

**Subrecipient Agreement between The City of Merced  
and Sierra Saving Grace Homeless Project  
With funds provided by  
Community Development Block Grant  
For the Acquisition and Rehabilitation of Residential Property  
For the “Supportive Housing Project” Program**

THIS AGREEMENT, entered this \_\_\_\_ day of \_\_\_\_\_, 202\_\_, by and between the City of Merced (herein called the “Grantee”) and Sierra Saving Grace Homeless Project (herein called the “Subrecipient”).

WHEREAS, The Grantee has applied for and received funds from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383 under the Community Development Block Grant (CDBG) Program (Grant No. B-24-MC-06-0044; CFDA No. 14-218) and administered by the U.S. Department of Housing and Urban Development (HUD) with a Federal Award Date of November 7, 2024; and,

WHEREAS, the purpose of this Agreement is to set forth the responsibilities of the Grantee and Subrecipient in accomplishing the objectives of the HUD CDBG programs as set forth in the HCD Act. The CDBG program and funds related thereto are referred to from time to time as the “CDBG Program” or “CDBG Funds”; and,

WHEREAS, Grantee adopted the Program Year 2020-2024 Five-Year Consolidated Plan, which identifies projects for permanent supportive housing for the chronically homeless and extremely low- and low-income households as essential to the community; and,

WHEREAS, through approval of the 2024 Annual Action Plan, the City Council approved an allocation of CDBG funding to assist the Subrecipient’s “Supportive Housing Project” acquisition with rehabilitation program that intends to provide permanent supportive and/or affordable rental housing to extremely low- to moderate-income (LMI) residents (herein called the “Program”); and,

WHEREAS, the Subrecipient’s request for funding proposed to administer and carry out the Program within the City of Merced city limits through a loan of CDBG funds from Grantee; and,

WHEREAS, Acquisition and Rehabilitation Projects are eligible

“Rehabilitation and Preservation” activities for the use of CDBG funds, pursuant to and including 24 CFR 570.202(b)(1), which allows for CDBG funds to be used to finance nonprofit organizations acting as subrecipients, through the use of grants, loans, and other means, to acquire and rehabilitate privately-owned properties for subsequent residential rental to income-qualifying families and individuals, including those receiving services for permanent supportive housing; and,

WHEREAS, use of CDBG funds for Acquisition and Rehabilitation of properties benefitting extremely low-income, low-income, and formerly homeless individuals and families meets the Goals and Policies found in Chapter 9 (Housing Element) of the Merced Vision 2030 General Plan; and,

WHEREAS, Grantee has determined, and Subrecipient certifies, that the activities and services being provided pursuant to this Agreement furthers the needs of the City, as well as the Goals and Objectives identified in the City’s 2020-2024 Consolidated Plan and 2024 Annual Action Plan; and,

WHEREAS, Subrecipient represents that it has the necessary experience, qualifications, willingness, and expertise necessary to provide these services and implement the Program in a manner satisfactory to Grantee, pursuant to the terms and conditions of this Agreement; and,

WHEREAS, Subrecipient shall comply with all applicable CDBG regulations contained in 24 CFR Part 570, including, but not limited to, the federal financial management regulations contained in 2 CFR 200; and,

WHEREAS, Subrecipient is a Non-Profit Organization exempt from Federal income tax under Internal Revenue Code (IRC) Section 501(c)(3) with a local primary business address of 544 W. 20<sup>th</sup> Street, Merced, CA 95348 and a mailing address of PO Box 1301, Merced, California 95341, and EIN: 27-4663143, and UEI No. SJ6YVKFGWCK3; and,

WHEREAS, Grantee agrees to engage the services of Subrecipient, and Subrecipient agrees to perform the services for Grantee hereinafter described, for the compensation, during the term, and otherwise subject to the covenants and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, the parties hereto agree as follows:

## I. SCOPE OF SERVICE

### A. Activities

General Statement: With 2024-2025 program year funds, the Subrecipient will be responsible for the acquisition and rehabilitation of residential property(ies) of 1-4 existing residential units located within City of Merced city limits using the assistance of loaned CDBG funds provided by the Grantee and in a manner satisfactory to the Grantee, consistent with all current property, safety, state building code, and other relevant standards required as a condition of providing these funds. Property(ies) purchased will remain solely for use as residential purposes, to provide housing for individuals and families that meet income eligibility requirements and the intent of the Program.

1. Program Delivery: The CDBG Allocation of \$586,381, referenced herein above, shall be directed toward the following deliverables:

Activity #1: The Subrecipient will administer and oversee all tasks in connection with the aforesaid program in compliance with all applicable Federal, State, and local rules and regulations governing these funds, and in a manner satisfactory to the Grantee.

After completion of purchase and rehabilitation activities that meet all applicable requirements, the primary goal for the Subrecipient will be to rent each unit to households ranging from extremely low- to moderate-income level categories as defined by HUD annually and as discussed in this agreement. Income level determination shall be performed with each tenant at the earliest possible time, as discussed further below.

Proper backup documentation for all requested reimbursements and escrow payments shall be provided, and accuracy of all calculations shall be ensured prior to submittal of all invoices.

Activity #2: Subrecipient shall collect and submit required beneficiary documentation, identifying income category qualifications, ethnicity, race, and other related information of all tenants (participants) served by the Program, which HUD requires

to document that the use of CDBG funds benefits persons and households who are low- to moderate-income or lower.

Such data collection and reporting shall be performed upon:  
a) tenant income eligibility screening prior to the close of escrow (if occupied at the time of acquisition); and/or b) income eligibility screening upon occupation by each new individual or household (tenant), c) quarterly, and, d) at each year-end, as appropriate.

Data to be reported is discussed in Section I. C. below.

## 2. Specific Requirements:

- a. If a suitable property(ies) to be acquired is occupied by tenants prior to signing of an Offer to Purchase, Conditional Purchase Agreement, or similar agreement between buyer and seller, including any pending lease agreements or new occupancies in progress with the current owner/landlord, it is the Subrecipient's responsibility to fully explain the Program to said tenant(s) and ensure their willingness to participate under the Subrecipient's Program as their tenants, which includes agreeing to provide their income, ethnicity/race, and other required demographic data for subsequent reporting to the City. Subrecipient shall ensure willing participation at the earliest possible time in the purchase process, and no later than the close of escrow, in order to ensure the HUD National Objective discussed below in Section I. B. will be met.

If the current tenant(s) is/are unwilling to become tenants of the Subrecipient under this Program, and/or are unwilling to provide this information, and/or are over the required income eligibility qualifications, the Subrecipient shall locate a different property to acquire for the Program, so as not to displace any current tenant(s).

As such, purchase of any property through this Program shall be dependent on the willingness and income qualifications of any current tenant(s).

- b. Participant(s) are to be screened prior to being approved for the Program to ensure they: 1) meet the Subrecipient's participant selection and income eligibility requirements; and, 2) will be successful in utilizing their time in the Program to obtain permanent

housing. Participants shall be encouraged to participate in ongoing supportive services through the Subrecipient. Referrals to other programs and/or services shall be available to assist these individuals and families.

