

RECORDING REQUESTED BY:

City of Merced, A California charter
municipal corporation

WHEN RECORDED MAIL TO:

City of Merced
City Clerk
678 West 18th Street
Merced, California 95340

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

(Above for Recorder's Use Only)

DEED RESTRICTION COVENANT AND LOAN AGREEMENT

**In Respect of the
CITY OF MERCED
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

(Devonwood Apartments)

THIS DEED RESTRICTION COVENANT AND LOAN AGREEMENT ("CDBG Loan Agreement"), dated _____, 2024, entered into by and between the City of Merced, a California Charter Municipal Corporation ("City"), and Devonwood Apartments LP, a Delaware Limited Partnership (the "Developer"), and Central Valley Coalition for Affordable Housing, a California nonprofit corporation ("Sponsor");

A. On June 21, 2022, the City Council of the City of Merced authorized the commitment of \$6,500,000 to The Richman Group of California Development Company, LLC ("TRGCDC"), and Sponsor, in connection with the acquisition and construction of that certain affordable housing development to be known as Devonwood Apartments, which will be owned by the Developer; and

B. A commitment reservation letter dated June 28, 2022 ("Commitment") provided for \$6,500,000 in financial assistance in the form of \$2,309,538 in grants and \$4,190,462 in loans from the City to the Developer; and

C. Since the commitment reservation letter in 2022, the cost of construction has increase dramatically and so have the interest rates. The project had a need for more funding and the City had CDBG funds to expend in order to meet timeliness deadlines. Therefore, the City

initiated a substantial amendment to the HUD Annual Plan to assist with acquisition costs for development of affordable residential units.

D. In order to carry out the commitment reservation and assist with the additional costs, the City will provide Two Million, Three Hundred Seventy-Five Thousand, Three Hundred Fourteen Dollars (\$2,375,314) in Community Development Block Grant (“CDBG”) funds (the “CDBG Loan”) to the Sponsor, who is the Managing Member of the Managing General Partner of Developer, for the property acquisition to develop a multi-family affordable residential rental project (the “Project”) on that certain real property generally located at 1535 Devonwood Drive, Merced, California 95348 (APN 058-220-048), and more particularly described in Exhibit A attached hereto and made a part hereof (the “Property” or “Site”).

E. The Project consists of one hundred fifty-six (156) rental dwelling units. Of the 156 units, seventeen (17) units will be assisted by the CHDO HOME Loan, of which eleven (11) one-bedroom units and six (6) two-bedroom units are rented to households with incomes at or below thirty percent (30%) of the Area Median Income (“AMI”) for Merced County, with adjustments 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) two-bedroom units will be reserved as Manager’s Units. Should the Developer have multiple restrictions on unit affordability required by multiple funding sources, the Developer shall adhere to the more restrictive (lower) income limits.

F. The CDBG Loan shall be funded from a grant in the amount of Two Million, Three Hundred Seventy-Five Thousand, Three Hundred Fourteen Dollars (\$2,375,314) from HUD made to the City pursuant to the CDBG Program funds (“CDBG Program”) and subject to the Funding Approval and CDBG Agreement (B-23-MC-06-0044) under the Community Development and Block Grant (“CDBG”) and administered by HUD (14.218-Entitlement Grant) with a Federal Award Date of August 28, 2023.

G. The CDBG Loan is being made pursuant to the CDBG Program, established and governed by Title I of the Housing and Community Development Act of 1974, as amended (HCD Act of 1974), Public Law 93-383, and is subject to the requirements of 24 CFR Part 570, including the requirements for proper administration of HUD funds contained in 24 CFR 570.502 (Applicability of Uniform Administration Requirements), including but not limited to OMB Circular A-87, OMB Circular A-128, OMB Circular A-122, and 24 CFR Part 200 (“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”), as applicable.

H. The City is providing additional financial assistance as set forth in City Council Resolution No., _____, approved in support of the Project.

I. Additionally, the Housing Authority of the County of Merced has awarded [39] Project Based Vouchers for a 20-year term.

