

RECORDING REQUESTED BY:

City of Merced, A California charter
municipal corporation

WHEN RECORDED MAIL TO:

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

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

(Above for Recorder's Use Only)

DEED RESTRICTION COVENANT AND GRANT AGREEMENT

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

(TwelveThirteen Apartments Project)

THIS DEED RESTRICTION COVENANT AND GRANT AGREEMENT ("Grant Agreement"), dated _____, __, ____, entered into by and between the City of Merced, a California Charter Municipal Corporation, ("City") and TwelveThirteen Homekey LP, a California Limited Partnership (the "Developer"):

A. On October 18, 2021, the City Council of the City of Merced authorized the commitment of One Million Six Hundred Ninety Thousand Four Hundred Sixty Two Dollars (\$1,690,462) in City funds (the "City Grant") to Developer for the acquisition of a hotel known as Studio 6 Merced and its rehabilitation into a permanent supportive housing affordable residential rental project (the "Project") on that certain real property generally located at 1213 "V" Street, Merced, California 95341 (APN 031-271-017-000), and more particularly described in Exhibit A attached hereto and made a part hereof (the "Property" or "Site"). Although the City originally committed HOME and HOME-ARP funds via City Council direction given on October 18, 2021, the City has changed the funding source to Coronavirus Local Fiscal Recovery Funds as established under the American Rescue Plan Act ("ARPA") pursuant to Title 31 of the Code of Federal Regulations ("CFR") Part 35.

B. The City Grant shall be funded from a grant in the amount of One Million Six Hundred Ninety Thousand Four Hundred Sixty Two Dollars (\$1,690,462) from Coronavirus Local Fiscal Recovery Funds as established under ARPA pursuant to 31 CFR Part 35.

C. Pursuant to Standard Agreement No. 21-HK-17177 dated March 28, 2022 by and between the California Department of Housing and Community Development (“HCD”), the City, and Developer (“Homekey Standard Agreement”), the Project was awarded up to Twenty Four Million Twenty Four Thousand Fifty Four Dollars (\$24,024,054.00) in Homekey Program funds (“Homekey Grant”). The Homekey Standard Agreement is provided as Exhibit B.

D. The Project consists of ninety-six (96) rental dwelling units. Of the 96 units, forty-five (45) studio units shall be reserved for persons who are “chronically homeless”, fifty (50) studio units shall be reserved for persons who are “homeless”, and one (1) studio unit shall be reserved as a Manager Unit. The terms “chronically homeless” and “homeless” as used in this Grant Agreement are defined in Part 578.3 of Title 24 of the CFR. The 95 studio units assisted by the City Grant shall be restricted for households with incomes at or below thirty percent (30%) of the Area Median Income (“AMI”) for Merced County, with adjustments for family size, as determined from time to time by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to the United States Housing Act of 1937. Should the Developer have multiple restrictions on unit affordability required by multiple funding sources, the Developer shall adhere to the more restrictive (lower) income limits.

ARTICLE I. GRANT OF CITY FUNDS

SECTION 1.01 City Grant. Subject to the satisfaction of the conditions set forth herein, the City grants to Developer the amount of One Million Six Hundred Ninety Thousand Four Hundred Sixty Two Dollars (\$1,690,462) in ARPA funds for the primary purpose of assisting with the rehabilitation of ninety-six (96) rental dwelling units. Of the 96 units, forty-five (45) studio units shall be reserved for persons who are “chronically homeless”, fifty (50) studio units shall be reserved for persons who are “homeless”, and one (1) studio unit shall be reserved as a Manager Unit. The terms “chronically homeless” and “homeless” as used in this Grant Agreement are defined in Part 578.3 of Title 24 of the CFR. The 95 studio units assisted by the City Grant shall be restricted for households with incomes at or below thirty percent (30%) of the Area Median Income (“AMI”) for Merced County, with adjustments for family size, as determined from time to time by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to the United States Housing Act of 1937. Should the Developer have multiple restrictions on unit affordability required by multiple funding sources, the Developer shall adhere to the more restrictive (lower) income limits.

As a condition of the receipt of said City Grant, Developer agrees to carry out the project as generally described in the Commitment Letter dated January 21, 2022 attached as Exhibit “B”.