- c. All Participants will be required to enter into a 1-year lease agreement, with subsequent one-year lease renewals thereafter.
- d. Subrecipient shall utilize dollars obtained through other funding sources to support necessary operating costs, in order to ensure the program can become self-sustaining.
- e. Subrecipient shall charge tenants (Participants) a maximum of 30% of their monthly gross income towards rent and other housing related program costs (lesser rents may be charged at Subrecipient's discretion on a case-by-case basis) ("affordable rents").
- f. Per HUD requirements under the relevant National Objective, Subrecipient shall adopt and make public its standards for determining affordable rents.
- g. Of the entire rents collected:
  - 10% shall be remitted to the City of Merced for payment on the loan;
  - 80% shall be used by the Subrecipient to cover administrative costs and any portion of municipal utility costs to be paid on behalf of the participant(s);
  - 10% will be retained by the Subrecipient in a maintenance account to pay for repair and system/equipment/large appliance replacement costs of the property; and,
  - Subrecipient may separately require Participant to pay municipal and gas/electric utilities, and initial Participant selection screening shall ensure the Participant's ability to do so. Continued ongoing supportive services shall be provided to the Participant to ensure these costs of housing remain attainable. In extreme instances of financial hardship, where other assistance is unavailable, Grantee encourages Subrecipient to assist Participant with payment of all or a portion of municipal utilities from its administrative cost receipts and report such payments in quarterly reporting.
- h. Annually, or upon screening new participant(s) for a vacated unit(s),

Subrecipient shall recalculate the 30% rent required in (b.) in this section according to current income levels of the participant, to ensure that participants are not paying more than 30% of their monthly gross income. Participant shall be given at least 30 days written notice before increases are implemented, and lease payments shall not increase until the lease expires.

- i. Specific requirements for the number of units on a property that must be occupied by income qualified LMI tenants are discussed below in Section I. B.
- j. Subrecipient shall adhere to all current and future California and local/City adopted tenant-landlord laws and related requirements.

#### B. National Objective

All activities funded with CDBG funds must meet at least one of the following CDBG program National Objectives:

1. Activities benefitting low- and moderate-income persons
2. Activities aiding in the prevention or elimination of slums or blight
3. Activities meeting community development needs that have a particular urgency

Subrecipient certifies that the activities carried out under this Agreement will meet the National Objective "1" listed above, by providing and improving permanent residential housing for occupancy and rental by low- and moderate-income (or lower) households, per 24 CFR 270.208(a)(3). The Subrecipient will meet this National Objective by providing safe and affordable housing units to low and moderate income (or lower) households to rent, after the purchase and rehabilitation/repair of the existing residential structure(s) on the property using the provided CDBG funds.

While the Subrecipient shall strive to house 100% of the units to LMI households, the minimum number of LMI households/units and other related requirements is as follows:

- For a single family structure on a property, the unit shall be occupied by an LMI or below individual or household.
- Where there are two rental units in a structure (a duplex), at least one unit shall be occupied by an LMI or below individual or household.
- Where there are three or more units in a structure (triplex +), at least 51% of the units shall be occupied by an LMI or below individual or household.

- Where two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will remain under common ownership and management by the Subrecipient, the grouped buildings may be considered for this purpose as a single structure.

Additionally, by rehabilitating and performing necessary repairs, including but not limited to repair/replacement of HVAC and plumbing systems, abatement of any discovered lead-based paint, asbestos, or mold, energy-efficient window replacement, and roof repair/replacement, to the purchased residential structures in order to make them safe and livable for the intended tenants, the proposed activities will also improve the appearance of the property, thereby helping to eliminate any blighting affect the property previously imposed on the immediate neighborhood.

### C. Outcome Performance Measurement

HUD's Outcome Performance Measurement System requires information to be gathered to determine how well programs meets community needs and goals. Objectives and outcomes are broadly framed to capture the community impacts of a program's activities. Defining the expected outcome refines the expected nature and result of the objective the program seeks to achieve.

1. Objective: Objectives are framed broadly to capture the range of community impacts that occur as a result of program activities. This Program shall meet the following objective measurement:
  - *Provide Decent Housing*: this program's purpose/objective focuses on meeting individual family needs while benefitting overall community housing needs by providing permanent supportive housing with case management and creating affordable housing units for Merced residents.
2. Outcome: Program outcomes further define activity objectives and are designed to capture the nature of the change, or the expected result of the objective, that the Program is expected to achieve. Outcomes correspond to the type of change that the City is expecting. This Program shall meet the following outcome measurement:
  - *Affordability*: this program's primary outcome is the expectation that it will create and maintain affordable housing units, improve the quality of the City's existing housing stock, and increase the affordability and safety of housing for LMI city residents.

#### D. Accomplishment and Reporting Requirements

To indicate positive results of the Objectives and Outcomes that were determined in Section I. C. above, quarterly and final year-end reports shall be submitted to the Grantee and include progress updates and outcomes of the Program, including challenges and successes.

Subrecipient agrees to provide the following information for each household assisted, at the frequency discussed in Section I. 1. above:

- Total number of housing units purchased, created, and/or rehabilitated
- Number of occupants housed per household unit (household size)
- Total number of tenants for each property purchased (if two or more units)
- Income of each head of household (household income)
- Each household's Area Median Income (AMI) percentages, by extremely low (0-30%); low (30.1-50%); moderate (50.1-80%); or above moderate (80.1% and above)
- Female heads of households
- Veterans assisted
- Number/Ethnicity of household members (Hispanic/Latino or Non-Hispanic/Latino)
- Number/Race of the household members assisted as defined by HUD:
  - White
  - Black/African American
  - Asian
  - American Indian/Alaskan Native
  - Native Hawaiian/Other Pacific Islander
  - American Indian/Alaskan Native and White
  - Asian and White
  - Black/African American and White
  - American Indian/Alaskan Native and Black/African American
  - Other Multi-Racial
- Amount paid in rent by each head of household
- Length of stay of each individual/household
- Total amount remitted to the City of Merced towards CDBG loan repayment
- Total amount used by Subrecipient for administrative costs
- Total amount used by Subrecipient for utilities or other similar expenses paid to providers on behalf of the tenant
- Total amount set aside by Subrecipient for maintenance fund



- Amount of money leveraged from other Federal, State, local, and private sources for this program, if any

E. Performance Monitoring

The Grantee will monitor the performance of the Subrecipient against goals and performances standards as stated above. Substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Grantee, suspension or termination procedures applicable to this Agreement will be initiated.

F. Staffing

The Subrecipient shall assign organizational staff as Key Personnel to the program. Upon approval of the agreement, the Subrecipient shall provide the grantee with an organization chart identifying staff members assigned, general program duties and amount of time allocated, in a timely fashion and in the form and content prescribed by Grantee.

Any changes in the Key Personnel assigned or their general responsibilities under this project are subject to the prior approval of the Grantee.

