequent reduction in CSFRF funds.
- D. The Department may cancel this Agreement, in whole or in part, if **(i)** sufficient funds are not made available by the United States Government; **(ii)** Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or **(iii)** cancellation is otherwise permitted under state contracting law.
- E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Grantee. The Locality shall return any undisbursed portion of its Grant award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless **(i)** the parties have agreed upon an alternate arrangement in advance and in writing; or **(ii)** an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

4. Eligible Activities

Grant funds awarded to the Grantee shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

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5. Performance Milestones

Grantee shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

6. Article XXXIV

Per Health and Safety Code section 37001, subdivision (h)(2), article XXXIV, section 1 of the California Constitution (“**Article XXXIV**”) is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from CSFRF established by ARPA. As such, Article XXXIV is not applicable to Homekey-funded development, construction, or acquisition.

7. Appraisals

Grantee shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

8. Compliance with Prevailing Wage Law

Grantee’s Project is subject to state and federal prevailing wage law. Grantee is urged to seek professional legal advice about prevailing wage law requirements and Grantee’s potential obligations thereunder. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California’s prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Grantee and its general contractor(s).

9. Environmental Conditions

Grantee shall provide a Phase I Environmental Site Assessment (“**ESA**”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I

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ESA discloses evidence of recognized environmental conditions and Grantee desires to proceed with the Project, the Grantee shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Grantee shall also provide an asbestos assessment and a lead-based paint report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

10. **Insurance**

Grantee shall obtain the insurance coverages identified in the NOFA. Grantee shall maintain such insurance coverages for either the term of this Agreement or the term of any required restrictive covenant or regulatory agreement, whichever applicable term is longer. Grantee shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Grantee shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Grantee is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Grantee shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Grantee abandons its self-insured status at any time after execution of this Agreement, the Grantee shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

11. **Operating Funds**

Grantee shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Grantee shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

12. **Relocation**

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the

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displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the Homekey award will be disbursed, Grantee must have either:

- A. A Department-approved relocation plan; or
- B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department.

13. **One-for-One Replacement of Assisted Units**

One-for-one replacement of Assisted Units is permissible if approved in advance by the Department per Section 301 of the NOFA, after the Department's determination, in its sole and absolute discretion, that such replacement will not reduce the inventory of units that are already available at affordable rents to households that are at or under 30 percent AMI.

14. **Site Control**

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Grantee shall have control of the property at all times, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Grantee's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this

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- Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
 - D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
 - E. A letter of intent, executed by a sufficiently authorized signatory of the Grantee, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Grantee shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Grantee. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
 - F. Other evidence of site control that gives the Department assurance (equivalent to A-E above) that the Grantee will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

15. Adaptability and Accessibility

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility, including, without limitation, the requirements set forth in the NOFA.

16. Title Status and Reports

Grantee shall provide a current title report for the real property on which the Project is located. If Grantee's interest in the property is leasehold, then Grantee shall provide a current title report for the leasehold interest and the fee interest. For tribal

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trust land, Grantee shall provide a TSR or an attorney's opinion regarding chain of title and current title status. As set forth and specified at Exhibit B of this Agreement, Grantee shall provide such title report or documentation of title status prior to disbursement of any Homekey Grant funds.

17. **Title Insurance**

Grantee shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Grantee holds good and marketable title (fee simple or leasehold).

18. **Property Management Plan**

Grantee shall submit a property management plan to the Department for its review and approval. Such management plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., include the management, maintenance, and repair information required by the MHP Guidelines).

19. **Supportive Services Plan**

Grantee shall submit a Supportive Services plan to the Department for its review and approval. Such Supportive Services plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., provide for delivery of housing stability services and benefits).

20. **Compliance with Title VI of the Civil Rights Act of 1964**

Grantee and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or

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activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

21. Nondiscrimination

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;
- B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);
- C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);
- E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and
- F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the NOFA and at Exhibit C of this Agreement.

Grantee shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or

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person associated with any of the preceding classes, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Homekey funds.

22. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Grantee shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing, Transitional Housing, or Permanent Housing. Grantee is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Grantee shall comply with all applicable state and federal fair housing laws.

23. Grantee Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Grantee acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, 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 governmental ordinances related to public health, animal control, and animal anticruelty.

24. Final Certificate of Occupancy

Grantee shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

25. Occupancy

The Assisted Units shall be occupied by the Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Grantee shall certify, upon occupancy, that it will employ the core components of Housing First (as set forth at Welfare and Institutions Code section 8255) as part of

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its property management plan and Supportive Services plan.

26. **Tenant Selection**

Referrals to Assisted Units shall be made through the local Coordinated Entry System (“**CES**”), or another comparable prioritization system based on greatest need shall be used. All referral protocols for Assisted Units shall be developed in collaboration with the local Continuum of Care and implemented consistent with the Program Requirements.

27. **Participation in Statewide HDIS/HMIS**

Grantee shall support Continuum of Care participation in the statewide Homeless Data Integration System (“**HDIS**”). As required by and in accordance with state and federal law (including all applicable privacy law), Grantee shall further disclose relevant data to the local Homeless Management Information System (“**HMIS**”) and comparable data collection systems.

28. **Restrictive Covenants and Regulatory Agreements**

A restrictive covenant, regulatory agreement, or similar use restriction shall be recorded against the Project real property, depending on the Project type. For Interim Housing or Transitional Housing Projects that will not result in Permanent Housing, the Department will prepare, and the Public Entity shall cause, a 15-year restrictive covenant to be recorded against the Project real property. For Interim Housing or Transitional Housing Projects that will ultimately result in Permanent Housing, the Public Entity or Tribal Entity shall prepare and cause a 15-year restrictive covenant to be recorded against the Project real property. For Permanent Housing Projects, the Public Entity or Tribal Entity shall prepare and cause a 55-year regulatory agreement to be recorded against the Project real property. For Permanent Housing Projects located on tribal trust land, a 50-year use restriction shall be recorded against the Project real property.

All use restrictions shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions shall include occupancy and rent restrictions that maintain the Project’s accessibility to the Target Population over the full term of the use

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restriction.

All use restrictions are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

29. Restrictions on Sales, Transfers, and Encumbrances

Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

30. Retention, Inspection, and Audit of Records

Grantee is responsible for maintaining records which fully disclose the activities funded by the Grant. Grantee shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Grantee shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Grantee shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which

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permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Grantee shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Grantee in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Grantee, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Grantee shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

31. **Site Inspection**

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

32. **Compliance with State and Federal Laws, Rules, Guidelines, and Regulations**

Grantee agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

33. **Updated Information**

If there is any change in the information that has been provided to the Department, Grantee shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval. In addition, Grantee shall promptly notify the Department, in writing, of any changes in

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Grantee or Co-Grantee organization, authorization, or capacity.

34. Survival of Obligations

The obligations of the Grantee, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

35. Litigation

Grantee 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, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

36. Entire Agreement; Severability

This Agreement constitutes the entire agreement between the Grantee and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

37. Modification or Waiver under AB 1010

The Department reserves the right to waive or modify any requirement under this Agreement, or any Program Requirement, as authorized by and in accordance with Assembly Bill No. 1010 (Chapter 660, Statutes of 2019) ("**AB 1010**"), which is codified at Health and Safety Code section 50406, subdivision (p).

38. Waivers

No waiver of any breach, violation, or default under this Agreement shall be held to be a waiver of any other or subsequent breach or violation thereof or default

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thereunder. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Grantee's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

39. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

40. Single Audit Requirements

Grantee is responsible for complying, as necessary, with the Single Audit Act and its implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

41. Disputes

In the event of any conflict between this Agreement and any Grantee documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

42. Consent

The parties agree that wherever the consent or approval of the Department or Grantee is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

43. Grantee Liability

Grantee shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a

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third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Grantee shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Grantees' identification of a Designated Payee.

44. Defense and Indemnification

Grantee agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Grantee's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Grantee shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

45. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS
Permanent Housing

A. PROJECT-SPECIFIC PROVISIONS

Redlands Good Nite Inn 1675 Industrial Park Ave Redlands, CA 92374				Assessor Parcel Number (APN): 0292-063-38	
County of San Bernardino					
# of Bedrooms	Units	Non-Homekey Units	Homekey-Assisted Units	AMI Income Limit	Restriction to Subset of Target Population
Manager Unit	1	0	1	N/A	N/A
0 (Studio)	37	0	37	30%	At-Risk of Homelessness
0 (Studio)	25	0	25	30%	Chronically Homeless
0 (Studio)	36	0	36	30%	N/A
Totals:	99	0	99		

1. **Permanent Housing – Award, Disbursement, and Eligible Use(s)**. Grantee received Homekey Program award letter on March 14, 2022 (the “**Award Date**”). Pursuant to that award letter, the Grantee is receiving Homekey Grant funds in the amount of \$29,020,000.00 (the “**Award**”). The Payee of these funds is Shangri-La Industries LLC (Shangri-La). Grantee will use the funds to provide Permanent Housing for the Target Population. Specifically, the Grantee will apply these funds towards the following eligible use(s):
 - a. Acquisition and rehabilitation of a hotel to provide Permanent Housing for the Target Population
 - b. Capitalization of an operating subsidy for the Assisted Units

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Grantee's Award includes \$24,142,000.00 for capital expenditures and \$4,878,000.00 for operating funds. The Expenditure Deadline for Capital Funds is set forth herein as a Milestone Completion Date. The Expenditure Deadline for Operating Funds is set forth herein as a Milestone Completion Date.

Grantee will receive additional funds in the amount of \$980,000.00 (the "**Bonus Award**") if the Project's Assisted Units achieve full occupancy (with consideration for an average of 10 percent vacancy) within eight (8) months of the Award Date. The occupancy deadline in connection with Grantee's Bonus Award is set forth herein as a Milestone Completion Date. The Department will not disburse the Bonus Award until it receives documentary evidence, in form and substance reasonably satisfactory to the Department, that the Milestone Completion Date has been met. Grantee shall only use such Bonus Award for its incurred or prospective operating costs for the Project. If Grantee duly satisfies all requirements and conditions relative to the Bonus Award, Grantee's total award amount will be \$30,000,000.00 (the "**Total Award Amount**").

- 2. Project Narrative.** Redlands Good Nite Inn is a 100-unit hotel located in the City of Redlands. The site has abundant parking and accessibility. It is located within one-half mile of a bus stop, full-service grocery store, and a pharmacy. The project will acquire, rehabilitate, and convert the hotel into 98-studio units of permanent supportive housing and two-units will be converted into one on-site managers unit. The Project will be the first of its kind within the city limits serving those experiencing homelessness, at-risk of being homeless and chronically homeless. The property currently has an office, a reception area, a conference room, a guest laundry facility, an outdoor swimming pool, a vending area, and a maintenance space.

Obligation to Serve Subsets of the Target Population. Grantee shall ensure that at least 25 percent of the Project's Assisted Units are restricted to occupancy by the Chronically Homeless. Grantee shall ensure that at least 50 percent of the Project's Assisted Units are restricted to occupancy by the Homeless.

- 3. Scope of Work.** Shangri-La (Co-applicant) will update the site by adding adaptable kitchenettes to all units, new plumbing throughout, new flooring, paint, a drop leaf table with four chairs, a dresser, a twin bed and mattress, smart TV with digital TV antenna and a microwave. Each tenant will receive a Welcome Home Kit that will contain kitchenware, linens, and cleaning supplies. The project will focus on environmental sustainability by following California Green Building Standards, so

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each unit will have LED lighting, Energy Star appliances, high-efficiency toilets, and drought-tolerant landscaping. All five mobility units will meet accessibility standards by providing wider doorways, shower and toilet accommodations, visual fire alarm with strobing light and a doorbell flasher. Corridors, elevators, and railings will have all necessary repairs to ensure code compliance. The structures will be re-roofed, re-painted, signage will be replaced, all pathways and elevators brought to code, and the entire property will be fenced with controlled entrance with on-site security. All common areas will be fully renovated and configured to include a support services space community room, a computer center and property management offices. New coin operated washers and dryers will be installed, the swimming pool will be filled into create a gathering space with seating and a dog park.

The Case Manger Ratio for this project shall be maintained at 25:1 for Homeless and 20:1 for Chronically Homeless.

Grantee will partner with Step Up on Second Street, Inc. to manage property and provide the following supportive services:

- Case management: Case management will be provided at least once a month as outlined in individualized service plan (ISP) and provide linkages to all services, including increasing income, linkages to mainstream benefits, vocational services, basic life skills development, food resources, mental health services, connection to health care services. Case management linkage may include DMV, SSI, Medicaid, Housing Authority and other essential entities to increase independence.
- Behavioral health services: Full scope mental health services including individual mental health therapy, group therapy, psychiatric medication support services and transportation support to local health facilities, Loma Linda University Health and Redlands Yucaipa Medical Group.
- Referrals to physical health services: Linkage to primary care physician or community health clinic. On site linkage support through Health Homes, ILOS, ECM if appropriate and transportation support to behavioral health provider office.
- Assistance with obtaining benefits and essential documentation such as Medicaid, food stamps, general relief/cash aid, Social Security/SSDI advocacy and support.

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- Education and employment services: Services include education resources, GED completion, specialized training programs through school district adult education skills and Occupation Centers, and local colleges; job development and placement, benefits counseling (Social Security or other cash benefits that they may be receiving) and individualized support to help maintain employment. These services may be offered individually and/or on-site in a group setting.
- Life skills, activities of daily living, rehab/independence: Individualized life skills training may include money management, shopping best practices, budgeting, support in finding constructive use of time, choices for decreasing substance usage, engaging in mental health and peer support services, and preventing conflict with neighbors and property management staff.
- Emotional skill building: Additional emotional skill building such as mindfulness, relaxation techniques, social activities offered individually and/or in a group setting.

Supportive services on-site staffing includes the following positions:

- Vice President, off-site (.12 FTE)
- Director, off-site (.20 FTE)
- Program Manager (.33 FTE)
- Lead Service Coordinator (1.0 FTE)
- Service Coordinator I (4.0 FTE)

4. Grantee Contract Coordinator.

Authorized Representative Name:	Paul T. Barich
Authorized Representative Title:	Mayor
Entity Name:	City of Redlands
Address:	35 Cajon Street, Suite 200 Redlands, CA 92373
Telephone No.:	(909)-798-7533
E-Mail Address:	pbarich@cityofredlands.org

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Authorized Representative Name:	Cody Holmes
Authorized Representative Title:	Chief Financial Officer
Entity Name:	Shangri-La Industries LLC
Address:	660 South Figueroa Street, Suite 1888 Los Angeles, CA 90017
Telephone No.:	213-797-4255
E-Mail Address:	cholmes@shangrila.us

Authorized Representative Name:	Tod Lipka
Authorized Representative Title:	President and CEO
Entity Name:	Step Up on Second Street, Inc.
Address:	1328 Second Street Santa Monica, CA 90401
Telephone No.:	(310)394-6889
E-Mail Address:	Tlipka@stepup.org

5. Additional Conditions Precedent to Disbursement.

Grantee Shangri-La Industries LLC to demonstrate funding commitment of \$17,302,499.00 from (Lender) Shangri-La Capital LLC to Capital Operating Reserve Subsidy .

6. Budget Detail.

Grantee is obligated to cover the Project's development, operations and service costs for five (5) years. Grantee will satisfy this obligation by leveraging funding commitments, or other reasonable funding assurances, from the following funding sources:

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Homekey Program Award letter dated March 14, 2022, for \$30,000,000.00 for acquisition, development and operations.

Shangri-La Capital LLC committed an acquisition and construction loan for \$10,270,620.00, in a letter dated February 9, 2022.

Shangri-La Capital LLC committed General Partner Equity for \$904,800.00 in a letter dated February 9, 2022.

Grantee shall maintain the ongoing affordability of the Project by leveraging the following non-Homekey sources of rental or operating subsidies:

Shangri-La Industries LLC committed General Partner Equity for \$15,039,614.00, in a letter dated February 9, 2022.

Shangri-La Capital LLC committed a Capital Operation Subsidy Reserve for \$3,167,685.00 in a letter dated February 9, 2022.

City of Redlands committed \$3,573,485.00 in General Fund in a letter dated February 16, 2022.

7. Performance Milestones.

The Project's escrow must be closed, and the capital funds must be fully expended.	Monday, November 14, 2022
All Homekey-funded construction or rehabilitation must be completed.	Tuesday, March 14, 2023
Full occupancy by the Target Population must be accomplished in accordance with the descriptions and representations set forth in the Application.	Monday, November 14, 2022

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A copy of Grantee’s written nondiscrimination policy (in accordance with <u>Exhibit D</u> of this Agreement) must be submitted to the Department.	Monday, November 14, 2022
A [DRAFT] Regulatory Agreement or other use restriction must be submitted to the Department for review and approval.	Monday, November 14, 2022
A Department-approved Regulatory Agreement or other use restriction must be recorded against the Project real property as specified and described in the NOFA and this Agreement.	Tuesday, March 14, 2023
Homekey-funded operating funds must be fully expended.	June 30, 2026
A Homekey Program and Expenditure Report must be submitted to the Department as specified and described in the NOFA.	January 31 – Each year for five (5) years following the Effective Date of this Agreement

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

1. **Use Restriction.** The state, regional, local, or tribal Grantee shall ensure that the Project is duly encumbered with a 55-year covenant, declaration, regulatory agreement, or similar use restriction (the “**Regulatory Agreement**”) that **(a)** is recorded in first position against the Project for the benefit of the state, regional, local, or tribal Grantee; **(b)** restricts the use, operation, occupancy, and affordability of the Project in accordance with this Agreement and the applicable Program Requirements; **(c)** duly names the Department as a third-party beneficiary with the

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right and privilege, but not the obligation, of enforcement thereof; and **(d)** is otherwise in form and substance acceptable to the Department.