Developer may periodically submit claims for disbursement of the City Grant when the funds are needed for reimbursement of eligible costs identified in the Project Budget attached as Exhibit “C”. The amount of each such request shall be limited to the amount reimbursed. The

request shall be accompanied by documentation of expenditures in such form as may be required by the City, including but not limited to submission of copies of documents such as paid invoices, payroll, time sheets, and other supporting source documents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) All applications, financial statements, reports, documents, instruments, information, and forms of evidence delivered to City concerning the City Grant or required by this Grant Agreement or any of the other Grant Documents are accurate, correct and sufficiently complete in all material respects to give City true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

ARTICLE II. OPERATION OF THE PROJECT

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

SECTION 2.02. Development and Operation of Project. Developer shall maintain the Property for rental housing in accordance with this Grant Agreement, and all other applicable legal

requirements. Developer shall at all times maintain in full force and effect all applicable licenses required by the City of Merced, the County of Merced, and/or the State of California to operate and manage the property.

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

SECTION 2.04. Occupancy and Rent Requirements.

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

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

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

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

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

SECTION 2.06. Records and Audits.

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

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

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

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

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

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

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

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

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

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

ARTICLE III. DEFAULT, ENFORCEMENT, AND REMEDIES

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

ARTICLE IV. GENERAL PROVISIONS

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

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

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

TO DEVELOPER: TwelveThirteen Homekey LP
c/o UP TwelveThirteen LLC
6083 N. Figarden Drive #656
Fresno, CA 93722
Attention: Cullen J. Davis

With a Copy to: Bocarsly Emden Cowan Esmain & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Nichole M. Berklas

TO CO-GENERAL PARTNERS:

RHCB TwelveThirteen LLC

c/o WRBH LLC
352 W. Bedford Avenue #110
Fresno, California 93711
Attn: Wayne Rutledge, Manager

Housing on Merit XVII LLX
c/o Housing on Merit
1901 Avenue of the Stars, Suite 395
Los Angeles, CA 90067
Attention: Executive Director

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

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

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

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

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

Developer agrees to indemnify, protect, to assume the defense of with counsel selected by the Indemnitees from every claim, loss, damage, injury, expense, including attorney's fees, judgment, and direct or vicarious liability of every kind, nature, and description arising in whole or in part from the performance of this Grant Agreement, provided that no Indemnitee shall be

entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct.

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

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

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

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

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

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

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

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

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

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

[Signatures on Next Page]

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


CITY OF MERCED
A California Charter
Municipal Corporation

BY: _____
City Manager

ATTEST:
STEPHANIE DIETZ, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY:  3/24/2022
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

“DEVELOPER”

TWELVETHIRTEEN HOMEKEY LP,
A California limited partnership

BY: HOM XXVIII LLC,
a California limited liability company,
Its Managing General Partner

By: Housing on Merit,
a California nonprofit public benefit
corporation,
its Manager

Date: _____

By: _____
Jennifer Litwak
Executive Director

BY: RHC TWELVETHIRTEEN LLC,
a California limited liability company,
Its Co-General Partner

By: RH Community Builders LP,
a California limited partnership,
Its Manager

By: WRBH LLC,
a California limited liability company,
its General Partner

Date: _____

By: _____
Wayne Rutledge
Manager

BY: UP TWELVETHIRTEEN , LLC,
a California limited liability company
Its Co-General Partner

By: UP Holdings California, LLC,
an Illinois limited liability company registered
to do business in the State of California,
its Sole Member

Date: _____

By: _____
Cullen J. Davis
Manager

c/o
Bocarsly Emden Cowan Esmain & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Nichole M. Berklas

Phone: (213) 239-8059

Fax: (213) 239-0410

E-Mail: nberklas@bocarsly.com

ACKNOWLEDGEMENT

State of California

County of Merced

On _____, before me, _____, a Notary Public, personally appeared _____

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

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

WITNESS my hand and official seal.

Signature _____
Notary Public

(seal)

ACKNOWLEDGEMENT

State of California

County of Merced

On _____, _____, before me, _____, a Notary Public, personally appeared _____

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

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

WITNESS my hand and official seal.

Signature _____
Notary Public

(seal)

Exhibit A: Legal Description of Property

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

PARCEL 1:

Parcel 2 as per Parcel Map filed February 29, 1988 in Vol. 60 of Parcel Maps, Pages 44 and 45, Merced County Records.

PARCEL 2:

An Easement for pool equipment and incidental purposes thereto, as conveyed in that certain instrument entitled "Easement Agreement" Recorded March 8, 2000 in Vol. 3979, Page 513, Document Number 7392 Official Records and more particularly described as follows:

Commencing at the corner common to Parcel 1 and Parcel 2 on the Westerly line of "V" Street as shown on the Parcel Map for Ray Douglas, Recorded on February 29, 1988 in Volume 60, Parcel Maps, Page 44, Merced County Records; thence along common line between the parcels N. 65° 20' 00" W. 86.70 feet, said point being the True Point of Beginning for this description; thence N. 24° 40' 00" E. 3.80 feet thence N. 65° 20' 00" W. 15.90 feet; thence S. 24° 40' 00" W. 3.80 feet to the common line between the parcels; thence along said common line S. 65° 20' 00" E. 15.90 feet to the point of beginning.