G. Submission of Invoices/Meeting to Review Procedures

The Subrecipient shall meet by phone, virtually, or in person with City of Merced staff prior to commencement of this program to review and discuss, at a minimum: 1) requirements for reimbursement of invoices; and 2) qualifying expenses. No reimbursement of administrative and indirect costs are permitted with this Program.

Date of Meeting: \_\_\_\_\_

Housing staff initials: \_\_\_\_\_

Subrecipient Initials: \_\_\_\_\_

## II. PROGRAM DESCRIPTION

Type of Program: Rehabilitation and Preservation of Housing

Basic Eligibility Citation for activities: 24 CFR 570.202(b)(1-2), (4-9), and (11)

HUD Matrix Code/CDBG Eligible Activity: 14G - Rehabilitation: Acquisition

National Objective: Low/Mod Housing Benefit (LMH) – 24 CFR 570.208(a)(3): Activities undertaken to provide or improve permanent residential structures that will be occupied by low/mod income households

Performance Measurement System: Objective - Provide decent housing; Outcome - Affordability

Service Area: City of Merced city limits (City-wide)

Eligible activities associated with this program specifically include, but are not limited to, assistance to acquire and rehabilitate residential properties, including costs of labor, materials, repairs directed towards accumulation of deferred maintenance by previous owner(s), replacement of principal fixtures and components of existing structures, energy efficiency improvements (including installation/replacement of windows, insulation, and/or HVAC units), connection of structures to water distribution or local sewer collection lines, installation of security devices such as smoke detectors and dead bolt locks, renovation through alterations, additions to, or enhancements of existing structures and improvements, initial homeowner warranty, hazard, and flood insurance premiums, removal of materials and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons (and installation of facilities to improve mobility/access), and abatement of asbestos or other contaminants.

## III. METHOD OF COMPENSATION/SCHEDULE OF PAYMENTS

### A. Reimbursement of Total Development Costs

Grantee will provide Subrecipient with financial assistance to purchase and rehabilitate one (1) residential property of 1-4 units for subsequent LMI rental housing, subject to the budget parameters set forth in Paragraph V. In exchange, Subrecipient will execute a Promissory Note, secured by a First Deed of Trust, against the subject housing unit in the full amount of the financial assistance provided by Grantee, subject to the payment terms set forth in Paragraph VI herein.

Subrecipient shall be solely responsible for any and all maintenance, repairs, and expenses associated with the subject housing unit.

## B. Relocation Assistance

Consistent with the goals and objectives of the CDBG program, Subrecipient shall assure that all reasonable steps are taken to minimize the displacement of persons (including families, individuals, and businesses) as a result of activities.

Displacement of tenants, including those occupying the property prior to purchase, is specifically discouraged, and there are no funds budgeted for relocation assistance expenses, including any temporary relocation needed to complete rehabilitation activities. As a priority, Subrecipient shall seek properties that are vacant of tenants prior to the offer to purchase.

Any relocation assistance request will need to be a separate request to the City of Merced. If approved, relocation assistance must be implemented in accordance with 24 CFR 570.606 and 49 CFR part 24.

## C. Program Management Expenses

There are no CDBG funds budgeted for Program Management. All Program management costs are the responsibility of the Subrecipient.

## D. Affordability Provisions [24 CFR 570. 208(a)(3)]

For rental housing, occupancy by low and moderate income households must be at affordable rents to meet the designated LMH National Objective, per Section I.A.2. above.

To ensure long-term affordability provisions of the purchased unit(s), at the time of sale for each property purchased, the Subrecipient agrees to execute and record with the Merced County Clerks office a "Notice of Affordability Restrictions on Transfer of Property," which will:

1. Restrict the amount of rent that may be charged for rental housing units on the property to: "The property shall be restricted for occupancy by a household with an income at or below eighty percent (80%) of the Area Median Income adjusted for family size; when rent is charged, participants shall pay a maximum of 30% of their monthly gross income." and,
2. Restrict the income level of tenants or purchasers of the property(ies) to: "The property shall be restricted for occupancy by a household with an income at or below eighty percent (80%) of the Area Median Income

adjusted for family size.”

E. Davis-Bacon requirements and other Labor Standards [24 CFR 570.603]

Section 110(a) of the Housing and Community Development Act of 1974 requires that all non-volunteer laborers and mechanics financed in whole or in part with CDBG assistance be paid wages at rates not less than those prevailing on similar construction in the locality/area as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Contract Work Hours and Safety Standards Act also apply to such activities.

However, this section only applies to the rehabilitation of property containing eight (8) or more residential units and does not apply to individuals that perform services for which the individual volunteered; does not receive compensation for the services or is paid expenses, reasonable benefits, or a nominal fee for such services; and is not otherwise employed at any time in the construction work.

F. Historic Preservation [16 U.S.C. 470 et seq. and 36 CFR Part 800]

These requirements mandate (a) consultation with specified agencies having responsibility for historic preservation to identify properties listed (or eligible for inclusion) in the National Register of Historic Places that may be subject to adverse effects by the proposed CDBG activities, and (b) compliance with procedures or other requirements to avoid or mitigate such adverse effects.

While the Grantee assumes the environmental review, decision making, and other responsibilities of conducting the environmental review, the Subrecipient shall address all potential historical preservation requirements that may be identified through the review process in order to successfully complete the agreed upon activities.

G. Relocation, Real Property Acquisition, and One-For-One Housing Replacement [24 CFR 570.606]

The acquisition of real property for a CDBG-assisted project and the displacement of any person (family, individual, business, non-profit organization, or farm) as a direct result of acquisition, rehabilitation, demolition, or conversion for a CDBG-assisted project must comply with 24 CFR 670.606 and 49 CFR part 24. The Subrecipient must also conduct its CDBG activities so as to minimize displacement; and, if displacement occurs, the displaced persons or entities must be provided assistance consistent with the Uniform Relocation Act, as amended, or Section 104(d), as applicable. In addition, there must be a

one-for-one replacement of any occupied (or vacant, occupiable) low- and moderate-income dwelling that is demolished or converted to another use in connection with a CDBG-funded activity.

H. Lead-based Paint [24 CFR 570.608 and 24 CFR Part 35]

There is a general prohibition against the use of any lead-based paint in connection with any CDBG activities involving construction or rehabilitation of residential structures. Regardless of whether the structure was constructed prior to 1978, the tenants or purchasers must be notified of the hazards of lead-based paint poisoning; and, depending on the level of Federal assistance made available to the structure, paint inspection, risk assessment, treatment, and/or abatement must be provided. Subrecipient shall sign and date an affidavit to be retained with official records asserting they complied with this requirement.

Additionally, immediately after abatement of any lead-based paint found during the initial testing, the property shall be tested again, and documentation shall be submitted to Grantee within a reasonable timeframe showing clearance and compliance with this requirement.

