

# Attachment 6

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COUNTY GRANT AGREEMENT  
Permanent Local Housing Allocation (PLHA) Funds – Activity 6  
Assisting Persons Who Experiencing or At-Risk of Homelessness  
(Sun Rose Housing)

This County Grant Agreement (the "Agreement") is entered into as of \_\_\_\_\_ (the "Effective Date"), by and between the County of Monterey, a political subdivision of the State of California (the "County"), and Sun Rose Housing LLC, a California limited liability company (the "Grantee"), with reference to the following facts:

A. Grantee has acquired certain real property located at 439 Soledad Street in the City of Salinas, County of Monterey, State of California, as more particularly described in Exhibit A (the "Property"). Grantee intends to demolish existing improvements on the Property and construct on the Property a multi-family rental development consisting of seventeen (17) units, plus one (1) manager's unit, of permanent and transitional housing for families or individuals, (the "Development"). Eight (8) of the units will be for transitional housing (the "Transitional Units"). Nine (9) of the units will be for permanent housing (the "Permanent Units").

B. The County has allocated Four Hundred Thousand Two Hundred Thirteen Dollars (\$400,213) of Permanent Local Housing Allocation ("PLHA") Grant Activity 6 funds for the construction and permanent funding of the Development. The County will grant these funds (the "PLHA Capital Funds") to the Grantee, which intends to use them to assist in the construction and permanent financing of the Development.

C. The County wishes to grant to Grantee the PLHA Capital Funds to assist in the construction and permanent financing of the Development (the "Grant"). The Grant will be evidenced by this Agreement.

D. The Grant is being made to finance construction and development costs associated with the Development to help achieve financial feasibility for the Development and to increase the supply of affordable transitional housing in Monterey County. Due to the assistance provided Grantee pursuant to this Agreement, the County has classified the Units as PLHA-assisted units.

E. The California Environmental Quality Act (Pub. Resources Code § 21000 et seq.) ("CEQA") imposes no conditions on the County's consideration and approval of this Agreement because the project meets the infill housing exemption set forth in section 15332 of the CEQA Guidelines.

F. In accordance with the National Environmental Policy Act of 1969, as amended (42 U.S.C. §§ 4321-4347) ("NEPA"), the City of Salinas has completed an environmental assessment, which the County will utilize to complete and approve all applicable environmental review for the activities proposed to be undertaken under this Agreement. HUD issued the Authority to Use Grant Funds on November 28, 2020, completing the County NEPA review process.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1.  
DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

(a) "Agreement" shall mean this County Grant Agreement.

(b) "Approved Development Budget" shall mean the proforma development budget, including sources and uses of funds, as approved by the County, and attached hereto and incorporated herein as Exhibit B.

(c) "Approved Financing" shall mean all of the following sources of financing acquired by the Grantee and approved by the County for the purpose of financing the construction of the Development or subsidizing the operations of the Development, in addition to, and/or including, the Grant:

(1) Loan from Interim, Inc. for the construction of the Development in an amount not to exceed One Million Two Hundred Eighty-four Thousand Dollars (\$1,284,000) (the Sponsor Gap Loan");

(2) Permanent Loan from California Department of Housing and Community Development ("HCD") from the No Place Like Home ("NPLH") Program in the approximate amount of One Million Two Hundred Eighty-four Thousand Dollars (\$1,284,000);

(3) Grant from HCD from the NPLH Program to the Grantee for a Capitalized Operating Subsidy Reserve in the approximate amount of One Million Six Hundred Seventy-Four Thousand and Fifty-four Dollars (\$1,674,054);

(4) Grant from the City to the Grantee of CDBG funds in the approximate amount of \$500,000 for the construction and permanent financing of the Transitional Units;

(5) Grant from the Monterey/San Benito Counties Coalition of Homeless Services Providers of Homeless Housing, Assistance and Prevention ("HHAP") program funds to the Grantee in the approximate total amount of Four Hundred Thousand Dollars (\$400,000), comprised of \$237,635 for a Capitalized Operating Subsidy Reserve, and \$162,365 for capital improvements or construction;

(6) County Grant Agreement Whole Person Care – Permanent Housing by and between the County and Grantee dated as of May 1, 2021 (the "County Permanent WPC Grant Agreement"), granting \$1,738,296 (the "County Permanent WPC Grant") to be used for the construction and permanent financing of the Permanent Units;

(7) County Grant Agreement Whole Person Care – Transitional Housing by and between the County and Grantee dated as of May 1, 2021 (the "County Transitional WPC");

Grant Agreement"), granting \$669,491 (the "County Transitional WPC Grant") to be used for the construction and permanent financing of the Transitional Units;

(8) County Grant Agreement Inclusionary Housing Funds - Capital by and between the County and Grantee dated as of April 19, 2021 (the "County IH Grant Agreement"), granting \$550,000 (the "County IH Grant") to be used for the construction and permanent funding of, and for a capitalized operating subsidy reserve to assist in the operation of, the Transitional Units;

(9) County Grant Agreement Community Development Block Grant Funds by and between the County and Borrower dated as of April 19, 2021 (the "County CDBG Grant Agreement"), granting Grantee \$1,066,771 (the "County CDBG Grant") to be used for the construction and permanent financing of the Transitional Units; and

(10) Such other financing as is approved in writing by the County.

(d) "Grantee" shall have the meaning set forth in the first paragraph of this Agreement.

(e) "CDBG" shall mean the Community Development Block Grant program pursuant to Title I of the Housing and Community Development Act of 1974, as amended.

(f) "City" shall mean the City of Salinas, a municipal corporation.

(g) "County" shall mean the County of Monterey, a political subdivision of the State of California.

(h) "County Assisted Units" shall mean the seventeen (17) units to be regulated by the County pursuant to the Regulatory Agreement.

(i) "Default" shall have the meaning set forth in Section 6.1 below.

(j) "Default Rate" shall have the same meaning as defined in Section 2.2(b).

(k) "Development" shall mean the Property and the seventeen (17) units, plus one (1) manager's unit, and attendant site improvements.

(l) "Hazardous Materials" shall have the meaning set forth in Section 4.17 below.

(m) "Hazardous Materials Claim" shall have the meaning set forth in Section 4.17 below.

(n) "Hazardous Materials Law" shall have the meaning set forth in Section 4.17 below.

(o) "HUD" shall mean the United States Department of Housing and Urban Development.

(p) "Grant" shall mean the County grant to Grantee of the PLHA Capital Funds in the amount of Four Hundred Thousand Two Hundred Thirteen Dollars (\$400,213).

(q) "Grant Documents" shall mean this Agreement and the Regulatory Agreement.

(r) "Parties" shall mean the County and the Grantee.

(s) "Property" shall have the same meaning as described in Recital B.

(t) "Permanent Supportive Housing" shall mean housing, the purpose of which to provide formally homeless individuals and families with permanent housing and supportive services necessary to keep them independently housed.

(u) "Permanent Supportive Units" shall mean the nine (9) units in the Development which are to be utilized as Permanent Supportive Housing.

(v) "Regulatory Agreement" shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants between the County and the Grantee associated with the County Permanent WPC Grant Agreement, County Transitional WPC Grant Agreement, County IH Grant Agreement, County CDBG Grant Agreement, dated as of May 1, 2021, and recorded May 17, 2021, in the records of Monterey County as Instrument No. 2021035195.

(w) "Term" shall mean the term of the Grant commencing on the date of this Agreement and continuing for fifty-five (55) years.

