

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority & Purpose

- A. This Standard Agreement (hereinafter "Agreement") will provide official notification of the commitment of funds under the State of California's administration of the Community Development Block Grant – Disaster Recovery (hereinafter "CDBG-DR") program by the Department of Housing and Community Development (hereinafter "HCD" or the "Department") appropriated under Public Law 117-43 and allocated to the State of California by the Department of Housing and Urban Development (hereinafter "HUD"). CDBG-DR supports the State of California's recovery needs related to the Federal Emergency Management Agency's Major Disaster Declaration DR-4558 in August 2020 and DR-4569 in October 2020.
- B. The purpose of the CDBG-DR Multifamily Housing Program (hereinafter "DR-MHP") is to assist Developers in new construction of affordable housing to meet the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the above-referenced disasters. In accepting this Agreement, the Sponsor (sometimes referred to herein as the "Borrower") agrees to comply with the terms and conditions of this Agreement, the Notice of Funding Availability (NOFA) published **06/28/2024** under which the Sponsor applied, the representations contained in the application for this funding allocation (the "Application"), the requirements of the Community Development Block Grant Program, including, without limitation, 24 CFR Part 570, as amended by the applicable Federal Register Notices including Federal Register, Vol. 87, No. 23, February 3, 2022 ([87 FR 6364](#)) and Federal Register Vol. 87, No. 100, May 24, 2022 ([87 FR 31636](#)) and Public Law [117-43](#), the Department's DR-MHP Policies and Procedures, and the Uniform Multifamily Regulations at 25 C.C.R. section 8300 et seq. as incorporated in the DR-MHP Policies and Procedures.

2. Definitions

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

Unless the context requires otherwise, the terms used in this Agreement shall be governed by the definitions set forth in the applicable federal Regulations, and the DR-MHP Policies and Procedures. The following terms shall have the respective meanings

EXHIBIT A

assigned to them in this section unless the context in which they are used clearly requires otherwise:

- A. “Agreement” refers to this Standard Agreement, as may be amended from time to time.
- B. “Award” means the commitment of DR-MHP funds to an Applicant after the Notice of Funding Availability (NOFA) process is completed.
- C. “Borrower” or “Ultimate Borrower” refers to the borrowing entity and owner of the Development. The Sponsor determined by HCD as having sufficient capacity and experience to develop, own and operate the Development, or its wholly-controlled affiliate, shall have continuing control of the Development.

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

- D. “Construction Loan Closing” refers to the closing of all loans funding acquisition, rehabilitation, and the construction of the project.
- E. “Department” or “HCD” refers to the California Department of Housing and Community Development.
- F. “Disaster Recovery Grant Reporting” (DRGR) system refers to the federal database for Disaster Recovery Grants, as established by HUD.
- G. “DR-MHP Assisted Unit” means an Affordable Unit that is subject to rent and occupancy restrictions as a result of the financial assistance provided by DR-MHP, that is rented at an Affordable Rent to a household that earns less than 65% of Area Median Income (AMI) adjusted for household size as published by HCD annually in the [Multifamily Tax Subsidy Projects \(MTSP\) Regular Income and Rent Limits](#), as specified in the Regulatory Agreement, or as set forth in Exhibit E for a Tribal Sponsor.
- H. “DR-MHP Loan” refers to the loan provided by the Department to the Ultimate Borrower to fund the construction of the Project set out in the DR-MHP Application submitted by the Sponsor.
- I. “National Environmental Policy Act” (“NEPA”) is the Federal law establishing a broad national framework for protecting the environment. NEPA ensures that all

EXHIBIT A

- branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.
- J. “Performance Milestones” refers to the development schedule and/or milestones proposed by the Sponsor at time of application and as set forth below in section 5 of this Exhibit.
- K. “Program” refers to the Community Development Block Grant – Disaster Recovery Multifamily Housing Program.
- L. “Project” means a Rental Housing Development, which may include mixed-used development components. This also includes Scattered Site Projects as defined below.
- M. “Project Completion Report” refers to the report that conveys the project completion information for inputting into DRGR.
- N. “Project Report” refers to the HCD staff report presented to and approved by the Department’s Internal Loan Committee. The Project Report sets forth the project criteria approved by the Department at the time of the Award of Program Loan funds. The project criteria may be amended only upon HCD’s written approval in its sole discretion.
- O. “Rental Housing Development” means a structure or set of structures which collectively contains 5 or more Units. “Rental Housing Development” does not include any “health facility” as defined by Section 1250 of the Health and Safety Code or any “alcoholism or drug abuse recovery or treatment facility” as defined by Section 11834.02 of the Health and Safety Code.
- P. “Sponsor” refers to the entity or entities that made the Application to the Department for the Award for the Development and identified as “Contractor” on page one of the STD 213 for this Agreement. “Sponsor” also includes any affiliate or assignee of the Sponsor approved by the Department and undertaking all the obligations of the Sponsor hereunder. In the case of joint applicants, “Sponsor” shall refer to each applicant or the approved assignee of such applicant. Each joint applicant shall be jointly and severally liable for all obligations of a Sponsor as set forth herein. Sponsor means the legal entity or combination of legal entities with continuing control of the Rental Housing Development. For the DR-MHP Program, the Sponsor is the recipient and borrower of DR-MHP Funds. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general

EXHIBIT A

partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the Project, unless the seller will retain control of the Project for the period of time necessary to ensure Project feasibility as determined by the Department. Sponsor also includes a Tribal Entity or other legal entity that meets the Program eligibility requirements.