I. Radon Gas

The Subrecipient agrees to comply with Radon Gas testing and any mitigation requirements of the Grantee and/or HUD, per the best practice guidance provided by the HUD in CPD Notice #CPD-23-103 entitled “Departmental Policy for Addressing Radon in the Environmental Review Process” issued January 11, 2024. All costs of mitigating radon gas found in any units, including the cost of any installed equipment, are eligible as a part of the total cost of rehabilitation.

J. Program Income [24 CFR 570.500; 570.503(a), (b)(3) and (b)(7); and 570.504]

Grantee must approve (a) whether a Subrecipient will be allowed to retain and use program income, and (b) for what activities the program income may be used. The use of such program income must be in compliance with all other applicable program requirements and, upon the expiration of the Subrecipient Agreement, or at the end of each fiscal year, whichever occurs first. Any program income on hand or subsequently received by the Subrecipient must be returned to the Grantee.

#### IV. TERM OF PERFORMANCE

The Subrecipient shall consider that time is of the essence during the entire performance of the Agreement and all activities shall be carried out in an efficient manner, including satisfactory completion of the rehabilitation scope of work and occupancy of the unit(s) by income-eligible tenant(s), to ensure a prompt and successful closeout of the activity with the Grantee and HUD.

Services of the Subrecipient shall commence on the date this Agreement is fully approved and executed. The Subrecipient shall have until June 30, 2025, to open an escrow process on a satisfactory property with the use of a qualified local title company, and expend the funds budgeted for this activity, as set forth in Section V.

If acquisition (including cost of rehabilitation) of property(ies) is in progress/escrow by June 30, 2025, and successfully closes escrow, this Agreement shall continue to be in effect. If a property is not in escrow by June 30, 2025, this Agreement shall terminate and become null and void, unless a formal extension is requested in writing by Subrecipient and approved by the Grantee.

Subrecipient shall ensure full and competent compliance with all applicable regulations and permitting requirements, including the application and issuance of building permits and adherence to all Americans with Disabilities Act (ADA) improvements that may be required as a result of the rehabilitation scope of work.

Following acquisition, rehabilitation, and occupancy activities, certain relevant sections of this Agreement shall continue to be in effect until Subrecipient repays Grantee the full amount expended under this Agreement and related loan documents.

#### V. BUDGET

<u>Line Item</u>	<u>Amount:</u>
<u>Acquisition &amp; Rehab (CDBG)</u>	<u>\$586,381</u>
<u>TOTAL</u>	<u>\$586,381</u>

The specific loan amount that will cover the cost of acquisition and estimated cost of rehabilitation will be determined through the visual assessment by a licensed contractor and the escrow process through provision of a Final Settlement Statement provided by the Subrecipient's title company, once sale price, appraisal, inspections, scope of work estimates, prorated charges, and other credits/charges have been tabulated and all proper documentation has been processed and approved.

The sales price of the property(ies) must be less than or equal to the appraised value

of the property(ies). Additionally, the total estimated cost of rehabilitation shall be less than seventy-five percent (75%) of the total estimated cost of replacement after rehabilitation.

No Indirect Costs are eligible for this program and all fees charged through the acquisition process shall be in compliance with the conditions of Section IX.

In addition, the Grantee may require a more detailed budget breakdown than the one contained herein, and the Subrecipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the Grantee. Any amendments to the budget must be approved in writing by both the Grantee and the Subrecipient.

The following shall be submitted, completed, executed, and/or recorded by each appropriate party as requested or necessary to complete certain activities, including prior to the close of escrow:

1. Fully executed Purchase Agreement and Joint Escrow Instructions agreement between buyer and seller, which contains the appropriate language for conditional contracts provided by the Grantee regarding the completion of an environmental review
2. Appraisal for the property being considered for purchase
3. Full Home Inspection Report (including wood destroying pest/termite/other organisms, mold/rot, asbestos, etc. testing)
4. Interior and Exterior Lead Inspection Testing Results, Abatement, and Clearance Certifications of any found lead-containing areas
5. Contractor Bid with itemized list of repairs/improvements necessary
6. Copies of all building permit records, including inspections and certificate(s) of occupancy
7. Home warranty protection documentation
8. Proof of Flood Insurance coverage for property(ies), if relevant
9. Proof of Hazard and Liability Insurance for property(ies)
10. Final Settlement Statement (HUD-1) from the Title Company
11. Recorded Notice of Affordability Restrictions on Transfer of Property
12. Recorded Deed of Trust showing the Note
13. Tenant household, race/ethnicity, income, and other required demographic information
14. Other relevant testing, permits, or other documentation as may be appropriate for the program and/or required by HUD

## VI. PAYMENT

The Promissory Note, secured by a First Deed of Trust on the subject property shall be paid as follows: Subrecipient shall submit quarterly reports as set forth in Paragraph I, Subsection B. Subrecipient shall pay to Grantee ten percent (10%) of the total income collected from Participants in the Program with respect to the subject housing unit, on a quarterly basis, for the previous quarter (October 31, January 31, April 30, and July 31). Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 2 CFR Part 200.

Each quarterly payment by Subrecipient shall be applied to the principal balance owed under the Promissory Note, secured by a First Deed of Trust. No interest shall accrue on the principal balance. The total amount paid to Grantee shall not exceed the total amount provided to the Subrecipient for acquisition and rehabilitation of the subject housing unit(s).

The full amount due under the Promissory Note, less any quarterly payments made by Subrecipient, shall be due and payable immediately upon the sale or refinance of the subject housing unit(s).

## VII. NOTICES

Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

### Grantee

Kim Nutt  
Housing Program Supervisor  
City of Merced  
678 W. 18<sup>th</sup> Street  
Merced, CA 95340  
(209) 385-6863

### Subrecipient

Joe Carroll, Chairman  
Sierra Saving Grace Homeless Project  
544 W. 20<sup>th</sup> Street  
PO Box 1301  
Merced, CA 95340  
(209) 769-6932



## VIII. GENERAL CONDITIONS

### A. General Compliance

The Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations (CFR) Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG) including subpart K of these regulations, and relevant sections of 24 CFR Part 92, except that:

1. The Subrecipient does not assume the recipient's environmental responsibilities described in 24 CFR 570.604; and,
2. The Subrecipient does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR Part 52.

The Subrecipient also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds and activities provided under this contract. The Subrecipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

### B. "Independent Contractor"

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties.

The Subrecipient shall at all times remain an "independent contractor" and its employees shall not be employees of or have a contractual relationship with Grantee with respect to the services to be performed under this Agreement. The Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement<sup>1</sup>, life and/or medical insurance<sup>2</sup>, and Workers' Compensation Insurance, as the Subrecipient is an independent contractor. Subrecipient shall be solely liable and responsible for all payroll and tax withholding and for providing to, or on behalf of, its employees all employee benefits including without limitation, health, welfare, and retirement benefits. In addition to Subrecipient's other obligations under this Agreement, Subrecipient shall indemnify, defend, and save Grantee harmless from all matters relating to

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<sup>1</sup>Unless the services under this Agreement are provided by a former City employee who is now retired and Grantee is otherwise obligated to pay for the same.

