

**RECORDING REQUESTED BY:**

City of Merced, A California charter  
municipal corporation

**WHEN RECORDED MAIL TO:**

City of Merced  
City Clerk  
678 West 18<sup>th</sup> Street  
Merced, California 95340

**Exempt Recording Per Gov't Code  
Section 6103**

(Above for Recorder's Use Only)

**DEED RESTRICTION COVENANT AND GRANT AGREEMENT**

**In Respect of the  
CITY OF MERCED  
AMERICAN RESCUE PLAN ACT  
CORONAVIRUS LOCAL FISCAL RECOVERY FUNDS**

**(Bella Vista Apartments)**

THIS DEED RESTRICTION COVENANT AND GRANT AGREEMENT ("Grant Agreement"), dated \_\_\_\_\_, \_\_, \_\_\_\_, entered into by and between the City of Merced, a California Charter Municipal Corporation, ("City"), Visionary Home Builders of California, Inc., a California nonprofit public benefit corporation ("Sponsor/Developer"), and VHB Bella Vista, LLC, a California limited liability company (the "General Partner"); and

A. On June 21, 2022, the City Council of the City of Merced authorized the commitment of Three Million Five Hundred Eight Dollars (\$3,500,000) Coronavirus Local Fiscal Recovery Funds as established under the American Rescue Plan Act ("ARPA") pursuant to Title 31 of the Code of Federal Regulations ("CFR") Part 35 (the "ARPA Grant") to the Sponsor, who is the Managing Member of Developer's Managing General Partner, for the construction of a multi-family affordable residential rental project (the "Project") on that certain real property generally located at 1808 Parsons Avenue, Merced, California, 95341 (APN 061-390-027-000), and more particularly described in Exhibit A attached hereto and made a part hereof (the "Property").

B. The Project consists of one hundred and eight (108) rental dwelling units. Of the 108 units, eleven (11) units will be rented to households with incomes at or below thirty percent (30%) of the Area Median Income for Merced County ("AMI"), twenty seven (27) units will be

rented to households with incomes at or below forty percent (40%) of the AMI, forty three (43) units will be rented to households with incomes at or below fifty percent (50%) of the AMI, and twenty five (25) units will be rented to households with incomes at or below sixty percent (60%) of the AMI. The AMI will adjustment for family size, as determined from time to time by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to the United States Housing Act of 1937. Two (2) units will be designated as a managers’ unit. Should the Developer have multiple restrictions on unit affordability required by other funding sources, the Developer shall adhere to the more restrictive (lower) income limits.

C. All affordable Project units (106) will be assisted by the ARPA Grant and be required to meet the affordability requirements articulated in Section B above.

D. In addition to the ARPA Grant, the Project will require additional financial assistance to construct the affordable housing units.

E. The City is providing additional assistance to the Project in the form of: (a) a Nine Hundred Seventy-Seven Thousand, Six Hundred Twenty-Six dollars (\$977,626) City Water and Sewer Loan to the Developer; and (b) an Eight Hundred Thirty-One Thousand, Four Hundred Sixty-Two dollars (\$831,462) Development Impact Fee Waiver. In total, the City is providing Five Million, Three Hundred Nine Thousand, Eighty-Eight dollars (\$5,309,088) in financial assistance for the construction of the Project through the ARPA Grant, City Water and Sewer Loan, and Development Impact Fee Waiver.

F. In addition, the Project has been awarded additional assistance for unit construction in the form of: (a) a \$6,059,305 Serna Farm Worker Housing Grant from the California Department of Housing and Community Development (“HCD”); (b) a \$19,062,940 Mixed-Income Program (“MIP”) Subsidy Loan from the California Housing Finance Agency (“CalHFA”); and (c) \$29,255,745 in State 4% Tax Credit Equity, (d) a \$4,213,000 Tax Exempt Perm Loan (Bond) and (e) a \$1,000,000 RAZA Loan.