(x) "Transfer" shall have the meaning set forth in Section 4.16 below.

(y) "Transitional Housing" shall mean housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within twenty-four (24) months from the beginning of tenancy.

(z) "Transitional Units" shall mean the eight (8) units in the Development which are to be utilized as Transitional Housing.

(aa) "Unit" shall mean one (1) of the eighteen (18) apartment units to be constructed on the Property.

## Section 1.2 Exhibits.

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit A: Legal Description of the Property
- Exhibit B: Approved Development Budget
- Exhibit C: Project Timeline
- Exhibit D: Regulatory Agreement and Declaration of Restrictive Covenants

## ARTICLE 2. GRANT PROVISIONS

Section 2.1 Grant.

The County shall grant to the Grantee the Grant for the purposes set forth in Section 2.4 of this Agreement.

Section 2.2 Interest.

(a) Subject to the provisions of Section 2.2(b) below, the outstanding principal balance of the Grant shall accrue simple interest at the rate of three percent (3%) per annum, commencing on the date of disbursement. If the Grantee operates the Development in compliance with the restrictions described in this Agreement, including the occupancy restrictions of both the Transitional Units and the Permanent Units, the Grant, including all accrued interest thereon, shall be forgiven upon the expiration of the Term.

(b) In the event of a Default, interest on the Grant shall begin to accrue, as of the date of Default and continuing until such time as the Grant funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%) per annum or the highest rate permitted by law (the "Default Rate").

Section 2.3 Source of Grant Funds.

The County will fund the Grant from PLHA funds.

Section 2.4 Use of Grant Funds.

(a) Proceeds of the Grant may be used only for qualifying construction costs of the Development for the items set forth in the Approved Development Budget attached as Exhibit B to this Agreement and for permanent financing unless the County approves in writing a different use. The Approved Development Budget may be amended by the Grantee, as reasonably necessary to achieve the goals of the Development, without consent or approval by the County. Grantee shall provide notice to the County of changes in the development budget when cumulative change reaches an amount of One Hundred Thousand and 00/100 Dollars (\$100,000).

(b) The Grantee shall not use the Grant for any other purposes without the prior written consent of the County.

Section 2.5 Restrictions.

Grantee has caused the Regulatory Agreement and Declaration of Restrictive Covenants to be recorded against the Property as Document Number 2021035195 on May 17, 2021.

Section 2.6 Subordination.

The Regulatory Agreement may be subordinated to other Approved Financing (in each case, "Senior Funding"), but only conditioned on all the following conditions being satisfied:

(a) All proceeds of the proposed Senior Funding, less any transaction costs, must be used to provide acquisition, construction and/or permanent financing (including operating reserves) for the Development.

(b) The proposed lender or funder (each, a "Senior Funder") must be a state or federally chartered financial institution, a nonprofit corporation, or a public entity that is not affiliated with Grantee or any of Grantee's affiliates, other than as a depositor or a lender.

(c) If the proposed Senior Funder is a public entity, such public entity lender or funder must impose a regulatory agreement with long-term affordable housing restrictions compatible with those imposed on the Development, pursuant to the Regulatory Agreement.

(d) Grantee must demonstrate to the County's reasonable satisfaction that subordination of the Regulatory Agreement is necessary to secure adequate acquisition, construction and/or permanent financing to ensure the viability of the Development, including the operation of the Development as affordable housing, as required by the Grant Documents. To satisfy this requirement, Grantee must provide to the County, in addition to any other information reasonably required by the County, evidence demonstrating that the proposed amount of the Senior Funding is necessary to provide adequate acquisition, construction and/or permanent financing to ensure the viability of the Development, and adequate financing for the Development would not be available without the proposed subordination.

(e) The subordination agreement(s) must be structured to minimize the risk that the Regulatory Agreement would be extinguished as a result of a foreclosure by the Senior Funder or other holder of the Senior Funding. Consequently, the subordination agreement must provide the County with adequate rights to cure Grantee defaults, including: (i) providing the County or its successor with copies of any notices of default at the same time and in the same manner as provided to Grantee; and (ii) providing the County with a cure period of at least sixty (60) days.

(f) The subordination(s) described in this section shall be effective only during the original term of the Senior Funding and any extension of its term approved in writing by the County.

(g) No subordination may limit the effect of the Regulatory Agreement before a foreclosure, nor require consent of the holder of the Senior Funding to exercise of any remedies by the County under the Grant Documents.

(h) Upon a County determination that the conditions in this Section have been satisfied, the Housing Program Manager or his/her designee will be authorized to execute the approved subordination agreement without any further action or approval.

(i) If there is a foreclosure of the Property, the Regulatory Agreement shall be revived according to its original terms if, during the original Regulatory Agreement term, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Development or Property.

Section 2.7 Conditions Precedent to Disbursement of Grant Proceeds.



The Grant funds shall be disbursed one or more disbursements following any request by Grantee that satisfies the conditions of this Section 2.7. The maximum funds to be disbursed pursuant to this Section 2.7 shall not exceed the amount of the Grant. The County shall not be obligated disburse Grant funds for construction of the Development or take any other action under the Grant Documents unless the following conditions precedent are satisfied:

- (a) The County holds all of the Grant funds.
- (b) There exists no Default nor any act, failure, omission, or condition that would constitute an event of Default under this Agreement;
- (c) The Grantee holds title to the Property or is acquiring the Property simultaneously with the Grant disbursement.
- (d) The Grantee has furnished the County with evidence of the insurance coverage meeting the requirements of Sections 4.5 and 4.6 below;
- (e) Grantee has caused to be executed and delivered to the County all the Grant Documents and any other instruments, and policies required under the Grant Documents;
- (f) The Regulatory Agreement has been recorded against the Property in the Office of the Recorder of the County of Monterey as Document Number 2021035195, May 17, 2021.
- (g) The County has completed and approved all environmental reviews under NEPA and CEQA, as may be necessary for the construction of the Development;
- (h) The County has determined that the undisbursed proceeds of the Grant, together with other funds or firm commitments for funds that the Grantee has obtained in connection with the Development, are not less than the amount that is necessary to pay for development of the Development and to satisfy all the covenants contained in this Agreement and the Regulatory Agreement;
- (i) Grantee has obtained all permits and approvals necessary for the construction of the Development, as required by Section 3.1, and County has received a copy of the building permit required to construct the Development (required for disbursements for construction costs only);
- (j) Grantee has paid all development fees charged by the City in connection with the Development, unless Grantee demonstrates to the satisfaction of the County that alternative arrangements have been made between Grantee and the City for payment of said fees;
- (k) The County has received and approved architectural plans and specifications for the Development;
- (l) The County has received and approved the general contractor's construction contract that the Grantee has entered or proposed to enter for construction of the Development as required pursuant to Section 3.2 below;

(m) The County has received copies of labor and material (payment) bonds and performance bonds as required pursuant to Section 3.3 below;

(n) Grantee has closed all Approved Financing described in Section 1.1(c) and is eligible to receive the proceeds thereof (except for any permanent financing sources intended to close subsequent to construction completion);

(o) The County has received a written draw request from the Grantee setting forth the proposed uses of funds consistent with the Approved Development Budget, the amount of funds needed, and, where applicable, a copy of the bill or invoice covering a cost incurred or to be incurred. When a disbursement is requested to pay any contractor in connection with improvements on the Property, the written request must be accompanied by certification by the Grantee's architect reasonably acceptable to the County that the work for which disbursement is requested has been completed (although the County reserves the right to inspect the Property and make an independent evaluation); and,

(p) The Grantee has complied with all the requirements and submitted such reports described in the document entitled "Project Timeline" attached hereto as Exhibit D, to the extent applicable to such disbursement.