- Q. “Ultimate Borrower” is an affiliate of the Sponsor awarded the Loan funds pursuant to the Award letter as described in Exhibit E paragraph 2. The Ultimate Borrower will be considered the borrower of the DR-MHP Loan funds and as such will execute the Loan Documents. Ultimate Borrower shall be jointly and severally liable for all the obligations of a Sponsor as set forth herein. Performance satisfactory to the Department by the Ultimate Borrower of any duties and obligations under this Standard Agreement, and any other agreements as required by the Department, by Ultimate Borrower will be deemed as performance by the Sponsor.

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

- R. “Scattered Site Project” means a Project with five or more units on one or more contiguous or non-contiguous sites that meet the additional requirements in UMR Section 8303(b)(1)-(5).
- S. “TCAC” refers to the California Tax Credit Allocation Committee.

3. **Scope of Work**

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

EXHIBIT A

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

4. **Contract Amount**

For the purposes of performing the Work, the Department agrees to provide the amount shown in Section 3 of the STD 213 form for this Agreement, known as the DR-MHP Loan amount. In no instance shall the Department be liable for any costs for Work in excess of this amount, nor for any unauthorized or ineligible costs. The Sponsor agrees to administer this amount in accordance with the provisions of Federal Register, Vol. 87, No. 23, February 3, 2022 ([87 FR 6364](#)) and Federal Register Vol. 87, No. 100, May 24, 2022 ([87 FR 31636](#)) and Public Law [117-43 and the](#) DR-MHP Policies and Procedures.

5. **Term of Agreement and Deadlines**

- A. Awarded projects that require 4 percent or 9 percent tax credits shall have no more than three (3) tax credit rounds or 18 months from the date of the DR-MHP award to secure tax credits or fill the funding gap before the DR-MHP award expires.
- B. Awarded projects shall have 20 months from the date of the DR-MHP award to complete construction loan closing, unless the Project has received tax credits and the reservation readiness deadline exceeds the 20 months.
- C. Projects shall have 18 months from loan closing to complete construction. HCD may, at its sole discretion, grant extensions if the Sponsor has been operating in good faith with the Department and the delay is based on factors impacting the project timeline that are determined to be outside of the Sponsor's control.
- D. A monthly "Project Activity Report" shall be submitted by the 10th calendar day of each month on a form provided by the Department. Unless otherwise waived in writing by the Department, Project Activity Report submittal shall begin in the second month following the execution of the Agreement and shall continue through the receipt and approval by the Department of the "Project Completion Report".

EXHIBIT A

- E. Projects receiving Low Income Housing Tax Credits shall have twelve (12) months from construction completion to submit project closeout information. Otherwise, Projects will have six (6) months to submit project closeout information.
- F. The 55-year affordability period shall commence upon HCD's approval of the Sponsor's submitted project closeout information. Projects to be developed on Native American Lands shall be restricted for a period not less than 50 years and where site control is through a ground lease, said lease shall be so restricted for a period not less than 50 years.
- G. All Project(s) Set-Ups shall be completed by the date described in Exhibit E, paragraph 4(d), no later than 20 months from the date of the DR-MHP award.
- H. Permanent loan closing documents shall be submitted by the date described in Exhibit E, paragraph 4(i).
- I. The permanent loan closing shall occur by the date described in Exhibit E, paragraph 4(k).
- J. The project shall be completed within 18 months of the construction closing as set forth in Exhibit E paragraph 4. (e).
- K. All project funds shall be expended by the date described in Exhibit E, paragraph 4(f).
- L. This Agreement shall expire on the date described in Exhibit E, paragraph 4(l).
- M. Pursuant to 24 CFR 570.483(b)(3), the housing must be occupied by eligible tenants in order to meet a National Objective. CDBG-DR funds invested in any housing unit that has not been rented to eligible tenants before the overall grant expenditure deadline shall be repaid to HCD if no extension has been granted by HUD.

6. Funding Sources

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

EXHIBIT A

- B. Maximum Award - Awards of CDBG-DR funds shall not exceed the lesser of the demonstrated need or the DR-MHP Maximum Per-Unit Loan Limit, as described in Section 2.3.2 of the DR-MHP Policies and Procedures.
- C. Per Unit Loan Limits - The DR-MHP per-unit maximum loan assistance is consistent with the Basic Statutory Mortgage Limits, Section 234, adjusted for high-cost areas as published by the Federal Housing Administration (FHA). The per unit loan limit is the amount in effect as of the execution of this agreement.

7. Department Program Contract Coordinator

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

Email: DR-MHP@hcd.ca.gov

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