

1820 I STREET LOAN AGREEMENT

In Respect of the HOME INVESTMENT PARTNERSHIP PROGRAM

THIS HOME LOAN AGREEMENT (“HOME Loan Agreement”), dated September 21, 2015, entered into by and between the City of Merced, a California Charter Law Municipal Corporation, (“City”) and the Central Valley Coalition for Affordable Housing, a California non-profit public benefit corporation (the “Coalition”).

RECITALS

A. The City has agreed to provide a loan in the amount of Two Hundred Twenty-Four Thousand Seven Hundred Dollars (\$224,700.00) (the “HOME Loan”) to Coalition for the construction of a (2) unit multi-family affordable residential rental project (the “Project”) on that certain real property owned in a partnership by the Coalition and located at 1820 I Street, in the City of Merced, California, and more particularly described in Exhibit A attached hereto and made a part hereof (the “Property”). The Project consists of two (2) units, all of which shall be restricted for occupancy by low-income households with incomes at or below sixty percent (60%) of the Area Median Income (“AMI”) for the Project.

B. The HOME Loan shall be funded from a grant in the amount of Two Hundred Twenty-Four Thousand Seven Hundred Dollars (\$224,700.00) from the U.S. Department of Housing and Urban Development (“HUD”) made to the City pursuant to the HOME Investment Partnership Program funds (“HOME Program”) and subject to the Funding Approval and HOME Investment Partnerships Agreement – Appropriation No. 868/00205, including all Exhibits, if any, thereto (the “Standard Agreement”) between the City and HUD. The HOME Loan shall provide funding for all units in the Project that shall be restricted for occupancy for very-low income households.

C. The HOME Loan is being made pursuant to the HOME Program, established and governed by Title II of Public Law No. 101-625, 104 Stat. 4079 (Nov. 28, 1990), (42 USC 12701), known as the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended by the Housing and Community Development Act of 1992, Public Law No. 102-550, and is subject to the requirements of 24 CFR Part 92, the State HOME Investment Partnerships

Program Act (25 CCR Sections 8200 *et. seq.*) and the State Uniform Multifamily Regulations (25 CCR Sections 8300 *et. seq.*), as applicable.

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

ARTICLE I. LOAN OF HOME FUNDS

SECTION 1.01 HOME Loan. Subject to the satisfaction of the conditions set forth herein, the City loans to Coalition the amount Two Hundred Twenty-Four Thousand Seven Hundred Dollars (\$224,700.00) in HOME Program funds for the primary purpose of assisting with the construction for very low income households, households at or below sixty percent (60%) of AMI, within a multi-family unit Project and for related expenses identified in the budget attached hereto as Exhibit "B."

In accordance with 24 CFR Section 92.504(c)(vi), Coalition may periodically submit claims for disbursement of the HOME Loan when the funds are needed for reimbursement of eligible costs identified in the budget. The amount of each such request shall be limited to the amount reimbursed. The request shall be accompanied by documentation of expenditures in such form as may be required by the City, including but not limited to submission of copies of documents such as paid invoices, payroll, time sheets, and other supporting source documents.

Coalition shall be liable for repayment of any HOME Program grant proceeds disbursed to Coalition that are subsequently determined to constitute disallowed costs. Disallowed costs may be identified through audits, monitoring, or other sources. City shall make the final determination of disallowed costs subject to provisions of applicable HOME Program regulations.

The HOME Loan is to be evidenced by a Note executed by Coalition in favor of City and delivered to City concurrently herewith (the "HOME Note") and this HOME Loan Agreement, referred to herein as the "Loan Documents."

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

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

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

3. As a material inducement to City to enter into this HOME Loan Agreement and to make the HOME Loan to Coalition, Coalition unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to City, as of the date hereof, as follows:

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

(b) Coalition has full authority to execute this HOME Loan Agreement, the HOME Note, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

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

(d) There are no actions, suits, or proceedings pending, or to the best knowledge of Coalition, threatened against or affecting Coalition, the Property, or any part of it, or involving the validity or enforceability of any of the Loan Documents, at law or in equity, or before or by any local, state, or federal governmental agency. Coalition is not in default with respect to

any order, writ, injunction, decree, or demand of any court or other local, state, or federal governmental agency.

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

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

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

(h) All proceeds of the HOME Loan will be disbursed as provided in this HOME Loan Agreement and used only for reimbursement of the costs of rehabilitation of the Project in accordance with the Plans and Specifications and this HOME Loan Agreement.