## ARTICLE I. GRANT OF CITY FUNDS

G. SECTION 1.01 ARPA Grant. Subject to the satisfaction of the conditions set forth herein, the City grants to Sponsor/Developer the amount of Three Million Five Hundred Eight Dollars (\$3,500,000) in ARPA funds for the primary purpose of assisting with the construction of the one hundred and eight (108) rental dwelling units in the Project. Of the 108 units, eleven (11) units will be rented to households with incomes at or below thirty percent (30%) of the Area Median Income for Merced County (“AMI”), twenty seven (27) units will be rented to households with incomes at or below forty percent (40%) of the AMI, forty three (43) units will be rented to households with incomes at or below fifty percent (50%) of the AMI, and twenty five (25) units will be rented to households with incomes at or below sixty percent (60%) of the AMI. The AMI will adjustment for family size, as determined from time to time by the as determined from time to time by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to the United States Housing Act of 1937. Two (2) units will be designated as a managers unit. Should

the Developer have multiple restrictions on unit affordability required by other funding sources, the Developer shall adhere to the more restrictive (lower) income limits.

H. As a condition of the receipt of said ARPA Grant, Sponsor/Developer agrees to cause the General Partner to carry out the project as generally described in the Project Description attached as Exhibit "B".

Sponsor/Developer may periodically submit claims for disbursement of the ARPA Grant when the funds are needed for reimbursement of eligible costs identified in the Project Budget attached as Exhibit "C". The amount of each such request shall be limited to the amount reimbursed. The request shall be accompanied by documentation of expenditures in such form as may be required by the City, including but not limited to submission of copies of documents such as paid invoices, payroll, time sheets, and other supporting source documents.

Sponsor/Developer shall be liable for repayment of any ARPA Grant proceeds disbursed to Sponsor/Developer that are subsequently determined to constitute disallowed costs. Disallowed costs may be identified through audits, monitoring, or other sources.

That certain Regulatory Agreement and Declaration of Restriction Covenants of even date hereof (the "Regulatory Agreement") imposing covenants, conditions and restrictions running with the land is a material consideration for the making of the ARPA Grant. Developer shall execute the Regulatory Agreement and deliver it to escrow for recordation. This Grant Agreement, the Regulatory Agreement, the Agreement Containing Covenants Affecting Real Property, and documents related thereto, are referred to herein as the "Grant Documents."

SECTION 1.02 Conditions of Funding. The obligation of the City to disburse ARPA Grant proceeds pursuant to this Grant Agreement is subject to the following conditions:

Conditions of Funding. The obligation of the City to disburse ARPA Grant proceeds pursuant to this Grant Agreement is subject to the following conditions:

1. Sponsor/Developer shall provide the City with a corporate resolution or similar document approving and authorizing execution of this Grant Agreement and all documents contemplated hereby and with such other documents required by the City regarding Sponsor's corporate status and ability to enter into this transaction.

2. Sponsor/Developer shall provide the City with Certificates of Insurance in form and with insurers admitted in California acceptable to the City, evidencing compliance with the insurance requirements of this Grant Agreement on or prior to close of escrow on the property and upon demand by City at any time subsequent. If requested by the City, Sponsor/Developer shall also provide copies of the required insurance policies.

3. As a material inducement to City to enter into this Grant Agreement and to make the ARPA Grant to Sponsor/Developer unconditionally, and each signatory who signs on its

behalf, to the extent of their actual knowledge, represents and warrants to City, as of the date hereof, as follows:

(a) Sponsor/Developer is duly formed and validly exists in the form stated in Article I, is qualified to do business in California, and has full power to consummate the transactions contemplated.

(b) Sponsor/Developer has full authority to execute this Grant Agreement, the Regulatory Agreement and all of the other Grant Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

(c) This Grant Agreement, the Regulatory Agreement, and each of the other Grant Documents constitutes a legal and binding obligation of, and is valid and enforceable against Sponsor, in accordance with the terms of each.

(d) There are no actions, suits, or proceedings pending or, to the best knowledge of Sponsor, threatened against or affecting Sponsor, the Property, or any part of it, or the validity or enforceability of any of the other Grant Documents, at law or in equity, or before or by any local, state or federal governmental agency. Sponsor/Developer is not in default with respect to any order, writ, injunction, decree, or demand of any court or other local, state or federal governmental agency.

