

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

Pursuant to Part 3.9 of Division 5 of the Welfare and Institutions Code (commencing with Section 5849.1) and Section 5890 of the Welfare and Institutions Code enacted in 2016 and ratified by the voters in 2018, all as amended and in effect from time to time, the State has established the No Place Like Home Program (the "Program"). Pursuant to the Welfare and Institutions Code, Sections 5849.5 and 5849.8 (b), the Department has adopted Program Guidelines ("Guidelines"), governing the Program, as amended from time to time. This Standard Agreement along with all its exhibits (the "Agreement") is entered into under the authority and in furtherance of the Program. Any reference to the Uniform Multifamily Regulations in the Guidelines is a reference to the current law and any and all amendments. Funds provided under this Agreement are provided to the County in the form of a grant to be provided to individual projects by the County in accordance with Article III of the Program Guidelines.

2. Purpose

In accordance with the authority cited above, an application was made to the State by Contractor for the purpose of administering Program funds as an Alternative Process County (the "County"). By entering into this Agreement and thereby accepting the award of the Program funds available to the County, the Contractor (sometimes referred to as the "Applicant" or "County") agrees to comply with the terms and conditions of the Guidelines, the Notice of Funding Availability (the "NOFA") issued October 29, 2021 as may be amended from time to time, this Agreement, the representations contained in the application, and all applicable requirements of the statutory and regulatory authorities cited or referenced above (including, without limitation, within the Guidelines). The program funds shall be used for the purpose of creating housing units that are specifically set aside for persons with serious mental illness who are Chronically Homeless, Homeless, or At-Risk of Chronic Homelessness.

3. Definitions

Capitalized terms herein shall have the meaning of the definitions set forth in the Guidelines.

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4. Scope of Work

The Scope of Work ("Work") for this Agreement shall consists of the following:

- A. The County shall select Rental Housing Developments for funding in accordance with the method of distribution approved by the Department under Section 301 of the Guidelines.
- B. In accordance with the County's method of distribution approved by the Department, Program funds shall be used to finance capital costs of Assisted Units in Rental Housing Developments of five or more units or Shared Housing ("Projects"), within the County's geographic boundaries. Eligible Project costs include but are not limited to, costs associated with the acquisition, design, construction, rehabilitation, or preservation of Assisted Units consistent with the eligible costs set forth under 25 CCR 7304(b) except that NPLH funds cannot be used to capitalize reserves other than operating subsidy reserves for Assisted Units subject to the limitations of Section 305 of the Guidelines.
- C. Up to 10 percent (10%) of Program funds awarded to the County by the Department may be used by the County for Program administration costs to carry out all administration responsibilities set forth under the Guidelines for the term of the applicable Project period of affordability pursuant to Section 302 of the Guidelines. The County may also charge reasonable and customary annual monitoring fees meeting the requirements of Section 302 to be used in conjunction with administration of funds for compliance monitoring required under the Guidelines.
- D. The County shall perform all of the functions of a Project lender for Projects to which it awards Program funds. The County shall underwrite the Projects it selects to receive Program funds in accordance with the occupancy, income, rent, underwriting standards and other requirements set forth in Sections 303 and 304 of the Guidelines. If providing funds for a Capitalized Operating Subsidy Reserve (COSR), the County shall underwrite Project COSRs in accordance with the requirements of Section 305. Projects awarded NPLH funds by the County shall meet the loan terms, affordability, and other applicable restrictions set forth in Article III of the Guidelines.

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- E. The County shall ensure that the supportive services and tenant selection requirements of Sections 203 and 307 of the Guidelines are met. The County must commit to provide mental health services, and to coordinate the provision of or referral to other supportive services, including but not limited to substance use treatment services, to NPLH tenants for a minimum of twenty (20) years. The County's obligations pursuant to this requirement shall begin when a Project receives its certificate of occupancy, or other evidence of Project completion for Projects already occupied.
- F. The County shall monitor all Projects it selects to receive Program funds in accordance with the requirements of Section 311 of the Guidelines for the required Project period of affordability set forth in Section 302 of the Guidelines.