APN: 031-271-017

Exhibit B: Commitment Letter



January 21, 2022

Jessica Hoff Berzac
UPholdings
6083 N. Figarden Drive #656
Fresno, CA 93722

Wayne Rutledge
RH Community Builders
2250 W Clinton Ave #142
Fresno, CA 93705

RE: TwelveThirteen – Capital Funds

Dear Ms. Berzac and Mr. Rutledge:

On behalf of the City of Merced, I am pleased to offer this letter of commitment for TwelveThirteen in Merced. TwelveThirteen is an acquisition and rehabilitation of an existing motel for the purpose of creating housing opportunities for those that are difficult to house. All units, with the exception of a manager's unit, will serve high-needs individuals who will benefit from the project's on-site wraparound services. This project addresses an enormous need in our community where the need for service-enriched housing far exceeds the available units.

Services at TwelveThirteen will be provided by a team of social services organizations, led by Turning Point Community Programs. Services will be offered on-site to the greatest extent possible, with off-site referrals made to specialists as needed. The services plan is developed in collaboration with the County of Merced Human Services Agency and other local stakeholders.

The City of Merced commits to providing \$1,690,462 million in capital funds to be used for the rehabilitation costs related to the project, contingent upon award of Homekey funds and confirmation that the project meets HOME and HOME ARP subsidy layering and underwriting requirements. The source for these funds will be the City's allocation of HOME and HOME ARP. The funds will be restricted to TwelveThirteen's residential costs.

The City of Merced looks forward to working with UPholdings, RH Community Builders, and other project stakeholders as they bring critical housing to our community. Please feel free to contact our Director of Development Services, Scott McBride at mcbrides@cityofmerced.org with any questions.

Respectfully,

Stephanie R. Dietz
City Manager
City of Merced

APPROVED AS TO FORM:

Date

Deputy City Attorney

678 WEST 18TH STREET, MERCED, CA 95340

Exhibit C: Project Budget

USES		
DESCRIPTION		ORIGINAL BUDGET
1	Acquisition	\$11,109,500.00
2	Construction Contract	\$7,631,479.60
3	Hard Cost Contingency	\$439,364.43
4	Soft Cost Contingency	\$40,000.00
5	Relocation	\$45,000.00
6	Relocation contingency	\$77,500.00
7	Architect Design + Supervision	\$99,000.00
8	Survey	\$5,699.99
9	Landscape & Irrigation Design	\$6,000.00
10	Environmental Studies & Reports	\$28,210.00
11	FF&E	\$300,000.00
12	Supportive Service Plan	\$10,000.00
13	Accounting	\$24,500.00
14	Appraisal	\$7,968.23
15	Labor Compliance	\$16,200.00
16	Title & Recording	\$22,507.49
17	Insurance	\$116,486.82
18	Owner Legal	\$65,000.00
19	MGP Legal	\$12,000.00
20	MGP Compliance Fees	\$47,750.00
21	Plan Check & Permit Processing Fees	\$30,000.00
22	Impact Fees	\$2,100.00
23	RE Taxes (Construction)	\$65,503.34
24	Marketing & Leaseup	\$15,515.00
25	Homekey - Operating Subsidy	\$3,411,092.00
26	Homekey - Occupancy Bonus	\$950,000.00
27	Operating Reserve	\$202,872.10
28	Developer Organizational Fees & Reimbursibles	\$10,000.00
29	Utilities	\$13,467.00
30	Developer Overhead Profit	\$1,410,000.00
Total Development Budget		\$26,214,716.00

SOURCE		NET AMOUNT NOT TO EXCEED
1	Homekey - Capital	\$19,662,962.00
2	Homekey - Operating Subsidy	\$3,411,092.00
3	Homekey - Occupancy Bonus	\$950,000.00
4	ARPA	\$1,690,462.00
5	Developer Contribution	\$400,000.00
6	Central Valley Community Foundation	\$100,000.00
7	Managing GP Contribution	\$100.00
8	GP Contribution	\$45.00
9	GP Contribution	\$45.00
10	LP Contribution	\$10.00
PERMANENT SOURCES SUBTOTAL		\$26,214,716.00

SURPLUS/DEFICIT	\$0.00
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