<sup>2</sup>Unless the services under this Agreement are provided by a former City employee who is now retired and Grantee is otherwise obligated to pay for the same.

employment and tax withholding for, and payment of, Subrecipient's employees.

**C. Indemnity/Hold Harmless**

Except as to the sole negligence or willful misconduct of the City, the Subrecipient shall agree to indemnify, protect, defend (with counsel selected by the City), save, and hold the City, its officers, employees, agents, and volunteers harmless from any and all claims, suits, charges, judgements, actions, damages, or whatsoever that arise out of the Subrecipient's performance or nonperformance of the services or subject matter called for in this Agreement. This indemnification provision shall apply to any acts or omissions, willful misconduct, or negligent conduct, whether active or passive, on the part of the Subrecipient or of Subrecipient's employees, subcontractors, or agents. Subrecipient understands and agrees that it shall defend the City from any claim even if it appears to be without merit. Subrecipient shall also defend, indemnify, and hold the City harmless from any loss, damage, or cost incurred because of any claim by any person or entity, regarding Subrecipient has failed to meet any requirements of HUD. Parties agree that this Section shall survive the expiration or early termination of the Agreement.

**D. Insurance & Bonding**

The Subrecipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the Grantee. The Subrecipient shall comply with all relevant bonding and insurance requirements of 2 CFR Part 200, including its procurement of contracted services.

Prior to the City's execution of this Agreement, Subrecipient shall provide copies of insurance policies or original certificates and additional insured endorsements evidencing the coverage required by this Agreement and shall thereafter maintain during the term of this Agreement, such insurance policies and coverages in the types, limits, forms, and ratings as required herein. The rating and required insurance policies and coverages may be modified in writing by the City, or a designee, unless such modification is prohibited by law. The City, and its officers, agents, employees, and volunteers shall be named as additional insureds under all Subrecipient's insurance policies for work done by and on behalf of the named insured for the City of Merced.

Any insurance policy or coverage provided by Subrecipient or subcontractors as

required by this Agreement shall be deemed inadequate and a material breach of this Agreement, unless such policy or coverage is issued by insurance companies authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.

1. Limitations. These minimum amounts of coverage shall not constitute any limitation or cap on Subrecipient's indemnification obligations.
2. Cancellation. The policies shall not be canceled unless thirty (30) days prior written notification of intended cancellation has been given to the City by certified or registered mail, postage prepaid.
3. Adequacy. City, its officers, employees, and agents make no representation that the types or limits of insurance specified to be carried by Subrecipient pursuant to this Agreement are adequate to protect Subrecipient. If Subrecipient believes that any required insurance coverage is inadequate, Subrecipient will obtain such additional insurance coverage, as Subrecipient deems adequate, at Subrecipient's sole expense.
4. Workers' Compensation Insurance. By executing this Agreement, Subrecipient represents that Subrecipient is aware of and will comply with Section 3700 of the California Labor Code requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. Subrecipient shall carry the insurance or provide for self-insurance required by California law to protect said Subrecipient from claims under the Workers' Compensation Act for all of its employees involved in the performance of this Agreement. Prior to the City's execution of this Agreement, Subrecipient shall file with City either (1) a certificate of insurance showing that such insurance is in effect, or that Subrecipient is self-insured for such coverage, or (2) a certified statement that Subrecipient has no employees, and acknowledging that if Subrecipient does employ any person, the necessary certificate of insurance will immediately be filed with the City. Any certificate filed with the City shall provide that the City will be given at least ten (10) days prior written notice before modification or cancellation thereof. The policy shall be endorsed to waive the insurer's subrogation rights against the City.
5. Commercial General Liability. Prior to the City's execution of this Agreement, Subrecipient shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance as required to insure Subrecipient against damages for personal injury,

including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of Subrecipient.

Subrecipient's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence and a general aggregate limit in the amount of not less than \$2,000,000.

Said policies shall be in the usual form of commercial general and automobile liability insurance policies but shall include the following provisions:

- a. Subcontractors' Insurance. Subrecipient shall require all of its subcontractors to carry insurance, in an amount sufficient to cover the risk of injury, damage or loss, which may be caused by the subcontractors' scope of work and activities provided in furtherance of this Agreement, including, but without limitation, the following coverages: Workers' Compensation, Commercial General Liability, Errors and Omissions, and Automobile liability. Upon the City's request, Subrecipient shall provide the City with satisfactory evidence that subcontractors have obtained insurance policies and coverages required by this section.
- b. Commercial Automobile Insurance. Subrecipient is required to provide commercial automobile liability insurance for this Agreement with the exception being those subrecipients that do not require the use of an automobile to meet program requirements as detailed in the Scope of Work.

If Subrecipient requires the use of an automobile or must drive to meet program requirements in the Scope of Work, Subrecipient must submit insurance certificates acceptable to the City that meet the following requirement(s): Subrecipient's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 per occurrence and an aggregate limit of not less than \$1,000,000. All of Subrecipient's automobile and/or commercial general liability insurance policies shall cover all vehicles used in

connection with Subrecipient's performance of this Agreement, which vehicles shall include, but are not limited to, Subrecipient owned vehicles, Subrecipient leased vehicles, Subrecipient's employee vehicles, non-Subrecipient owned vehicles, and hired vehicles.

6. Cyber Liability Insurance and Protections for Consumer Data Privacy. If the Subrecipient stores electronic data on residents served for tax or service reasons, and the risk of loss of such electronic data will not be recovered by the Subrecipient's general liability insurance, Subrecipient shall maintain during the term of this Agreement, cyber liability insurance or such other coverage, sufficiently broad to respond to the duties and obligations as is undertaken by Subrecipient under this Agreement, including, but not be limited to, claims involving infringement of copyright or trademark, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, and network security. The policy shall provide coverage for breach response costs, as well as regulatory fines and penalties and credit monitoring expenses, with limits sufficient to respond to these obligations. Due to the technological capacity limitations of many non-profit organizations, acceptable policy limits to satisfy this requirement shall be the maximum coverage that Subrecipient can reasonably obtain from an insurance provider.

Additionally, shall implement and maintain reasonable security procedures and practices with respect to protection of any personal identifying information (PII) that may be disclosed to the Subrecipient in the performance of this Agreement. Subrecipient shall notify the City within twenty-four (24) hours of the Subrecipient's determination that a security breach has occurred with regard to any personal information and shall conduct such investigation and provide such notice as may be required by State and/or Federal law in the event of such breach.

7. Flood and Property-Related Insurance/National Flood Insurance Program [24 CFR 570.605]. CDBG funds cannot be spent for acquisition or construction purposes within Special Flood Hazards Areas (SFHAs) as designated by the Federal Emergency Management Agency (FEMA), unless the community is participating in the National Flood Insurance Program (NFIP) and flood insurance has been purchased for properties being assisted. As Grantee currently participates and is in good standing in the NFIP, Subrecipient shall purchase, and maintain thereafter for the duration of the loan, flood insurance for any property purchased with

HUD-issued funds that is located in any of these areas determined to be in high- or at-risk flood zones.