5. Department Contract Coordinator

The Contract Coordinator of this Agreement for the Department is the Division of Financial Assistance Asset Management and Compliance Unit Fiscal Compliance Section Manager, or the Manager's designee. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class to the Department Contract Coordinator at the following address:

Department of Housing and Community Development
Attention: NPLH Program / Asset Management and Compliance Unit
Fiscal Compliance Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

6. Effective Date, Term of Agreement, and Deadlines

- A. This Agreement is effective upon approval by the Department representative's signature on page one of the fully executed Standard Agreement, STD 213, (the "Effective Date").
- B. Competitive allocation funds are made available to the County pursuant to Welfare and Institutions Code 5849.8(b) and must be committed by the County to Projects within its geographic boundaries by XXXX. Evidence of committed funds may include award letters, commitment letters, or other written agreements evidencing a commitment of funds by the County. The County shall promptly return to the Department any funds made available to the County under Welfare and Institutions Code 5849.8 (b) that are not so committed to Projects by this deadline.

No Place Like Home Program (NPLH)
Alternative Process County Allocation
NOFA Date: 10/29/2021
Approved Date: 2/15/2022
Prep. Date:

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C. This Agreement shall not terminate until June 30, 2121.

7. Contract Amount

A. For the purposes of performing the Work, the Department agrees to provide the amount shown on page one, number 3 of this Agreement (STD 213). In no instance shall the Department be liable for any costs for Work in excess of this amount, nor for any unauthorized or ineligible costs. The County agrees to administer this allocation in accordance with the provisions of the Guidelines and this Agreement.

B. This Agreement contains the following amounts:

1)	Competitive Allocation - Rental Project	\$
2)	Competitive Allocation County Administration	\$
	<u>Total:</u>	\$

At the County's request, and approved by the Department in writing, funds for County Administration may be transferred by the Department to Rental Project activities without an amendment to the Standard Agreement as long as the total amount of County Administration does not exceed 10% of the total amount available under the Standard Agreement.

8. Conditional Reservation of Funds

Notwithstanding any provision in this Agreement, the parties hereto agree and acknowledge that this Agreement constitutes a conditional reservation of funds.

The disbursement of funds pursuant to this Agreement is contingent on:

- A. The sale of bonds by the California State Treasurer's Office; and,
- B. The proceeds of any such bond sales are made available to the Department for disbursement pursuant to all Program requirements.

9. Special Conditions

The Department reserves the right to add any special conditions to this Agreement it deems necessary to assure that the policy and goals of the Program are achieved.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. General Conditions of Disbursement

The Department shall not award or disburse funds unless the County determines that the Program funds shall be expended in compliance with the terms and provisions of the Guidelines, the Notice of Funding Availability (NOFA), and this Agreement. The Department shall disburse funds awarded annually to the County for Project activities under Section 102(e) of the Guidelines in no more than four (4) draws per year to the County. The County shall submit all the following information to the Department for the Department's review and approval prior to any such disbursement:

- A. An award letter or other evidence of commitment of Program funds by the County to the specific Project(s) for which funds are being requested;
- B. A cash flow analysis which indicates how much the County is projected to need for those Projects for the specific period of time for which funds are being requested;
- C. A certification that the County awarded the funds to the specific Project(s) in accordance with the method of distribution approved by the Department under Section 301 of the Guidelines;
- D. Government Tax Identification Number (TIN) Form;
- E. Request for funds form; and,
- F. Any other documents, certifications, or evidence deemed necessary by the Department prior to disbursement of Program funds.

The amount of funds disbursed by the Department annually to the County for its Program administration costs shall not exceed 10 percent (10%) of the amount anticipated to be awarded annually by the Department to the County. The Department shall disburse Program administration funds in no more than four (4) draws per year, and only concurrently with amounts for Program activities disbursed in accordance with subsection 1A herein. These funds shall be used for Program administration costs for the applicable Project period of affordability set forth in Section 302 of the Guidelines.

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2. Milestones and Dates

See Exhibit A, section 6.

3. Payees

The authorized Payee(s) record information is required for payment(s) to be made. Payee(s) is/are as specified below:

Payee Name:

Activity:

Rental Project Funds:

County Administration:

SAMPLE

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NPLH PROGRAM TERMS AND CONDITIONS

1. County's Application for Funds

- A. The County has submitted to the Department an application for County allocation funds under the Program. The Department is entering into this Agreement on the basis of, and in substantial reliance upon, all of the County's facts, information, assertions and representations contained in that Application or in any subsequent modifications or additions thereto approved by the Department. The Application and any approved modifications and additions thereto are hereby incorporated into this Agreement.
- B. The County warrants that all facts, information, assertions and representations contained in the Application or approved modifications, or additions thereto are true, correct, and complete to the best of County's knowledge. In the event that any part of the Application or any approved modification or addition thereto is untrue, incorrect, incomplete, or misleading in any manner that would substantially or materially affect the Department's approval, disbursement, or monitoring of the funding or activities governed by this Agreement, then the Department may declare a breach hereof and take such action or pursue such remedies as are provided under this Agreement or are otherwise available under applicable law or in equity for breach hereof.