(i) The Plans and Specifications are satisfactory to Coalition and its general contractor and have been approved by the City and all other construction lenders. There are no structural defects in the Project as shown in the Plans and Specifications that are known to or reasonably should have been known to Coalition or its agents and employees, and to the best of Coalition's knowledge, no violation of any law, ordinance, order, rule, regulation, plan, ruling, determination, or requirement of a local, state, or federal governmental agency exists.

(j) All applications, financial statements, reports, documents, instruments, information, and forms of evidence delivered to City concerning the HOME Loan or required by this HOME Loan Agreement or any of the other Loan Documents are accurate, correct, and sufficiently complete to give City true and accurate knowledge of their subject matter,

and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

SECTION 1.03 Terms and Repayment of Loan. The parties agree that additional assistance in the Project is being provided by the City in the form of a Community Housing Development Organization HOME Investment Partnership Program loan ("HOME Loan"). The City shall provide a loan for the construction of two (2) units for a very-low income household at or below sixty percent (60%) of AMI. Said HOME Loan shall equal Two Hundred Twenty-Four Thousand Seven Hundred Dollars (\$224,700.00) and shall only be used for the construction of said units. The annual percentage rate shall be at the rate of zero percent (0%) from the date of initial advance by the City until completion of construction of the Project, as evidenced by the issuance of the certificate of occupancy for the Project (the "Conversion Date"), and thereafter, shall bear simple interest at the rate of three percent (3%) per annum until repaid. Each monthly draw request of funds shall be made by the Coalition to the City. Said request shall include copies of paid invoices to substantiate each line item requested. The City shall provide funds for all expenses incurred each month, up to a cumulative total of Two Hundred Twenty-Four Thousand Seven Hundred Dollars (\$224,700.00).

The HOME Loan's term shall be forty (40) years following the Conversion Date, with payments deferred until the Net Cash Flow (as defined in Section 1.04 hereof) of the Project shall provide for payments to begin. The annual principal and interest, if any, payments shall be made by the 1st of the sixth month following the conclusion of each fiscal year of the Project.

Coalition shall have the right to prepay the HOME Loan at any time and from time to time, without penalty or premium, provided that any prepayment of principal must be accompanied by interest, if any, accrued but unpaid to the date of prepayment. Prepayments shall be applied first to accrued but unpaid interest, if any, and then to principal.

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

Notwithstanding any provision of this HOME Loan Agreement or any document evidencing or securing this HOME Loan, Coalition, and Coalition's

principals, partners, members, agents, officers, and successors in interest shall not be personally liable for the payment of the HOME Loan or any obligation of the HOME Loan.

SECTION 1.04 Net Cash Flow. Net Cash Flow shall be defined as follows:

Gross Income Less Total Operating Expenses and Reserves and Third Party Loan and Asset Management Fee.

Gross Income shall mean and include all revenue, income, receipts, and other consideration actually received by the Coalition from operation and leasing of the Project shall include all rental receipts, laundry income, tenant charges, and interest, but shall specifically exclude tenants' security deposits, interest on security deposits, loan proceeds, capital contributions, or similar advances, amounts released from reserves or interest on reserves, condemnation proceeds, or insurance proceeds (other than the proceeds from any business interruption insurance) all rental receipts, laundry income, tenant charges, and interest.

Total Operating Expenses and Reserves shall include all taxes and assessments, insurance, license, utilities, building maintenance and repairs, landscaping, management fees, on site manager, payroll, cleaning supplies, all benefits and legal and accounting fees. At no time should Total Operating Expenses and Reserves exceed eighty percent (80%) of the total Gross Income, unless previously agreed upon by the City. Such agreement shall not be unreasonably withheld.

Asset Management Fee is an annual fee to pay for all management and oversight of the project, including any and all regulatory filings and surveys required of the Coalition by the City in accordance to the Project's funding sources. Said fee shall be \$4,000 per year.

The uses of each annual Net Cash Flow shall be as follows:

1. 50% to the Coalition
2. 50% to be used to make payments on the Home Investment Partnership Program Loan

Payments shall be applied to the loans in the order that the loan is listed above until such loan and all loans are paid in full. Coalition shall submit on a

monthly basis a statement showing Net Cash Flow and the ability to make the next month's payment from the Net Cash Flow. Such statement shall be sent to the City's Housing Division at the address listed in Section 4.01 hereof.