Section 2.8 County Disbursement of Grant Proceeds

Section 2.9 Term and Repayment.

The Grant shall be repaid as follows:

(a) Term. The Grant and this Agreement shall have a term that expires fifty-five (55) years after the date of this Agreement (the "Term").

(b) Deferred Payment. Repayment of outstanding principal and accrued interest of the Grant shall be deferred for the Term of the Grant, except as provided in Subsection (c) below.

(c) In the event of a Default, interest on the Grant shall begin to accrue, as of the date of Default and continuing until such time as the Grant funds are repaid in full or the Default is cured, at the Default Rate.

(d) Payment in Full. All principal and accrued interest on the Grant shall be due in full on the earliest of (i) the date of any Transfer not authorized by the County, (ii) the date of any Default, or (iii) the refinancing of Approved Financing not approved by the County, pursuant to Section 4.21 below. If the Grantee operates the Development in compliance with the restrictions described in this Agreement, including the occupancy restrictions of both the Transitional Units and the Permanent Units, the Grant, including all accrued interest thereon, shall be forgiven upon the expiration of the Term.

(e) Prepayment. The Grantee shall have the right to prepay the Grant at any time without penalty. However, the Regulatory Agreement shall remain in effect for the entire Term, regardless of any prepayment.

ARTICLE 3.  
CONSTRUCTION REQUIREMENTS

Section 3.1 Permits and Approvals.

Grantee shall obtain all permits and approvals necessary for the construction of the Development, including building permits, no later than June 30, 2021, or such later date as may be approved by the County.

Section 3.2 Construction Contract.

(a) The Grantee shall have submitted to the County for approval the proposed construction contract. All construction work and professional services shall be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California. The County's approval of the construction contract shall in no way be deemed approval of, or concurrence with, any term or condition of the construction contract except as such term or condition may be required by this Agreement.

(b) The construction contract that Grantee shall submit to the County shall be either a stipulated sum contract, or contain a guaranteed maximum Development construction cost. If the contract contains a guaranteed maximum Development construction cost, it must either specify (1) the expected guaranteed maximum cost; (2) a cost of construction with fixed fee construction contract; or (3) cost of work plus fee.

(c) Upon receipt by the County of the proposed construction contract, the County shall promptly review same and approve or disapprove it within five (5) working days. If the County does not approve the construction contract it shall provide the Grantee with an explanation in writing for withholding such approval. The Grantee shall thereafter submit a revised construction contract for County approval, which approval shall be granted or denied in five (5) working days in accordance with the procedures set forth above. Any construction contract executed by the Grantee for the Development shall be in the form approved by the County.

Section 3.3 Construction Bonds.

The Grantee shall have delivered to the County copies of labor and material payment bonds and performance bonds for the construction of the Development each in an amount equal to one hundred percent (100%) of the scheduled cost of the construction. Such bonds shall name the County as a co-obligee.

Section 3.4 Commencement of Construction.

Grantee shall have caused the commencement of construction of the Development no later April 30, 2021, or such later date as may be approved by the County.

Section 3.5 Completion of Construction.

Grantee shall diligently prosecute construction of the Development to completion and shall cause the completion of the construction of the Development no later than September 30, 2022. Grantee's failure to construct the Development shall be considered a Default as defined in Section 6 and subject to cure as further described in Section 6.

Section 3.6 Construction Pursuant to Plans and Laws, Prevailing Wages and Accessibility.

(a) Grantee shall construct the Development in conformance with the construction plans and specifications approved by the County and pursuant to permits issued by the City. Grantee shall notify the County in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the plans and specifications approved by the County. County approval shall not be required for change orders reasonably required to achieve the purposes of the Development. At the election of Grantee in its discretion, Grantee may seek the County's authorization for a written change order before any of the following changes, additions, or deletions in work for the Development are performed: (i) any change in the work the cost of which exceeds Fifty Thousand Dollars (\$50,000); or (ii) any set of changes in the work the cost of which cumulatively exceeds One Hundred Thousand Dollars (\$100,000) or ten percent (10%) of the Grant amount, whichever is less; or (iii) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Development as provided for in the plans and specifications approved by the County. The County shall respond to a request to approve a change order within two (2) working days from receipt of the request, and the County shall not unreasonably withhold consent to a change order. Failure by the County to respond within two (2) working days from the receipt of the request to approve a change order shall be deemed consent by the County. Consent to any additions, changes, or deletions to the work shall not relieve or release Grantee from any other obligations under this Agreement, relieve or release Grantee or the Contractor's surety from any surety bond, or obligate the County to provide additional funds.

(b) Grantee shall cause all work performed in connection with the Development to be performed in compliance with (i) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, including without limitation state prevailing wages pursuant to California Labor Code section 1770 et seq., and the regulations pursuant thereto, as further set forth in subsection (d) below; (ii) the property standards set out in 24 C.F.R. section 5.701 et seq., and 24 C.F.R. section 92.251; and (iii) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and Grantee shall be responsible to the County for the procurement and maintenance thereof, as may be required of Grantee and all entities engaged in work on the Development.

(c) The Grantee shall pay and shall cause the contractor and subcontractors to pay prevailing wages in the construction of the Development as those wages are determined pursuant to Labor Code section 1720 et seq., to employ apprentices as required by Labor Code section 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"). The Grantee shall and shall cause the contractor and subcontractors to comply with the

other applicable provisions of Labor Code sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR. The Grantee shall and shall cause the contractor and subcontractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code sections 1720 et seq., and if apprentices have been employed as required by Labor Code sections 1777.5 et seq. Copies of the currently applicable per diem prevailing wages are available from DIR. During the construction of the Development, Grantee shall or shall cause the contractor to post at the Property the applicable prevailing rates of per diem wages. The Grantee shall indemnify, hold harmless, and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties, or other amounts arising out of the failure or alleged failure of any person or entity (including Grantee, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code sections 1720 et seq., to employ apprentices pursuant to Labor Code sections 1777.5 et seq., and implementing regulations of the DIR or to comply with the other applicable provisions of Labor Code sections 1720 et seq., 1777.5 et seq., and the implementing regulations of the DIR in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this Subsection shall survive the repayment of the Grant.

(d) In compliance with section 504 of the Rehabilitation Act of 1973 (29 U.S.C Section § 794, et seq.), a minimum of one (1) Unit shall be constructed to be fully accessible to households with a mobility impaired member and an additional one (1) Unit shall be fully accessible to hearing and/or visually impaired persons.

### Section 3.7 Construction Responsibilities.

(a) It shall be the responsibility of Grantee to coordinate and schedule the construction of the Development so that construction will take place in accordance with this Agreement.

(b) Grantee shall be solely responsible for all aspects of Grantee's conduct in connection with the construction of the Development, including (but not limited to) the timeliness and appropriateness of all fees paid with Grant funds. Any review or inspection undertaken by the County with reference to the construction of the Development is solely to determine whether Grantee is properly discharging its obligations to the County, and should not be relied upon by Grantee or by any third parties as a warranty or representation by the County as to the quality of the construction of the Development.

(c) Grantee shall construct the Development in accordance with Federal, State and local housing and building codes, as are applicable.