The Regulatory Agreement must be recorded against the real property of the Project site by the Milestone Completion Date set forth herein. The Grantee shall obtain the Department's express written approval of the Regulatory Agreement prior to the recordation of the same. After recordation, the Grantee shall promptly provide the Department with a conformed copy of the recorded Regulatory Agreement.

Unless otherwise authorized by the prior and express written approval of the Department, the Regulatory Agreement must be recorded as a lien against the Project in first position, and must remain in first position, over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.

2. Grantee has committed to a 55-year use restriction for the Project and has waived any potential accommodation by the Department to increase income limits, as described in the NOFA, for at least 100 percent of the Assisted Units

EXHIBIT 5

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

SCO ID:

AGREEMENT NUMBER
21-HK-17097

PURCHASING AUTHORITY NUMBER (if applicable)

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'S NAME
Shangri-La Industries LLC, City of Salinas, and Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

Fifteen (15) Years from Effective Date

3. The maximum amount of this Agreement is:

\$13,251,663.00

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	9
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	Homekey General Terms and Conditions	16
Exhibit E	Project-Specific Provisions and Special Terms and Conditions	8
TOTAL NUMBER OF PAGES ATTACHED		36

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 See Attached	CITY See Attached	STATE See Attached	ZIP See Attached
PRINTED NAME OF PERSON SIGNING See Attached	TITLE		
CONTRACTOR AUTHORIZED SIGNATURE See Attached	DATE SIGNED See Attached		

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME
Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS 2020 W. El Camino Ave., Suite 130	CITY Sacramento	STATE CA	ZIP 95833
PRINTED NAME OF PERSON SIGNING Michelle Polk	TITLE Contracts Manager, Business & Contract Services Branch		
CONTRACTING AGENCY AUTHORIZED SIGNATURE 	DATE SIGNED 3/16/2022		

California Department of General Services Approval (or exemption, if applicable)

Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 06/12/1981)

CONTRACTOR

Shangri-La Industries LLC

a Delaware Limited Liability Company

By: W Investments, LLC
a California For Profit limited liability company

By:  _____

Date: 3/10/2022

Cody Holmes
Chief Financial Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

City of Salinas

a California charter city and municipal corporation

By: _____

Date: _____

Steven S. Carrigan
City Manager

Address:

65 West Alisal Street, Second Floor
Salinas, CA 93901

Step Up on Second Street, Inc.

a California nonprofit Corporation

By:  _____

Date: 3/10/2022

Tod Lipka
President & CEO

Address:

1328 Second Street
Santa Monica, CA 90401

Prep Date: 02/22/2022

CONTRACTOR

Shangri-La Industries LLC

a Delaware Limited Liability Company

By: W Investments, LLC
a California For Profit limited liability company

By: _____ Date: _____

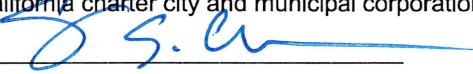
Cody Holmes
Chief Financial Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

City of Salinas

a California charter city and municipal corporation

By:  _____ Date: 3/14/2022

Steven S. Carrigan
City Manager

Address:

65 West Alisal Street, Second Floor
Salinas, CA 93901

Step Up on Second Street, Inc.

a California nonprofit Corporation

By: _____ Date: _____

Tod Lipka
President & CEO

Address:

1328 Second Street
Santa Monica, CA 90401

Prep Date: 02/22/2022

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AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) (“**AB 140**”) added sections 50675.1.3 and 50675.1.4 to the Multifamily Housing Program (“**MHP**”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.3 provides the statutory basis for the Homekey Program – Round 2 (“**Homekey**” or “**Program**”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“**Department**” or “**HCD**”) to administer MHP.

The Department issued a Homekey Program Notice of Funding Availability, Round 2 on September 9, 2021, which was subsequently amended on January 14, 2022 (the “**NOFA**”). The NOFA incorporates by reference the MHP, as well as the Multifamily Housing Program Final Guidelines, dated June 19, 2019 (“**MHP Guidelines**”), both as amended and in effect from time to time. Homekey grant funds are derived primarily from the state’s direct allocation of the federal Coronavirus State Fiscal Recovery Fund (“**CSFRF**”), which was established by the American Rescue Plan Act of 2021 (“**ARPA**”) (Pub.L. No. 117-2). Homekey funds are also derived from the State of California’s General Fund.

This STD 213, Standard Agreement (“**Agreement**”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Grantee, as defined below, for funding under the Program (the “**Grant**”). As such, this Agreement shall be executed by the Grantee. Where the Grantee comprises a Public Entity or Tribal Entity, as defined below, and one or more additional entities, all entities shall execute the Agreement.

This Agreement hereby incorporates by reference the Application, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is incorporated hereto as if set forth in full herein:

- A. AB 140;
- B. The above-referenced MHP statutory scheme;

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- C. The NOFA;
- D. The MHP Guidelines;
- E. ARPA and related federal guidance;
- F. The award letter issued by the Department to the Grantee; and
- G. All other applicable law.

2. **Purpose**

The Homekey Program is intended to provide housing for individuals and families who are homeless or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases (“**Target Population**”).

Grantee applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Grantee agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. **Definitions**

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. “**AMI**” means Area Median Income.
- B. “**Application**” means the application for Grant funds that was submitted in response to the Department’s NOFA.
- C. “**Assisted Unit**” means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with Program Requirements. See also “**Youth Assisted Unit**.”
- D. “**Chronically Homeless**” is defined in accordance with Part 578.3 of Title 24 of the Code of Federal Regulations.

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- E. **“Co-Applicant”** means the nonprofit corporation, for-profit corporation, limited liability company, and/or limited partnership that applied for an award of Homekey Grant funds with the Eligible Applicant (i.e., a Public Entity or Tribal Entity).
- F. **“Designated Payee”** means the Co-Grantee that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- G. **“Eligible Applicant”** means the Public Entity or Tribal Entity that applied for an award of Homekey Grant funds.
- H. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.3, subdivision (a).
- I. **“Expenditure Deadline for Capital Funds”** means the date by which the capital expenditure award must be fully expended. This deadline is eight (8) months from the date of the Grantee’s award unless the Department has approved an alternate arrangement in advance and in writing.
- J. **“Expenditure Deadline for Operating Funds”** means the date by which the operating subsidy award must be fully expended. This deadline is **June 30, 2026**.
- K. **“Grantee”** means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an “Eligible Applicant,” as defined in the NOFA and as set forth above. **“Grantee”** refers, both individually and collectively, to the Co-Applicant and/or the Eligible Applicant that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Grantee comprises two or more entities, each entity may be referred to as a **“Co-Grantee.”** On the STD 213 portion of this Agreement, the Grantee is identified as the Contractor.
- L. **“Homeless Youth”** means a child, youth, or current or former foster youth through the age of 25 who qualifies as “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.
- M. **“Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because **(i)** at least 25 percent of its Assisted Units will be restricted to Homeless Youth or Youth at Risk of Homelessness; **(ii)** the Grantee jointly applied

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and/or partnered with a nonprofit corporation with experience serving the foregoing subpopulation; and (iii) the Project is in reasonable proximity to youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth. Alternatively, “**Homeless Youth Project**” means a Project that was prioritized to receive set-aside Homekey funds because it will provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care.

- N. “**Interim Housing**” or “**Transitional Housing**” means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements, or to pay any rent, fees, or charges.
- O. “**Local Public Entity**” is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term “**Local Public Entity**” also includes two or more local public entities acting jointly.
- P. “**Performance Milestones**” means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Grantee’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- Q. “**Permanent Housing**” means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of tenancy, the landlord does not restrict the tenant’s movements, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.

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- R. **“Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – G, above.
- S. **“Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing, Interim Housing, or Transitional Housing for the Target Population.
- T. **“Public Entity”** is defined in accordance with Health and Safety Code section 50675.1.3, subdivision (a), and means a city, a county, a city and county, and any other state, regional, or Local Public Entity, including any council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code. For purposes of this Agreement, a **“Local Public Entity”** is defined in accordance with Health and Safety Code section 50079 and as set forth above.
- U. **“Scope of Work”** or **“Work”** means the work to be performed by the Grantee to accomplish the Program purpose.
- V. **“Supportive Services”** means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- W. **“Target Population”** means individuals and families who are “homeless” or “at risk of homelessness,” as those terms are defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.
- X. **“TCAC”** means the California Tax Credit Allocation Committee.
- Y. **“Tribal Entity”** means an entity that meets any of the following criteria:
- i. Meets the definition of Indian tribe under section 4103(13)(B) of title 25 of the United States Code;
 - ii. Meets the definition of Tribally Designated Housing Entity under section 4103(22) of title 25 of the United States Code;
 - iii. Is not a federally recognized tribe, but is either:
 - I. Listed in the petitioner list of the Office of Federal Acknowledgment (OFA) within the Office of the Assistant Secretary – Indian Affairs of the

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Department of the Interior pursuant to Part 82.1 of Title 25 of the Code of Federal Regulations; or

- II. Is an Indian tribe located in the State of California and identified on the contact list maintained by the Native American Heritage Commission for the purpose of consultation pursuant to Government Code section 65352.3.

Z. “Youth Assisted Unit” means an Assisted Unit serving Homeless Youth or Youth at Risk of Homelessness. See also “**Assisted Unit.**”

AA. “Youth at Risk of Homelessness” means a child, youth, or current or former foster youth through the age of 25 who qualifies as “at risk of homelessness” or “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

4. Eligible Uses

Grantee shall apply the Program Grant funds to one or more of the following uses. All costs in connection with such Eligible Uses must be incurred on or after March 3, 2021, by the Expenditure Deadline for Capital Funds, and by the Expenditure Deadline for Operating Funds, respectively and as applicable. Grantee’s use of the funds and scope of work (“**Scope of Work**” or “**Work**”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- B. Master leasing of properties for non-congregate housing.
- C. Conversion of units from nonresidential to residential.
- D. New construction of dwelling units.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of the Homekey Project.

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G. Capitalized operating subsidies for units purchased, converted, or altered with Homekey Grant funds provided pursuant to Health and Safety Code section 50675.1.3.

5. **Rent Standards**

Permanent Housing. Rent limits for initial occupancy, and for each subsequent occupancy, of an Assisted Unit shall not exceed 30 percent of that Assisted Unit's designated income-eligibility level.

Interim Housing, Transitional Housing. No rent shall be charged to the Target Population residents of Interim Housing or Transitional Housing.

6. **Program Deadlines**

For Projects that involve acquisition, the Grantee shall expend any capital expenditure award and the Project escrow must be closed by the Expenditure Deadline for Capital Funds.

For Projects that involve construction and/or rehabilitation, the Grantee shall expend any capital expenditure award by the Expenditure Deadline for Capital Funds, and complete any construction or rehabilitation activities within twelve (12) months of the date of the award.

All acquisition-only Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of the Expenditure Deadline for Capital Funds. Otherwise, Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of construction and/or rehabilitation completion. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time.

Projects that received a bonus award for expedited occupancy shall achieve full occupancy within eight (8) months of the date of the award. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time. No bonus award shall be granted for expedited occupancy if the Grantee requests and the Department approves an extension for full occupancy.

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Grantee may ask the Department for an extension to complete construction and/or rehabilitation, where the Grantee clearly demonstrates that the extension is due to circumstances or conditions beyond the Grantee's control, and that granting the extension will enable the construction and/or rehabilitation to be completed and full occupancy of the Assisted Units to be achieved. Where the Department grants an extension for completion of construction and/or rehabilitation, the Expenditure Deadline for Capital Funds and the deadline for full occupancy of the Assisted Units may also be extended within the constraints of applicable law.

Grantee shall expend any Homekey-funded operating subsidy award by the Expenditure Deadline for Operating Funds.

7. **Performance Milestones**

Grantee shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each, a "**Milestone Completion Date**"). The Performance Milestones shall include, but not be limited to, any applicable Expenditure Deadline for Capital Funds, Expenditure Deadline for Operating Funds, occupancy deadline, or expedited occupancy deadline.

Grantee may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's reasonable discretion. In no event will the Department approve an extension request in the absence of Grantee's demonstration of good cause for said extension, along with Grantee's reasonable assurances that the extension will not result in Grantee's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

8. **Reporting Requirements**

Grantee shall submit an annual Homekey Program and Expenditure Report, and comply with all additional reporting requirements, as set forth and specified at Section 601 of the NOFA, all in accordance with the Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department.

Upon the Department's request and as specified, the Grantee shall provide progress reports in connection with the development plan and any updates to the timeline for

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completion of the Project. The development plan should include the Project's completion milestones and any updates or substantial changes.

In addition, the Grantee shall submit to the Department such periodic reports, updates, and information as deemed necessary by the Department to monitor compliance and/or perform Program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

Grantee shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.

9. **Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of State Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Grantee shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address or email to Homekey2SGM@hcd.ca.gov:

California Department of Housing and Community Development
Attention: Homekey Program – Round 2 (Homekey)
State Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

10. **Grantee Contract Coordinator**

The Grantee Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Grantee Contract Coordinator at the address specified at Exhibit E of this Agreement.

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BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Grantee has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Grantee after this Agreement has been fully executed and after the Department receives the Grantee's request for funds, with all required supporting documents appended thereto. The Grantee shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program Requirements (if the Grantee has not already submitted same);
- C. Documentary evidence of any eligible costs incurred on or after March 3, 2021, and before the execution of this Agreement;
- D. Certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law;
- E. A copy of the Department-approved relocation plan for the Project, or a copy of a Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department;
- F. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- G. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- H. A current title report (dated within 15 days of the request for funds); or for tribal trust land, a title status report ("**TSR**") or an attorney's opinion regarding chain of

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title and current title status;

- I. Any forms, certifications, or documentation required pursuant to Paragraph 5– Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- J. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Grantee shall meet each Performance Milestone set forth at Exhibit E by the relevant Milestone Completion Date. After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department. Grantee may apply to the Department for an extension of any Milestone Completion Date based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Performance Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE GRANTEE TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

4. Fiscal Administration

- A. Grantee shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit the Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any capital expenditure award funds that have not been expended by the Expenditure Deadline for Capital Funds must be returned to the Department with accrued interest. Any operating subsidy award funds that have not been expended by the Expenditure Deadline for Operating Funds must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the

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Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Grantee may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

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HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement, when fully executed by the Department and the Grantee, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").
- B. This Agreement shall terminate fifteen (15) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").
- C. Grantee will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B and, as necessary and applicable, under Paragraph 5 – Additional Conditions Precedent to Disbursement of Exhibit E.
- D. Any expenses incurred prior to March 3, 2021, after the Expenditure Deadline for Capital Funds, or after the Expenditure Deadline for Operating Funds, respectively and as applicable, are not eligible for payment under the Program, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.
- E. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department in the absence of an alternate arrangement that has been approved by the Department in advance and in writing.

2. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Grantee. Upon such termination, Grantee shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

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Cause shall consist of Grantee's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Grantee's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified.
- B. Grantee's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Grantee's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Grantee in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Grantee has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Grantee, the Department may give written notice to the Grantee to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department in its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. Cancellation

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- A. It is mutually understood between the parties that this Agreement 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 this Agreement were executed after that determination was made.
- B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement 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 Agreement in any manner.
- C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement shall be amended to reflect any subsequent reduction in CSFRF funds.
- D. The Department may cancel this Agreement, in whole or in part, if **(i)** sufficient funds are not made available by the United States Government; **(ii)** Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or **(iii)** cancellation is otherwise permitted under state contracting law.
- E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Grantee. The Locality shall return any undisbursed portion of its Grant award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless **(i)** the parties have agreed upon an alternate arrangement in advance and in writing; or **(ii)** an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

4. **Eligible Activities**

Grant funds awarded to the Grantee shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

5. **Performance Milestones**

Grantee shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

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6. **Article XXXIV**

Per Health and Safety Code section 37001, subdivision (h)(2), article XXXIV, section 1 of the California Constitution (“**Article XXXIV**”) is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from CSFRF established by ARPA. As such, Article XXXIV is not applicable to Homekey-funded development, construction, or acquisition.

7. **Appraisals**

Grantee shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

8. **Compliance with Prevailing Wage Law**

Grantee’s Project is subject to state and federal prevailing wage law. Grantee is urged to seek professional legal advice about prevailing wage law requirements and Grantee’s potential obligations thereunder. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California’s prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Grantee and its general contractor(s).