ARTICLE II. OPERATION OF THE PROJECT

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

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

SECTION 2.03 HOME Requirements. Coalition shall comply with all applicable laws and regulations governing the use of the HOME Program funds including, but not limited to, the terms and conditions of the Standard Agreement, all applicable regulations contained in 24 CFR Part 92, and applicable requirements and conditions referenced on Exhibit C – "Special Requirements of the HOME Investment Partnership Program" attached hereto and incorporated herein by reference.

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

SECTION 2.04. Occupancy and Rent Requirements.

A. Occupancy Requirement. During the term of this HOME Loan Agreement, Coalition agrees to rent the property only to tenants whose income meet the requirements contained in 24 CFR Section 92.252(j). Coalition shall

include this provision as a deed restriction in any assignment or transfer of this HOME Loan Agreement.

B. Rent Requirement. Initial rent shall be established in accordance with 24 CFR 92.252 and any increases shall not exceed the permitted rent under 24 CFR 92.252.

C. Records Relating to Occupancy and Rental Requirements. Coalition shall maintain all documents used in determining the qualifications of occupants, complete records of rent and other charges billed to and received from all occupants, and such other documents and reports as are necessary to enable the City, as recipient of HOME Program funds, to meet the recording requirements of 24 CFR Part 92, sub part K 92.508. The records and documents described in the preceding sentence shall be maintained for the periods and in the manner set forth in Section 2.06 below. The City shall have the right to review and audit such documents and records for compliance with requirements of this Section.

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

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

SECTION 2.06. Records and Audits.

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

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

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

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

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

SECTION 2.07. Insurance. Coalition shall maintain, throughout the term of this HOME Loan Agreement, insurance from companies admitted in California, and approved by the City, in amounts as follows:

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

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

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

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

ARTICLE III. DEFAULT, ENFORCEMENT, AND REMEDIES

SECTION 3.01. Default. Failure by either party to timely perform any material term or provision of this HOME Loan Agreement (including, without

limitation, failure by Coalition to comply with the occupancy and rent requirements of Section 2.04 above), shall be considered a Default by that party under this HOME Loan Agreement. The nondefaulting party shall serve written notice of a Default upon the defaulting party. If such Default is not cured by the defaulting party within thirty (30) calendar days after service of the notice of default, the defaulting party shall be liable to the other party for any damages caused by such Default; provided, however, that if the cure cannot be effectuated within such thirty (30) day period, the defaulting party shall have a reasonable additional time period to effectuate such cure so long as it commences such cure within the initial 30 day period, but in no event shall such cure period exceed ninety (90) calendar days after service of the notice of default; and provided, however, the nondefaulting party may, at its sole and complete discretion, waive any damage from the defaulting party by written notice to the defaulting party.

Section 3.02. Default by Coalition. In the event Coalition is in default that remains uncured beyond any applicable notice and cure period, City may proceed with any and all remedies available under rules of law or equity including, without limitation, specific performance. Additionally, in the event of such default that remains uncured beyond any applicable notice and cure period, the Coalition shall repay to City all loan funds under this HOME Loan Agreement received by Coalition with interest at the rate of seven percent (7%) per annum.

Section 3.03 Non-Waiver of Default. Failure or delay in giving notice of any Default shall not constitute a waiver of any Default, nor shall it change the time of such Default. Any failure or delay by either party in asserting its rights or remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

Section 3.04 Suspension and Termination. In the event a Default is declared that is not immediately cured, City shall have the right, but not the obligation, to suspend this HOME Loan Agreement and to terminate this HOME Loan Agreement for any uncured Default or a material breach of any provision or requirement hereof pursuant to 24 CFR 85.43.

ARTICLE IV. GENERAL PROVISIONS

SECTION 4.01 Notices. Any notice, tender, or delivery to be given hereunder by either party to the other may be effected in writing either by personal

delivery or sent by first class mail through the United States Postal Service, addressed as set forth below. Either party may change its address by written notice in accordance with this section.