2. Uses and Terms of Program Assistance

- A. The County shall allocate Program funds for one or more eligible uses as permitted under Exhibit A section 4, pursuant to the deadlines established in Exhibit A section 6.
- B. Program funds may be provided by the County as predevelopment, construction, or post-construction permanent financing. If predevelopment or construction financing is provided, all Program funds provided for these activities must convert to post-construction permanent financing.

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- C. Except as provided in Paragraphs 4 and 5 below, Program funds for eligible uses in Projects of five or more Units shall be provided in the form of a deferred payment loan that shall have an initial affordability period of fifty-five (55) years or longer commencing on the date of recordation of the regulatory agreement. The loan may bear a zero percent (0%) interest rate. Shared Housing Projects shall be provided in the form of a deferred payment loan that shall have an initial affordability period of twenty (20) years or longer commencing on the date of recordation of the regulatory agreement. Loans for Shared Housing may bear a zero percent (0%) interest rate.
- D. Pursuant to Welfare and Institutions Code Section 5849.4(b), any interest payment, loan repayments, or other return of funds must be returned to the Department and deposited in the No Place Like Home Fund established by Welfare and Institutions Code Section 5849.4.
- E. Program funds shall be secured by the Project's real property and improvements, and subject only to liens, encumbrances and other matters of record approved by the County.

3. Underwriting Standards and Related Requirements

- A. Occupancy of all Assisted Units shall be restricted to households with at least one member who qualifies as a member of the Target Population. Total household income at the time of move-in shall not exceed the 30 percent (30%) AMI limit as published by the Department. Income determination shall be made in accordance with the requirements in 25 CCR Section 6914 and 25 CCR Section 6916. Income levels shall be expressed in five percent (5%) increments as a percentage of AMI. The County shall comply with the Unit designation requirements in Section 303 of the Guidelines.
- B. All Assisted Units shall have Rents restricted to 30 percent (30%) AMI or below as specified in the Project regulatory agreement with the County, except as otherwise permitted in Guidelines Section 303(c) or 304(h). Rent levels shall be expressed in five percent (5%) increments as a percentage of AMI.

Before committing funds to a Project, the County must evaluate the Project in accordance with underwriting standards it has developed that have been approved by the Department pursuant to the requirements of Section 304 of the Guidelines, including evaluating financial feasibility, or in accordance with the Department's own underwriting standards at 25 CCR 8300 et. seq.

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- C. The maximum amount of assistance provided per Assisted Unit shall take into account the number of bedrooms per Unit or other measures of Unit size, as well as the level of affordability provided per Unit, with more affordable Units being provided more subsidy. Alternatively, the Department may approve other methodologies for setting per-Unit subsidy limits as set forth by the Alternative Process County.
- D. The total amount of Program assistance to a Project shall not exceed the eligible costs associated with Assisted Units in accordance with a methodology that allocates costs among the Assisted and non-Assisted Units in reasonable proportion to their anticipated share of costs.
- E. Use of multiple Department Funding Sources on the same Assisted Units (subsidy stacking) is prohibited except as provided in the omnibus modification to program guidelines laid out in Administrative Memo 21-06 issued by the Department on August 20, 2021, or such other law, regulation, or guideline adopted after August 20, 2021.
- F. Projects shall have a transition reserve in an amount established by the County in the event that any Project-based rental assistance is not renewed, or in the event that the Project Capitalized Operating Subsidy Reserve (COSR) or other operating subsidy is exhausted, and the Project cannot secure sufficient other rental or operating subsidies to continue without immediately raising Rents on the Assisted Units. Withdrawals from the transition reserve shall be subject to the County's prior review and written approval.
- 1) If Rent increases on the Assisted Units are necessary after exhausting all transition reserve funds such increases shall only be permitted to the minimum extent required for financial feasibility, as determined by the County. In addition, Rents on Assisted Units shall not, in any event, be increased to an amount in excess of 30 percent (30%) of 60 percent (60%) of AMI, adjusted by number of bedrooms. The Alternative Process County shall notify the Department at least twelve (12) months in advance of any Rent increase on the Assisted Units due to exhaustion of the transition reserve.