9. **Environmental Conditions**

Grantee shall provide a Phase I Environmental Site Assessment (“**ESA**”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Grantee desires to proceed with the Project, the Grantee shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Grantee shall also provide an asbestos assessment and a lead-based paint

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report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

10. Insurance

Grantee shall obtain the insurance coverages identified in the NOFA. Grantee shall maintain such insurance coverages for either the term of this Agreement or the term of any required restrictive covenant or regulatory agreement, whichever applicable term is longer. Grantee shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Grantee shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Grantee is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Grantee shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Grantee abandons its self-insured status at any time after execution of this Agreement, the Grantee shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

11. Operating Funds

Grantee shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Grantee shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

12. Relocation

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the Homekey award will be disbursed, Grantee must have either:

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- A. A Department-approved relocation plan; or
- B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department.

13. One-for-One Replacement of Assisted Units

One-for-one replacement of Assisted Units is permissible if approved in advance by the Department per Section 301 of the NOFA, after the Department's determination, in its sole and absolute discretion, that such replacement will not reduce the inventory of units that are already available at affordable rents to households that are at or under 30 percent AMI.

14. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Grantee shall have control of the property at all times, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Grantee's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of

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additional or supplemental evidence of eventual site control closer to any projected close of escrow).

- E. A letter of intent, executed by a sufficiently authorized signatory of the Grantee, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Grantee shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Grantee. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other evidence of site control that gives the Department assurance (equivalent to A-E above) that the Grantee will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

15. **Adaptability and Accessibility**

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility, including, without limitation, the requirements set forth in the NOFA.

16. **Title Status and Reports**

Grantee shall provide a current title report for the real property on which the Project is located. If Grantee's interest in the property is leasehold, then Grantee shall provide a current title report for the leasehold interest and the fee interest. For tribal trust land, Grantee shall provide a TSR or an attorney's opinion regarding chain of title and current title status. As set forth and specified at Exhibit B of this Agreement, Grantee shall provide such title report or documentation of title status prior to disbursement of any Homekey Grant funds.

17. **Title Insurance**

Grantee shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability

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amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Grantee holds good and marketable title (fee simple or leasehold).

18. **Property Management Plan**

Grantee shall submit a property management plan to the Department for its review and approval. Such management plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., include the management, maintenance, and repair information required by the MHP Guidelines).

19. **Supportive Services Plan**

Grantee shall submit a Supportive Services plan to the Department for its review and approval. Such Supportive Services plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., provide for delivery of housing stability services and benefits).

20. **Compliance with Title VI of the Civil Rights Act of 1964**

Grantee and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

21. **Nondiscrimination**

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

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- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;
- B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);
- C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);
- E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and
- F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the NOFA and at Exhibit C of this Agreement.

Grantee shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Homekey funds.

22. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Grantee shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and

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informational efforts to those who are least likely to know about and apply for Interim Housing, Transitional Housing, or Permanent Housing. Grantee is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Grantee shall comply with all applicable state and federal fair housing laws.

23. Grantee Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Grantee acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, 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 governmental ordinances related to public health, animal control, and animal anticruelty.

24. Final Certificate of Occupancy

Grantee shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

25. Occupancy

The Assisted Units shall be occupied by the Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Grantee shall certify, upon occupancy, that it will employ the core components of Housing First (as set forth at Welfare and Institutions Code section 8255) as part of its property management plan and Supportive Services plan.

26. Tenant Selection

Referrals to Assisted Units shall be made through the local Coordinated Entry System (“CES”), or another comparable prioritization system based on greatest need shall be used. All referral protocols for Assisted Units shall be developed in collaboration with the local Continuum of Care and implemented consistent with the Program Requirements.

27. Participation in Statewide HDIS/HMIS

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Grantee shall support Continuum of Care participation in the statewide Homeless Data Integration System (“**HDIS**”). As required by and in accordance with state and federal law (including all applicable privacy law), Grantee shall further disclose relevant data to the local Homeless Management Information System (“**HMIS**”) and comparable data collection systems.

28. Restrictive Covenants and Regulatory Agreements

A restrictive covenant, regulatory agreement, or similar use restriction shall be recorded against the Project real property, depending on the Project type. For Interim Housing or Transitional Housing Projects that will not result in Permanent Housing, the Department will prepare, and the Public Entity shall cause, a 15-year restrictive covenant to be recorded against the Project real property. For Interim Housing or Transitional Housing Projects that will ultimately result in Permanent Housing, the Public Entity or Tribal Entity shall prepare and cause a 15-year restrictive covenant to be recorded against the Project real property. For Permanent Housing Projects, the Public Entity or Tribal Entity shall prepare and cause a 55-year regulatory agreement to be recorded against the Project real property. For Permanent Housing Projects located on tribal trust land, a 50-year use restriction shall be recorded against the Project real property.

All use restrictions shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions shall include occupancy and rent restrictions that maintain the Project’s accessibility to the Target Population over the full term of the use restriction.

All use restrictions are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

29. Restrictions on Sales, Transfers, and Encumbrances

Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

30. Retention, Inspection, and Audit of Records

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Grantee is responsible for maintaining records which fully disclose the activities funded by the Grant. Grantee shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Grantee shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Grantee shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Grantee shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Grantee in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Grantee, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Grantee shall deliver all records, accounts, documentation, and other materials

Homekey Program – Round 2 (Homekey)

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EXHIBIT D

that are relevant to this Agreement to the Department as depository.

31. **Site Inspection**

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

32. **Compliance with State and Federal Laws, Rules, Guidelines, and Regulations**

Grantee agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

33. **Updated Information**

If there is any change in the information that has been provided to the Department, Grantee shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval. In addition, Grantee shall promptly notify the Department, in writing, of any changes in Grantee or Co-Grantee organization, authorization, or capacity.

34. **Survival of Obligations**

The obligations of the Grantee, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

35. **Litigation**

Grantee 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, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

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36. Entire Agreement; Severability

This Agreement constitutes the entire agreement between the Grantee and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

37. Modification or Waiver under AB 1010

The Department reserves the right to waive or modify any requirement under this Agreement, or any Program Requirement, as authorized by and in accordance with Assembly Bill No. 1010 (Chapter 660, Statutes of 2019) (“**AB 1010**”), which is codified at Health and Safety Code section 50406, subdivision (p).

38. Waivers

No waiver of any breach, violation, or default under this Agreement shall be held to be a waiver of any other or subsequent breach or violation thereof or default thereunder. The Department’s failure, at any time, to enforce the provisions of this Agreement or to require the Grantee’s performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department’s right to enforce this Agreement.

39. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

40. Single Audit Requirements

Grantee is responsible for complying, as necessary, with the Single Audit Act and its

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implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

41. **Disputes**

In the event of any conflict between this Agreement and any Grantee documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

42. **Consent**

The parties agree that wherever the consent or approval of the Department or Grantee is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

43. **Grantee Liability**

Grantee shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Grantee shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Grantees' identification of a Designated Payee.

44. **Defense and Indemnification**

Grantee agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Grantee's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or

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proceeding, Grantee shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

45. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS
Permanent Housing

A. PROJECT-SPECIFIC PROVISIONS

Project Name: Step Up on Fairview, A Shangri-La Community Street Address: 1030 Fairview Avenue Salinas, CA 93901 County of Monterey			Assessor Parcel Number (APN): 003-474-002-000		
# of Bedrooms	Units	Non- Homekey Units	Homekey- Assisted Units	AMI Income Limit	Restriction to Subset of Target Population
Manager Unit	1	0	1	N/A	N/A
0 (Studio)	42	0	42	30%	Chronically Homeless
Totals:	43	0	43		

1. Permanent Housing – Award, Disbursement, and Eligible Use(s). Grantee received Homekey Program award letter on February 16, 2022, (the “**Award Date**”). Pursuant to that award letter, the Grantee is receiving Homekey Grant funds in the amount of \$12,831,663.00 (the “**Award**”). Shangri-La Industries LLC is the payee of these funds. Grantee will use the funds to provide Permanent Housing for the Target Population. Specifically, the Grantee will apply these funds towards the following eligible use(s):

a. Acquisition and rehabilitation of a hotel to provide Permanent Housing for the Target Population.

b. Capitalization of an operating subsidy for the Assisted Units.

Grantee’s Award includes \$10,285,594.00 for capital expenditures and \$2,966,069.00 for operating funds. The Expenditure Deadline for Capital Funds is

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set forth herein as a Milestone Completion Date. The Expenditure Deadline for Operating Funds is set forth herein as a Milestone Completion Date.

Grantee will receive additional funds in the amount of \$420,000.00 (the “**Bonus Award**”) if the Project’s Assisted Units achieve full occupancy (with consideration for an average of 10 percent vacancy) within eight (8) months of the Award Date. The occupancy deadline in connection with Grantee’s Bonus Award is set forth herein as a Milestone Completion Date. The Department will not disburse the Bonus Award until it receives documentary evidence, in form and substance reasonably satisfactory to the Department, that the Milestone Completion Date has been met. Grantee shall only use such Bonus Award for its incurred or prospective operating costs for the Project. If Grantee duly satisfies all requirements and conditions relative to the Bonus Award, Grantee’s total award amount will be \$13,251,663.00 (the “**Total Award Amount**”).

Project Narrative. Step Up on Fairview, A Shangri-La Community, is a Permanent Supportive Housing project located at 1030 Fairview Avenue in Salinas, California. Shangri-La Industries LLC (**Co-Applicant 1**) and Step Up on Second, Inc. (**Co-Applicant 2**) will form a single asset entity partnership after award to own the existing Salinas Inn. The acquisition and rehabilitation project will have 43 studios; 42 of the units will be designated for people experiencing chronic homelessness and 1 unit for the onsite property manager. Seven of the assisted units will be accessible for persons with mobility disabilities and 5 units accessible for persons with hearing or vision disabilities. The site will include communal spaces to accommodate supportive services, a community room, computer room, and the property will be beautifully landscaped. Off-site amenities include two main bus routes 400 feet from the property, two large supermarkets one mile away, and a major hospital located within two miles of the project site.

Obligation to Serve Subsets of the Target Population. Grantee shall ensure that at least 25 percent of the Project’s Assisted Units are restricted to occupancy by people experiencing Chronic Homelessness.

- Scope of Work.** Each unit will have convertible kitchenettes (a portion of the kitchenette dedicated to storage can be removed to accommodate tenants with wheelchairs and reinstalled for those who do not use one), led lighting, anti-slide/lift devices on applicable doors/windows, smoke and carbon monoxide detectors, and

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furnishings including a drop leaf table with four chairs, dresser, twin beds and mattresses, Smart TV, digital TV antenna, and a microwave. Fire/Life/Safety will be accessible. Additionally, residents receive a Welcome Home Kit which includes kitchenware, linens, and cleaning supplies. No additional units or expansion of the building's floor area or height will be conducted. Construction will take approximately 6 to 8 months for completion.

Supportive Services

Step Up on Second, Inc. will provide wrap-around services for each resident according to their need. Service is as follows:

- Onsite Case Manager – provides client-centered trauma informed support, progressive engagement, links to needed supports and services such as benefit eligibility, and document readiness for housing.
- Regional Director – oversees service provision and contract compliance for all Homekey sites in the region. Provides administrative and professional support to the Program Manager
- Onsite Regional Program Manager – licensed Social Worker/Counselor who provides management support to Lead Service Coordinator to ensure that onsite supportive services are aligned with contract and agency requirements.
- Onsite Lead Service Coordinator – responsible for oversight of the team and may assist to perform assessments and clinical interventions where necessary for individuals diagnosed with mental illness in a community setting. Reports to Regional Program Manager.
- Service Coordinator I – provides housing and shelter referrals, substance use support services, education resources such as GED completion, and employment resources and other essential entities to increase independence.
- Additional support services provided by Step Up includes full scope individual mental health therapy, group therapy, peer support services, transportation services, and budgeting.

Case Manager Staffing Ratio (how many staff are assigned per client):

- Chronically Homeless (15:1)

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Total Full-Time Equivalent (FTE) staff positions (half-time is 0.5)

- Service Coordinator I (2.0 FTE)
- Lead Service Coordinator (0.5 FTE)
- Regional Program Manager (2.0 FTE)
- Regional Director (1.0 FTE)
- Case Manager (2.0 FTE)

3. Grantee Contract Coordinator.

Authorized Representative Name:	Megan Hunter
Authorized Representative Title:	Director of Community Development
Entity Name:	City of Salinas
Address:	65 W. Alisal Street, 2nd Floor Salinas, CA 93901
Telephone No.:	(831) 758-7387
E-Mail Address:	meganh@ci.salinas.ca.us
Co-App 1 Authorized Representative Name:	Dalia Wahab
Authorized Representative Title:	General Counsel
Entity Name:	Shangri-La Industries LLC
Address:	660 South Figueroa Street, Suite 1888 Los Angeles, CA 90017
Telephone No:	(714) 655-4353
E-Mail Address:	dwahab@shangrila.us
Co-App 2 Authorized Representative Name:	Aaron Criswell
Authorized Representative Title:	Chief Housing Development Officer

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Entity Name:	Step Up on Second Street, Inc.
Address:	1328 Second Street Santa Monica, CA 90401
Telephone No:	(213) 458-6491
E-Mail Address:	acriswell@stepup.org

4. Additional Conditions Precedent to Disbursement.

The Department will not disburse the Award until it receives a fully conforming resolution authorizing Grantee, through its authorized representative, to execute and deliver this Standard Agreement and other Homekey Documents.

5. Budget Detail.

Grantee is obligated to cover the Project's development, operations and service costs for five (5) years. Grantee will satisfy this obligation by leveraging funding commitments, or other reasonable funding assurances, from the following funding sources:

Homekey award in the amount of \$13,251,663.00 to be used for site acquisition and rehabilitation and operations.

A letter dated February 7, 2022, by Shangri-La Industries LLC in the amount of \$1,137,482.00 for a Construction Loan.

A letter dated February 8, 2022, by Shangri-La Development, LLC in the amount of \$598,112.00 for general provider equity loan for the project's development.

Grantee shall maintain the ongoing affordability of the Project by leveraging the following non-Homekey sources of rental or operating subsidies:

A letter from The Coalition of Homeless Service Providers dated November 24, 2021, on behalf of the Salinas/Monterey & San Benito Counties' Continuum of Care, committed 22 of Emergency Housing Vouchers in the amount of \$2,133,936.00 over 4 years.

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A letter from Shangri-La Industries LLC dated February 2, 2022, committed a Capitalized Operating Subsidy Reserve (COSR) in the amount of \$1,000,000.00 for operations.

6. Performance Milestones.

Performance Milestones	Milestone Completion Date
Capital funds must be fully expended.	October 16, 2022
All Homekey-funded construction or rehabilitation must be completed.	February 16, 2023
Full occupancy by the Target Population must be accomplished in accordance with the descriptions and representations set forth in the Application.	October 16, 2022
A copy of Grantee’s written nondiscrimination policy (in accordance with <u>Exhibit D</u> of this Agreement) must be submitted to the Department.	October 16, 2022
A [DRAFT] Regulatory Agreement or other use restriction must be submitted to the Department for review and approval.	October 16, 2022
A Department-approved Regulatory Agreement or other use restriction must be recorded against the Project real property as specified and described in the NOFA and this Agreement.	February 16, 2023

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Performance Milestones	Milestone Completion Date
Homekey-funded operating funds must be fully expended.	June 30, 2026
A Homekey Program and Expenditure Report must be submitted to the Department as specified and described in the NOFA.	January 31 – Each year for five (5) years following the Effective Date of this Agreement

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

- 1. Use Restriction.** The state, regional, local, or tribal Grantee shall ensure that the Project is duly encumbered with a 55-year covenant, declaration, regulatory agreement, or similar use restriction (the “**Regulatory Agreement**”) that **(a)** is recorded in first position against the Project for the benefit of the state, regional, local, or tribal Grantee; **(b)** restricts the use, operation, occupancy, and affordability of the Project in accordance with this Agreement and the applicable Program Requirements; **(c)** duly names the Department as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof; and **(d)** is otherwise in form and substance acceptable to the Department.

The Regulatory Agreement must be recorded against the real property of the Project site by the Milestone Completion Date set forth herein. The Grantee shall obtain the Department’s express written approval of the Regulatory Agreement prior to the recordation of the same. After recordation, the Grantee shall promptly provide the Department with a conformed copy of the recorded Regulatory Agreement.

Unless otherwise authorized by the prior and express written approval of the Department, the Regulatory Agreement must be recorded as a lien against the Project in first position, and must remain in first position, over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.

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2. Grantee has committed to a 55-year use restriction for the Project and has waived any potential accommodation by the Department to increase income limits, as described in the NOFA, for 100 percent of the Assisted Units.
3. Grantee has made the following accessibility commitments with respect to the Project: The Project will exceed the state and federal accessibility requirements set forth in the NOFA. At least 15 percent of the Project's Assisted Units must have features accessible to persons with mobility disabilities, as specified and described in the NOFA. And at least 10 percent of the Project's units must have features accessible to persons with hearing or vision disabilities, as specified and described in the NOFA.