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

TO COALITION: Central Valley Coalition for Affordable Housing
Attention: Christina Alley
3351 "M" Street, Suite 100
Merced, CA 95348

WITH A COPY TO: City Attorney's Office
City of Merced
678 West 18th Street
Merced, CA 95340

SECTION 4.02 Assignment. Coalition acknowledges and agrees that the Loan is being provided in consideration of its special expertise, skill, and ability of Coalition to operate and maintain the Property in a manner that will achieve the City's objective to provide quality affordable housing for lower income households. Consequently, Coalition shall not permit any voluntary transfer, assignment, or encumbrance of this HOME Loan Agreement without first obtaining the City's written consent, which shall not be unreasonably withheld. City recognizes that the nature of this Project will require many different types of financing. Such financing will entail the need for the Coalition to form or join one or more partnerships in order for this Project to be realized. Consequently, City agrees that this HOME Loan Agreement and HOME Note may be assigned to one or more partnerships so long as the Coalition remains its managing member. Any other assignment will require a more detailed review by the City. All such assignment(s) or transfer(s) shall include security for this loan and covenants running with the land to ensure the affordability restrictions contained in this HOME Loan Agreement continue as well as compliance with the requirements of HUD.

SECTION 4.03 Non-Discrimination. In addition to observing any other HOME requirements relating to non-discrimination, such as 24 CFR 92.350, Coalition shall assure, in connection with the performance of this HOME Loan

Agreement, that no person shall be subject to discrimination because of race, religion, ethnic background, sex, sexual preference, or disability.

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

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

Coalition agrees to defend with counsel selected by the City, protect, indemnify, and hold harmless the City, its officers, employees, representative, and agents, on account of any act, error, or omission of Coalition in the performance of this HOME Loan Agreement.

Coalition agrees to indemnify, protect, to assume the defense of with counsel selected by the City, and to hold harmless the City, its officers, employees, and agents from every claim, loss, damage, injury, expense, including attorney's fees, judgment, and direct or vicarious liability of every kind, nature, and description arising in whole or in part from the performance of this HOME Loan Agreement, except to the extent such claim, loss, damage, injury, or expense results from City's gross negligence or intentional misconduct.

SECTION 4.06 Reserved.

SECTION 4.07 Term. The term of this HOME Loan Agreement shall commence upon the date of this HOME Loan Agreement and shall continue for forty (40) years from the Conversion Date unless earlier terminated by the parties hereto. Upon termination or expiration of hereof, Coalition shall transfer any HOME funds on hand and any accounts receivables attributable to the use of HOME funds to the City.

SECTION 4.08 Entire Agreement. This HOME Loan Agreement constitutes the entire agreement between the City and Coalition with respect to the subject matter hereof.

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

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

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

Exhibit A: Grant Deed of Property

Exhibit B: Project Description and Budget

Exhibit C: Special Requirements of HOME Investment Partnership Program

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

SECTION 4.13. Other Program Requirements. Coalition is required by this HOME Loan Agreement to carry out each activity in compliance with all federal laws and regulations described in Subpart H of 24 CFR 92, except that Coalition does not assume the City's responsibility for environmental review in Section 92.352 or the intergovernmental review process in Section 92.357. Neither City nor Coalition may have an officer or employee occupy the Property in violation of 24 CFR 356(f) as required by 24 CFR 504(c)(v)(E). The Property shall, after construction and for the term of this HOME Loan Agreement, meet the property standards set forth in 24 CFR 92.251.

SECTION 4.14 Affirmative Marketing. Coalition must comply with the City's affirmative marketing procedures and requirements adopted in accordance with 24 CFR Section 92.351.

SECTION 4.15 Counterparts. This HOME Loan Agreement may be executed in multiple counterparts, each of which so full executed counterpart shall be deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other party to this HOME Loan Agreement is in the physical possession of the party seeking enforcement thereof.

SECTION 4.16 Authority to Execute. Each party hereto expressly warrants and represents that he/she/they has/have the authority to execute this HOME Loan Agreement on behalf of his/her/their corporation, partnership, business entity, or governmental entity and warrants and represents that he/she/they has/have the authority to bind he/her/their entity to the performance of its obligations hereunder.

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

CITY OF MERCED
A California Charter Municipal
Corporation

BY: John M. Bramble
City Manager
JOHN M. BRAMBLE

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY: [Signature]
Assistant/Deputy City Clerk

APPROVED AS TO FORM:
RANDOLPH S. HOM, CITY ATTORNEY

BY: Kelly Fincher 9/11/15
City Attorney Date



215130 PO#: 120227
ACCOUNT DATA:

v-6283
BY: [Signature]
Verified by Finance Officer

Funds Available - was 9/22/15

033-1349-552-29-00

\$224,700.00 ✓

MR#2150 9/22/15

CENTRAL VALLEY COALITION
FOR AFFORDABLE HOUSING, a
California nonprofit public benefit
corporation

By: [Signature]
Christina Alley,
Chief Executive Officer

ADDRESS: 3351 "M" Street,
Suite 100
Merced, CA 95348

TELEPHONE: (209) 388-0782

FAX: (209) 385-3770

E-MAIL: Chris@centralvalleycoalition.com

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

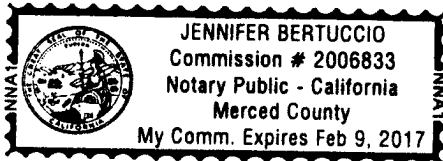
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
 } ss
County of Merced }

On September 14, 2015, before me, Jennifer Bertuccio, Notary Public, personally appeared Christina Alley, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity(~~ies~~), and that by ~~his~~/her/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.