### Section 3.8 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the Grant is served on the County or any other lender or other third party in connection with the Development, then Grantee shall, within twenty (20) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the County a surety bond in sufficient form and amount, or provide the County with

other assurance satisfactory to the County that the claim of lien or stop notice will be paid or discharged.

(b) If Grantee fails to discharge any lien, encumbrance, charge, or claim in the manner or otherwise respond as required in this Section, then in addition to any other right or remedy, the County may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Grantee's expense. Alternately, the County may require Grantee to immediately deposit with the County the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The County may use such deposit to satisfy any claim or lien that is adversely determined against Grantee.

(c) Grantee shall file a valid notice of cessation or notice of completion upon cessation of construction of the Development for a continuous period of thirty (30) days or more and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Grantee authorizes the County, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the County deems necessary or desirable to protect its interest in the Development and Property.

#### Section 3.9 Inspections.

Grantee shall permit and facilitate all observation and inspection regarding the Development by the County and by public authorities during reasonable business hours for the purposes of determining compliance with this Agreement.

#### Section 3.10 Equal Opportunity and Nondiscrimination.

During the construction of the Development Grantee and its contractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of age (40 or older); ancestry; color; religious creed (including religious dress and grooming practices); denial of family and medical care leave; disability (mental and physical) including HIV and AIDS; marital status; medical condition (cancer and genetic characteristics); genetic information; military and veteran status; national origin (including language use restrictions); race; sex (including pregnancy, child birth, breastfeeding and medical conditions related to pregnancy, child birth or breastfeeding); gender; gender identity and gender expression; sexual orientation; or any other protected status in accordance with all applicable federal, state and local laws (further referred to as "protected categories").

#### Section 3.11 Minority and Women-Owned Contractors.

Grantee will use its best efforts to afford minority-owned and women-owned business enterprises the maximum practicable opportunity to participate in the construction of the Development. Grantee shall, at a minimum, notify applicable minority-owned and women-owned business firms located in Monterey County of bid opportunities for the construction of the Development. Documentation of such notifications shall be maintained by Grantee and available to the County as requested.

#### Section 3.12 Progress Reports.

Until Grantee has received a building permit completion sign-off by the City of Salinas for the construction of the Development, Grantee shall provide the County with quarterly progress reports regarding the status of the construction of the Development, including a certification that the actual construction costs to date conform to the Approved Development Budget, as it may be amended from time to time pursuant to Section 3.16 below.

Section 3.13 Approved Development Budget; Revisions to Budget.

As of the date of this Agreement, the County has approved the Approved Development Budget. Grantee shall submit any required amendments to the Approved Development Budget to the County for approval within five (5) days of the date Grantee receives information indicating that actual costs of the Development vary or will vary from the costs shown on the Approved Development Budget. Written consent of the County shall be required to amend the Approved Development Budget. Grantee shall ensure that the Approved Development Budget, as amended and approved by the County, encompasses all the costs for the Development, and will demonstrate to the County's reasonable satisfaction that the combined Approved Financing, including the Grant, will be sufficient to pay all costs to construct the Development.

Grantee acknowledges that the Development Budget assumes that construction will be complete for the amount stated in the Development Budget. Grantee shall be responsible for any increased cost of construction, including, if necessary, use of Grantee's developer fee, as described in Section 3.18 below, to pay for such increased costs.

ARTICLE 4.  
GRANT REQUIREMENTS

Section 4.1 Applicability.

Grantee shall comply with the requirements of this Article Four throughout the Term.

Section 4.2 Operation of Development as Affordable Housing.

(a) Promptly after completion of construction, the Grantee shall operate the Development as an affordable housing development consistent with this Agreement, the requirements for use of the NPLH Program funds, and the Regulatory Agreement.

(b) Before the initial leasing of any Unit in the Development, Grantee shall submit its proposed form of lease agreement for the County's review and approval.

(c) Before leasing up the Development, the Grantee must provide the County, for its review and approval, a copy of the Grantee's written tenant selection plan.

(d) Grantee must determine the income eligibility of each Tenant household of a County Assisted Unit in the Development pursuant to the County's approved tenant certification procedures within sixty (60) days before the household's expected occupancy of one of the Development's Units. The Grantee shall certify each Tenant's income of a County Assisted Unit on an annual basis.

(e) The maximum household income of a Tenant of a County Assisted Unit in the Development, and the total charges for rent, utilities, and related services to each Tenant, shall be maintained as provided in the Regulatory Agreement.

Section 4.3 Fees and Taxes.

Throughout the Term, Grantee shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Development to the extent owned by Grantee, and shall pay such charges prior to delinquency. However, Grantee shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the County, Grantee deposits with the County any funds or other forms of assurance that the County in good faith from time to time determines appropriate to protect the County from the consequences of the contest being unsuccessful.

Section 4.4 Equal Opportunity and Nondiscrimination.

All units in the Development shall be available for occupancy on a continuous basis to members of the public who are income eligible. Grantee shall not give preference to any class or group of persons in renting the units in the Development except to the extent the units are required to be rented to very low-income households or households eligible for assistance under the NPLH requirements. There shall be no discrimination against, and/or segregation of, any person or group of persons, on account of age (40 or older); ancestry; color; religious creed (including religious dress and grooming practices); denial of family and medical care leave; disability (mental and physical) including HIV and AIDS; marital status; medical condition (cancer and genetic characteristics); genetic information; military and veteran status; national origin (including language use restrictions); race; sex (including pregnancy, child birth, breastfeeding and medical conditions related to pregnancy, child birth or breastfeeding); gender; gender identity and gender expression; sexual orientation; or any other protected status in accordance with all applicable federal, state and local laws (further referred to as "protected categories"), in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any unit nor shall Grantee or any person claiming under or through Grantee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any unit or in connection with the employment of persons for the construction, operation, and/or management of any Unit.

Section 4.5 Insurance Requirements.

(a) **Evidence of Coverage:** [County Standard Agreement Sec. 9.01] Prior to commencement of this Agreement, the Grantee shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the Grantee upon request shall provide a certified copy of the policy or policies.

This verification of coverage shall be sent to the County's Contracts/Purchasing Department, unless otherwise directed. The Grantee shall not receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and the County has approved



such insurance. This approval of insurance shall neither relieve nor decrease the liability of the Grantee.

(b) **Qualifying Insurers:** [County Standard Agreement Sec. 9.02] All coverage's, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the County's Purchasing Manager.

(c) **Insurance Coverage Requirements:** [County Standard Agreement Sec. 9.03] Without limiting Grantee's duty to indemnify, Grantee shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

**Commercial General Liability Insurance:** including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

*(Note: any proposed modifications to these general liability insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

**Requestor must check the appropriate Automobile Insurance Threshold:**

Requestor must check the appropriate box.

**Agreement Under \$100,000 Business Automobile Liability Insurance:** covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$500,000 per occurrence.

**Agreement Over \$100,000 Business Automobile Liability Insurance:** covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

*(Note: any proposed modifications to these auto insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

**Workers' Compensation Insurance:** if Grantee employs others in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

*(Note: any proposed modifications to these workers' compensation insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

**Professional Liability Insurance:** if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the Grantee shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

*(Note: any proposed modifications to these insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

(d) **Other Requirements:** [County Standard Agreement Sec. 9.04]

All insurance required by this Agreement shall be with a company acceptable to the County and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date Grantee completes its performance of services under this Agreement.