(e) The consummation of the transactions covered by this Grant Agreement and the payment and performance of all of the obligations in the Grant Documents will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which the Sponsor/Developer or the Property may be bound or affected.

(f) There is no event of default or potential default on the part of Sponsor/Developer under the Grant Documents or any other document relating to the financing of the Project.

(g) Sponsor/Developer has not received financing for either the acquisition of the Property, the construction of the Project or the permanent financing of the Project except as has been specifically disclosed to City in writing.

(h) All proceeds of the ARPA Grant will be disbursed as provided in this Grant Agreement and used only for reimbursement of the costs of rehabilitation of the Project in accordance with other purposes specified in this Grant Agreement.

(i) All applications, financial statements, reports, documents, instruments, information, and forms of evidence delivered to City concerning the ARPA Grant or required by this Grant Agreement or any of the other Grant Documents are accurate, correct

and sufficiently complete in all material respects to give City true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

## ARTICLE II. OPERATION OF THE PROJECT

SECTION 2.01. Acceptance of Obligations. In consideration of the Grant to be provided hereunder, Sponsor/Developer agrees to and accepts the restrictions, obligations, and conditions contained in this Grant Agreement, including without limitation, the occupancy and rent requirements set forth in Section 2.04 below.

SECTION 2.02. Development and Operation of Project. Sponsor/Developer shall maintain the Property for rental housing in accordance with this Grant Agreement, and all other applicable legal requirements. Sponsor/Developer shall at all times maintain in full force and effect all applicable licenses required by the City of Merced, the County of Merced, and/or the State of California to operate and manage the property.

SECTION 2.03 ARPA Requirements. Sponsor/Developer shall comply with all applicable laws and regulations governing the use of the ARPA funds including, but not limited to, all applicable regulations contained in 31 CFR Part 35, which are incorporated herein by reference. Per 31 CFR Section 35.6, if ARPA funds are to be used for affordable housing programs, impacted households must qualify under the National Housing Trust Fund (12 U.S.C. 4568) or Home Investment Partnerships (“HOME”) Program (42 U.S.C. 12721 *et seq.*).

### SECTION 2.04. Occupancy and Rent Requirements.

A. Occupancy Requirement. During the term of this Grant Agreement, in order to meet the requirements of 31 CFR Part 35, Sponsor/Developer agrees to cause General Partner to rent the property only to tenants whose income meet the requirements of the HOME Program contained in 24 CFR Section 92.252. This provision shall operate as a deed restriction during the term of this Grant Agreement. Should the annual income limit differ between the CFR and other applicable regulatory agencies in a given year, Sponsor/Developer agrees to cause the General Partner to adhere to the more restrictive (lower) income limits.

B. Rent Requirement. Initial rent shall be established in accordance with 24 CFR 92.252 and any increases shall not exceed the permitted rent under 24 CFR 92.252. Should the annual rent limit differ between the CFR and other applicable regulatory agencies in a given year, the General Partner shall adhere to the more restrictive (lower) rent limits.

C. Records Relating to Occupancy and Rental Requirements. Sponsor/Developer shall cause the General Partner to maintain all documents used in determining the qualifications of occupants, complete records of rent and other charges billed to and received from all occupants, and such other documents and reports as are necessary to enable the City, as recipient of ARPA funds, to meet the recording requirements of 24 CFR Part 92, sub part K 92.508. The records and



documents described in the preceding sentence shall be maintained for the periods and in the manner set forth in Section 2.06 below. The City shall have the right to review and audit such documents and records for compliance with requirements of this Section.

D. Noncompliance with Rent Restrictions; Return of Funds. If the maximum rent authorized to be charged by 24 CFR 92.252 is exceeded for the period specified by 24 CFR 92.252, the funds granted hereunder to Sponsor/Developer shall be returned to City pursuant to 24 CFR 92.504(c)(3)(ii).

SECTION 2.05. Corporate Status. At all times during the term of this Grant Agreement, Sponsor/Developer shall maintain its existence and shall comply with all provisions of the California Law (Corporations Code Section 5000 *et. seq.*).

SECTION 2.06. Records and Audits.