Notary Public

My Commission Expires:
February 9, 2017

ACKNOWLEDGMENT

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

State of California)
) ss.
County of Merced)

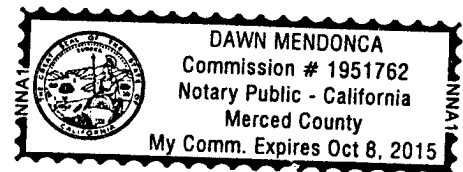
On September 23, 2015, before me, Dawn Mendonca,
a Notary Public, Personally appeared John M. Bramble

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

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

WITNESS my hand and official seal.

Signature Dawn Mendonca
Notary Public



(seal)

RECORDING REQUESTED BY:

TransCounty Title Company

Escrow No. 63640-DLR

Title Order No. 00063640

When Recorded Mail Document

and Tax Statement To:

Central Valley Coalition for Affordable
Housing

3339 M Street

Merced, CA 95340

26848

RECORDED BY

TRANSCOUNTY TITLE

JUN 27 2001 AT 8:00 am

VOL 4211 PAGE 630

OFF'L RECORDS OF
MERCED COUNTY
CALIFORNIA

JAMES L. BALL

Recorder

5

2

7.2d

APN: 031-082-015

GRANT DEED

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned grantor(s) declare(s)

Documentary transfer tax is \$148.50

[X] computed on full value of property conveyed, or

[] computed on full value less value of liens or encumbrances remaining at time of sale,

[] Unincorporated Area City of Merced

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Affordable Housing Development Corporation, a California Corporation

hereby GRANT(S) to Central Valley Coalition for Affordable Housing, a California nonprofit corporation

the following described real property in the County of Merced, State of California:

Lot 9, in Block 149, as shown on map entitled, "Supplemental Map to the Town of Merced", filed March 4, 1889 in the office of the County Recorder of Merced County in Volume 2 of Official Plats, at Page 12.

DATED: June 12, 2001

STATE OF CALIFORNIA

COUNTY OF Fresno

ON June 12, 2001 before me,
Amber Souza personally appeared
Amber Souza

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

Witness my hand and official seal

Signature Amber Souza

Affordable Housing Development Corporation, a
California Corporation

By: Amber Souza - Sec

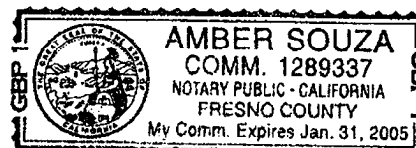


EXHIBIT A

MAIL TAX STATEMENTS AS DIRECTED ABOVE



March 19, 2015

Mr. Mark Hamilton
City of Merced Housing
678 W. 18th Street
Merced, CA 95340

RE: CDBG/HOME Funds Request
1820 I Street, Merced
Vacant lot

Dear Mr. Hamilton,

Central Valley Coalition for Affordable Housing (CVCAH), a California nonprofit public benefit corporation as well as a CHDO would like to Thank You for this opportunity to submit our proposal for CDBG/HOME assistance with the affordable housing development of a 1,400 square foot 4 bedroom/ 2 bath home on a vacant lot and welcome the opportunity to work with you on this.

Central Valley Coalition for Affordable Housing would kindly like to request \$224,700.00 in CDBG/HOME funds to assist in the development a single family on a vacant lot and requires some off site infrastructure to be completed. Our development consist of a single family home that was once to be a part of a development that will not being move forward due to the claps of the RDA and CVCAH has been carrying carry cost to this point.

Please find attached our application with all material requested in your request for proposal.

If you have any questions, please do not hesitate to contact me at (209) 388-0782 ext. #302.

Sincerely,

A handwritten signature in dark ink, appearing to read "Christina Alley". The signature is fluid and cursive, with the first name "Christina" being more prominent than the last name "Alley".