Each liability policy shall provide that the County shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for Grantee and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

**Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional Insureds** with respect to liability arising out of the Grantee's work, including ongoing and completed operations, **and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the GRANTEE'S insurance.** The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Agreement by the County, Grantee shall file certificates of insurance with the County's contract administrator and County's Contracts/Purchasing Division, showing that the Grantee has in effect the insurance required by this Agreement. The Grantee shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

Grantee shall always during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by County, annual certificates to County's Contract Administrator and County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify Grantee and Grantee shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by Grantee to maintain such insurance is a default of this Agreement, which entitles County, at its sole discretion, to terminate this Agreement immediately.

#### Section 4.6 Insurance Requirements During Construction.

In addition to the insurance coverage required pursuant to Section 4.5 above, during construction and prior to the issuance of a certificate of occupancy, Grantee shall maintain coverage of the type now known as builder's completed value risk insurance, as delineated on an All Risk Builder's Risk 100% Value Non-Reporting Form. Such insurance shall insure against direct physical loss or damage by fire, lightning, wind, storm, explosion, collapse, underground hazards, flood, vandalism, malicious mischief, glass breakage and such other causes as are covered by such form of insurance. Such policy shall include (A) an endorsement for earthquake, unless Grantee satisfies the County that earthquake insurance is not feasible, (B) an endorsement for broad form property damage, breach of warranty, demolition costs and debris removal, (C) a "Replacement Cost Endorsement" in amount not less than 100% of the then full replacement cost, to be determined at least once annually and subject to reasonable approval by the County, and (D) an endorsement to include coverage for budgeted soft costs (including construction Grant interest, building permit fees, construction inspection fees, builder's risk insurance, and property taxes during construction). The replacement cost coverage shall be for work performed and equipment, supplies and materials furnished to the Property or any adjoining sidewalks, streets and passageways, or to any bonded warehouse for storage pending incorporation into the work, without deduction for physical depreciation and with a deductible not exceeding \$50,000 per occurrence (except that any earthquake coverage shall carry a deductible equal to 5% of the policy amount, or such other deductible amount as the County may determine is acceptable, in light of the cost of the premium for such insurance).

#### Section 4.7 Proceeds of Insurance.

Subject to the requirements of senior lenders, and if economically feasible in the County's reasonable judgment after consultation with the Grantee, all fire and standard risk or extended coverage (casualty) insurance proceeds shall be applied to the payment of the costs of repairing or rebuilding that part of the Development or the Property damaged or destroyed if Grantee and the County agree in writing within ninety (90) days after payment of the proceeds of insurance that such repair or rebuilding is economically feasible. Such work or repair shall be commenced no later than the later of one hundred twenty (120) days, or such longer period approved by the County in writing, after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and shall be complete within one (1) year thereafter. Any insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, then Grantee shall make up the deficiency. If Grantee does not make repairs as provided in this Section 4.7, then any insurance proceeds collected for such damage or destruction shall be distributed to the

County as necessary to repay any unspent proceeds of the grant and subject to the rights of the senior lenders.

Section 4.8 Reports to County.

(a) Annual Report. Each year of the Term commencing on the first (1<sup>st</sup>) year after completion of the construction of the Development Grantee shall submit to the County: (a) no later than June 30<sup>th</sup> of each year thereafter, or such other date as may be requested by the County, an annual statistical report, including income and rent data for all units, setting forth the information called for therein, and (b) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the County in order to comply with reporting requirements of HUD. Along with this annual report, the Grantee shall also submit an annual report on the demographic information of the Tenants.

Section 4.9 Additional Information.

Grantee shall provide any additional information reasonably requested by the County. Grantee shall notify the County in writing of any legal action filed against the Grantee or the Development.

Section 4.10 Records.

The Grantee shall keep and maintain at the Development, or elsewhere with the County's written consent, full, complete, and appropriate books, records, and accounts relating to the Development, including all such books, records, and accounts necessary or prudent to evidence and substantiate in full detail Grantee's compliance with the terms and provisions of this Agreement. Books, records, and accounts relating to Grantee's compliance with the terms, provisions, covenants and conditions of this Agreement shall be kept and maintained in accordance with generally accepted accounting principles consistently applied and shall be consistent with requirements of this Agreement. All such books, records, and accounts shall be open to and available for inspection and copying by the County, its auditors, or other authorized representatives at reasonable intervals during normal business hours. Copies of all tax returns and other reports that Grantee may be required to furnish to any governmental agency shall at all reasonable times be open for inspection by the County at the place that the books, records and accounts of the Grantee are kept. The Grantee shall preserve such records for a period of not less than five (5) years from the termination of this Agreement. If any litigation, claim, negotiation, audit exception, monitoring, inspection or other action relating to the use of the Grant is pending at the end of the record retention period stated herein, then the Grantee shall retain such records until such action and all related issues are resolved. Such records shall include all invoices, receipts, and other documents related to expenditures from the Grant funds. Records must be kept accurate and current. Such records shall include but not be limited to:

(a) Records providing a full description of the activities undertaken with the use of the PLHA Capital Funds;

(b) Records demonstrating compliance with the affordability and income requirements for tenants;

(c) Records required to determine the eligibility of activities;

(d) Records documenting compliance with the fair housing and equal opportunity requirements, as applicable; and

(e) Certified payrolls from the Grantee's general contractor evidencing that applicable prevailing wages have been paid.

The County shall notify Grantee of any records it deems insufficient. Grantee shall have fifteen (15) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the County in such notice, or if a period longer than fifteen (15) days is reasonably necessary to correct the deficiency, then Grantee shall begin to correct the deficiency within fifteen (15) business days and correct the deficiency as soon as reasonably possible.

#### Section 4.11 Annual Operating Budget.

At least ninety (90) days prior to the Grantee's completion of the construction of the Development, Grantee shall provide to the County an annual budget for the operation of the Development for County's reasonable review. The County shall review and approve or reject such budget within thirty (30) days of receipt. If rejected by the County in whole or in part, Grantee shall submit a new or corrected budget within thirty (30) calendar days of notification of the County's rejection and the County's reasons for rejecting the budget. The provisions of this Section relating to time periods for resubmission of new or corrected budgets shall continue to apply until such budget has been approved by the County.

#### Section 4.12 Access to and Audit of Records.

The County and the State Housing and Community Development Department shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the Grantee and its contractors and subcontractors related to performance of Grantee's obligations under this Agreement for a period of five (5) years. The authority to audit is also contained in California Government Code section 8546.7.

#### Section 4.13 Other Requirements.

Grantee shall comply with all applicable laws and regulations governing the use of the PLHA Capital Funds. In the event of any conflict between this Agreement and applicable laws and regulations governing the use of the Grant funds, the applicable laws and regulations shall govern.

The laws and regulations governing the use of the Grant funds include (but are not limited to) the following:

(a) Civil Rights. The Unruh Civil Rights Act, California Civil Code, Division I, Part 2 Section 51, et seq.

(b) Fair Employment and Housing. The California Fair Employment and Housing Act (FEHA), California Government Code, title 2, Division 3, Part 2.8.

(c) Civil Rights, Housing and Community Development, and Age Discrimination Acts. The Fair Housing Act (42 U.S.C. § 3601 et seq.) and implementing regulations at 24

C.F.R. Part 100; 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 (29 U.S.C. § 794, et seq.); the Age Discrimination Act of 1975 (42 U.S.C. § 6101, et seq.); Executive Order 11063 as amended by Executive Order 12259 and implementing regulations at 24 C.F.R. Part 107; Executive Order 11246 as amended by Executive Orders 11375, 12086, 11478, 12107; Executive Order 11625 as amended by Executive Order 12007; Executive Order 12432; Executive Order 12138 as amended by Executive Order 12608.