EXHIBIT 6

STANDARD AGREEMENT

AGREEMENT NUMBER

PURCHASING AUTHORITY NUMBER (if applicable)

STD 213 (Rev. 04/2020)

21-HK-17170

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'S NAME

Shangri-La Industries, LLC, City of King, and Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

Fifteen (15) Years from Effective Date

3. The maximum amount of this Agreement is:

\$12,429,393.00

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	9
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	Homekey General Terms and Conditions	16
Exhibit E	Project-Specific Provisions and Special Terms and Conditions	10
TOTAL NUMBER OF PAGES ATTACHED		38

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 See Attached	CITY See Attached	STATE See Attached	ZIP See Attached
PRINTED NAME OF PERSON SIGNING See Attached	TITLE		
CONTRACTOR AUTHORIZED SIGNATURE See Attached	DATE SIGNED See Attached		

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS 2020 W. El Camino Ave., Suite 130	CITY Sacramento	STATE CA	ZIP 95833
PRINTED NAME OF PERSON SIGNING Synthia Rhinehart	TITLE Contracts Manager, Business & Contract Services Branch		
CONTRACTING AGENCY AUTHORIZED SIGNATURE <i>Synthia Rhinehart</i>	DATE SIGNED 5/18/2022		

California Department of General Services Approval (or exemption, if applicable)

Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 06/12/1981)

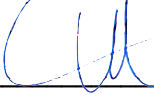
CONTRACTOR

Shangri-La Industries LLC

a Delaware limited liability company

By: W Investments, LLC
a California limited liability company

Its: Member

By:  _____

Date: 5/17/2022

Cody Holmes
Chief Financial Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

Step Up on Second Street, Inc.

a California non-profit public benefit corporation

By: _____

Date: _____

Tod Lipka
President and CEO

Address:

1328 Second Street
Santa Monica, CA 90401

City of King

a California municipal corporation

By: _____

Date: _____

Steven Adams
City Manager

Address:

212 South Vanderhurst Avenue
King City, CA 93930

Prep Date: 04/12/2022

CONTRACTOR

Shangri-La Industries LLC

a Delaware limited liability company

By: W Investments, LLC
a California limited liability company

Its: Member

By: _____ Date: _____

Cody Holmes
Chief Financial Officer

Address:

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a California non-profit public benefit corporation

By:  _____ Date: _____

Tod Lipka
President and CEO

Address:

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Santa Monica, CA 90401

City of King

a California municipal corporation

By: _____ Date: _____

Steven Adams
City Manager

Address:

212 South Vanderhurst Avenue
King City, CA 93930

Prep Date: 04/12/2022

CONTRACTOR

Shangri-La Industries LLC

a Delaware limited liability company

By: W Investments, LLC
a California limited liability company
Its: Member

By: _____ Date: _____

Cody Holmes
Chief Financial Officer

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

Step Up on Second Street, Inc.

a California non-profit public benefit corporation

By: _____ Date: _____

Tod Lipka
President and CEO

Address:

1328 Second Street
Santa Monica, CA 90401

City of King

a California municipal corporation

By:  _____ Date: 5/17/22

Steven Adams
City Manager

Address:

212 South Vanderhurst Avenue
King City, CA 93930

Prep Date: 04/12/2022

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) (“**AB 140**”) added sections 50675.1.3 and 50675.1.4 to the Multifamily Housing Program (“**MHP**”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.3 provides the statutory basis for the Homekey Program – Round 2 (“**Homekey**” or “**Program**”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“**Department**” or “**HCD**”) to administer MHP.

The Department issued a Homekey Program Notice of Funding Availability, Round 2 on September 9, 2021, which was subsequently amended on January 14, 2022 (the “**NOFA**”). The NOFA incorporates by reference the MHP, as well as the Multifamily Housing Program Final Guidelines, dated June 19, 2019 (“**MHP Guidelines**”), both as amended and in effect from time to time. Homekey grant funds are derived primarily from the state’s direct allocation of the federal Coronavirus State Fiscal Recovery Fund (“**CSFRF**”), which was established by the American Rescue Plan Act of 2021 (“**ARPA**”) (Pub.L. No. 117-2). Homekey funds are also derived from the State of California’s General Fund.

This STD 213, Standard Agreement (“**Agreement**”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Grantee, as defined below, for funding under the Program (the “**Grant**”). As such, this Agreement shall be executed by the Grantee. Where the Grantee comprises a Public Entity or Tribal Entity, as defined below, and one or more additional entities, all entities shall execute the Agreement.

This Agreement hereby incorporates by reference the Application, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is incorporated hereto as if set forth in full herein:

- A. AB 140;
- B. The above-referenced MHP statutory scheme;

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- C. The NOFA;
- D. The MHP Guidelines;
- E. ARPA and related federal guidance;
- F. The award letter issued by the Department to the Grantee; and
- G. All other applicable law.

2. **Purpose**

The Homekey Program is intended to provide housing for individuals and families who are homeless or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases (“**Target Population**”).

Grantee applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Grantee agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. **Definitions**

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. “**AMI**” means Area Median Income.
- B. “**Application**” means the application for Grant funds that was submitted in response to the Department’s NOFA.
- C. “**Assisted Unit**” means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with Program Requirements. See also “**Youth Assisted Unit**.”
- D. “**Chronically Homeless**” is defined in accordance with Part 578.3 of Title 24 of the Code of Federal Regulations.

EXHIBIT A

- E. “Co-Applicant”** means the nonprofit corporation, for-profit corporation, limited liability company, and/or limited partnership that applied for an award of Homekey Grant funds with the Eligible Applicant (i.e., a Public Entity or Tribal Entity).
- F. “Designated Payee”** means the Co-Grantee that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- G. “Eligible Applicant”** means the Public Entity or Tribal Entity that applied for an award of Homekey Grant funds.
- H. “Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.3, subdivision (a).
- I. “Expenditure Deadline for Capital Funds”** means the date by which the capital expenditure award must be fully expended. This deadline is eight (8) months from the date of the Grantee’s award unless the Department has approved an alternate arrangement in advance and in writing.
- J. “Expenditure Deadline for Operating Funds”** means the date by which the operating subsidy award must be fully expended. This deadline is **June 30, 2026**.
- K. “Grantee”** means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an “Eligible Applicant,” as defined in the NOFA and as set forth above. “Grantee” refers, both individually and collectively, to the Co-Applicant and/or the Eligible Applicant that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Grantee comprises two or more entities, each entity may be referred to as a “Co-Grantee.” On the STD 213 portion of this Agreement, the Grantee is identified as the Contractor.
- L. “Homeless Youth”** means a child, youth, or current or former foster youth through the age of 25 who qualifies as “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.
- M. “Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because **(i)** at least 25 percent of its Assisted Units will be restricted to Homeless Youth or Youth at Risk of Homelessness; **(ii)** the Grantee jointly applied

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and/or partnered with a nonprofit corporation with experience serving the foregoing subpopulation; and (iii) the Project is in reasonable proximity to youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth. Alternatively, “**Homeless Youth Project**” means a Project that was prioritized to receive set-aside Homekey funds because it will provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care.

- N. “**Interim Housing**” or “**Transitional Housing**” means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements, or to pay any rent, fees, or charges.
- O. “**Local Public Entity**” is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term “**Local Public Entity**” also includes two or more local public entities acting jointly.
- P. “**Performance Milestones**” means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Grantee’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- Q. “**Permanent Housing**” means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of tenancy, the landlord does not restrict the tenant’s movements, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.

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- R. **“Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – G, above.
- S. **“Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing, Interim Housing, or Transitional Housing for the Target Population.
- T. **“Public Entity”** is defined in accordance with Health and Safety Code section 50675.1.3, subdivision (a), and means a city, a county, a city and county, and any other state, regional, or Local Public Entity, including any council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code. For purposes of this Agreement, a **“Local Public Entity”** is defined in accordance with Health and Safety Code section 50079 and as set forth above.
- U. **“Scope of Work”** or **“Work”** means the work to be performed by the Grantee to accomplish the Program purpose.
- V. **“Supportive Services”** means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- W. **“Target Population”** means individuals and families who are “homeless” or “at risk of homelessness,” as those terms are defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.
- X. **“TCAC”** means the California Tax Credit Allocation Committee.
- Y. **“Tribal Entity”** means an entity that meets any of the following criteria:
- i. Meets the definition of Indian tribe under section 4103(13)(B) of title 25 of the United States Code;
 - ii. Meets the definition of Tribally Designated Housing Entity under section 4103(22) of title 25 of the United States Code;
 - iii. Is not a federally recognized tribe, but is either:
 - I. Listed in the petitioner list of the Office of Federal Acknowledgment (OFA) within the Office of the Assistant Secretary – Indian Affairs of the

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Department of the Interior pursuant to Part 82.1 of Title 25 of the Code of Federal Regulations; or

- II. Is an Indian tribe located in the State of California and identified on the contact list maintained by the Native American Heritage Commission for the purpose of consultation pursuant to Government Code section 65352.3.

Z. “Youth Assisted Unit” means an Assisted Unit serving Homeless Youth or Youth at Risk of Homelessness. See also **“Assisted Unit.”**

AA. “Youth at Risk of Homelessness” means a child, youth, or current or former foster youth through the age of 25 who qualifies as “at risk of homelessness” or “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

4. Eligible Uses

Grantee shall apply the Program Grant funds to one or more of the following uses. All costs in connection with such Eligible Uses must be incurred on or after March 3, 2021, by the Expenditure Deadline for Capital Funds, and by the Expenditure Deadline for Operating Funds, respectively and as applicable. Grantee’s use of the funds and scope of work (**“Scope of Work”** or **“Work”**) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- B. Master leasing of properties for non-congregate housing.
- C. Conversion of units from nonresidential to residential.
- D. New construction of dwelling units.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of the Homekey Project.

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G. Capitalized operating subsidies for units purchased, converted, or altered with Homekey Grant funds provided pursuant to Health and Safety Code section 50675.1.3.

5. **Rent Standards**

Permanent Housing. Rent limits for initial occupancy, and for each subsequent occupancy, of an Assisted Unit shall not exceed 30 percent of that Assisted Unit's designated income-eligibility level.

Interim Housing, Transitional Housing. No rent shall be charged to the Target Population residents of Interim Housing or Transitional Housing.

6. **Program Deadlines**

For Projects that involve acquisition, the Grantee shall expend any capital expenditure award and the Project escrow must be closed by the Expenditure Deadline for Capital Funds.

For Projects that involve construction and/or rehabilitation, the Grantee shall expend any capital expenditure award by the Expenditure Deadline for Capital Funds, and complete any construction or rehabilitation activities within twelve (12) months of the date of the award.

All acquisition-only Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of the Expenditure Deadline for Capital Funds. Otherwise, Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of construction and/or rehabilitation completion. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time.

Projects that received a bonus award for expedited occupancy shall achieve full occupancy within eight (8) months of the date of the award. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time. No bonus award shall be granted for expedited occupancy if the Grantee requests and the Department approves an extension for full occupancy.

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Grantee may ask the Department for an extension to complete construction and/or rehabilitation, where the Grantee clearly demonstrates that the extension is due to circumstances or conditions beyond the Grantee's control, and that granting the extension will enable the construction and/or rehabilitation to be completed and full occupancy of the Assisted Units to be achieved. Where the Department grants an extension for completion of construction and/or rehabilitation, the Expenditure Deadline for Capital Funds and the deadline for full occupancy of the Assisted Units may also be extended within the constraints of applicable law.

Grantee shall expend any Homekey-funded operating subsidy award by the Expenditure Deadline for Operating Funds.

7. **Performance Milestones**

Grantee shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each, a "**Milestone Completion Date**"). The Performance Milestones shall include, but not be limited to, any applicable Expenditure Deadline for Capital Funds, Expenditure Deadline for Operating Funds, occupancy deadline, or expedited occupancy deadline.

Grantee may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's reasonable discretion. In no event will the Department approve an extension request in the absence of Grantee's demonstration of good cause for said extension, along with Grantee's reasonable assurances that the extension will not result in Grantee's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

8. **Reporting Requirements**

Grantee shall submit an annual Homekey Program and Expenditure Report, and comply with all additional reporting requirements, as set forth and specified at Section 601 of the NOFA, all in accordance with the Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department.

Upon the Department's request and as specified, the Grantee shall provide progress reports in connection with the development plan and any updates to the timeline for

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completion of the Project. The development plan should include the Project's completion milestones and any updates or substantial changes.

In addition, the Grantee shall submit to the Department such periodic reports, updates, and information as deemed necessary by the Department to monitor compliance and/or perform Program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

Grantee shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.

9. **Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of State Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Grantee shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address or email to Homekey2SGM@hcd.ca.gov:

California Department of Housing and Community Development
Attention: Homekey Program – Round 2 (Homekey)
State Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

10. **Grantee Contract Coordinator**

The Grantee Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Grantee Contract Coordinator at the address specified at Exhibit E of this Agreement.

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BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Grantee has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Grantee after this Agreement has been fully executed and after the Department receives the Grantee's request for funds, with all required supporting documents appended thereto. The Grantee shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program Requirements (if the Grantee has not already submitted same);
- C. Documentary evidence of any eligible costs incurred on or after March 3, 2021 and before the execution of this Agreement;
- D. Certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law;
- E. A copy of the Department-approved relocation plan for the Project, or a copy of a Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department;
- F. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- G. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- H. A current title report (dated within 15 days of the request for funds); or for tribal trust land, a title status report ("**TSR**") or an attorney's opinion regarding chain of

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title and current title status;

- I. Any forms, certifications, or documentation required pursuant to Paragraph 5– Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- J. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Grantee shall meet each Performance Milestone set forth at Exhibit E by the relevant Milestone Completion Date. After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department. Grantee may apply to the Department for an extension of any Milestone Completion Date based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Performance Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE GRANTEE TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

4. Fiscal Administration

- A. Grantee shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit the Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any capital expenditure award funds that have not been expended by the Expenditure Deadline for Capital Funds must be returned to the Department with accrued interest. Any operating subsidy award funds that have not been expended by the Expenditure Deadline for Operating Funds must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the

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Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Grantee may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

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HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement, when fully executed by the Department and the Grantee, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").
- B. This Agreement shall terminate fifteen (15) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").
- C. Grantee will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B and, as necessary and applicable, under Paragraph 5 – Additional Conditions Precedent to Disbursement of Exhibit E.
- D. Any expenses incurred prior to March 3, 2021, after the Expenditure Deadline for Capital Funds, or after the Expenditure Deadline for Operating Funds, respectively and as applicable, are not eligible for payment under the Program, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.
- E. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department in the absence of an alternate arrangement that has been approved by the Department in advance and in writing.

2. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Grantee. Upon such termination, Grantee shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

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Cause shall consist of Grantee's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Grantee's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified.
- B. Grantee's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Grantee's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Grantee in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Grantee has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Grantee, the Department may give written notice to the Grantee to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department in its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

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3. **Cancellation**

- A. It is mutually understood between the parties that this Agreement 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 this Agreement were executed after that determination was made.
- B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement 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 Agreement in any manner.
- C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement shall be amended to reflect any subsequent reduction in CSFRF funds.
- D. The Department may cancel this Agreement, in whole or in part, if **(i)** sufficient funds are not made available by the United States Government; **(ii)** Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or **(iii)** cancellation is otherwise permitted under state contracting law.
- E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Grantee. The Locality shall return any undisbursed portion of its Grant award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless **(i)** the parties have agreed upon an alternate arrangement in advance and in writing; or **(ii)** an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

4. **Eligible Activities**

Grant funds awarded to the Grantee shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

5. **Performance Milestones**

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Grantee shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

6. **Article XXXIV**

Per Health and Safety Code section 37001, subdivision (h)(2), article XXXIV, section 1 of the California Constitution (“**Article XXXIV**”) is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from CSFRF established by ARPA. As such, Article XXXIV is not applicable to Homekey-funded development, construction, or acquisition.

7. **Appraisals**

Grantee shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

8. **Compliance with Prevailing Wage Law**

Grantee’s Project is subject to state and federal prevailing wage law. Grantee is urged to seek professional legal advice about prevailing wage law requirements and Grantee’s potential obligations thereunder. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California’s prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Grantee and its general contractor(s).

9. **Environmental Conditions**

Grantee shall provide a Phase I Environmental Site Assessment (“**ESA**”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Grantee desires to

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proceed with the Project, the Grantee shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Grantee shall also provide an asbestos assessment and a lead-based paint report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

10. **Insurance**

Grantee shall obtain the insurance coverages identified in the NOFA. Grantee shall maintain such insurance coverages for either the term of this Agreement or the term of any required restrictive covenant or regulatory agreement, whichever applicable term is longer. Grantee shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Grantee shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Grantee is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Grantee shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Grantee abandons its self-insured status at any time after execution of this Agreement, the Grantee shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

11. **Operating Funds**

Grantee shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Grantee shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

12. **Relocation**

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and

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entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the Homekey award will be disbursed, Grantee must have either:

- A. A Department-approved relocation plan; or
- B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department.