Christina Alley
Chief Executive Officer

Attachments

EXHIBIT B

3351 "M" Street Suite 100 Merced California 95348
(209) 388-0782 Office • (209) 385-3770 Fax • TTY: 1-800-735-2929



PROJECT DESCRIPTION

PROJECT DESCRIPTION

Central Valley Coalition for Affordable Housing, a California nonprofit public benefit corporation which is also a Community Housing Development Organization (CHDO) for the City of Merced for the last 25 years would like to present to you 1820 I Street, Merced for consideration of HOME and/or CDBG funds.

1820 I Street, is located on the alley way of I Street, APN 031-082-015 Merced, California and is currently vacant land. Previously the site was a blighted condemned house that has since been demo for the development of a new 4 bedroom/ 2 bath single family affordable home approximately 1,400 square feet which will give preference to previously homeless vets. The house will be rented to family income and rent not exceeding 50% of AMI. All applicants will submit applications with third party proof of income to insure that all residents are income qualified and annually each year the resident will go through the recertification process to insure compliance with all funding sources.

The project's site has utilities are natural gas, electricity, water and sewer and storm drain which currently serve the site and are located either on-site or within the public right of way of 50 feet of the property line.

Central Valley Coalition for Affordable Housing currently owns the parcel that this house will be built on and is ready to begin construction once funds are awarded.

Unit Amenities:

- * Large Units
- * Carpeted living areas
- * Tile or vinyl floor in Entries, Kitchen and Baths
- * Window Coverings
- * Individual Thermostatic Temperature controlled heating & Air Conditioning
- * Cable and Internet connections
- * Spacious kitchen area offerings
 - Refrigerators
 - Built-in dishwashers
 - Built-in range with hood
 - Double sink with garbage disposal
 - Plenty of Cabinet space

The anticipated construction period is less than 6 months and will immediately be occupied.

1820 I Street project has been approved by the City of Merced and meets all the General Plan guidelines and zoning requirements and conforms to the adjacent land uses and creates no negative impact on the surrounding neighborhood. The project has had neighborhood meets and has no objects to this development.

SOURCES AND USES

SOURCES AND USES
1820 I Street - vacant lot
Merced, CA 95340

	USES	SOURCE - CDBG/HOME
Insurance - including course of const.	\$ 2,500.00	\$ 2,500.00
Legal - city docs & contract	\$ 5,000.00	\$ 5,000.00
Architectural - engineering	\$ 25,000.00	\$ 25,000.00
permits & fees	\$ 35,000.00	\$ 35,000.00
Construction - 1,400 sq ft home/off-sites	\$ 150,000.00	\$ 150,000.00
Appliances - refr., stove & dishwasher	\$ 2,200.00	\$ 2,200.00
Environmental - soils report	\$ 5,000.00	\$ 5,000.00
TOTAL	\$ 224,700.00	\$ 224,700.00

DEVELOPMENT BUDGET
1820 I Street - vacant lot
Merced, CA 95340

Insurance - including course of const.	\$ 2,500.00
Legal - city docs & contract	\$ 5,000.00
Architectural - engineering	\$ 25,000.00
permits & fees	\$ 35,000.00
Construction - 1,400 sq ft home/off-sites	\$ 150,000.00
Appliances - refr., stove & dishwasher	\$ 2,200.00
Environmental - soils report	\$ 5,000.00
TOTAL	\$ 224,700.00

NATIONAL OBJECTIVE COMPLIANCE

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18th & I Street, will meet the “Direct” Benefit for Housing Projects objective. This single family home will benefit low and moderate income persons, with income & rent range in the 50% - 60% area medium income for Merced County and by providing them with safe, decent and sanitary housing. The site will be regulated by Recorded Regulatory Agreements which will be audited on an on-going bases to insure that it complies with the income and rent restrictions of these agreements. The development will comply with HUD Housing Quality Standards and be inspected annually to insure it complies at all times.

Each family that moves in will have to fill out an application and certify to its family size and their income. Once this information is obtained there will be third party verifications sent out to confirm all income information provided is accurate and meets the HOME/CDBG guidelines to insure compliance with the program. Information such as employment, SSI, social security, bank statements, public assistance, etc. will be verified and maintained in each resident file for audit compliance review. Each year on the families anniversary date of occupancy they will go through the same process which will now be called the “recertification process” which again will be kept in their files for audit purposes. When HUD/HCD publishes their new income and rent limits the site will download this information to use for the recertification process to maintain compliance with the recorded regulatory agreements.