ARTICLE I. LOAN OF CDBG FUNDS

SECTION 1.01 CDBG Loan. Subject to the satisfaction of the conditions set forth herein, the City loans to Developer the amount of Ain CDBG Program funds to acquire property for the primary purpose of constructing of 156 rental dwelling units. Of the 156 units, seventeen (17) units will be assisted by the CDBG Loan, of which eleven (11) one-bedroom units and six (6) two-bedroom units are rented to households with incomes at or below thirty percent (30%) of the Area Median Income ("AMI") for Merced County, with adjustments 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) two-bedroom units will be reserved as Manager's Units. Should the Developer have multiple restrictions on unit affordability required by multiple funding sources, the Developer shall adhere to the more restrictive (lower) income limits.

As a condition of the receipt of said CDBG Loan, the Sponsor agrees to cause the Developer to carry out the project as generally described in the Commitment Letter dated June 28, 2022, attached as Exhibit "C". In addition, Sponsor shall use the CDBG Loan proceeds to make a loan to the Developer on the same terms set forth in this CDBG Loan Agreement.

In accordance with 24 CFR Part 200 Subpart D, Developer may periodically submit claims for disbursement of the CDBG Loan when the funds are needed for reimbursement of eligible costs identified in the Developer's budget. 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 shall be liable for repayment of any CDBG Program grant proceeds disbursed to Sponsor that are subsequently determined to constitute disallowed costs. Disallowed costs may be identified through audits, monitoring, or other sources. City shall make the final determination of disallowed costs subject to provisions of applicable CDBG Program regulations.

The CDBG Loan is to be evidenced by a Note executed by Sponsor in favor of City and delivered to City concurrently herewith (the "CDBG Note"). Repayment of the CDBG Note is to be secured by the Developer's Deed of Trust and Security Agreement of even date hereof ("Developer's Trust Deed"), covering the Property and the Project. Developer shall execute the Trust Deed in favor of Ticor Title Company/Chicago Title Insurance Company located at 4400 MacArthur Boulevard, Suite 800, Newport Beach, CA 92660 Attn: Kim Hernandez as Trustor in trust for the benefit of City and deliver it to escrow for recordation.

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 CDBG Loan. Developer shall execute the Regulatory Agreement and deliver it to escrow for recordation. This CDBG Loan Agreement, the CDBG Note, Trust Deed, Regulatory Agreement and documents related thereto, are referred to herein as the "Loan Documents" pertinent to the City.

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

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

2. 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 CDBG Loan 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, Developer shall also provide copies of the required insurance policies.

3. As a material inducement to City to enter into this CDBG Loan Agreement and to make the CDBG Loan to Developer, 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) 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) Developer has full authority to execute this CDBG Loan Agreement, the CDBG Note, the Trust Deed, the Regulatory Agreement and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

(c) This CDBG Loan Agreement, the CDBG Note, the Trust Deed, the Regulatory Agreement and each of the other Loan Documents constitutes a legal and binding obligation of, and is valid and enforceable against, each party other than City, in accordance with the terms of each.

(d) There are no actions, suits, or proceedings pending or, to the best knowledge of Developer, threatened against or affecting Developer, the Property, or any part of it, or involving the validity or enforceability of the Trust Deed, the priority of the lien, or the validity or enforceability of any of the other Loan Documents, at law or in equity, or before or by any local, state or federal governmental agency. 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 CDBG Loan Agreement and the payment and performance of all of the obligations in the Loan 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 Developer or any of its general partners is a party or by which it or they or the Property may be bound or affected.

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

(g) 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 and approved by City in writing.

(h) All proceeds of the CDBG Loan will be disbursed as provided in this CDBG Loan Agreement and used to acquire property for the construction of the Project in accordance with the Plans and Specifications and for other purposes specified in this CDBG Loan Agreement.

(i) Reserved.

(j) All applications, financial statements, reports, documents, instruments, information, and forms of evidence delivered to City concerning the CDBG Loan or required by this CDBG Loan Agreement or any of the other Loan Documents are accurate, correct and sufficiently complete 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.