13. **One-for-One Replacement of Assisted Units**

One-for-one replacement of Assisted Units is permissible if approved in advance by the Department per Section 301 of the NOFA, after the Department's determination, in its sole and absolute discretion, that such replacement will not reduce the inventory of units that are already available at affordable rents to households that are at or under 30 percent AMI.

14. **Site Control**

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Grantee shall have control of the property at all times, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Grantee's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of

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dedication to a public agency.

- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Grantee, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Grantee shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Grantee. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other evidence of site control that gives the Department assurance (equivalent to A-E above) that the Grantee will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

15. **Adaptability and Accessibility**

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility, including, without limitation, the requirements set forth in the NOFA.

16. **Title Status and Reports**

Grantee shall provide a current title report for the real property on which the Project is located. If Grantee's interest in the property is leasehold, then Grantee shall provide a current title report for the leasehold interest and the fee interest. For tribal trust land, Grantee shall provide a TSR or an attorney's opinion regarding chain of title and current title status. As set forth and specified at Exhibit B of this Agreement, Grantee shall provide such title report or documentation of title status prior to disbursement of

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any Homekey Grant funds.

17. Title Insurance

Grantee shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Grantee holds good and marketable title (fee simple or leasehold).

18. Property Management Plan

Grantee shall submit a property management plan to the Department for its review and approval. Such management plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., include the management, maintenance, and repair information required by the MHP Guidelines).

19. Supportive Services Plan

Grantee shall submit a Supportive Services plan to the Department for its review and approval. Such Supportive Services plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., provide for delivery of housing stability services and benefits).

20. Compliance with Title VI of the Civil Rights Act of 1964

Grantee and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by

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the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

21. Nondiscrimination

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;
- B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);
- C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);
- E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and
- F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the NOFA and at Exhibit C of this Agreement.

Grantee shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes, be excluded from participation in, be denied the benefits

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of, or be subjected to discrimination under, any program or activity funded in whole or in part with Homekey funds.

22. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Grantee shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing, Transitional Housing, or Permanent Housing. Grantee is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Grantee shall comply with all applicable state and federal fair housing laws.

23. Grantee Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Grantee acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, 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 governmental ordinances related to public health, animal control, and animal anticruelty.

24. Final Certificate of Occupancy

Grantee shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

25. Occupancy

The Assisted Units shall be occupied by the Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Grantee shall certify, upon occupancy, that it will employ the core components of Housing First (as set forth at Welfare and Institutions Code section 8255) as part of its property management plan and Supportive Services plan.

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26. Tenant Selection

Referrals to Assisted Units shall be made through the local Coordinated Entry System (“CES”), or another comparable prioritization system based on greatest need shall be used. All referral protocols for Assisted Units shall be developed in collaboration with the local Continuum of Care and implemented consistent with the Program Requirements.

27. Participation in Statewide HDIS/HMIS

Grantee shall support Continuum of Care participation in the statewide Homeless Data Integration System (“HDIS”). As required by and in accordance with state and federal law (including all applicable privacy law), Grantee shall further disclose relevant data to the local Homeless Management Information System (“HMIS”) and comparable data collection systems.

28. Restrictive Covenants and Regulatory Agreements

A restrictive covenant, regulatory agreement, or similar use restriction shall be recorded against the Project real property, depending on the Project type. For Interim Housing or Transitional Housing Projects that will not result in Permanent Housing, the Department will prepare, and the Public Entity shall cause, a 15-year restrictive covenant to be recorded against the Project real property. For Interim Housing or Transitional Housing Projects that will ultimately result in Permanent Housing, the Public Entity or Tribal Entity shall prepare and cause a 15-year restrictive covenant to be recorded against the Project real property. For Permanent Housing Projects, the Public Entity or Tribal Entity shall prepare and cause a 55-year regulatory agreement to be recorded against the Project real property. For Permanent Housing Projects located on tribal trust land, a 50-year use restriction shall be recorded against the Project real property.

All use restrictions shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions shall include occupancy and rent restrictions that maintain the Project’s accessibility to the Target Population over the full term of the use restriction.

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All use restrictions are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

29. **Restrictions on Sales, Transfers, and Encumbrances**

Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

30. **Retention, Inspection, and Audit of Records**

Grantee is responsible for maintaining records which fully disclose the activities funded by the Grant. Grantee shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Grantee shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Grantee shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

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If there are audit findings, the Grantee shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Grantee in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Grantee, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Grantee shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

31. **Site Inspection**

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

32. **Compliance with State and Federal Laws, Rules, Guidelines, and Regulations**

Grantee agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

33. **Updated Information**

If there is any change in the information that has been provided to the Department, Grantee shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval. In addition, Grantee shall promptly notify the Department, in writing, of any changes in Grantee or Co-Grantee organization, authorization, or capacity.

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34. Survival of Obligations

The obligations of the Grantee, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

35. Litigation

Grantee 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, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

36. Entire Agreement; Severability

This Agreement constitutes the entire agreement between the Grantee and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

37. Modification or Waiver under AB 1010

The Department reserves the right to waive or modify any requirement under this Agreement, or any Program Requirement, as authorized by and in accordance with Assembly Bill No. 1010 (Chapter 660, Statutes of 2019) ("**AB 1010**"), which is codified at Health and Safety Code section 50406, subdivision (p).

38. Waivers

No waiver of any breach, violation, or default under this Agreement shall be held to be a waiver of any other or subsequent breach or violation thereof or default thereunder. The Department's failure, at any time, to enforce the provisions of this Agreement or

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to require the Grantee's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

39. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

40. Single Audit Requirements

Grantee is responsible for complying, as necessary, with the Single Audit Act and its implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

41. Disputes

In the event of any conflict between this Agreement and any Grantee documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

42. Consent

The parties agree that wherever the consent or approval of the Department or Grantee is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

43. Grantee Liability

Grantee shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Grantee shall remain jointly and severally liable to the Department for performance

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under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Grantees' identification of a Designated Payee.

44. Defense and Indemnification

Grantee agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Grantee's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Grantee shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

45. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

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PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS
Permanent Housing

A. PROJECT-SPECIFIC PROVISIONS

Project Name: Step Up in King City, A Shangri-La Community Street Address: 1130 Broadway Street, King City, CA 93930 County of Monterey			Assessor Parcel Number (APN): 026-401-020-000		
# of Bedrooms	Units	Non-Homekey Units	Homekey-Assisted Units	AMI Income Limit	Restriction to Subset of Target Population
Manager Unit	1	0	1	N/A	N/A
0 (Studio)	15	0	15	30%	Chronically Homeless
0 (Studio)	29	0	29	30%	
Totals:	45	0	45		

1. **Permanent Housing – Award, Disbursement, and Eligible Use(s)**. Grantee received Homekey Program award letter on March 14, 2022 (the “**Award Date**”). Pursuant to that award letter, the Grantee is receiving Homekey Grant funds in the amount of \$11,989,393.00 (the “**Award**”). The Designated Payee of these funds is Shangri-La Industries LLC. Grantee will use the funds to provide Permanent Housing for the Target Population. Specifically, the Grantee will apply these funds towards the following eligible use(s):
 - a. Acquisition and rehabilitation of a hotel to provide Permanent Housing for the Target Population.
 - b. Capitalization of an operating subsidy for the Assisted Units.

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Grantee's Award includes \$9,949,108.00 for capital expenditures and \$2,040,285.00 for operating funds. The Expenditure Deadline for Capital Funds is set forth herein as a Milestone Completion Date. The Expenditure Deadline for Operating Funds is set forth herein as a Milestone Completion Date.

Grantee will receive additional funds in the amount of \$440,000.00 (the "**Bonus Award**") if the Project's Assisted Units achieve full occupancy (with consideration for an average of 10 percent vacancy) within eight (8) months of the Award Date. The occupancy deadline in connection with Grantee's Bonus Award is set forth herein as a Milestone Completion Date. The Department will not disburse the Bonus Award until it receives documentary evidence, in form and substance reasonably satisfactory to the Department, that the Milestone Completion Date has been met. Grantee shall only use such Bonus Award for its incurred or prospective operating costs for the Project. If Grantee duly satisfies all requirements and conditions relative to the Bonus Award, Grantee's total award amount will be \$12,429,393.00 (the "**Total Award Amount**").

- 2. Project Narrative.** Grantee is acquiring and rehabilitating a hotel located at 1130 Broadway Street, King City, CA that will result in 44 units of permanent supportive housing for the target populations of persons at-risk of homelessness and the chronically homeless, and one manager's unit. Fifteen (15) units will be occupied by the chronically homeless population and twenty-nine (29) units will be occupied by persons at-risk of homelessness. Project is centrally located in King City within a half-mile of public transit, a grocery store, health facility, library, and pharmacy. Supportive services will be provided on-site by Step Up on Second Street, Inc., the Coalition for Homeless Services Providers (Monterey/San Benito Counties Continuum of Care), and the County of Monterey.

Units will be renovated to include an adaptable kitchenette (kitchen storage area can be removed to accommodate accessibility needs), new flooring, lighting, anti-slide/lift devices on windows, and furniture. Common areas will be renovated with new flooring, paint, and furniture. An existing area will be reconfigured for supportive services/property management office space, a community room, and computer center. New washer and dryers will be installed, and outdoor amenities improved to include a communal gathering space, dog park, and drought-tolerant landscape. The site will also be secured with on-site security, controlled access, and cameras.

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Building will incorporate green building and resource efficient technologies to comply with California Green Building Standards.

Obligation to Serve Subsets of the Target Population. Grantee shall ensure that at least 25 percent of the Project's Assisted Units are restricted to occupancy by the Chronically Homeless.

- 3. Scope of Work.** Prior to building renovations, new waste and sewer lines will be installed for the kitchenettes; additionally, interior non-structural, light demolition of the existing units will include removing flooring, all furnishings, and prepping for new plumbing. Building interior upgrades will include the unit kitchenettes, new unit flooring, paint, LED lighting, and anti-slide/lift devices on applicable doors and windows. Smoke and carbon monoxide detectors will be installed, and furnishings provided including a drop leaf table with four chairs, dresser, twin bed and mattress, and Smart TV with digital TV antenna. Upgrades for accessible units will include, but are not limited to, siting, wider doorways, bathroom accommodations, visual fire with strobe light, and a doorbell flasher.

Building exterior upgrades will include new roofing, painting, and monument signage. Egress, emergency lighting, and accessible pathways will be upgraded to be building code compliant. Entire property will be fenced with secure pedestrian and vehicle access. Parking lot will be re-leveled, re-paved, and re-striped as necessary. Existing pool will be backfilled and renovated as a community space and dog park. Landscaping will be upgraded to meet drought-tolerant standards. Property security will be enhanced through on-site security, controlled access, security cameras. Safety will be enhanced by displaying prominent address, unit numbers, and escape plans.

Community amenity upgrades will include new coin operated washers and dryers, supportive services/property management office space, a community room, and computer center. All common areas will be renovated including new flooring, paint, and furniture. All elevators and railings in interior corridors and common areas will be modernized or renovated to be building code compliant, if applicable.

On-site supportive services will be provided by the lead service provider, Step Up on Second Street, Inc. Services will also be provided by The Coalition for Homeless Services Providers (Monterey/San Benito Counties Continuum of Care) and the County of Monterey. Supportive services will include, but are not limited to:

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- a. Case management – case managers will connect tenants to all available services and work with tenants to develop an individualized service plan (ISP). Case managers will meet with tenants at least once per month or more, as outlined in the tenant's ISP.
- b. Behavioral health services – tenants will be linked to behavioral health services through the lead service provider, Step Up on Second Street Inc., or another community behavioral health agency. Services provided will include individual therapy, group therapy, and psychiatric medicine support.
- c. Physical health services – tenants will be linked to care through their primary care physician or a community health clinic. Supportive services staff will help tenants access off-site resources for physical health care.
- d. Assistance obtaining benefits and essential documentation – helping tenants access benefit programs including medical benefits, food assistance, financial aid, and disability income.
- e. Life skills for daily living, rehabilitation, and independence – life skills training including money management, time management, positive self-care and behavior, relationship building, and social-emotional skills.

Total Full-Time Equivalent (FTE) staff positions (half-time is 0.5). Case manager ratio is 15:1 for persons experiencing chronic homelessness and 25:1 for persons at-risk of homelessness. Supportive services staffing will include:

- f. Vice President (.05 FTE, off-site)
- g. Director (.1 FTE, off-site)
- h. Program Manager (.2 FTE, on-site)
- i. Lead Service Coordinator (.5 FTE, on-site)
- j. Service Coordinator I (2 FTE, on-site)

Supportive services outcomes include:

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- k. Ninety percent of tenants retain permanent housing after one year.
- l. Eight percent of tenants obtain and maintain eligible benefits. Tenants increase ability to live independently based on individualized goals in their service plan.
- m. Tenants’ independence and self-sufficiency will be tracked by the percentage decrease in accessing supportive services after one year. Program goal is a twenty-five percent decrease in services use after one year.
- n. Tenants will be introduced to harm reduction practices. Program goal is increased use of harm reduction techniques in a tenant’s individualized service plan.

4. Grantee Contract Coordinator.

Authorized Representative Name:	Steven Adams
Authorized Representative Title:	City Manager
Entity Name:	City of King
Address:	212 South Vanderhurst Avenue King City, CA 93930
Telephone No.:	(831) 386-5917
E-Mail Address:	sadams@kingcity.com

Authorized Representative Name:	Cody Holmes
Authorized Representative Title:	Chief Financial Officer
Entity Name:	Shangri-La Industries LLC
Address:	660 South Figueroa Street, Suite 1888 Los Angeles, CA 90017
Telephone No.:	(818) 421-4376

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E-Mail Address:	cholmes@shangrila.us
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Authorized Representative Name:	Tod Lipka
Authorized Representative Title:	CEO and President
Entity Name:	Step Up on Second Street, Inc.
Address:	1328 Second Street, Santa Monica, CA 90401
Telephone No.:	(213) 458-6491
E-Mail Address:	tlipka@stepup.org

5. Additional Conditions Precedent to Disbursement.

- a. Grantee will provide National Environmental Policy Act (NEPA) approval verification prior to disbursement of funds. The anticipated NEPA approval date is June 2022.

6. Budget Detail.

Grantee is obligated to cover the Project's development, operations, service costs for five (5) years. Grantee will satisfy this obligation by leveraging funding commitments, or other reasonable funding assurances, from the following funding sources:

- a. Homekey award letter dated March 14, 2022, for a funding commitment of \$12,429,393.00 for acquisition and program operations.
- b. Construction loan from Shangri-La Capital, LLC in a letter dated December 29, 2021, for a funding commitment of \$2,254,694.00, in the form of an 18-month, five percent interest per annum loan.
- c. General Partner Equity from Shangri-La Capital, LLC in a letter dated February 28, 2022, making available \$952,077.00, in the

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form of a zero percent interest per annum loan with an expiration of December 31, 2022. Of this amount, \$398,112.00 is committed to the project as an eligible capital match.

- d. Homeless Housing Assistance and Prevention Program (HHAP) Round 3 allocation from the Monterey County Department of Social Services, in a letter dated January 11, 2022, for a funding commitment of \$350,000.00.
- e. Homeless Housing Assistance and Prevention Program (HHAP), Permanent Local Housing Allocation (PLHA), and American Rescue Plan Act (ARPA) allocation from the City of King, in a letter dated December 23, 2021, for a funding commitment of \$450,000.00.
- f. Homeless Housing Assistance and Prevention Program (HHAP) allocation from The Coalition of Homeless Services Providers, dated December 23, 2021, for a funding commitment of \$1,000,000.00.

Grantee shall maintain the ongoing affordability of the Project by leveraging the following non-Homekey sources of rental or operating subsidies:

- h. Emergency Housing, Homeless Set-Aside, and Foster Youth for Independence Housing Vouchers (EHVs) Availability Letter dated November 24, 2021, from The Coalition of Homeless Services Providers, outlining the availability of over 300 EHVs in the Monterey/San Benito Counties Continuum of Care. The value of these vouchers is estimated at \$1,574,668.00 over 6 years.
- i. Capitalized Operating Subsidy Reserve commitment from Shangri-La Capital, LLC, in a letter dated March 4, 2022, for a funding commitment of \$7,071,222.00, provided at zero percent interest per annum.

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7. Performance Milestones.