(d) Discrimination against the Disabled. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and federal regulations issued pursuant thereto, which prohibit discrimination against the disabled in any federally assisted program, the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151-4157) and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12131 et seq.), and federal regulations issued pursuant thereto.

#### Section 4.14 Transfers.

(a) For purposes of this Agreement, "Transfer" shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, and/or (ii) any interest in the Development, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and Grantee retains title. "Transfer" shall exclude the leasing of any single unit in the Development to an occupant in compliance with the Regulatory Agreement and utility easement required in the construction of the Development.

(b) Except as otherwise provided or pre-approved in subsections (c) and (d) below, no Transfer shall be permitted without the prior written consent of the County Board of Supervisors, which the County may withhold in its sole discretion. The Grant shall automatically accelerate and be due in full upon any unauthorized Transfer.

(c) The County approves the grant of the security interests in the Property described in Section 1.1(c) above.

(d) The County approves the Transfer of the Property from the Grantee to a non-profit affiliate of the Grantee, or Interim, Inc., a California nonprofit public benefit corporation, and an assumption of the Grant by such transferee.

#### Section 4.15 Hazardous Materials.

Grantee shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of, any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Grantee shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as, or included in the definition of, "hazardous substances," "hazardous wastes," "hazardous

materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily used in construction of projects like the Development or kept and used in and about residential property of this type.

Grantee shall immediately advise the County in writing if at any time it receives written notice of: (i) all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Grantee or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Grantee or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iii) Grantee's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" (as defined in California Health and Safety Code section 25117.4) under the provision of California Health and Safety Code section 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

The County shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Grantee. Grantee shall indemnify and hold harmless the County and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (i) all foreseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (iii) all reasonable costs and expenses incurred by the County in connection with clauses (i) and (ii), including but not limited to reasonable attorneys' fees and consultant's fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) losses attributable to diminution in the value of the Property; (2) loss or restriction of use of rentable space on the Property; (3) adverse effect on the marketing of any rental space on the Property; and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup, or detoxification of the Property and surrounding properties). This obligation to indemnify shall survive termination of this Agreement.

Without the County's prior written consent, which shall not be unreasonably withheld, Grantee shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the County's reasonable judgment, impair the value of the County's security hereunder; provided, however, that the County's prior

consent shall not be necessary if the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the County's consent before taking such action, provided that, in such event, Grantee shall notify the County as soon as practicable of any action so taken. The County agrees not to withhold its consent, where such consent is required hereunder, if (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Grantee will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Grantee establishes to the reasonable satisfaction of the County that there is no reasonable alternative to such remedial action which would result in less impairment of the County's security hereunder; or (iv) the action has been agreed to by the County.

Section 4.16 Notice of Litigation.

Grantee shall promptly notify the County in writing of any litigation that may materially affect Grantee or the Property and of any claims or disputes that involve a material risk of such litigation.

Section 4.17 Maintenance and Damage.

(a) During both construction and operation of the Development, Grantee shall maintain the Development and the Property in good repair and in a neat, clean, and orderly condition. If County discovers this condition has been violated, and if Grantee has not cured such condition within thirty (30) days of receiving a County notice of such a condition, then in addition to any other rights available to the County, the County shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Property.

(b) Subject to the requirements of senior lenders, and if economically feasible in the County's reasonable judgment after consultation with the Grantee, if any improvement now or in the future on the Property is damaged or destroyed, Grantee shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the County with such changes as have been approved by the County. Such work or repair shall be commenced no later than one hundred twenty (120) days, or such longer period approved by the County in writing after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and shall be complete within one (1) year thereafter. Any insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, then Grantee shall make up the deficiency. If Grantee does not make repairs, then any insurance proceeds collected for such damage or destruction shall be distributed to the County subject to the rights of the senior lenders.

Section 4.18 Payment of Other Indebtedness; Notice of Defaults.

Grantee shall promptly pay the principal and interest when due on any other indebtedness related to the Development.

Grantee shall promptly notify the County in writing of any defaults declared under any other financing for the Development by the lender of such financing.



Section 4.19 County Approval of Financing Amendments and Refinancing.

Grantee shall obtain prior written approval of the County, pursuant to Section 7.13, of any material changes of the Approved Financing, any material amendments to Grant documents evidencing the Approved Financing, or refinancing of the Approved Financing. County's approval may be withheld should it determine that any such proposed change, amendment, or refinancing will negatively affect the economic feasibility or the affordability of the Development or the Grant's scheduled repayment. Failure by the Grantee to obtain prior County approval of changes, amendments, or refinancing of the Approved Financing shall be a material default of this Agreement.

ARTICLE 5.  
REPRESENTATIONS AND WARRANTIES OF GRANTEE

Section 5.1 Representations and Warranties.

Grantee hereby represents and warrants to the County as follows:

(a) Organization. Grantee is a duly organized California limited liability company, whose sole member is a nonprofit public benefit corporation. Grantee validly exists, is in good standing under the laws of the State of California, and has the power and authority to own its property and carry on its business as it is now being conducted.

(b) Authority of Grantee. Grantee has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Grant Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all the above.

(c) Authority of Persons Executing Documents. This Agreement and the Grant Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for, and on behalf of, Grantee, and all actions required under Grantee's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Grant Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and the Grant Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed, and delivered constitute, legal, valid, and binding obligations of Grantee enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement and the Grant Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant, or other term hereof or thereof, will conflict with or result in a

breach of any statute, rule or regulation, or any judgment, decree, or order of any court, board, commission, or agency binding on Grantee, or any provision of the organizational documents of Grantee, or will conflict with or constitute a breach of or a default under any agreement to which Grantee is a party, or will result in the creation or imposition of any lien upon any assets or property of Grantee, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. The construction of the Development will comply with all applicable laws, ordinances, rules, and regulations of federal, state, and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector, and other officers of any such government or agency.

(g) Pending Proceedings. Grantee warrants that it is not in default under any law or regulation or under any order of any court, board, commission, or agency, and there are no claims, actions, suits, or proceedings pending or, to the best of Grantee's knowledge, threatened against or affecting Grantee or the Development, at law or in equity, before or by any court, board, commission, or agency whatsoever which might, if determined adversely to Grantee, materially affect Grantee's ability to repay the Grant or impair the security to be given to the County pursuant hereto.

(h) Title to Land. At the time of recordation of the Regulatory Agreement, the Grantee will have good and marketable fee title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge, or other encumbrance of any character whatsoever other than those liens described in 1.1(c) of this Agreement, liens for current real property taxes and assessments not yet due and payable, and liens in favor of the County or approved in writing by the County.

(i) Financial Statements. The financial statements of Grantee and other financial data and information furnished by Grantee to the County fairly and accurately present the information contained therein as of the date thereof. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of Grantee from that shown by such financial statements and other data and information.

(j) Sufficient Funds. Grantee holds sufficient funds and/or binding commitments for sufficient funds to complete the construction of the Development.

(k) Taxes. Grantee and its subsidiaries have filed all federal and other material tax returns and reports required to be filed, and have paid all federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their income or the Property otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against Grantee or any of its subsidiaries that could, if made, be reasonably expected to have a material adverse effect upon the Property, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects of the Grantee and its subsidiaries, taken as a whole, which would be expected to result in a material impairment of the ability of Grantee to perform under any Grant Document to which it is a party, or a material adverse effect upon the legality, validity, binding effect, or enforceability against Grantee of any Grant Document.