A. Maintenance of Records. Sponsor/Developer shall maintain records including, but not limited to, books, financial records, supporting documents, statistical records, and all other pertinent records sufficient to accurately reflect all expenditures under this Grant Agreement, and all other matters covered by this Grant Agreement pursuant to 24 CFR 92.

Sponsor/Developer shall preserve and make available its records relating to receipt and use of ARPA Grant proceeds until the expiration of seven (7) years from the date of final disbursement of ARPA grant proceeds by the City, or for such longer period, if any, as required by law.

B. Annual Audit. Each year in which ARPA Grant proceeds are received or expended, Sponsor/Developer shall cause to be prepared an independent fiscal audit conducted in accordance with generally accepted auditing principles, which audit shall identify the ARPA Grant proceeds received and expended.

Upon completion, Sponsor/Developer shall provide the City with a copy of each annual independent fiscal audit.

C. Examination of Records and Facilities. Any time during normal business hours, and as often as may be deemed necessary, the Sponsor/Developer agrees that the City or any duly authorized employee or representative, shall have access to and the right to examine Sponsor's offices or facilities engaged in performance of this Grant Agreement, and all the Sponsor's records with respect to all matters covered by this Grant Agreement.

SECTION 2.07. Insurance. Sponsor/Developer shall cause General Partner to maintain, throughout the term of this Grant Agreement, insurance from companies admitted in California, and approved by the City, in amounts as follows:

A. Workers' Compensation Insurance, including Employers' Liability coverage, with limits not less than required by California law.

B. Comprehensive General Liability Insurance with limits of not less than \$1,000,000 for each occurrence combined single limit bodily injury and property damage, including coverage for contractual liability.

C. Property Insurance covering the Property in a form appropriate for the nature of this Property covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with a deductible, if any, acceptable to the City, naming City as loss payee as its interest may appear.

D. The General Liability Insurance provided hereunder shall name the City as an additional insured and all insurance shall provide the City with thirty (30) days written notice of any cancellation.

### ARTICLE III. DEFAULT, ENFORCEMENT, AND REMEDIES

SECTION 3.01. Default. Failure by either party to timely perform any material term or provision of this Grant Agreement (including, without limitation, failure by Sponsor/Developer to comply with the occupancy and rent requirements of Section 2.04 above), shall be considered a Default by that party under this Grant Agreement. The non-defaulting party shall serve written notice of a Default upon the defaulting party. If such Default is not cured by the defaulting party within thirty (30) calendar days after service of the notice of default, the defaulting party shall be liable to the other party for any damages caused by such Default; provided, however, that if the cure cannot be effectuated within such thirty (30) day period, the defaulting party shall have a reasonable additional time period to effectuate such cure so long as it commences such cure within the initial 30 day period, but in no event shall such cure period exceed ninety (90) calendar days after service of the notice of default; and provided, however, the non-defaulting party may, at its sole and complete discretion, waive any damage from the defaulting party by written notice to the defaulting party.

### ARTICLE IV. GENERAL PROVISIONS

SECTION 4.01 Notices. Any notice, tender, or delivery to be given hereunder by either party to the other may be affected in writing either by personal delivery or sent by first class mail through the United States Postal Service, addressed as set forth below. Either party may change its address by written notice in accordance with this section.

TO CITY:                      City of Merced  
                                      678 West 18<sup>th</sup> Street  
                                      Merced, CA 95340  
                                      Attention: Housing Division & City Clerk

With a Copy to:            City Attorney's Office  
                                      City of Merced  
                                      678 West 18<sup>th</sup> Street  
                                      Merced, CA 95340

TO SPONSOR/DEVELOPER:

Visionary Home Builders of California, Inc.  
315 N. San Joaquin Street  
Stockton, CA 95202  
Attention: Carol J. Ornelas

TO GENERAL PARTNER:

VHB Bella Vista LLC,  
315 N. San Joaquin Street  
Stockton, CA 95202  
Attention: Carol J. Ornelas

SECTION 4.02 Assignment. Sponsor/Developer acknowledges and agrees that the Grant is being provided in consideration of its special expertise, skill, and ability of Sponsor/Developer to cause General Partner to operate and maintain the Property in a manner that will achieve the City's objective to provide quality affordable housing for lower income households. Consequently, Sponsor/Developer shall not permit any voluntary transfer, assignment, or encumbrance of this Grant Agreement without first obtaining the City's written consent, which shall not be unreasonably withheld, delayed or conditioned. Any transfer, assignment, encumbrance, or lease without the City's consent shall be voidable and, at the City's sole discretion, shall constitute a material breach of this Grant Agreement.