Performance Milestones	Milestone Completion Date
The Project’s escrow must be closed, and the capital funds must be fully expended.	November 14, 2022
All Homekey-funded construction or rehabilitation must be completed.	March 14, 2023
Full occupancy by the Target Population must be accomplished in accordance with the descriptions and representations set forth in the Application.	November 14, 2022
A copy of Grantee’s written nondiscrimination policy (in accordance with <u>Exhibit D</u> of this Agreement) must be submitted to the Department.	November 14, 2022
A [DRAFT] Regulatory Agreement or other use restriction must be submitted to the Department for review and approval.	November 14, 2022
A Department-approved Regulatory Agreement or other use restriction must be recorded against the Project real property as specified and described in the NOFA and this Agreement.	March 14, 2023
Homekey-funded operating funds must be fully expended.	June 30, 2026

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Performance Milestones	Milestone Completion Date
A Homekey Program and Expenditure Report must be submitted to the Department as specified and described in the NOFA.	January 31 – Each year for five (5) years following the Effective Date of this Agreement

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

- 1. Use Restriction.** The state, regional, local, or tribal Grantee shall ensure that the Project is duly encumbered with a 55-year covenant, declaration, regulatory agreement, or similar use restriction (the “**Regulatory Agreement**”) that **(a)** is recorded in first position against the Project for the benefit of the state, regional, local, or tribal Grantee; **(b)** restricts the use, operation, occupancy, and affordability of the Project in accordance with this Agreement and the applicable Program Requirements; **(c)** duly names the Department as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof; and **(d)** is otherwise in form and substance acceptable to the Department.

The Regulatory Agreement must be recorded against the real property of the Project site by the Milestone Completion Date set forth herein. The Grantee shall obtain the Department’s express written approval of the Regulatory Agreement prior to the recordation of the same. After recordation, the Grantee shall promptly provide the Department with a conformed copy of the recorded Regulatory Agreement.

Unless otherwise authorized by the prior and express written approval of the Department, the Regulatory Agreement must be recorded as a lien against the Project in first position, and must remain in first position, over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.

- 2.** Grantee has committed to a 55-year use restriction for the Project and has waived any potential accommodation by the Department to increase income limits, as described in the NOFA, for 100 percent of the Assisted Units.

Homekey Program – Round 2 (Homekey)
 NOFA Date: September 9, 2021, and amended on January 14, 2022
 Project Name: Step Up in King City, A Shangri-La Community
 Approved Date: 01-24-2022
 Prep. Date: 04-12-2022

EXHIBIT E

3. Grantee has made the following accessibility commitments with respect to the Project: The Project will exceed the state and federal accessibility requirements set forth in the NOFA. At least 15 percent of the Project's Assisted Units must have features accessible to persons with mobility disabilities, as specified and described in the NOFA. At least 10 percent of the Project's units must have features accessible to persons with hearing or vision disabilities, as specified and described in the NOFA.
4. Grantee will provide evidence of implementation of Operations and Maintenance (O&M) Programs for management of suspect asbestos-containing materials (ACMs) located at the subject property.

EXHIBIT 7

SCO ID:

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

20-HK-00112

PURCHASING AUTHORITY NUMBER (If Applicable)

2240

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

County of San Bernardino, Shangi-La Industries, LLC, Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE

Upon approval by HCD

THROUGH END DATE

5 years from the effective date

3. The maximum amount of this Agreement is:

\$4,940,000.00

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	6
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C *	State of California General Terms and Conditions	GTC - 04/2017
+ -	Exhibit D	Homekey General Terms and Conditions
		13
+ -	Exhibit E	Project-specific conditions and special terms and conditions
		5

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

See Attached

CITY

See Attached

STATE

ZIP

PRINTED NAME OF PERSON SIGNING

See Attached

TITLE

See Attached

CONTRACTOR AUTHORIZED SIGNATURE

See Attached

DATE SIGNED

See Attached

SCO ID:

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

20-HK-00112

PURCHASING AUTHORITY NUMBER (if Applicable)

2240

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS

2020 W. El Camino Ave, Suite 130

CITY

Sacramento

STATE

CA

ZIP

95833

PRINTED NAME OF PERSON SIGNING

Shaun Singh

TITLE

Contracts Manager

CONTRACTING AGENCY AUTHORIZED SIGNATURE

Shaun Singh

DATE SIGNED


11/24/2020

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (if Applicable)


CONTRACTOR


County of San Bernardino,
a California Charter Municipal Corporation

By:  Date: 11/24/2020
Curt Hagman,
Chairman of the County Board of Supervisors

Address:
385 North Arrowhead Avenue, Third Floor
San Bernardino, CA 92415

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  Date: 11-20-2020
W Investments, LLC
Member

By:  Date: 11-20-2020
Andrew Meyers
/AKA Andy Meyers
/AKA Andrew Meyers Abdulwahab
/AKA Andy Meyers Abdulwahab
Its: President

Address:
660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

550 S. Hope Street, #700
Los Angeles, CA 90071


CONTRACTOR

County of San Bernardino,
a California Charter Municipal Corporation

By: _____ Date: _____
Curt Hagman,
Chairman of the County Board of Supervisors

Address:
385 North Arrowhead Avenue, Third Floor
San Bernardino, CA 92415

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  _____ Date: 11-20-2020
W Investments, LLC
Member

By:  _____ Date: 11-20-2020
Andrew Meyers
/AKA Andy Meyers
/AKA Andrew Meyers Abdulwahab
/AKA Andy Meyers Abdulwahab
Its: President

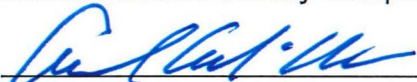
Address:
660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

550 S. Hope Street, #700
Los Angeles, CA 90071

CONTRACTOR

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  Date: 11-20-2020
Andrew Meyers Abdulwahab
/AKA Andrew Meyers
/AKA Andy Meyers
/AKA Andy Meyers Abdulwahab
Its: CEO, and
Its: Authorized Signatory, and
Its: Officer

Address:
660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

550 S. Hope Street, #700
Los Angeles, CA 90071

Step Up On Second, Inc.
A California nonprofit public benefit corporation

By: **Tod Lipka** Digitally signed by Tod Lipka
Date: 2020.11.20 13:43:45 -08'00' Date: 11/20/2020
Tod Lipka,
Its: Chief Executive Officer, and
Its: President

Address:
1328 Second Street
Santa Monica, CA 90401

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

Assembly Bill No. 83 (2019-2020 Reg. Sess.) added section 50675.1.1 and 50675.1.2 to the Multifamily Housing Program (“MHP”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.1 is the statutory basis for the Homekey Program (“Homekey” or “Program”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“Department” or “HCD”) to administer MHP.

The Department issued a Notice of Funding Availability (“NOFA”) for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines (“MHP Guidelines”), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund (“CRF”) money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

This STD 213, Standard Agreement (“Agreement”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Sponsor, as defined below, for funding under the Program (the “Grant”). As such, this Agreement shall be executed by the Sponsor. Where the Sponsor comprises a Local Public Entity (as defined below) and a private entity, both entities shall execute the Standard Agreement.

This Agreement hereby incorporates by reference the Application in its entirety. This Agreement is governed by the following (collectively, the “Program Requirements”) and each of the following is incorporated hereto as if set forth in full herein:

- A. The above-referenced MHP statutory scheme;
- B. The NOFA issued on July 16, 2020, and as may be subsequently amended;
- C. The MHP Guidelines;
- D. The CARES Act and related federal guidance;
- E. The award letter issued by the Department to the Sponsor; and

EXHIBIT A

F. Any and all other applicable law.

2. **Purpose**

The Homekey Program is intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic (“Target Population”).

Sponsor applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Sponsor agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. **Definitions**

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. **“Application”** means the application for Grant funds that was submitted in response to the Department’s Homekey Program 2020 Notice of Funding Availability, issued on July 16, 2020.
- B. **“CRF Covered Period”** means the time period running from **March 1, 2020 through December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred during this time period, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- C. **“CRF Expenditure Deadline”** means **December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred on or before this date, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- D. **“Designated Payee”** means the Co-Sponsor that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- E. **“Development Sponsor”** has the same meaning as **“Sponsor”** below.

EXHIBIT A

- F. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.1, subdivision (a).
- G. **“Interim Housing”** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements.
- H. **“Local Public Entity”** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term **“Local Public Entity”** also includes two or more local public entities acting jointly.
- I. **“Performance Milestones”** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- J. **“Permanent Housing”** means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of stay or restrict the tenant’s movements and where the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- K. **“Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – F, above.
- L. **“Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing or Interim Housing for the Target Population.

EXHIBIT A

- M. **“Scope of Work”** or **“Work”** means the work to be performed by the Sponsor to accomplish the Program purpose.
- N. **“Sponsor”** is defined by MHP at Health and Safety Code section 50675.2, subdivision (g). (See also Health and Safety Code, section 50669, subd. (c).) **“Sponsor”** refers, both individually and collectively, to the private entity and/or the Local Public Entity that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Sponsor comprises two entities, each entity may be referred to as a **“Co-Sponsor.”** On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.
- O. **“State General Fund Expenditure Deadline”** means **June 30, 2022.** Grant expenses for capitalized 24-month operating subsidies, which are funded by the State General Fund, must be incurred on or before this date, or they will not be reimbursed.
- P. **“Target Population”** means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

4. Eligible Uses

Sponsor shall apply the Program Grant funds to one or more of the following uses. Sponsor’s use of the funds and scope of work (“Scope of Work” or “Work”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation of motels, hotels, or hostels.
- B. Master leasing of properties.
- C. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- D. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- E. The purchase of affordability covenants and restrictions for units.

EXHIBIT A

- F. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- G. Capitalized operating subsidies for units purchased, converted, or altered with funds provided under the Program.

5. Performance Milestones

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's sole and absolute discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

6. Reporting Requirements

Sponsor shall comply with all reporting requirements set forth at Section 402 of the NOFA or in this Agreement, all in accordance with, without limitation, the deadline(s) set forth under Performance Milestones at Exhibit E of this Agreement.

7. Department Contract Coordinator

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
Attention: Homekey Program (Homekey)
Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

EXHIBIT A

8. Sponsor Contract Coordinator

The Sponsor Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Applicant has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Sponsor after this Agreement has been fully executed and after the Department receives the Sponsor's request for funds, with all required supporting documents appended thereto. The Sponsor shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comport with the Program's requirements (if the Sponsor has not already submitted same);
- C. Certification of compliance with California's prevailing wage law;
- D. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- E. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- F. A current title report (dated within 15 days of the request for funds);
- G. Any forms, certifications, or documentation required pursuant to Paragraph E—Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- H. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

EXHIBIT B

3. Performance

After disbursement of the funds, the Sponsor shall meet each Performance Milestone set forth at Exhibit E by the designated deadline. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department. Sponsor may apply to the Department for an extension of the Performance Milestone deadlines based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE SPONSOR TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

4. Fiscal Administration

- A. Sponsor shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any CRF Grant funds that have not been expended by the CRF Expenditure Deadline must be returned to the Department with accrued interest. Any State General Fund moneys that have not been expended by the State General Fund Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

EXHIBIT B

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Sponsor may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

EXHIBIT D

HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "Effective Date").
- B. This Agreement shall terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "Expiration Date").
- C. Sponsor will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B. All Program funds must be disbursed by **December 30, 2020**.
- D. Grant expenses for CRF-funded Eligible Uses must be incurred from **March 1, 2020 through December 30, 2020** (the "CRF Covered Period"). **December 30, 2020** is the deadline for all such expenditures (the "CRF Expenditure Deadline" or "Expenditure Deadline"). CRF-funded Eligible Uses are those listed at Paragraph 4.A – F of Exhibit A.
- E. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred by **June 30, 2022** (the "State General Fund Expenditure Deadline" or "Expenditure Deadline").
- F. Any expenses incurred prior to the CRF Covered Period, after the CRF Expenditure Deadline, or after the State General Fund Expenditure Deadline, respectively and as applicable, are not eligible for payment under the Program. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department.

2. Termination

The Department may terminate this Agreement for cause at any time by giving at least 14 days' advance written notice to the Sponsor. Upon such termination, Sponsor shall return any unexpended funds to the Department within thirty (30) calendar days of the

EXHIBIT D

date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

Cause shall consist of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Sponsor's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified, by **December 30, 2020**.
- B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Special Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Sponsor's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Sponsor has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

Sponsor's failure to meet any applicable Expenditure Deadline shall result in the automatic termination of this Agreement, and Sponsor shall return all disbursed Grant funds to the Department within thirty (30) calendar days of the applicable Expenditure Deadline.

EXHIBIT D

In the event of any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department at its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. **Eligible Activities**

Grant funds awarded to the Sponsor shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

4. **Performance Milestones**

Sponsor shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

5. **Article XXXIV**

Article XXXIV, section 1 of the California Constitution ("Article XXXIV") is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys receiving from the CRF established by the federal CARES Act (Public Law 116-136), pursuant to Health and Safety Code section 37001, subdivision (h).

6. **Appraisals**

Sponsor shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

7. **Compliance with California's Prevailing Wage Law**

Sponsor's Project may be subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Sponsor is urged to seek professional legal advice about the law's requirements. Prior to disbursing the Grant funds, the Department will require a

EXHIBIT D

certification of compliance with California's prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Sponsor and its general contractor.

8. Environmental Conditions

Sponsor shall provide a Phase I Environmental Site Assessment ("ESA") for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, the Sponsor shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Sponsor shall also provide an asbestos assessment and a lead-based paint report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

9. Insurance

Sponsor shall obtain the insurance coverages identified at Article VI of the NOFA; Sponsor shall maintain such insurance coverages for either the term of this Agreement or the term of any required use restriction or affordability covenant, whichever applicable term is longer. Sponsor shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Sponsor shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Sponsor is a Local Public Entity and is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Local Public Entity shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Local Public Entity abandons its self-insured status at any time after execution of this Agreement, the Local Public Entity shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

EXHIBIT D

10. Operating Funds

Sponsor shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Sponsor shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

11. Relocation

If there is or will be any residential or commercial displacement directly or indirectly caused by the Project, the Sponsor shall provide a relocation plan to the Department for review. The relocation plan must comply with the requirements of state law (Gov. Code, § 7260 et seq.) and the regulations adopted by the Department (Cal. Code Regs., tit. 25, § 6000 et seq.). The Project budget shall include enough funds to pay all costs of relocation benefits and assistance, as identified in the relocation plan accepted by the Department. If the Project will not cause any displacement, the Sponsor must provide corroborating documentation to the Department for approval. If there is separate federal funding of the Project, the Sponsor shall comply with federal Uniform Relocation Act requirements to the extent applicable.

12. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Sponsor shall at all times have control of the property and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Sponsor's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of

EXHIBIT D

dedication to a public agency.

- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Sponsor, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Sponsor shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Sponsor. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other forms of site control that give the Department assurance (equivalent to A-E above) that the Sponsor will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

13. Adaptability and Accessibility

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility in the design, construction and rehabilitation of residential projects for persons with disabilities.

14. Title Report

Sponsor shall provide a current title report for the real property on which the Project is located. If Sponsor's interest in the property is leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest.

EXHIBIT D

15. Title Insurance

Sponsor shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold).

16. Supportive Services Plan

Where a project features on-site supportive services, Sponsor shall submit a supportive services plan to the Department for its review and approval. Such plan shall meet the Program Requirements.

17. Non-Discrimination

During Sponsor's performance under this Agreement, Sponsor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Sponsor shall ensure that the evaluation and treatment of employees and applicants for employment are free from such discrimination and harassment. Sponsor shall comply with California's laws against discriminatory practices relating to specific groups: the California Fair Employment and Housing Act (FEHA) (Gov. Code, § 12900 et seq.); the regulations promulgated thereunder (Cal. Code Regs., tit. 2, § 11000 et seq.); and the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, §§ 11135 - 11139.5). Sponsor shall give written notice of its obligations under this provision to labor organizations with which it has a collective bargaining or other agreement.

18. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Sponsor shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be

EXHIBIT D

incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing or Permanent Housing. Sponsor is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Sponsor shall comply with all state and federal fair housing laws.

19. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, 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 governmental ordinances related to public health, animal control, and animal anticruelty.

20. Final Certificate of Occupancy

Sponsor shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

21. Occupancy

The units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Sponsor shall certify, upon occupancy, that it will employ the core components of Housing First (set forth at Welfare and Institutions Code section 8255) as part of its property management and tenant selection practices.

22. Reporting Requirements

Sponsor shall submit expenditure and program reporting to the Department by **February 1, 2021**. Such reporting shall include the data outlined at Section 402 of the NOFA.

If Sponsor has received State General Fund moneys to fund a 24-month operating subsidy, Sponsor shall submit relevant expenditure reporting to the Department on **January 31, 2021; July 31, 2021; January 31, 2022; and July 31, 2022**. Such

EXHIBIT D

reporting shall include the data set forth at Section 402.i. – vi. of the NOFA.

23. Use Restrictions and Affordability Covenants

Either a use restriction or an affordability covenant shall be recorded against the Project real property, depending on the Project type. For Interim Housing Projects that will not result in permanent housing, the Department shall cause a 10-year use restriction to be recorded against the Project real property. For Interim Housing Projects that will ultimately result in permanent housing, the Local Public Entity shall cause a 10-year use restriction to be recorded against the Project real property. For Permanent Housing Projects, the Local Public Entity shall cause a 55-year affordability covenant to be recorded against the Project real property.