SECTION 1.03 Terms and Repayment of Loan. The parties agree that additional assistance in the Project is being provided by the City in the form of a CDBG Program loan. The City shall provide a loan for the acquisition of property to construct eleven (11) one-bedroom units and six (6) two-bedroom units rented to households with incomes at or below thirty percent (30%) AMI, for a total of seventeen (17) CDBG-assisted units. These units shall be located throughout the Project. Said CDBG Loan shall equal Two Million, Three Hundred Seventy-Five Thousand, Three Hundred Fourteen Dollars (\$2,375,314) and shall only be used to acquire property acquisition of said Project. The annual percentage rate shall be at the rate of zero percent (0%) from the date of initial advance by the City until completion of construction of the Development, as evidenced by the issuance of the certificate of occupancy for the Development (the "Conversion Date"). Thereafter, the CDBG Loan shall bear simple interest at the rate of three percent (3%), until repaid; provided, however, if a Default occurs, interest on the principal balance shall begin to accrue, as of the date of Default (following expiration of applicable notice and cure periods), and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of seven percent (7%) or the highest permitted by law, compounded annually. A draw request of funds shall be made by the Developer or Sponsor to the City. The City shall wire up to a cumulative total of Two Million, Three Hundred Seventy-Five Thousand, Three Hundred Fourteen Dollars (\$2,375,314) to the escrow agent.

The CDBG Loan's term shall be fifty five (55) years following the Conversion Date, with payments deferred until the Net Cash Flow (as defined in the CDBG Note) of the Project shall provide for payments to begin. The annual principal and interest, if any, payments shall be made by the 1st of the sixth month following the conclusion of each fiscal year of the Project. The payment shall be accompanied by a copy of the Project's annual audited financial statement and an explanation of how the payment amount was calculated based on Net Cash Flow (as defined in the CDBG Note).

Sponsor shall have the right to prepay the CDBG Loan at any time and from time to time, without penalty or premium, provided that any prepayment of principal must be accompanied by interest, if any, accrued but unpaid to the date of prepayment. Prepayments shall be applied first to accrued but unpaid interest, if any, and then to principal. Any such prepayment shall have no effect upon Sponsor's obligations under the Regulatory Agreement which shall survive for the full term of the Regulatory Agreement.

Unless City agrees otherwise in writing, the entire unpaid principal balance and all interest and other sums accrued under the CDBG Note shall be due and payable upon the transfer of the Property absent the prior written consent of City of all or any part of or interest in the Property except as otherwise permitted pursuant to this CDBG Loan Agreement.

Notwithstanding any provision of this CDBG Loan Agreement or any document evidencing or securing this CDBG Loan, Sponsor, and Sponsor's principals, partners, members, agents, officers, and successors in interest shall not be personally liable for the payment of the CDBG Loan or any obligation of the CDBG Loan.

SECTION 1.04. Net Cash Flow Reserved.

SECTION 1.05. Subordination of CDBG Loan. The City agrees that the deed of trust securing CDBG Loan and Agreement Containing Covenants shall be subject and subordinate to the terms and conditions of a construction and/or permanent deeds of trust and regulatory agreements securing low-income housing tax credits financing (collectively, the "Senior Loans") subject to the following conditions: (1) the City shall receive copies of any notices of default issued by the Senior Lenders to the Developer; and (2) the City shall have the right to cure any default by the Developer within ninety (90) days after a notice of default.

ARTICLE II. OPERATION OF THE PROJECT

SECTION 2.01. Acceptance of Obligations. In consideration of the CDBG Loan to be provided hereunder, Sponsor agrees to and accepts the restrictions, obligations, and conditions contained in this CDBG Loan 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 shall maintain the Property for rental housing in accordance with this CDBG Loan Agreement, and all other applicable legal requirements. Sponsor 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 CDBG Requirements. Sponsor shall comply with all applicable laws and regulations governing the use of the CDBG Program funds including, but not limited to, the terms and conditions of the Standard Agreement, all applicable regulations contained in 24 CFR Part 570, and applicable requirements and conditions referenced on Exhibit D – “Special Requirements of the CDBG Program” attached hereto and incorporated herein by reference.