SECTION 4.03 Non-Discrimination. In addition to observing any federal requirements relating to non-discrimination, such as 24 CFR 92.350, General Partner shall assure, in connection with the performance of this Grant Agreement, that no person shall be subject to discrimination because of race, religion, ethnic background, sex, sexual preference, or disability.

SECTION 4.04 No Third Party Beneficiaries. Nothing contained in this Grant Agreement shall be construed as creating a relationship of employer and employee or principal and agent between the City and Sponsor/Developer or Sponsor's agents or employees. Nothing contained in this Grant Agreement shall create or justify any claim against City by any third person with whom Sponsor/Developer may have employed or contracted.

SECTION 4.05 Indemnification. As a separate and independent covenant and irrespective of any insurance coverage, Sponsor/Developer shall take all responsibility for its performance and shall bear all losses and damage directly resulting to it, and for performance of any of its contractors, subcontractors or agents.

Sponsor/Developer agrees to defend with counsel selected by the City, protect, indemnify, and hold harmless the City, its officers, employees, representative, and agents (collectively, the "Indemnitees"), on account of any act, error, or omission of Sponsor/Developer in the performance of this Grant Agreement.



Sponsor/Developer agrees to indemnify, protect, to assume the defense of with counsel selected by the Indemnitees from every claim, loss, damage, injury, expense, including attorney's fees, judgment, and direct or vicarious liability of every kind, nature, and description arising in whole or in part from the performance of this Grant Agreement, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct.

SECTION 4.06 Covenant Running With Land. The provisions of this Grant Agreement shall constitute covenants which shall run with the land and be binding upon Sponsor/Developer and Sponsor's successors and assigns, and all parties having or acquiring any right, title, interest in whatever form, including, but not limited to, leasehold interests, in and to any part of the Property except that, subject to the Regulatory Agreement and if specifically referenced herein, the same shall terminate and become void fifty-five (55) years from the date a final certificate of occupancy is issued for the Project. Any attempt to transfer title or any interest therein in violation of these covenants, except as herein provided, shall be void.

SECTION 4.07 Term. The term of this Grant Agreement shall commence upon the date of this Grant Agreement and shall continue for fifty-five (55) from the date a final certificate of occupancy is issued for the Project unless earlier terminated by the parties hereto. Upon termination or expiration of hereof, General Partner shall transfer any ARPA funds on hand and any accounts receivables attributable to the use of ARPA funds to the City.

SECTION 4.08 Entire Agreement. This Grant Agreement constitutes the entire Agreement between the City and Sponsor/Developer with respect to the subject matter hereof.

SECTION 4.09 Amendments. The City and Sponsor/Developer reserve the right to amend this Grant Agreement by mutual consent. It is understood and agreed that no alteration or variation of the terms of this Grant Agreement shall be valid unless made in writing and signed by the parties, and that no oral understandings or agreements not incorporated herein, and no alterations or variations of the terms of this Grant Agreement shall be binding on either of the parties, unless made in writing and signed by both of the parties.

SECTION 4.10 Severability. The invalidity of any clause, part, or provision of this Grant Agreement shall not affect the validity of the remaining portions thereof.

SECTION 4.11 Exhibits. The following referenced exhibits are attached to this Grant Agreement and are incorporated in this Grant Agreement as though fully set forth herein.

- Exhibit A: Legal Description of Property
- Exhibit B: Project Description
- Exhibit C: Project Budget
- Exhibit D: Commitment Letter

SECTION 4.12 Venue. This Grant Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this Grant Agreement shall be held exclusively in a state court in the County of Merced.

SECTION 4.13. Other Program Requirements. Sponsor/Developer is required by this Grant Agreement to carry out each activity in compliance with all federal laws and regulations described in 31 CFR Part 35.