Central Valley Coalition for Affordable Housing would be happy to provide you with those third party verification if you would like but did not attached as the forms are often updated and therefore may not be the exact form used at the time of award.

COMPETITIVE QUESTIONS

COMPETITIVE QUESTIONS

1820 I Street, need was determined by the fact that Central Valley Coalition for Affordable Housing has several affordable housing developments in the City of Merced and those developments have long waitlist for occupancy. The Housing Authority of the County of Merced also services families within this income brackets and show demand for units in this income range. Lastly, a market study was completed and the need for affordable units were outlined. The market study showed that a much great need in the City of Merced for affordable units.

This project in 2001 had the support of the City of Merced and the Redevelopment Agency of the City of Merced of the demolish and new construction of a single family home, which was at one time to be a part of a larger development which will no longer being moving for with the RDA no longer around.

1820 I Street, has all entitlements in place and the concept has already been accepted by the neighborhood as well as the City of Merced. Not only will this single family home clean up a vacant lot but will do some off-site improvements which will add to the neighborhood.

1820 I Street, will impact the neighborhood in a positive way as it will clean up a blighted area of 18th Stree and provide safe and decent affordable housing which is greatly needed. The development will be designed to conform to the neighborhood so that it will easily blend in and will improve the road, city sidewalk, curb and gutter and alleyway which is in need of improvements.

SUMMARY

If 1820 I Street, doesn't receive HOME/CDBG funds the project will be unable to move forward as it needs the City soft dollars to make it economically feasible to rent to low income families and with the regulatory agreement recorded against it. It will be hard to get conventional financing due to the previous structure with the RDA on the site.

EXHIBIT C

Special Requirements of HOME Investment Partnership Program

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

**CITY OF MERCED
HOME NOTE**

(1820 I Street Apartment Project—HOME Loan)

\$224,700

Merced, California

SEPTEMBER 21, 2015

FOR VALUE RECEIVED, the Central Valley Coalition for Affordable Housing, a California non-profit public benefit corporation, (“Borrower”), promises to pay to the City of Merced, a California Charter Law Municipal Corporation (the “City”), or order, the principal sum of Two Hundred Twenty-Four Thousand Seven Hundred Dollars (\$224,700.00), or so much thereof as may be advanced by the City to or on behalf of the Borrower pursuant to a HOME Loan Agreement dated SEPTEMBER 21, 2015 (the “HOME Loan Agreement”), by and between the Borrower and the City, together with interest thereon as specified herein (the “HOME Loan”). The obligation of the Borrower in respect of all such advances is subject to the terms of this HOME Note, and the Loan Agreement, which together with all other loan related documents and instruments required by the City are collectively referred to as the “HOME Loan Documents.”

1. Borrower’s Obligation. This promissory note (the “HOME Note”) evidences the Borrower’s obligation to pay the City the principal amount of Two Hundred Twenty-Four Seven Hundred Dollars (\$224,700.00) for the funds advanced to the Borrower by City to finance the development of the Property (the “Development”) for the purposes and pursuant to the terms set forth in the HOME Loan Documents. Borrower shall submit monthly draw requests as provided up to a cumulative total of \$224,700.00 in accordance with the Loan Agreement.

2. Interest. The outstanding principal balance of this HOME Note shall bear simple interest at the rate of zero percent (0%) from the date of initial advance by the City until completion of construction of the Development, as evidenced by the issuance of the certificate of occupancy for the Development (the “Conversion Date”), and thereafter, shall bear simple interest at the rate of three percent (3%) per annum until repaid; provided, however, if a Default occurs, interest on the principal balance shall begin to accrue, as of the date of Default (following expiration of applicable notice and cure periods), and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the

lesser of seven percent (7%), compounded annually, or the highest rate permitted by law.

3. Term and Repayment Requirements. The term of this HOME Note (the "Term"), shall commence with the date of this HOME Note and shall expire on the date that is forty (40) years following the Conversion Date as defined in the HOME Loan Agreement. This HOME Note shall be due and payable as set forth in the HOME Loan Agreement. Payments shall be paid annually in arrears, no later than June 1 of each year with respect to the previous calendar year, with payments deferred until the Net Cash Flow (as defined in the HOME Loan Agreement) of the Project provide that payments should begin and in the priority as described in the HOME Loan Agreement.

Borrower shall have the right to prepay this HOME Note in whole or in part without penalty.