ARTICLE 6.  
DEFAULT

Section 6.1 Events of Default.

Each of the following shall constitute a "Default" by Grantee under this Agreement:

(a) Failure to Construct. Failure of Grantee to commence and complete construction of the Development within the times set forth in Article 3 above or failure to comply with any construction requirements of this Agreement.

(b) Failure to Make Payment. Failure to repay the principal and any interest on the Grant within ten (10) days after receipt of written notice from the County to the Grantee that such payment is due pursuant to the Grant Documents.

(c) Breach of Covenants. Failure by Grantee to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Grant Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the County to Grantee or, if the breach cannot be cured within thirty (30) days, Grantee is diligently undertaking to cure such breach and such breach is cured within ninety (90) days; provided, however, that if a different period or notice requirement is specified under any other section of this Article 6, the specific provisions shall control.

(d) Default Under Other Financing. A default is declared under any other financing for the Development by the lender of such financing, subject to expiration of all applicable notice and cure periods.

(e) Insolvency. A court having jurisdiction shall have made or entered any decree or order:

(1) adjudging Grantee to be bankrupt or insolvent,

(2) approving as properly filed a petition seeking reorganization of Grantee, or seeking any arrangement for Grantee under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction,

(3) appointing a receiver, trustee, liquidator, or assignee of Grantee in bankruptcy or insolvency or for any of their properties,

(4) directing the winding up or liquidation of Grantee if any such decree or order described in clauses (1) to (4), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or

(5) Grantee shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (1) to (4), inclusive. The occurrence of any of the events of Default in this paragraph shall trigger, without the need for any action by the County, the repayment of the Grant.

(6) The occurrence of any of the events of Default in this paragraph shall automatically accelerate the indebtedness under the Grant.

(f) Assignment; Attachment. Grantee shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness under the Grant.

(g) Suspension; Termination. Grantee shall have voluntarily suspended its business or shall have been dissolved or terminated.

(h) Liens on Property and the Development. There shall be filed any claim of lien (other than liens approved in writing by the County) against the Development or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Grant and the continued maintenance of said claim of lien or notice to withhold for a period of twenty (20) days without discharge or satisfaction thereof or provision therefore (including, without limitation, the posting of bonds) satisfactory to the County.

(i) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Property and the Development.

(j) Unauthorized Transfer or Refinance. Any Transfer other than as permitted by Section 4.16 or any change, amendment or refinance of the Approved Financing other than as permitted by Section 4.21.

(k) Representation or Warranty Incorrect. Any Grantee representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the County in connection with any of the Grant Documents, proving to have been incorrect in any material respect when made.

## Section 6.2 Remedies.

The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the County or automatically where so specified, relieve the County of any obligation to make or continue the Grant and shall give the County the right to proceed with any and all remedies set forth in this Agreement and the Grant Documents, including but not limited to the following:

(a) Repayment of Grant. The County shall have the right to require immediate repayment of the Grant, together with any accrued interest thereon as described in Section 2.2 above. The Grantee waives all right to presentment, demand, protest, notice of protest, or dishonor. The County may proceed to enforce repayment of the Grant and to exercise any or all rights afforded to the County as a creditor under the law including the Uniform Commercial Code. On the County's demand, the Grantee shall be liable to pay the County all reasonable expenses, costs, and fees (including, without limitation, reasonable attorney's fees, and expenses) paid or incurred by the County in connection with the collection of the Grant and the

preservation, maintenance, protection, sale, or other disposition of the security given for the Grant.

(b) Specific Performance. The County shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Grantee to perform its obligations and covenants under the Grant Documents or to enjoin acts on things that may be unlawful or in violation of the provisions of the Grant Documents. The Parties acknowledge that operation of the Development upon the terms stated herein and in the Regulatory Agreement is of primary importance to the Parties, and further acknowledge that mere repayment of the Grant is insufficient to remedy defaults in operation.

(c) Right to Cure at Grantee's Expense. The County shall have the right (but not the obligation) to cure any monetary default by Grantee under a Grant or Grant other than the Grant. Grantee agrees to reimburse the County for any funds advanced by the County to cure a monetary default by Grantee upon demand therefore, together with interest thereon at the lesser of the maximum rate permitted by law or ten percent (10%) per annum from the date of expenditure until the date of reimbursement.

#### Section 6.3 Right of Contest.

Grantee shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and, in a manner, unprejudicial to the County or the rights of the County hereunder.

#### Section 6.4 Remedies Cumulative.

No right, power, or remedy given to the County by the terms of this Agreement or the Grant Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the County by the terms of any such instrument, or by any statute or otherwise against Grantee and any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

### ARTICLE 7. GENERAL PROVISIONS

#### Section 7.1 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the County and Grantee or its agents, employees or contractors, and Grantee shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement for the acquisition, construction, and operation of the Property. Grantee has and retains the right to exercise full

control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. Grantee shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Grantee shall be solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the County by any person that Grantee may have employed or with whom Grantee may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the construction or operation of the Development, and Grantee shall include similar requirements in any contracts entered for the operation of the Development.

Section 7.3 Amendments.

(a) In the event a lender for the Development requests revisions to this Agreement or other Grant Document, the County agrees to meet and confer with the Grantee and to reasonably consider such requests.

(b) No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

Section 7.4 Indemnification.

The Grantee shall indemnify, defend, and hold harmless the County, its officers, agents, and employees, from and against any and all claims, liabilities, and losses (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the Grantee's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the County. "Grantee's performance" includes Grantee's action or inaction and the action or inaction of Grantee's officers, employees, agents and subcontractors.

Section 7.5 Non-Liability of County Officials, Employees and Agents.

No member, official, employee or agent of the County shall be personally liable to Grantee in the event of any default or breach by the County or for any amount which may become due to Grantee or its successor or on any obligation under the terms of this Agreement.

Section 7.6 No Third-Party Beneficiaries.

There shall be no third-party beneficiaries to this Agreement.

Section 7.7 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Section 7.7(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. Grantee shall exercise due diligence to ensure that the prohibition in this Section 7.7(a) is followed.

(b) The conflict-of-interest provisions of Section 7.7(a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the County, or any person related within the third (3rd) degree of such person.

(c) In accordance with California Government Code section 1090 and the Political Reform Act, California Government Code section 87100 et seq., no person who is a director, officer, partner, trustee or employee or consultant of the Grantee, or immediate family member of any of the preceding, shall make or participate in a decision, made by the County or a County board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or Grantee. Interpretation of this Section shall be governed by the definitions and provisions used in the Political Reform Act, California Government Code section 87100 et seq., its implementing regulations manual and codes, and Government Code section 1090.

Section 7.8 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in Default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, quarantine restrictions, freight embargoes, lack of transportation, pandemics such as COVID-19, or court order. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other Party within ten (10) days of receipt of the notice. In no event shall the County be required to agree to cumulative delays exceeding one hundred eighty (180) days.

Section 7.9 Waiver.

Any waiver by the County of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the County to act on any breach or default of Grantee or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Grantee to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the County to any act or omission by Grantee shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the County's written consent to future waivers.

Section 7.10 Notices, Demands and Communications.