SECTION 4.13 Affirmative Marketing. Sponsor/Developer must comply with the City's affirmative marketing procedures and requirements adopted in accordance with 24 CFR Section 92.351.

[Signatures on Next Page]

IN WITNESS WHEREOF the parties hereto have executed this Grant Agreement as of the date first above written.

CITY OF MERCED  
A California Charter Municipal  
Corporation

BY: \_\_\_\_\_  
D. Scott McBride,  
City Manager

ATTEST:  
D. SCOTT MCBRIDE, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

APPROVED AS TO FORM:  
CRAIG J. CORNWELL, CITY ATTORNEY

BY: Craig Cornwell 9-24-2024  
City Attorney Date

ACCOUNT DATA:

BY: \_\_\_\_\_  
Verified by Finance Officer

**SPONSOR/DEVELOPER**

By: Visionary Home Builders of California, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_

Carol J. Ornelas  
Chief Executive Officer

Taxpayer I.D. No. \_\_\_\_\_

ADDRESS: 315 N. San Joaquin Street  
Stockton, CA 95202

TELEPHONE: \_\_\_\_\_

FACSIMILE: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

**GENERAL PARTNER:**

By: VHB Bella Vista LLC,  
a California limited liability company,  
its general partner

By: \_\_\_\_\_

Carol J. Ornelas  
Chief Executive Officer

Taxpayer I.D. No. \_\_\_\_\_

ADDRESS: 315 N. San Joaquin Street  
Stockton, CA 95202

TELEPHONE: \_\_\_\_\_

FACSIMILE: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

Date: \_\_\_\_\_

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

---

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_, \_\_\_\_\_, before me, \_\_\_\_\_,  
(insert name and title of the officer)

Personally appeared \_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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State of California

County of \_\_\_\_\_)

On \_\_\_\_\_, \_\_\_\_\_, before me, \_\_\_\_\_,  
(insert name and title of the officer)

Personally appeared \_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)



## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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State of California

County of \_\_\_\_\_)

On \_\_\_\_\_, \_\_\_\_\_, before me, \_\_\_\_\_,  
(insert name and title of the officer)

Personally appeared \_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

### **Exhibit A: Legal Description of Property**

The land referred to is situated in the unincorporated area of the County of Merced, State of California, and is described as follows:

Lot 15 according to the map entitled, “ Map of Merced Colony “, recorded February 8, 1910, in Book 4 of maps, Page 24, Merced County Records.

APN: 061-390-027-000

## Exhibit B: Project Description

### **Bella Vista Apartments**

1808 Parsons Ave, Merced, CA 95341

APN: 061-390-027-000

Bella Vista Apartments is a proposed low-income housing development nestled in a pocket of unused land just south of Hwy 140, and east of the 99 freeway. The location is within a ¼ miles of a bus stop, a full-scale grocery store, Park, Pharmacy, and public school. These close services will enhance the marketability of the subject property.

Merced's average household income is \$78,097 with a 25.19% poverty rate, equating to about 24,097 individuals in need. The average rent for a 3-bedroom apartment is \$1,850-\$1,900, making affordable housing crucial.

Additionally, with 10,000-20,000 agricultural workers in Merced County, Bella Vista Apartments will provide essential housing for families and farmworkers at 30%-60% Area Median Income (AMI) levels.

### **Project Description:**

The project will sit on a 4.59-acre parcel approved for R-3-1.5 High-Medium Density (HDM) Residential. Bella Vista will consist of 108 units: 6 one-bedroom, 60 two-bedroom, 30 three-bedroom, and 12 four-bedroom units. Of the 106 low-income units, 27 will be designated for farmworkers. The development features five three-story buildings and one single-story Community Center, including:

- T Full kitchens, pantry cabinets, and interior laundry rooms with washers and dryers.
- ADA accessible/adaptable first-floor units.
- A 7,100 sq. ft. Community Center with a leasing office, Head Start Childcare Services, Computer Lab, and Teen Center.
- Two playgrounds: one for young children and one with a half-court basketball area for older children.