In the event HUD formally amends, waives or repeals any HUD administrative regulation previously applicable to Sponsor’s performance under this CDBG Loan Agreement, the City expressly reserves the right upon giving notice to HUD and Sponsor, to require performance of Sponsor as though the regulation was not amended, waived, or repealed subject only to the written and binding direction or instruction from HUD.

SECTION 2.04. Occupancy and Rent Requirements.

A. Occupancy Requirement. During the term of this CDBG Loan Agreement, Sponsor agrees to cause Developer to rent the property only to tenants whose income meet the requirements contained in Home Investment Partnership Program (HOME) regulations (24 CFR Part 92). This provision shall operate as a deed restriction during the term of this CDBG Loan Agreement. Should the annual income limit differ between the CFR and other applicable regulatory agencies in a given year, the Sponsor shall cause the Developer shall adhere to the more restrictive (lower) income limits.

B. Rent Requirement. Initial rent shall be established in accordance with HOME Regulations (24 CFR Part 92) 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 Sponsor shall cause the Developer shall adhere to the more restrictive (lower) rent limits.

C. Records Relating to Occupancy and Rental Requirements. Sponsor shall cause the Developer shall 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 CDBG and HOME Program funds, to meet the applicable beneficiary and tenant recording requirements of 24 CFR Part 570 and 24 CFR Part 92. 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 of HOME Regulations is exceeded for the period specified by 24 CFR 92.252, the grant funds loaned hereunder to Sponsor 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 CDBG Loan Agreement, Sponsor 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 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 CDBG Loan Agreement, and all other matters covered by this CDBG Loan Agreement pursuant to 24 CFR Part 570 and 24 CFR Part 92.

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

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

Upon completion, Sponsor 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 agrees that HUD or 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 CDBG Loan Agreement, and all the Sponsor's records with respect to all matters covered by this CDBG Loan Agreement.

SECTION 2.07. Insurance. Sponsor shall cause Developer to maintain, throughout the term of this CDBG Loan 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 CDBG Loan Agreement (including, without limitation, failure by S to comply with the occupancy and rent requirements of Section 2.04 above), shall be considered a Default by that party under this CDBG Loan Agreement. The nondefaulting party shall serve written notice of a Default, other than the failure to make a payment on the Energy Efficiency Note, 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 nondefaulting 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 effected 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 Attention: Housing Division & City Clerk 678 West 18 th Street Merced, CA 95340
WITH A COPY TO:	City Attorney's Office City of Merced 678 West 18 th Street Merced, CA 95340
TO SPONSOR:	Central Valley Coalition for Affordable Housing 3351 "M" Street, Suite 100 Merced, California 95348 Attention: Christina Alley
TO DEVELOPER:	Devonwood Apartments, LP 777 West Putnam Ave

Greenwich, CT 06830
Attention: President

With a Copy to: The Richman Group of California Development Company LLC
420 31st Street Suite B1
Newport Beach, CA 92663

With a copy to: USA Institutional Devonwood LLC
c/o JDF, LLC
777 West Putnam Ave
Greenwich, CT 06830
Attention: Joanne D. Flanagan, Esq.

SECTION 4.02 Assignment. Sponsor acknowledges and agrees that the CDBG Loan is being provided in consideration of its special expertise, skill, and ability of Sponsor to cause the Developer 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 shall not permit any voluntary transfer, assignment, or encumbrance of this CDBG Loan Agreement without first obtaining the City's written consent, which shall not be unreasonably withheld. 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 CDBG Loan Agreement.

SECTION 4.03 Non-Discrimination. In addition to observing any other CDBG requirements relating to non-discrimination covered under 24 CFR Part 570, Sponsor shall assure, in connection with the performance of this CDBG Loan 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 CDBG Loan Agreement shall be construed as creating a relationship of employer and employee or principal and agent between the City and Sponsor or Sponsor's agents or employees. Nothing contained in this CDBG Loan Agreement shall create or justify any claim against City by any third person with whom Sponsor may have employed or contracted.