All use restrictions and affordability covenants shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions and affordability covenants are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

24. Restrictions on Sales, Transfers, and Encumbrances

Sponsor shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

25. Retention, Inspection, and Audit of Records

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Grant. Sponsor shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall

EXHIBIT D

have the right to review, obtain, and copy all records pertaining to performance under this Agreement. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

26. Site Inspection

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

27. Compliance with State and Federal Laws, Rules, Guidelines, and Regulations

EXHIBIT D

Sponsor agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

28. Updated Information

If there is any change in the information that has been provided to the Department, Sponsor shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval.

29. Survival of Obligations

The obligations of the Sponsor, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

30. Litigation

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, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

31. Severability

This Agreement constitutes the entire agreement between the Sponsor and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

32. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or

EXHIBIT D

subsequent breach. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Sponsor's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

33. Disputes

In the event of any conflict between this Agreement and any Sponsor documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

34. Consent

The parties agree that wherever the consent or approval of the Department or Sponsor is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

35. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Sponsors' identification of a Designated Payee.

36. Defense and Indemnification

Sponsor agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Sponsor's use of the Grant funds and performance under this Agreement. If any attorney, including the

EXHIBIT D

California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Sponsor shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

37. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

Project Name: Step Up in San Bernardino, A Shangri-La Community Site Address: 450 N. G St., San Bernardino, CA, 92410 San Bernardino County		APN: 0134-093-10		
Enter the number of doors by bedroom size and income level.				
# of Bedrooms	# of Doors	HK Restricted	Income Limit (% of AMI)	
1	76	76	30% AMI	
Total	76	76		

1. PROJECT-SPECIFIC PROVISIONS

A. Project Description

1. **Grant Amount:** \$4,940,000
2. **Payee:** Shangri-La Industries, LLC., a Delaware limited liability company, (“Developer”).
3. **Eligible Use:** Acquisition and rehabilitation of a hotel for permanent housing.
4. **Project Narrative:** Step Up in San Bernardino, A Shangri-La Community is an Interim housing project site consisting of 76 doors. The Project will be owned by the Developer and rehabilitation, operations and acquisition will be controlled jointly by the County of San Bernardino (“**County**”), the Developer and Step Up on Second Street, Inc. (“**Co-Developer**”). The Project site is

within 1/3 of a mile of a public bus stop. Each Project site is within 1/2 of a mile of essential services, such as grocery stores, health facilities, hospitals, pharmacies, and a library. The Project will accept tenants from the Coordinated Entry System (CES) based on assessments of particular vulnerability. The County will partner with the Step Up on Second Street, Inc. to directly provide on-site services and to coordinate off-site services.

The Sponsor (or Co-Sponsors) shall record, or cause to be recorded a 10-year use and occupancy restrictions against the real property of all Project sites consistent with the levels of affordability set forth herein and as required by the Program. The County shall be responsible for monitoring said occupancy restrictions.

5. Strategies to Promote Racial Equity and Accessibility:

- a. The Sponsor shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.
- b. The Sponsor shall ensure that the Project includes sensory accessible units and mobility accessible units in accordance with all relevant representations and descriptions in the Sponsor's Homekey Application (e.g., number of units, accessibility elements) and/or meets the minimum required accessible units as listed in the Homekey NOFA, to meet or exceed the greater of the two requirements.

B. Scope of Work

The project is seeking to acquire and rehabilitate, the All-Star Lodge located in the City of San Bernardino as part of a motel/hotel conversion with 76 doors. The project will provide housing to individuals who are homeless or at risk of homelessness, and, because of that and for other reasons, are or have been impacted by the COVID-19 pandemic. The development budget allocates funding for acquisition, rehabilitation and construction contingency costs. The project will allocate funding towards land requisition, upgrading of building infrastructure, loan and financing fees, and legal fees. Each door contains a kitchenette and a full bathroom.

The Authority will ensure that a 10-year regulatory agreement is recorded against the real property of each Project site in accordance with and as more fully specified and set forth in the Special Conditions below.)

C. Sponsor Contract Coordinator

Authorized Representative Name:	Andrew Meyers
Authorized Representative Title:	Chief Executive Officer
Entity Name:	Shangri-La Industries, LLC.
Address:	660 South Figueroa Street, Suite 1888, Los Angeles, CA, 90017
Phone No.:	818-421-4376
E-Mail Address:	Ameyers@shangrila.us

D. Budget Detail

Permanent loan of \$5,956,286 and GP Equity of \$1,032,884 to fund rehabilitation costs.

E. Additional Conditions Precedent to Disbursement

Intentionally omitted.

F. Performance Milestones

Performance Milestones	Date
Site control of Project site.	11/18/2020
Completion of all necessary environmental clearances.	11/18/2020
Obtaining all discretionary public land use approvals that are required, notwithstanding Health and Safety Code section 50675.1.1, subdivision (g).	11/18/2020

Performance Milestones	Date
Obtaining all enforceable funding commitments.	11/18/2020
Satisfaction of all conditions of disbursement set forth at <u>Exhibit B</u> .	11/18/2020
Program funds fully disbursed.	11/18/2020
Satisfaction of occupancy timeline.	11/18/2020
Rehabilitation work completed.	11/18/2020
Sponsor's submission of certification that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.	12/30/2020
Recordation of a 10-year use restriction by the Local Public Entity	12/30/2020
Submission of documentation of compliance with California's relocation assistance law that has been expressly approved in writing by the Department.	12/30/2020
Submission of expenditure and program reporting	Feb. 1, 2021

2. SPECIAL TERMS AND CONDITIONS

- A. The Co-Sponsors have identified Shangri La Industries, LLC as the designated payee.

- B. The **County of San Bernardino** shall cause a regulatory agreement in accordance with the NOFA and Program Requirements ("**Regulatory Agreement**") to be recorded against the real property of the Project site by the Performance Milestone date set forth herein. The **County of San Bernardino**

shall obtain the Department's express written approval of the Regulatory Agreement prior to the **County of San Bernardino's** recordation of same. Unless otherwise authorized by the prior and express written approval of the Department, the Regulatory Agreement shall be recorded as a lien against the Project in first position and shall remain in first position over all other Project agreements, covenants or other matters of record on the real property for the period of affordability required by the Program.

- C.** Sponsor's shall submit certification that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.
- D.** The Sponsor shall submit documentation of its compliance with California's relocation assistance law, in form and substance satisfactory to the Department, as required by Exhibit D of this Agreement. Such documentation shall be in finalized form and expressly approved by the Department in writing by the Performance Milestone date set forth herein.
- E.** Prior to disbursement of any funds, all Co-Applicants shall each submit revised authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program's requirements, as well as with each legal entity's respective organizational documents. In particular Shangri La Industries, LLC shall submit any and all documentation necessary to establish it has sufficiently demonstrated the authority of its signatory, the natural person, known and referred to variously as all the following: Andy Meyers, Andrew Meyers, Andrew Meyers Abdulwahab, and Andy Meyers Abdulwahab.
- F.** By executing this Agreement, the Co-Sponsors commit to applying all Grant funds solely towards the Homekey Program's Eligible Uses, which are defined herein and at Health and Safety Code section 50675.1.1, subdivision (a).

STANDARD AGREEMENT - AMENDMENT

STD 213A (Rev. 4/2020)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED _____ PAGES

AGREEMENT NUMBER

20-HK-00112

AMENDMENT NUMBER

1

Purchasing Authority Number

2240

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

County of San Bernardino; Shangri-La Industries, LLC; and Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE

11/24/2020

THROUGH END DATE

11/23/2025

3. The maximum amount of this Agreement after this Amendment is:

\$8,380,402.00

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

1. The entry set forth in section 3 (indicating the maximum amount) of the Agreement (dated November 24, 2020) is deleted and amended to be "\$8,380,402.00," as set forth above in section 3 of this Amendment 1 to the Agreement.
2. The entry set forth after the reference to "Grant Amount" in Paragraph A.1 of Exhibit E of the Agreement (dated November 24, 2020) is deleted and amended to be "\$8,380,402.00"
3. For reference purposes only, the foregoing represents an increase in the award payable to Shangri-La Industries, LLC of \$3,440,402, making the total award herein \$8,380,402.00 (as set forth above), of which \$4,940,000 has already been disbursed to Shangri-La Industries, LLC.
4. The co-sponsors will submit an updated Budget satisfactory in form and substance to the department by December 22, 2020.
5. The parties acknowledge, represent, and agree that any reference in the the prior Agreement to "Step Up on Second, Inc." was intended to be, shall mean and refer to: "Step Up on Second Street, Inc."

*All other terms and conditions shall remain the same.***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

PRINTED NAME OF PERSON SIGNING

TITLE

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

STANDARD AGREEMENT - AMENDMENT

STD 213A (Rev. 4/2020)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED _____ PAGES

AGREEMENT NUMBER

20-HK-00112

AMENDMENT NUMBER

1

Purchasing Authority Number

2240

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS

2020 W. El Camino Ave., Suite 130

CITY

Sacramento

STATE

CA

ZIP

95833

PRINTED NAME OF PERSON SIGNING

Shaun Singh

TITLE

Contracts Manager
Business & Contracts Services Branch

CONTRACTING AGENCY AUTHORIZED SIGNATURE



DATE SIGNED

12/24/2020


CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

Exempt per: SCM Vol. 1 4.04.A.3 (DGS memo dated 6/12/1981)

CONTRACTOR

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  Date: 12.22.2020

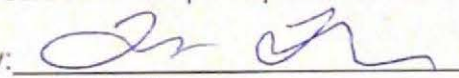
Andrew Meyers Abdulwahab
/AKA Andrew Meyers
/AKA Andy Meyers
/AKA Andy Meyers Abdulwahab
Its: CEO, and
Its: Authorized Signatory, and
Its: Officer

Address:
660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

550 S. Hope Street, #700
Los Angeles, CA 90071

Step Up On Second
Street, Inc.
A California nonprofit public benefit corporation

By:  Date: 12/22/2020

Tod Lipka,
Its: Chief Executive Officer, and
Its: President

Address:
1328 Second Street
Santa Monica, CA 90401

CONTRACTOR


County of San Bernardino,
a California Charter Municipal Corporation

By:  Date: 12-23-2020
Curt Hagman
Chairman of the County Board of Supervisors

Address:
385 North Arrowhead Avenue, Third Floor
San Bernardino, CA 92415

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  Date: 12-22-2020
W Investments, LLC
Member

By:  Date: 12-22-2020
Andrew Meyers
/AKA Andy Meyers
/AKA Andrew Meyers Abdulwahab
/AKA Andy Meyers Abdulwahab
Its: President

Address:
660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

550 S. Hope Street, #700
Los Angeles, CA 90071

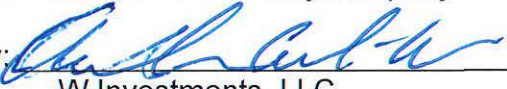
CONTRACTOR

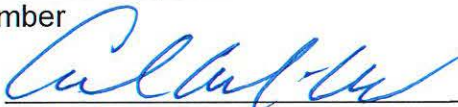
County of San Bernardino,
a California Charter Municipal Corporation

By: _____ Date: _____
Curt Hagman,
Chairman of the County Board of Supervisors

Address:
385 North Arrowhead Avenue, Third Floor
San Bernardino, CA 92415

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  Date: 12-22-2020
W Investments, LLC
Member

By:  Date: 12-22-2020
Andrew Meyers
/AKA Andy Meyers
/AKA Andrew Meyers Abdulwahab
/AKA Andy Meyers Abdulwahab
Its: President

Address:
660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

550 S. Hope Street, #700
Los Angeles, CA 90071

EXHIBIT 8

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 20-HK-00132	PURCHASING AUTHORITY NUMBER (If Applicable) 2240
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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
City of Salinas; Shangri-La Industries, LLC; and Step Up on Second Street, Inc.

2. The term of this Agreement is:

START DATE
Upon approval by HCD

THROUGH END DATE
5 years from the effective date

3. The maximum amount of this Agreement is:
\$6,965,000.00

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	6
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C *	State of California General Terms and Conditions	GTC-04/2017
+ - Exhibit D	Homekey General Terms and Conditions	14
+ - Exhibit E	Project-specific provisions and 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 See attached	CITY See attached	STATE	ZIP
---	----------------------	-------	-----

PRINTED NAME OF PERSON SIGNING See attached	TITLE See attached
--	-----------------------

CONTRACTOR AUTHORIZED SIGNATURE See attached	DATE SIGNED See attached
---	-----------------------------

SCO ID:

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER 20-HK-00132	PURCHASING AUTHORITY NUMBER (if Applicable) 2240
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STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS

2020 W. El Camino Ave, Suite 130

CITY

Sacramento

STATE

CA

ZIP

95833

PRINTED NAME OF PERSON SIGNING

Synthia Rhinehart

TITLE

SSM II

CONTRACTING AGENCY AUTHORIZED SIGNATURE

Synthia Rhinehart

DATE SIGNED

11/30/2020

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (if Applicable)

Exempt per SCM Vol. 1 4.04. A.3 (DGS memo dated 6/12/1981)

STATE OF CALIFORNIA
STANDARD
AGREEMENT STD 213
(Rev. 04/2020)

City of Salinas;
Shangri-La Industries, LLC; and
Step Up on Second Street, Inc.
20-HK-00132
Page 2 of 2

CONTRACTOR


City of Salinas
a public body, corporate and politic


By:  _____ Date: 11/25/2020 | 6:50 PM PST
95AF7118EAC649A...
Jim Pia
Interim City Manager

Address:

200 Lincoln Avenue
Salinas, CA 93901

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  _____ Date: 11/25/2020 | 4:54 PM PST
605C9B4C6B24401...
W Investments, LLC
Member

By:  _____ Date: 11/25/2020 | 4:54 PM PST
605C9B4C6B24401...
Andrew Meyers
/AKA Andy Meyers
/AKA Andrew Meyers Abdulwahab
/AKA Andy Meyers Abdulwahab
/AKA Andrew Abdul-Wahab
Its: President

Address:

660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

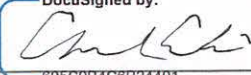
550 S. Hope Street, #700
Los Angeles, CA 90071

STATE OF CALIFORNIA
STANDARD
AGREEMENT STD 213
(Rev. 04/2020)

City of Salinas;
Shangri-La Industries, LLC; and
Step Up on Second Street, Inc.
20-HK-00132
Page 3 of 2

CONTRACTOR

Shangri-La Industries, LLC,
a Delaware limited liability company

By:  DocuSigned by:
605C9B4C6B24401...
Andrew Meyers Abdulwahab
/AKA Andrew Meyers
/AKA Andy Meyers
/AKA Andy Meyers Abdulwahab
/AKA Andrew Abdul-Wahab
Its: CEO, and
Its: Authorized Signatory, and
Its: Officer

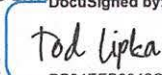
Date: 11/25/2020 | 4:54 PM PST

Address:
660 South Figueroa Street, Suite 1888
Los Angeles, CA 90017

And

550 S. Hope Street, #700
Los Angeles, CA 90071

Step Up On Second Street, Inc.
A California nonprofit public benefit corporation

By:  DocuSigned by:
DB34EED9042C4EC...
Tod Lipka,
Its: Chief Executive Officer, and
Its: President

Date: 11/25/2020 | 6:27 PM PST

Address:
1328 Second Street
Santa Monica, CA 90401

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

Assembly Bill No. 83 (2019-2020 Reg. Sess.) added section 50675.1.1 and 50675.1.2 to the Multifamily Housing Program (“MHP”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.1 is the statutory basis for the Homekey Program (“Homekey” or “Program”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“Department” or “HCD”) to administer MHP.

The Department issued a Notice of Funding Availability (“NOFA”) for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines (“MHP Guidelines”), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund (“CRF”) money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

This STD 213, Standard Agreement (“Agreement”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Sponsor, as defined below, for funding under the Program (the “Grant”). As such, this Agreement shall be executed by the Sponsor. Where the Sponsor comprises a Local Public Entity (as defined below) and a private entity, both entities shall execute the Standard Agreement.

This Agreement hereby incorporates by reference the Application in its entirety. This Agreement is governed by the following (collectively, the “Program Requirements”) and each of the following is incorporated hereto as if set forth in full herein:

- A. The above-referenced MHP statutory scheme;
- B. The NOFA issued on July 16, 2020, and as may be subsequently amended;
- C. The MHP Guidelines;
- D. The CARES Act and related federal guidance;
- E. The award letter issued by the Department to the Sponsor; and

EXHIBIT A

F. Any and all other applicable law.

2. **Purpose**

The Homekey Program is intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic (“Target Population”).

Sponsor applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Sponsor agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. **Definitions**

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. **“Application”** means the application for Grant funds that was submitted in response to the Department’s Homekey Program 2020 Notice of Funding Availability, issued on July 16, 2020.
- B. **“CRF Covered Period”** means the time period running from **March 1, 2020 through December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred during this time period, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- C. **“CRF Expenditure Deadline”** means **December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred on or before this date, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- D. **“Designated Payee”** means the Co-Sponsor that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- E. **“Development Sponsor”** has the same meaning as **“Sponsor”** below.