The exterior will feature two color schemes with a combination of base colors and stone veneer, enhancing aesthetic appeal. The community will include 183 parking spaces, with designated guest and handicap parking.

### **Property Management:**

Visionary Property Management Group (VPMG), a division of Visionary Home Builders, will manage the property. VPMG oversees a portfolio of 26 properties, including tax credit communities, HUD developments, and USDA Rural Development Programs. VPMG is committed to fair housing and provides ongoing employee training on Fair Housing laws.

### **Construction Timeline:**

Construction is anticipated to start in February 2025, with completion expected by October 2027, and full occupancy aimed for the same month.

The demand for this type of housing in Merced County is strong, supported by census, EDD data, and the Market Study. The project will positively impact the area without negatively affecting existing affordable housing. All units will follow cost-effective, Universal Design Guidelines and aim for Green Point Rating Certification for energy efficiency.

### **Adjacent Land Uses:**

- East: Joe Herb Park / Single Family Residential
- West: CVS Pharmacy / Rancho San Miguel Grocery Store / Commercial Buildings
- North: Commercial / Single Family Residential

## Exhibit C: Project Budget

### ACQUISITION COSTS

Land Purchase Price	1,145,000
Acquisition Legal	13,500
Acquisition Lender Fee	16,854
Acquisition Escrow/title/recording	4,942
Holding Costs	41,875
Off Site Improvements	1,100,000
TOTAL	2,322,171

### HARD COSTS

#### **NEW CONSTRUCTION**

Hard Costs-Unit Construction	36,230,000
<b>Site Improvements - Landscape</b>	2,242,000
GC-General Conditions	2,308,320
GC-Overhead and Profit	2,308,320
GC-Insurance	300,000
GC-Bond Premium	312,000
5% Contingency- Owner's Construction	2,438,920
TOTAL	46,139,560

### SOFT COSTS

Architecture-Design	850,000
Engineering	450,000
ALTA/Survey	30,000
HERS/Title 24/Greenpoint	40,000
Environmental Consulting/Soils	148,110
Environmental Consulting/CEQA	19,632
Impact Waiver Fee	756,522
Local Development Impact Fees	163,638
Prevailing Wage Monitoring	50,000
Phase I and Phase II	0
Real Estate Taxes During Construction	38,360
Local Permit Fees	1,200,000

Utility Connection Fees	500,000	
Merced City School Fees	707,343	
Insurance During Construction	700,000	Flood
Security During Construction	250,000	
Appraisal	9,000	
Market/Rent Comp Study	16,398	
Pooled Transition Reserve Fee	60,851	
Soft Cost Contingency	252,904	
Predev. Loan Interest/Fees	158,869	
Construction Loan Interest	5,190,588	
Construction Loan Interest-Tail	1,058,639	
Title/Recording/Escrow - Construction	65,000	
Title/Recording/Escrow - Permanent	15,000	
Legal(Owner): Construction Closing	50,000	
	Permanent Closing	15,000
	Organization of	
	Ptnshp	5,535
	Syndication - GP	25,000
Syndication Consulting	110,000	
Audit/Cost Certification	20,000	
TCAC Application/Res/Monitoring Fee	111,122	
Marketing	75,000	
Furnishings not in contract	150,000	
Start Up Leasing	100,000	
Capitalized Operating Reserve (3 Mos)	284,128	
Developer Fee	8,533,873	
<b>TOTAL</b>	<b>22,210,512</b>	

**COSTS OF ISSUANCE**

Bond Counsel	60,000
Issuer Fee - Upfront	45,700
Issuer fee annual during constr	36,657
1% Construction Lender Origination Fee	374,640
Construction Lender Expenses	50,000
Construction Lender Counsel	60,000
Perm Lender Expenses	20,000
Permanent Loan Origination Fee	52,130
Trustee Fee During Construction	4,000
CDLAC Fee	12,830
CDIAC Fee	5,000
Subtotal - Financing Costs of Issuance	720,957