Additionally, Subrecipient shall purchase and maintain fire/other hazard and liability insurance prior to escrow closing for the acquired and rehabilitated property(ies) in an amount sufficient, at a minimum, to cover the estimated replacement value of the structure and other buildings, based on the estimated market value of the structure(s) and property(ies) at the time rehabilitation/repair/improvement activities are completed, in order to protect all HUD-assisted assets acquired by the program and ensure the continuance of program objectives. This insurance shall be maintained on the property for as long as the property is owned by the Subrecipient.

#### E. Grantee Recognition

The Subrecipient shall insure recognition of the role of the Grantee in providing services through this Agreement. All activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

#### F. Amendments

The Grantee or Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of each organization, and approved by the Grantee's governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the Grantee or Subrecipient from its obligations under this Agreement.

The Grantee may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both Grantee and Subrecipient.

#### G. Remedies for Non-Compliance / Suspension or Termination

For the purposes of this Agreement, noncompliance shall include, but not be

limited to:

1. The failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement;
3. Ineffective or improper use of funds provided under this Agreement; or,
4. Submission by the Subrecipient to the Grantee reports that are incorrect or incomplete in any material respect.

In accordance with 2 CFR Part 200, if Grantee determines that the Subrecipient has materially failed to comply with any terms of this Agreement and noncompliance cannot be remedied by imposing certain conditions, it may take one or more of the following actions:

1. Temporarily withhold payments until the Subrecipient takes corrective action;
2. Disallow costs for all or part of the activity associated with the noncompliance;
3. Suspend or terminate the award in part or in its entirety;
4. Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 with HUD, upon Grantee's recommendation to initiate suspension or debarment proceedings;
5. Withhold further Federal funds, including new awards or continuation funding for the project or program;
6. Pursue other legally available remedies.

Reasons and procedures for termination of the award and/or this agreement by either the Grantee or Subrecipient shall include those at 2 CFR 200.340 through 2 CFR 200.343, including termination of this Agreement for convenience by either the Grantee or the Subrecipient, in whole or in part. In such case, Grantee or Subrecipient shall send a written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, if the Grantee determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the Grantee may terminate the award in its entirety.

#### H. Inconsistent or Conflicting Terms in Agreement and Exhibits

In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control. Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

I. Ambiguities

This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

J. Venue

This 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 agreement shall be held exclusively in a state court in the County of Merced.

K. Authority to Execute

The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

L. Counterparts

This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.



## IX. ADMINISTRATIVE REQUIREMENTS

### A. Financial Management

1. Accounting Standards. The Subrecipient agrees to comply with 2 CFR part 200 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.
2. Cost Principles. The Subrecipient shall administer its program in conformance with 2 CFR Part 200 Subpart E – Cost Principles, as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis. Misuse of program funds is a federal offense and is subject to reimbursement and immediate cancellation of this Agreement.

### B. Documentation and Record Keeping

1. Records to be Maintained. The Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:
  - a. Records providing a full description of each activity undertaken and assisted with CDBG funds, including location;
  - b. The amount of CDBG and non-CDBG funds budgeted, obligated, and expended for the activity;
  - c. Records required to determine the eligibility of activities;
  - d. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
  - e. Records that establish agreements between Subrecipient and tenant(s) for each unit of the property acquired through this Agreement, and the number of units occupied by low and moderate income households;
  - f. For each unit occupied, records documenting the size and income of the household(s), the rent charged, and the affordability of units occupied by low and moderate income households pursuant to the criteria established in this Agreement;
  - g. Records which demonstrate compliance with 24 CFR 570.503(b)(7) or 570.505 regarding any change of use of real property acquired or improved with CDBG assistance;

- h. Records which demonstrate compliance with the requirements in 24 CFR 570.606 regarding acquisition, displacement, relocation, and replacement housing;
  - i. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
  - j. Financial records as required by 24 CFR 570.502;
  - k. Other records necessary to document compliance with Subpart K of 24 CFR Part 570; and,
  - l. If the services of other businesses within the City of Merced are used in the implementation of this program and reimbursement for those services is requested, business license records of such businesses shall be provided. Subrecipient may contact either the Finance Department or Housing Division to verify current business license status.
2. Retention. Per the requirements of 2 CFR 200.334, Subrecipient shall retain all financial records, supporting documentation, and statistical records pertinent to the activities assisted with CDBG funds for three (3) years from the date of submission of the Grantee's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Additionally, the following shall apply:
- a. Records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken if any litigation, claim, or audit is started before the expiration of the three-year period, or when notified in writing by HUD, Grantee, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs to extend the period.
  - b. Records for property and equipment acquired with HUD funds shall be retained for three years following final disposition.
  - c. Records for activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained until such receivables or liabilities have been satisfied.
  - d. Records for program income earned after the period of performance must be retained for three years from the end of the Subrecipient's fiscal year in which the program income is earned.
3. Client Data. The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such

information shall be made available to Grantee monitors or their designees for review upon request. Subrecipient shall protect client data in accordance with Section VIII.D.

4. Disclosure. The Subrecipient understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the Grantee's or Subrecipient's responsibilities with respect to services provided under this contract, is prohibited by the applicable State or Federal laws unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.
5. Close-outs. The Subrecipient's obligation to the Grantee shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Grantee), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG funds, including program income.
6. Audits & Inspections. All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the Grantee, grantor agency, and the Controller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within 30 days after receipt by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The Subrecipient hereby agrees to have an annual agency audit conducted in accordance with current Grantee policy concerning Subrecipient audits and Uniform Guidance.

As a non-Federal entity, Subrecipient is subject to all applicable provisions under 2 CFR Part 200 Subpart F – Audit Requirements. An exemption from Federal audit requirements is provided to non-Federal non-profit entities during its fiscal year when expending less than

\$1,000,000 during that year in total Federal funding, except as noted in 2 CFR 200.503. A non-Federal entity (NFE) is defined as “a State, local government, Indian tribe, Institution of Higher Education (IHE), or non-profit organization that carries out a Federal award as a recipient or subrecipient.”

Notwithstanding the above exemption, at any time, the City reserves the right to request a certified audit be performed by an accredited certified public accountant and provided, at Subrecipient’s cost, of all Federal funds received or utilized by Subrecipient, including the distribution of CDBG Funds.

**C. Reporting and Payment Procedures**

1. **Program Income.** The Subrecipient shall report quarterly all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this contract. The use of program income by the Subrecipient shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the Subrecipient may use such income during the contract period for activities permitted under this contract and shall reduce requests for additional funds by the amount of any such program income balances on hand. All unexpended program income shall be returned to the Grantee at the end of the contract period. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the Grantee.
2. **Indirect Costs.** No indirect costs are permitted to be charged by the Subrecipient for this program. If Subrecipient has reason, with Grantee approval, to charge indirect costs, the Subrecipient will develop an indirect cost allocation plan for determining the appropriate Subrecipient’s share of administrative costs and shall submit such plan to the Grantee for approval, in a form specified by the Grantee.
3. **Payment Procedures.** The Grantee will pay to the Subrecipient funds available under this Agreement based upon information submitted by the Subrecipient and consistent with any approved budget and Grantee policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Subrecipient, and not to exceed actual cash requirements. Payments will be adjusted by the Grantee in accordance with advance fund and program income balances available in Subrecipient accounts. In addition, the Grantee reserves the right to liquidate funds available under this contract

for costs incurred by the Grantee on behalf of the Subrecipient.