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- F. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.1, subdivision (a).
- G. **“Interim Housing”** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements.
- H. **“Local Public Entity”** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term **“Local Public Entity”** also includes two or more local public entities acting jointly.
- I. **“Performance Milestones”** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- J. **“Permanent Housing”** means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of stay or restrict the tenant’s movements and where the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- K. **“Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – F, above.
- L. **“Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing or Interim Housing for the Target Population.

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- M. “Scope of Work” or “Work”** means the work to be performed by the Sponsor to accomplish the Program purpose.
- N. “Sponsor”** is defined by MHP at Health and Safety Code section 50675.2, subdivision (g). (See also Health and Safety Code, section 50669, subd. (c).) **“Sponsor”** refers, both individually and collectively, to the private entity and/or the Local Public Entity that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Sponsor comprises two entities, each entity may be referred to as a **“Co-Sponsor.”** On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.
- O. “State General Fund Expenditure Deadline”** means **June 30, 2022.** Grant expenses for capitalized 24-month operating subsidies, which are funded by the State General Fund, must be incurred on or before this date, or they will not be reimbursed.
- P. “Target Population”** means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

4. Eligible Uses

Sponsor shall apply the Program Grant funds to one or more of the following uses. Sponsor’s use of the funds and scope of work (“Scope of Work” or “Work”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation of motels, hotels, or hostels.
- B. Master leasing of properties.
- C. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- D. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- E. The purchase of affordability covenants and restrictions for units.

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- F. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- G. Capitalized operating subsidies for units purchased, converted, or altered with funds provided under the Program.

5. Performance Milestones

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's sole and absolute discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

6. Reporting Requirements

Sponsor shall comply with all reporting requirements set forth at Section 402 of the NOFA or in this Agreement, all in accordance with, without limitation, the deadline(s) set forth under Performance Milestones at Exhibit E of this Agreement.

7. Department Contract Coordinator

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
Attention: Homekey Program (Homekey)
Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

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8. Sponsor Contract Coordinator

The Sponsor Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

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BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Applicant has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Sponsor after this Agreement has been fully executed and after the Department receives the Sponsor's request for funds, with all required supporting documents appended thereto. The Sponsor shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comport with the Program's requirements (if the Sponsor has not already submitted same);
- C. Certification of compliance with California's prevailing wage law;
- D. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- E. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- F. A current title report (dated within 15 days of the request for funds);
- G. Any forms, certifications, or documentation required pursuant to Paragraph E—Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- H. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

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3. **Performance**

After disbursement of the funds, the Sponsor shall meet each Performance Milestone set forth at Exhibit E by the designated deadline. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department. Sponsor may apply to the Department for an extension of the Performance Milestone deadlines based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE SPONSOR TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

4. **Fiscal Administration**

- A. Sponsor shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any CRF Grant funds that have not been expended by the CRF Expenditure Deadline must be returned to the Department with accrued interest. Any State General Fund moneys that have not been expended by the State General Fund Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

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5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Sponsor may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

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HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "Effective Date").
- B. This Agreement shall terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "Expiration Date").
- C. Sponsor will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B. All Program funds must be disbursed by **December 30, 2020**.
- D. Grant expenses for CRF-funded Eligible Uses must be incurred from **March 1, 2020 through December 30, 2020** (the "CRF Covered Period"). **December 30, 2020** is the deadline for all such expenditures (the "CRF Expenditure Deadline" or "Expenditure Deadline"). CRF-funded Eligible Uses are those listed at Paragraph 4.A – F of Exhibit A.
- E. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred by **June 30, 2022** (the "State General Fund Expenditure Deadline" or "Expenditure Deadline").
- F. Any expenses incurred prior to the CRF Covered Period, after the CRF Expenditure Deadline, or after the State General Fund Expenditure Deadline, respectively and as applicable, are not eligible for payment under the Program. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department.

2. Termination

The Department may terminate this Agreement for cause at any time by giving at least 14 days' advance written notice to the Sponsor. Upon such termination, Sponsor shall return any unexpended funds to the Department within thirty (30)

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calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

Cause shall consist of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Sponsor's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified, by **December 30, 2020**.
- B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Special Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Sponsor's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Sponsor has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

Sponsor's failure to meet any applicable Expenditure Deadline shall result in the automatic termination of this Agreement, and Sponsor shall return all disbursed Grant funds to the Department within thirty (30) calendar days of the applicable Expenditure Deadline.

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In the event of any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department at its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. **Eligible Activities**

Grant funds awarded to the Sponsor shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

4. **Performance Milestones**

Sponsor shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

5. **Article XXXIV**

Article XXXIV, section 1 of the California Constitution ("Article XXXIV") is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys receiving from the CRF established by the federal CARES Act (Public Law 116-136), pursuant to Health and Safety Code section 37001, subdivision (h).

6. **Appraisals**

Sponsor shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

7. **Compliance with California's Prevailing Wage Law**

Sponsor's Project may be subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Sponsor is urged to seek professional legal advice about the law's

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requirements. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California's prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Sponsor and its general contractor.

8. Environmental Conditions

Sponsor shall provide a Phase I Environmental Site Assessment ("ESA") for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, the Sponsor shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Sponsor shall also provide an asbestos assessment and a lead-based paint report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

9. Insurance

Sponsor shall obtain the insurance coverages identified at Article VI of the NOFA; Sponsor shall maintain such insurance coverages for either the term of this Agreement or the term of any required use restriction or affordability covenant, whichever applicable term is longer. Sponsor shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Sponsor shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Sponsor is a Local Public Entity and is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Local Public Entity shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Local Public Entity abandons its self-insured status at any time after execution of this Agreement, the Local Public Entity shall immediately notify the Department, and shall promptly comply with the insurance

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coverage requirements under the Program.

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10. Operating Funds

Sponsor shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Sponsor shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

11. Relocation

If there is or will be any residential or commercial displacement directly or indirectly caused by the Project, the Sponsor shall provide a relocation plan to the Department for review. The relocation plan must comply with the requirements of state law (Gov. Code, § 7260 et seq.) and the regulations adopted by the Department (Cal. Code Regs., tit. 25, § 6000 et seq.). The Project budget shall include enough funds to pay all costs of relocation benefits and assistance, as identified in the relocation plan accepted by the Department. If the Project will not cause any displacement, the Sponsor must provide corroborating documentation to the Department for approval. If there is separate federal funding of the Project, the Sponsor shall comply with federal Uniform Relocation Act requirements to the extent applicable.

12. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Sponsor shall at all times have control of the property and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Sponsor's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.

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- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Sponsor, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Sponsor shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Sponsor. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other forms of site control that give the Department assurance (equivalent to A-E above) that the Sponsor will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

13. Adaptability and Accessibility

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility in the design, construction and rehabilitation of residential projects for persons with disabilities.

14. Title Report

Sponsor shall provide a current title report for the real property on which the Project is located. If Sponsor's interest in the property is leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest.

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15. Title Insurance

Sponsor shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold).

16. Supportive Services Plan

Where a project features on-site supportive services, Sponsor shall submit a supportive services plan to the Department for its review and approval. Such plan shall meet the Program Requirements.

17. Non-Discrimination

During Sponsor's performance under this Agreement, Sponsor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Sponsor shall ensure that the evaluation and treatment of employees and applicants for employment are free from such discrimination and harassment. Sponsor shall comply with California's laws against discriminatory practices relating to specific groups: the California Fair Employment and Housing Act (FEHA) (Gov. Code, § 12900 et seq.); the regulations promulgated thereunder (Cal. Code Regs., tit. 2, § 11000 et seq.); and the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, §§ 11135 - 11139.5). Sponsor shall give written notice of its obligations under this provision to labor organizations with which it has a collective bargaining or other agreement.

18. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

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Sponsor shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing or Permanent Housing. Sponsor is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Sponsor shall comply with all state and federal fair housing laws.

19. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, 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 governmental ordinances related to public health, animal control, and animal anticruelty.

20. Final Certificate of Occupancy

Sponsor shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

21. Occupancy

The units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Sponsor shall certify, upon occupancy, that it will employ the core components of Housing First (set forth at Welfare and Institutions Code section 8255) as part of its property management and tenant selection practices.

22. Reporting Requirements

Sponsor shall submit expenditure and program reporting to the Department by **February 1, 2021**. Such reporting shall include the data outlined at Section 402 of the NOFA.

If Sponsor has received State General Fund moneys to fund a 24-month operating

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subsidy, Sponsor shall submit relevant expenditure reporting to the Department on **January 31, 2021; July 31, 2021; January 31, 2022; and July 31, 2022**. Such reporting shall include the data set forth at Section 402.i – vi. of the NOFA.

23. Use Restrictions and Affordability Covenants

Either a use restriction or an affordability covenant shall be recorded against the Project real property, depending on the Project type. For Interim Housing Projects that will not result in permanent housing, the Department shall cause a 10-year use restriction to be recorded against the Project real property. For Interim Housing Projects that will ultimately result in permanent housing, the Local Public Entity shall cause a 10-year use restriction to be recorded against the Project real property. For Permanent Housing Projects, the Local Public Entity shall cause a 55-year affordability covenant to be recorded against the Project real property.

All use restrictions and affordability covenants shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions and affordability covenants are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

24. Restrictions on Sales, Transfers, and Encumbrances

Sponsor shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

25. Retention, Inspection, and Audit of Records

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Grant. Sponsor shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

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The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

26. Site Inspection

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

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27. Compliance with State and Federal Laws, Rules, Guidelines, and Regulations

Sponsor agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

28. Updated Information

If there is any change in the information that has been provided to the Department, Sponsor shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval.

29. Survival of Obligations

The obligations of the Sponsor, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

30. Litigation

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, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

31. Severability

This Agreement constitutes the entire agreement between the Sponsor and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

32. Waivers

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No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Sponsor's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

33. Disputes

In the event of any conflict between this Agreement and any Sponsor documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

34. Consent

The parties agree that wherever the consent or approval of the Department or Sponsor is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

35. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Sponsors' identification of a Designated Payee.

36. Defense and Indemnification

Sponsor agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including

EXHIBIT D

attorneys' fees), which may arise in connection with Sponsor's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Sponsor shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

37. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

Salina Homekey 545 Work St, Salinas, CA 93901 County of Monterey		APN: 003-011-048-000	
Enter the number of doors by bedroom size and income level.			
# of Bedrooms	# of Doors	HK Restricted	Income Limit (% of AMI)
0	101	101	30% AMI
1	2		Manager
Total	103		

1. PROJECT-SPECIFIC PROVISIONS

A. Project Description

1. **Grant Amount:** \$6,965,000
2. **Payee:** Shangri-La Industries, LLC, a Delaware Limited Liability Company (“Co-Applicant”).
3. **Eligible Use:** Acquisition of a hotel.
4. **Project Narrative:** Project Salinas Homekey provides Interim Housing which will convert to Permanent Housing within 18 months of property acquisition. The Project is within 1/3 of a mile from a bus stop and 1/2 of a mile of a health facility and a pharmacy. Step Up on Second Street, Inc. will provide on-site services and coordinate with off-site services. The City will record a Deed of

Trust and a regulatory agreement restricting the use of the property as interim housing for 10 years; after two years, the site will be converted to permanent housing and remain affordable for 55 years.

The Co-Applicant will subsequently transfer the property through grant deed to a qualified owner/operator that the City has selected through a competitive Request for Proposals (RFP) process. The operator will provide residents with access to the full continuum of supportive services provided by the Coordinated Entry System (CES) referral network, as well as to ongoing case management. During its initial Interim Housing term, the Project is expected to serve approximately 101 people.

Within two years, the operator will design, finance, and permit work to convert the units to Permanent Housing. The City will then cause the recordation of a 55-year regulatory agreement to continue the site's long-term use and occupancy as affordable housing.

5. Strategies to Promote Racial Equity and Accessibility:

- a. The Sponsor shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.
- b. The Sponsor shall ensure that the Project includes sensory accessible units and mobility accessible units in accordance with all relevant representations and descriptions in the Sponsor's Homekey Application (e.g., number of units, accessibility elements) and/or meets the minimum required accessible units as listed in the Homekey NOFA, to meet or exceed the greater of the two requirements.

A. Scope of Work

The City will acquire a motel to immediately provide Interim Housing to households that are homeless or at risk of homelessness, and, because of that and for other reasons, are or have been impacted by the COVID-19 pandemic. The project plan to be converted to Permanent Housing within 18 months of property acquisition. Of the 103 units, it is proposed to modify a minimum of ten percent, 11 units, with features accessible to persons with mobility disabilities, and a minimum of four percent, five units with features accessible to persons with hearing or vision disabilities

The Sponsor shall submit documentation of its compliance with California's relocation assistance law, in form and substance satisfactory to the Department, as required by Exhibit D of this Agreement.

The Authority will ensure that a 10-year regulatory agreement is recorded against the real property of each Project site in accordance with and as more fully specified and set forth in the Special Conditions below.

B. Sponsor Contract Coordinator

Authorized Representative Name:	Andrew Meyers
Authorized Representative Title:	President
Entity Name:	Shangri-La Industries, LLC
Address:	660 South Figueroa Street, Suite 1888 Los Angeles, CA 90017
Phone No.:	(310) 701-7574
E-Mail Address:	ameyers@shangrila.us

C. Budget Detail

1. The Project will receive philanthropic funding for operating support.
2. The construction/permanent loan and GP Equity will be used for acquisition and rehabilitation.
3. The project will receive Section 8 project-based vouchers as the rental subsidy.

D. Additional Conditions Precedent to Disbursement

Intentionally omitted.

E. Performance Milestones

Performance Milestones	Date
Program funds fully disbursed.	11/18/2020
Site control of Project site.	11/18/2020
Obtaining all enforceable funding commitments.	11/18/2020
Satisfaction of occupancy timeline.	12/30/2020
Submission of documentation of compliance with California’s relocation assistance law that has been expressly approved in writing by the Department.	12/30/2020
Recordation of a 10-year affordability covenant by the Local Public Entity.	12/30/2020
Satisfaction of all conditions of disbursement set forth at <u>Exhibit B</u> .	12/30/2020
Amended Covenants, Conditions & Restrictions	12/30/2020
Process and finalize an amendment to the CC&Rs (distinct from the above Covenant’s Conditions and Restrictions) in accordance with and as more fully specified and set forth in the Special Conditions below.	6/1/2021
Submission of expenditure and program reporting	Feb. 1, 2021
Rehabilitation work completed.	12/30/2021

2. SPECIAL TERMS AND CONDITIONS

- A.** The Co-Sponsors have identified Shangri-La Industries, LLC as the designated payee.
- B.** The Sponsor shall submit documentation of its compliance with California’s relocation assistance law, in form and substance satisfactory to the Department, as required by Exhibit D of this Agreement. Such documentation shall be in

finalized form and expressly approved by the Department in writing by the Performance Milestone date set forth herein.

- C.** The City shall cause a use restriction in accordance with the NOFA and Program Requirements (“**Covenant**”) to be recorded against the real property of the Project site by the Performance Milestone date set forth herein. The City shall obtain the Department’s express written approval of such Covenant prior to the City’s recordation of the same. Unless otherwise authorized by the prior and express written approval of the Department, the Covenant shall be recorded as a lien against the Project in first position, and shall remain in first position over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.
- D.** The Sponsor shall submit evidence satisfactory to the Department that prevailing wages per Homekey NOFA Section 312 have been satisfied or are inapplicable. Labor records will be maintained and made available to any enforcement agency upon request.
- E.** The Sponsor shall provide the final version of the Limited Partnership formation documents filed with the State of California prior to assigning and assuming the Standard Agreement.
- F.** The Sponsor shall submit evidence satisfactory to the Department that the property insurance requirements per Homekey NOFA Section 600 have been satisfied.
- G.** The Sponsor shall submit amended Covenants, Conditions & Restrictions documentation in compliance with the Homekey NOFA. Such documentation shall be in finalized form and expressly approved by the Department in writing by the Performance Milestone date set forth herein.
- H.** The City shall amend the Ottone Business Park Declaration of Protective Restrictions, executed in 1984, and recorded on July 10th, 1984 in Reel 1750, Page 175 of the Official Records of Monterey County (“**CC&Rs**”) to permit the short- and long-term Eligible Use of this Project as represented and described in the Application and this Agreement. The City shall obtain the Department’s express written approval of the amended CC&Rs prior to the City’s recordation of the same.

- I. Prior to disbursement of any funds, all Co-Applicants shall each submit revised authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program's requirements, as well as with each legal entity's respective organizational documents. In particular Shangri La Industries, LLC shall submit any and all documentation necessary to establish it has sufficiently demonstrated the authority of its signatory, the natural person, known and referred to variously as all the following: Andy Meyers, Andrew Meyers, Andrew Meyers Abdulwahab, and Andy Meyers Abdulwahab.

- J. By executing this Agreement, the Co-Sponsors commit to applying all Grant funds solely towards the Homekey Program's Eligible Uses, which are defined herein and at Health and Safety Code section 50675.1.1, subdivision (a).