SECTION 4.05 Indemnification. As a separate and independent covenant and irrespective of any insurance coverage, Sponsor 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 agrees to defend with counsel selected by the City, protect, indemnify, and hold harmless the City, its officers, employees, representative, and agents, on account of any act, error, or omission of Developer in the performance of this CDBG Loan Agreement.

Sponsor agrees to indemnify, protect, to assume the defense of with counsel selected by the City, and to hold harmless the City, its officers, employees, and agents 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 CDBG

Loan 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 CDBG Loan Agreement shall constitute covenants which shall run with the land and be binding upon Sponsor 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 Conversion Date. 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 CDBG Loan Agreement shall commence upon the date of this CDBG Loan Agreement and shall continue for fifty-five (55) years from the Conversion Date unless earlier terminated by the parties hereto. Upon termination or expiration of hereof, Developer shall transfer any CDBG funds on hand and any accounts receivables attributable to the use of CDBG funds to the City.

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

SECTION 4.09 Amendments. The City and Sponsor reserve the right to amend this CDBG Loan Agreement by mutual consent. It is understood and agreed that no alteration or variation of the terms of this CDBG Loan 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 CDBG Loan 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 CDBG Loan Agreement shall not effect the validity of the remaining portions thereof.

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

- Exhibit A: Legal Description of Property
- Exhibit B: Project Budget
- Exhibit C: Enforceable Funding Commitment Agreement
- Exhibit D: Special Requirements of CDBG Program

SECTION 4.12 Venue. This CDBG Loan 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 CDBG Loan Agreement shall be held exclusively in a state court in the County of Merced.

SECTION 4.13. Other Program Requirements. Sponsor is required by this CDBG Loan Agreement to carry out each activity in compliance with all federal laws and regulations described in Subparts J and K of 24 CFR Part 570 and Subpart H in 24 CFR Part 92, except that Sponsor does not assume the City's responsibility for environmental review in Section 570.604 or the intergovernmental review process in Section 92.357. Neither City nor Sponsor may have an officer or employee occupy the Property in violation of 24 CFR 570.611 and 24 CFR 92.356(f) as required by 24 CFR 570.503(5) and 24 CFR 92.504(c)(v)(E). The Property shall, after construction and for the term of this CDBG Loan Agreement, meet the property standards set forth in 24 CFR 92.251 of HOME Regulations.

SECTION 4.13 Affirmative Marketing. Sponsor must comply with the City's HOME 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 CDBG Loan 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 1/9/24
City Attorney Date

ACCOUNT DATA:
M. VENUS RODRIGUEZ, FINANCE OFFICER

BY: _____
Verified by Finance Officer

“SPONSOR”

**CENTRAL VALLEY COALITION FOR
AFFORDABLE HOUSING**, a California non-profit
public benefit corporation

By: _____

Christina Alley, Chief Executive Officer

**DEVELOPER/PROPERTY OWNER:
DEVONWOOD APARTMENTS, LP**, a Delaware
limited partnership

By: CVCAH Devonwood Apartments, LLC, a California
limited liability company, its managing general partner

By: Central Valley Coalition for Affordable Housing,
a California non-profit public benefit corporation,
its manager

By:
Christina Alley
Chief Executive Officer

By: Devonwood GP, LLC, a Delaware limited liability
company, its administrative general partner

By: TRG Devonwood Member, LLC, a Delaware
limited liability company, its sole member and
manager

By:
Rick Westberg
Executive Vice President

By: The Richman Group of California Development
Company LLC, a California limited liability company,
its co-general partner

By:
Rick Westberg
Executive Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

State of California

County of _____)

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

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

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)

Exhibit A: Legal Description of Property

Exhibit B: Project Budget

Exhibit C: Commitment Letter

Exhibit D: Special Requirements of CDBG Program

The State of California Department of Housing and Community Development, CDBG Contract Management Manual, dated April 2006, as amended from time to time, contains relevant requirements for recipients of CDBG Program funds, and is hereby incorporated into the Deed Restriction Covenant and Loan Agreement.