4. Progress Reports. The Subrecipient shall submit regular Progress Reports to the Grantee. These progress reports shall be submitted to the Grantee on a quarterly basis and shall include:

- a. Number of occupants per quarter/Total Served;
- b. Income of all occupants in household;
- c. Amount paid for primary mortgage by household;
- d. Household Demographics per HUD guidelines; and,
- e. Total amount remitted to the City of Merced/Monthly financial statements as justification for program payments

D. Procurement

1. Compliance. The Subrecipient shall comply with current Grantee policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein. All program assets (unexpended program income, property, equipment, etc.) shall revert to the Grantee upon termination of this Agreement.
2. Office of Management and Budget Standards. Unless specified otherwise within this agreement, the Subrecipient shall procure all materials, property, or services in accordance with the requirements of 2 CFR Part 200.
3. Travel. The Subrecipient shall obtain written approval from the Grantee for any travel outside the city limits of Merced with funds provided under this Agreement.

E. Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR part 200 and 24 CFR 570.502, 570.503, and 570.505, as applicable, which include but are not limited to the following:

1. The Subrecipient shall transfer to the Grantee any CDBG funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
2. Real property under the Subrecipient's control that was acquired or

improved, in whole or in part, with funds under this Agreement in excess of \$25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until five (5) years after expiration of this Agreement, and per the Term of Performance described in Paragraph IV and per any agreements that guarantee long-term affordability that are executed by the Subrecipient.

3. If the Subrecipient does not use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Subrecipient shall pay the Grantee an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to the Grantee.
4. The Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the five-year period or such longer period of time as the Grantee deems appropriate.
5. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement shall be (a) transferred to the Grantee for the CDBG program or (b) retained after compensating the Grantee an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

#### **X. RELOCATION, REAL PROPERTY ACQUISITION, AND ONE-FOR-ONE HOUSING REPLACEMENT**

The Subrecipient agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in 24 CFR 570.606(d) governing optional relocation policies. The Subrecipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition, or conversion for a CDBG-assisted project. The Subrecipient also agrees to comply with applicable Grantee ordinances, resolutions and policies concerning

the displacement of persons from their residences.

## **XI. PERSONNEL & PARTICIPANT CONDITIONS**

### **A. Civil Rights**

1. Compliance. The Subrecipient agrees to comply with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086. Subrecipient also agrees to comply with the provisions of the California Fair Employment and Housing Act (California Government Code Section 12900 et seq.) and the Unruh Civil Rights Act (California Civil Code Section 12101 et seq.).
2. Nondiscrimination. The Subrecipient agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the HCDA are still applicable.
3. Land Covenants. This contract is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602. In regards to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this contract, the Subrecipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the Grantee and the United States are beneficiaries of and entitled to enforce such covenants. The Subrecipient, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.
4. Section 504. The Subrecipient agrees to comply with all Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in

any Federally assisted program. The Grantee shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

**B. Affirmative Action**

1. Approved Plan. The Subrecipient agrees that it shall be committed to carry out pursuant to the Grantee's specifications an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The Grantee shall provide Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program. The Subrecipient shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.
2. Women and Minority-Owned Businesses (W/MBE). The Subrecipient will use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this contract, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro- Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian- Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.
3. Access to Records. The Subrecipient shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the Grantee, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.
4. Notifications. The Subrecipient will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees



and applicants for employment.

5. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement. The Subrecipient will, in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient, state that it is an Equal Opportunity or Affirmative Action employer.
6. Subcontract Provisions. The Subrecipient will include the provisions of Paragraphs X.A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

C. Employment Restrictions

1. Prohibited Activity. The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.
2. Labor Standards. The Subrecipient agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Subrecipient agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The Subrecipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Grantee for review upon request.

The Subrecipient agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this contract, shall comply with Federal requirements adopted by the Grantee pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are

imposed by state or local law, nothing hereunder is intended to relieve the Subrecipient of its obligation, if any, to require payment of the higher wage. The Subrecipient shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

3. “Section 3” Clause

- a. Compliance. Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 75, and all applicable rules and orders issued hereunder prior to the execution of this contract, shall be a condition of the Federal financial assistance provided under this contract and binding upon the Grantee, the Subrecipient and any of the Subrecipient’s subrecipients and subcontractors. Failure to fulfill these requirements shall subject the Grantee, the Subrecipient and any of the Subrecipient’s subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. The Subrecipient certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The Subrecipient further agrees to comply with these “Section 3” requirements and to include the following language in all subcontracts executed under this Agreement:

“The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located.”

The Subrecipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project

are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

The Subrecipient certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

- b. Notifications. The Subrecipient agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- c. Subcontracts. The Subrecipient will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the grantor agency. The Subrecipient will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

#### D. Conduct

- 1. Assignability. The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the Grantee thereto; provided, however, that claims for money due or to become due

to the Subrecipient from the Grantee under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Grantee.

2. Subcontracts

- a. Approvals. The Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this contract without the written consent of the Grantee prior to the execution of such agreement.
  - b. Monitoring. The Subrecipient will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.
  - c. Content. The Subrecipient shall cause all of the provisions of this contract in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.
  - d. Selection Process. The Subrecipient shall undertake to ensure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the Grantee along with documentation concerning the selection process.
3. Hatch Act. The Subrecipient agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.
4. Conflict of Interest. The Subrecipient agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:
- a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.

- b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
- c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG assisted activity, or with respect to the proceeds from the CDBG assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.

5. Lobbying. The Subrecipient hereby certifies that:

- a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
- c. It will require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans,

and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly:

- d. Lobbying Certification: This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
6. Copyright. If this contract results in any copyrightable material or inventions, the Grantee and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.
7. Religious Activities. The Subrecipient agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

## XII. ENVIRONMENTAL CONDITIONS

- A. Subrecipient shall confirm with the grantee regarding all project specific locations. The Grantee is considered the Responsible Entity for the community and is responsible for ensuring all required environmental documents are completed prior to disbursement of federal funds into a project, including acquisition of property and all rehabilitation activities.
1. Air and Water. The Subrecipient agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:
  - Clean Air Act, 42 U.S.C. , 7401, *et seq.*;
  - Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder;
  - Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

2. Flood Disaster Protection. In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Subrecipient shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).
3. Lead-Based Paint. The Subrecipient agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted. After any necessary abatement, the affected structure(s) shall be re-tested, and clearance certification documentation shall be forwarded to the Grantee.
4. Historic Preservation. The Subrecipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

### XIII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby, and all other parts of this Agreement shall nevertheless

be in full force and effect.