Unless otherwise specified hereinabove, each payment shall be credited first on interest (if any) then due and the remainder on principal; and interest shall thereupon cease upon the principal so credited.

4. No Assumption. This CHDO HOME Note shall not be assumable by the successors and assigns of Borrower without the prior written consent of the City, or as set forth in the CHDO Loan Agreement.

5. Security. This HOME Note is secured by the HOME Deed of Trust, wherein the Borrower is the Trustor and the City is the Beneficiary, covering the Property.

6. Terms of Payment.

(a) All payments due under this HOME Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this HOME Note shall be paid to City at the office of the City, 678 West 18th Street, Merced, CA 95340, Attn.: Housing Division & City Clerk, or to such other place as the City may from time to time designate in writing.

(c) All payments on this HOME Note shall be without expense to the City, and the Borrower agrees to pay all costs and expenses, including reconveyance fees and reasonable attorney's fees of the City, incurred in connection with the payment of this HOME Note and the release of any security hereof.

(d) Notwithstanding any other provision of this HOME Note, or any instrument securing the obligations of the Borrower under this HOME Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this HOME Note would result in the payment of interest which would exceed the amount that the City may legally charge under the laws of the State of California, then the amount by which payments exceeds the lawful interest rate shall automatically be deducted from the principal balance owing on this HOME Note, so that in no event shall the Borrower be obligated under the terms of this HOME Note to pay any interest which would exceed the lawful rate.

(e) This HOME Note shall be nonrecourse to Borrower and its partners.

7. Default.

(a) Any of the following shall constitute an Event of Default under this HOME Note:

(i) Any failure to pay, in full, any regularly scheduled payment required under this HOME Note when due following written notice by City of such failure and ten (10) days opportunity to cure;

(ii) Any failure in the performance by the Borrower of any terms, condition, provision, or covenant set forth in this HOME Note subject to the notice and cure period set forth in the HOME Loan Agreement; and,

(iii) The occurrence of any Event of Default under the HOME Loan Agreement or other instrument securing the obligations of the Borrower under this HOME HOME Note or under any other promissory notes hereafter issued by the Borrower to the City pursuant to the HOME Loan Agreement, subject to notice and cure period, if any, set forth therein.

Notwithstanding anything to the contrary contained herein, City hereby agrees that any cure of any default made or tendered by one or more of Borrower's limited partners shall be deemed to be a cure by Borrower and shall be accepted or

rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to Central Valley Coalition for Affordable Housing, 3351 "M" Street, Suite #100, Merced, California 95348, Attention: Christina Alley.

(b) Upon the occurrence of such an Event of Default, the entire unpaid principal balance, together with all interest thereon, if any, and together with all other sums then payable under this HOME Note and HOME Loan Agreement shall, at the option of the City, become due and payable in full, without further demand.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the City of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the City, except as and to the extent otherwise provided by law.

8. Waivers.

(a) The Borrower hereby waives diligence, presentment, protest, and demand and notice of protest, notice of demand, and notice of dishonor of this CHDO HOME Note. The Borrower expressly agrees that this HOME Note or any payment hereunder may be extended from time to time and that the City may accept further security or release any security for this HOME Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this HOME Note or any installment hereof made by agreement by the City with any person now or hereafter liable for payment of this HOME Note shall operate to release, discharge, modify, change, or affect the original liability of the Borrower under this HOME Note, either in whole or in part.

(c) The obligations of the Borrower under this HOME Note shall be absolute and the Borrower waives any and all rights to offset, deduct, or withhold any payments or charges due under this HOME Note for any reason whatsoever.

9. Miscellaneous Provisions.

(a) All notices to the City or the Borrower shall be given in the manner and at the addresses set forth in the HOME Loan Agreement, or to such addresses as the City and the Borrower may hereinafter designate.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the City in the enforcement of the provision of this HOME Note, regardless of whether suit is filed to seek enforcement.

(c) This HOME Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This HOME Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the HOME Loan Documents, contains the entire agreement between the parties as to the HOME Loan. It may not be modified except upon written consent of the parties.

(g) Borrower expressly warrants and represents that he/she has the authority to execute this HOME Note on behalf of his/her corporation, partnership, business entity, or governmental entity and warrants and represents that he/she has the authority to bind his/her entity to the performance of its obligations hereunder.

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

By: Christina Alley
Christina Alley

ADDRESS: 3351 "M" Street,
Suite 100
Merced, CA 95348

TELEPHONE: (209) 388-0782

FAX: (209) 385-3770

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