**TOTAL DEVELOPMENT COSTS**

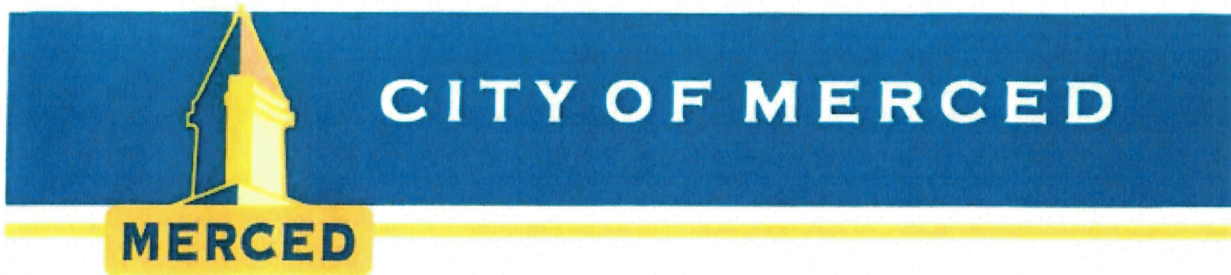
71,393,200

TDC Per Unit

661,048



## Exhibit C: Commitment Letter



June 30, 2022

Carol J. Ornelas, Chief Executive Officer  
Visionary Home Builders of California  
315 N. San Joaquin Street  
Stockton, CA 95202

RE: Funding Commitment to Bella Vista Apartments (1808 Parsons)  
Grant, Loans, and Fee Reductions from City of Merced Totaling \$5,234,148

Dear Ms. Ornelas,

On June 21, 2022, the City Council of the City of Merced approved and recommended that the City of Merced ("City") make a reservation for the Bella Vista Apartments project at 1808 Parsons Avenue (the "Project") in a total amount of \$3,500,000 of Coronavirus State and Local Fiscal Recovery Funds received under the American Rescue Plan Act (the "ARPA Grant"). The ARPA Grant will assist with the development of an affordable multifamily rental housing project with a proposed 106 units affordable to households with incomes up to 60% of the Area Median Income, plus 2 manager units (108 total units). There are also additional fee reductions to our Public Facility Finance Plan Fee and a residual receipt loan for water and sewer connections. In total the amount of local support is \$5,234,148 from the following sources (collectively the "City Funding"):

- \$3,500,000 grant from Coronavirus State and Local Fiscal Recovery Funds received under the American Rescue Plan Act ("ARPA Grant")
- \$756,522 Public Facilities Finance Plan fee reductions pursuant to Administrative Policy A-32 ("PFFP Reduction")
- \$977,626 Water and Sewer Connection Fee Loan ("Connection Fee Loan")

When the Project secures complete construction and permanent financing, to the satisfaction of the City, the City will execute agreements that places a deed-restriction on the Project's affordable rental units for 55 years from the issuance of a certificate of occupancy. Provided all conditions are met and subject to the City's final approval, the ARPA Grant shall be issued as a grant and repayment will not be required. The Water and Sewer Connection Fee Loan shall be issued as a residual receipts loan with the following repayment terms:

- Interest rate: 3% simple annual from the date of initial disbursement
- Affordability Period: To comply with Article XXXIV of the California Constitution, the City's regulatory agreement will restrict no more than 49% of the units. Project to maintains its affordable status for 55 years from completion of construction-as evidenced by a

certification of occupancy and specified in 24 CFR 92.2

- Term of Loan: 55 years from the issuance of a certificate of occupancy for the project
- Repayment: Annual payments based on 50% of residual receipts or net cash flow, as defined in the loan agreement. If other public funding is contemplated via a residual receipt loan, City of Merced shall share its distribution of residual receipts on a pro rata basis.
- Collateral: Deed of Trust secured by the land and improvements

If you have any questions, please contact Scott McBride, Director of Development Services at [mcbrides@cityofmerced.org](mailto:mcbrides@cityofmerced.org)

Sincerely,

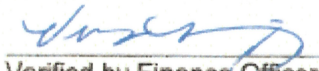


Stephanie Dietz  
City Manager  
City of Merced

APPROVED AS TO FORM:

 7/7/22  
City Attorney Date

ACCOUNT DATA:

 7/7/22  
Verified by Finance Officer Date