**XIV. SECTION HEADINGS AND SUBHEADINGS**

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

**XV. WAIVER**

The Grantee's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the Grantee to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

**XVI. ENTIRE AGREEMENT**

This agreement constitutes the entire agreement between the Grantee and the Subrecipient for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the Grantee and the Subrecipient with respect to this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

GRANTEE:

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 2/21/2025  
City Attorney Date

ACCOUNT DATA:  
M. VENUS RODRIGUEZ, FINANCE OFFICER

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

SUBRECIPIENT:  
Sierra Saving Grace Homeless Project

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Stacy Avalos  
(Typed Name)

Its: \_\_\_\_\_  
Executive Director  
(Title)

Taxpayer I.D. No.: 27-4663143

Address: PO Box 1301  
544 W. 20<sup>th</sup> Street  
Merced, CA 95340  
TELEPHONE: 209-626-5660 (Office)  
Email: SAvalos@sierrasavinggrace.org

**EXHIBIT A**  
Scope of Services / Implementation Plan / Project Narrative  
Sierra Saving Grace Homeless Project (SSGHP)  
Rehabilitation and Acquisition Program  
FY 2024-2025

Services and Activities Provided

- Assist homeless individuals or families with a permanent supportive housing unit(s)
- Assist low- to moderate-income renters with the provision of affordable housing
- Purchase an existing single-family home or existing residential property containing up to four units
- Rehabilitate/repair any life, health, and safety deficiencies in all units before occupying and renting

Project Narrative:

The purpose of this project is to acquire a single family dwelling or property containing up to four units that will house individuals and families that are homeless, living in transitional living situations, or who are experiencing housing instability. Any income qualified low- to moderate income tenant may also participate in the program – however, SSGHP's focus should be to assist those at most risk or who are homeless. With a housing first objective, SSGHP will be able to help transform the individuals from homelessness to productive citizens.

SSGHP has requested this funding to provide affordable housing to targeted clientele (homeless individuals). The current rental market in Merced has a vacancy rate of 1% and is a challenge for SSGHP dedicated case managers to find suitable housing for our clientele. The zero interest loan thru the CDBG Home Loan will allow SSGHP to purchase a duplex or single family dwelling and offer the client a rent that is affordable. Some clients who live on the streets have a minimum income and cannot afford the rent now being charged by the local apartment owners. SSGHP can purchase real property and offer to our clients a reasonable rate for rent. Example: A client has an income of \$700.00 dollars a month, SSG can offer the purchase unit at 30% of monthly income which will amount to \$210.00 a month for rent. This an affordable rent to our most vulnerable clients.

SSGHP has used this CDBG Home Loan program in past years and have found it to be very successful. Housed clients are now safe, growing in self-esteem, and trying to become productive citizens.

The goal at SSGHP is to allow housed clients to remain in the purchase unit until they become self-sufficient in maintaining their own finances and move out of our program.

About SSGHP

SSGHP is a permanent housing program addressing a population of chronically homeless, disabled individuals who have very little chance of surviving on the street. It is governed by a Board of Directors including representatives from local churches, leaders from community organizations, and concerned citizens. In addition, they collaborate efforts with other nonprofit and government agencies that make up the Merced County CoC.

The SSGHP surrounds participants with intensive case management developed to support the transition to permanent housing and working toward independent living. SSGHP is built primarily around SHP HUD Grant funding which supplies rent and utility and case management money. SSG is the lessor on the scattered site units with the homeless individual as the tenant authorized to live in the unit. We have identified a pool of property owners that are willing to work with our homeless individuals. This has been a difficult task because of the enigma that is tied to this population.

Once the property is purchased, SSGHP will move qualified (meaning they meet the chronic homeless, disabled criteria) homeless individuals in and begin intensive case management with them. This process is completed by developing individual Service Plans for each participant that includes measurable goals that they must work towards in order to stay housed in the program. Case management is completed in their units in order to monitor the condition of property, ensuring no drug activity, monitoring medical conditions, prescription drug usage, nutrition, hygiene and many other required elements of their individual program.

Services included in their plans include: medical benefits, meals, job search, legal aid, ongoing health care, transportation, laundry needs, household furnishing, social services, food, clothing, etc.

With help of collaboration within the community, churches, and volunteers and funding of this application for CDBG funds, SSGHP is confident that they can provide a successful program to help end homelessness in Merced City/County. We are focused on the City of Merced's Consolidated Plan and we are an important agency that can help our City be successful in improving the poverty conditions of many of our community residents.

#### **Implementation Plan:**

#	Task/Activity	Description	Completion Date
1	Identify property to be acquired located in the eligible areas	Network with local realtors for property that will allow SSGHP to attain their goals	Est. 8/1/2024
2	Complete visual inspection of property to identify possible repairs if needed, using the aid of certified home inspectors and pest inspection/agents	Negotiate with property owner to complete needed repairs before the close of escrow	Approx. 60 days before close of escrow
3	Property to be approved by the City of Merced Housing Dept	The location of property and all necessary repairs to be submitted to the City of Merced Housing Dept; ensure compliance with HUD requirements	Approx. 45 days
4	Close escrow on selected property	Coordinate with a local title company to assist in the escrow process and close escrow on the property; complete transfer of ownership to SSG	By 5/1/2025
5	Complete repairs, if necessary, so the property is ready for occupancy	Work with local license contractor to complete all repairs if necessary	Approx. 60 days
6	Work with the Coordinated Entry	Work with local Continuum of Care	30 days

	participants to identify the neediest person or family to occupy the property	and/or local Veteran Administration for eligible individual or family	
7	Furnish unit through community donations and move in tenant	Move in client using SSGHP volunteers	As needed

**EXHIBIT B**  
Budget for Rehabilitation and Acquisition Program  
Sierra Saving Grace Homeless Project  
FY 2024-2025

**AGENCY:** Sierra Saving Grace Homeless Project

**PROJECT NAME:** Supportive Housing Project

**MISCELLANEOUS PROJECT COSTS:**

Administrative Costs	<u>0.00</u>
Supplies	<u>                    </u>
Postage	<u>                    </u>
Consultant Services	<u>                    </u>
Maintenance/Repair	<u>                    </u>
Publications/Printing	<u>                    </u>
Transportation/Travel Required for Business	<u>                    </u>
Rent (portion allocated to this program)	<u>                    </u>
Equipment Rental	<u>                    </u>
Insurance	<u>480.00</u>
Utilities	<u>1332.00</u>
Telephone	<u>                    </u>
Other Expenses (Specify):	<u>1100.00</u>

Home Warranty

**CIP REQUESTS ONLY:**

Lead-based paint assessment/abatement	<u>                    </u>
Construction/Renovation	<u>                    </u>
Consultant/Professional Services	<u>                    </u>
Construction Management	<u>                    </u>
Other Expenses (Specify):	<u>                    </u>

**TOTAL CDBG PROJECT BUDGET:**

\$ 0.00