Any notice, demand, or communication under, or in connection with, this Agreement may be served upon Grantee by personal service, by electronic transmission, by facsimile or by mailing the same by certified mail in the United States Post Office, postage prepaid, and directed to:

County: County of Monterey  
Housing & Community Development Department  
1441 Schilling Place, 2<sup>nd</sup> Floor South  
Salinas, California 93901  
Attn: Housing Program Manager

Grantee: Sun Rose Housing, LLC  
c/o Interim, Inc.  
604 Pearl Street  
Monterey, CA 93940  
Attn: Executive Director

Notice shall be deemed satisfied within one (1) business day if provided by personal service, by electronic transmission or by facsimile. Notice shall be deemed satisfied within three (3) business days if provided by certified mail. Either County or Grantee may change such address by notifying the other Party in writing as to such new address as County or Grantee may desire used and which address shall constitute as the address until further written notice.

Section 7.11 Applicable Law.

This Agreement shall be governed by California law.

Section 7.12 Parties Bound; Covenants Running with the Land.

Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the Property and shall bind Grantee and its successors and assigns in the Property for the entire Term, and the benefit hereof shall inure to the benefit of the County and its successors and assigns.

Section 7.13 County Approval.

Whenever this Agreement calls for County approval, consent, or waiver, the written approval, consent, or waiver of the Director of the Housing and Redevelopment Office shall constitute the approval, consent, or waiver of the County, without further authorization required from the County Board of Supervisors, provided that it is determined that the overall feasibility of the objectives of this Agreement is not in jeopardy, no additional funds are required from the County, and no material term of this Agreement is altered. The County hereby authorizes the Director of the Housing and Redevelopment Office to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the County upon the terms specified above. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided



that a sole discretion standard applies. The County agrees to reasonably consider requests by Grantee for extensions of any time deadlines imposed under this Agreement, provided that it is determined that the overall feasibility of the objectives of this Agreement is not in jeopardy. The County shall not unreasonably delay in reviewing and approving or disapproving any proposal by Grantee made in connection with this Agreement. Notwithstanding this delegation, approval of the County Board of Supervisors is required to amend this Agreement, and this Section 7.13 shall not preclude the Director of the Housing and Redevelopment Office, in his or her sole discretion, from seeking approval from the County Board of Supervisors for any matter under this Agreement.

Section 7.14 Attorney's Fees.

If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing Party will have the right to recover its reasonable attorneys' fees and costs of suit from the other Party.

Section 7.15 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.16 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 7.17 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Grant, as of the Effective Date. The Parties anticipate entering into the Regulatory Agreement prior to funding of the Grant.

Section 7.18 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

**COUNTY:**

COUNTY OF MONTEREY, a political  
subdivision of the State of California

By: \_\_\_\_\_  
Erik Lundquist, Director, Housing and  
Community Development Department

APPROVED AS TO FORM:

LESLIE J. GIRARD,  
County Counsel – County Risk Manager

By: \_\_\_\_\_  
[Kristy Markey, Deputy County Counsel]

**GRANTEE:**

SUN ROSE HOUSING, LLC, a California  
limited liability company

By: Interim, Inc., a California nonprofit  
public benefit corporation, its sole member

By: \_\_\_\_\_  
Barbara L. Mitchell, Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land is situated in the State of California, County of Monterey, and is described as follows:

For APN/Parcel ID(s): 002-354-027

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SALINAS, COUNTY OF MONTEREY, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL I:

Commencing at the point of the bend in Soledad Street on the Eastern side thereof and in the center of the Sanjon Del Alisal; running thence, Southerly on the Eastern side of Soledad Street to the Southern line of Lot 2, in Block 5, as shown on the map hereinafter referred to; thence at right angles, Easterly 140 feet; thence at right angles, Northerly to the center of Sanjon and then in the center of said Sanjon to the to the point of beginning, being Lots 1 and 2, in Block 5, as shown on the map of "F.S. Spring's Addition to Salinas City", filed June 7, 1902 in Book 1, Maps of "Cities and Towns", at Page 28 therein, in the Office of the County Recorder of the County of Monterey, State of California.

PARCEL II:

That part of Lot 3, in Block 5, as shown on the map of "F.S. Spring's Addition to Salinas City", filed June 7, 1902 in Book 1, Maps of "Cities and Towns", at Page 28 therein, in the Office of the County Recorder of the County of Monterey, State of California, lying Northerly of the line commencing at a point on the Eastern side of Soledad Street 280 <sup>2</sup>/<sub>5</sub> feet from the Northern curb line of John Street; and running Easterly on a line parallel to the Southern line of said Lot 3, to the Eastern line of said Lot 3, being all of said Lot, except that portion thereof conveyed by C.F. Lacey, et ux., to E.M. Stolp by deed dated July 8, 1919 and recorded in Volume 164 of Deeds, at Page 273, in the Office of the County Recorder of the County of Monterey, State of California.

EXHIBIT B

APPROVED DEVELOPMENT BUDGET

Interim, Inc.  
 Sun Rose Housing Development Costs Budget  
 Transitional vs. Permanent  
 As of 4/7/2021

	Total	Transitional	Permanent
<b>General Development Costs</b>			
Construction Loan Interest	\$ 75,000	\$ 35,040	\$ 39,960
Real Estate Taxes During Construction	500	234	266
Builders Insurance Liability	12,000	5,606	6,394
Financing Fees	22,000	10,278	11,722
Legal Fees	70,000	32,704	37,296
Title & Recording Expenses	15,000	7,008	7,992
Other - # of lines needed:			
Soft Costs Contingency	75,000	35,040	39,960
Consultant & Other Development Costs	50,000	23,360	26,640
<b>Total General Development Costs</b>	<b>319,500</b>	<b>149,271</b>	<b>170,229</b>
<b>Construction Costs</b>			
Structure	4,750,902	2,219,626	2,531,277
Project Amenities (Elevator)	150,000	70,080	79,920
Other - # of lines needed:			
Furniture & IT	200,000	93,440	106,560
Contingency	255,000	119,136	135,864
<b>Total Construction Costs</b>	<b>5,355,902</b>	<b>2,502,282</b>	<b>2,853,620</b>
<b>Construction Fees</b>			
Impact Fees, Permits, School Fees (attach schedule identifying costs by type & amount)	209,300	97,785	111,515
Bond Premium	49,098	22,939	26,159
Architectural/Engineering	267,995	134,552	153,443
Developer Fees	197,536	92,289	105,247
Other - # of lines needed:	-	-	-
Prevailing Wage Monitor	20,000	9,344	10,656
Reports, Testing & Studies	45,700	21,351	24,349
<b>Total Construction Fees</b>	<b>809,629</b>	<b>378,259</b>	<b>431,370</b>
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$ 6,485,031</b>	<b>\$ 3,029,812</b>	<b>\$ 3,455,219</b>

\*\*\*REVISED, 4/7/2021\*\*\*

EXHIBIT C  
PROJECT TIMELINE

Project Activity	Date
Take Project Out to Bid	February 2021
Select Contractor and Award Project	March 2021
Contractor to Pull Build Permit from the City's Permit Center	April 2021
Begin Renovation/Relocate Tenants	No Relocation Needed
Begin Project Construction	April - May 2021
Construction Completion and obtain Final Building Inspection.	April - May 2022

This Project Timeline is subject to change based on receipt of bids. This Project Timeline will not need to be amended provided dates do not change by more than 60-calendar days from the end of the month shown.

EXHIBIT D

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

COUNTY GRANT AGREEMENT

Permanent Local Housing Allocation (PLHA) Funds - Capital  
(Sun Rose Housing)

by and between

THE COUNTY OF MONTEREY

and

SUN ROSE HOUSING, LLC

(Sun Rose Housing)

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