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- 2) If Rent increases on the Assisted Units are necessary due to loss of rental or operating assistance, and if it is determined that Program tenants will need to move after exhausting all transition reserve funds, a transition plan shall be implemented to identify other permanent housing options that may be more affordable to Program tenants who cannot afford the increased Rent, and to assist those persons in accessing other available housing. Funds from the transition reserve may be used for these expenses.
- G. Projects of five (5) or more units must meet the accessibility requirements specified in 4 CCR 10325 as may be amended and renumbered from time to time, including those of 4 CCR 10325(f)(7)(K) and, for senior Projects, those of 4 CCR 10325(g)(2)(B) and (C), or a higher standard if required by the County. Exemption requests, as provided for in the Tax Credit Allocation Committee (TCAC) regulations, must be approved by the County. Projects must also provide a preference for accessible Units to persons with disabilities requiring the features of the accessible Units in accordance with Section 4 CCR 10337(b) (2), or a higher standard if required by County. The County must also ensure that any other applicable federal, state, and local accessibility requirements are met.
- H. All funds provided under this Program are public funds within the meaning of Labor Code Section 1720 et seq. and requires payment of prevailing wages for certain developments paid for in whole or in part from any public funding source and exempts other developments from this requirement. All funds provided under this Program are public funds within the meaning of these Labor Code Sections. Program funding for a portion of a Project shall not necessarily, in and of itself, be considered public funding of the entire Project. The County shall be responsible for determining on a case-by-case basis the extent of the applicability of State prevailing wage law to each individual Project. For the purposes of the requirements of Labor Code Section 1720, "construction work" includes, but is not limited to, construction, rehabilitation, alteration, demolition, installation, or repair done under contract and paid for, in whole or in part with Program funds. All construction work shall be done through the use of a written contract (the "construction contract") with a properly licensed building contractor incorporating these requirements. When the construction contract is between the County and a licensed building contractor, the County shall serve as the "awarding body" as defined in the State Labor Code. When the County provides funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the "awarding body".

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The construction contract and any amendments thereto shall be subject to the prior written approval of the County. Prior to any disbursement of funds, including but not limited to, release of any final retention payment, the County shall require a certification from the awarding body that prevailing wages have been or will be paid as required by Section 1720 of the State Labor Code.

- I. Projects shall comply with all requirements of applicable California relocation law (Title 1, Division 7, Chapter 16 of the Gov. Code, § 7260 et seq. and the regulations promulgated thereunder at 25 CCR § 6000 et seq.). The County shall require Projects to submit relocation plans for its review and approval.
- J. Projects must meet the integration requirements set forth in Section 301 (a) (10) of the NPLH Guidelines.

4. Capitalized Operating Subsidy Reserve

- A. Not more than 100 percent (100%) of the total amount provided per-Assisted Unit in Program funds for capital may be provided in Program funds for a Capitalized Operating Subsidy Reserve (COSR) to address Project operating deficits attributable to Assisted Units.
- B. In order to be eligible to receive a COSR, the Project application to the County must first demonstrate, and the County must verify prior to issuing an award letter for the Project that, in lieu of relying in whole or in part on COSR assistance for Assisted Units, the Project has sought out other forms of rental or operating assistance in accordance with the requirements of Section 305(b) of the Guidelines.
- C. COSRs may be provided in the form of a loan evidenced by a promissory note secured by a deed of trust recorded by the County. That loan may be a zero percent (0%) interest deferred payment forgivable loan with a term of not less than twenty (20) years. Alternatively, COSRs may be provided in the form of a grant with a term of not less than twenty (20) years evidenced by an enforceable written agreement as set forth under section 5 below.
- D. Project COSRs shall be sized to cover anticipated operating deficits attributable to the Assisted Units for a minimum of twenty (20) years. The total amount of a Project COSR will be determined based upon the individual Project underwriting performed by the County pursuant to the requirements of Section 305(d) of the Guidelines and the County's method of distribution approved by the Department under Section 301 of the Guidelines.

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- E. The County shall hold each Project COSR in a segregated interest-bearing account for the benefit of the Project's Assisted Units for as long as funds remain in the COSR, but for not less than twenty (20) years.
- F. The County shall establish procedures for disbursement of amounts from the COSR to the Project based on the results of an independent audit bifurcated between Assisted Units and the other Project Units prepared by a certified public accountant which establishes the amount of Project operating deficit, if any, attributable to the Assisted Units. The amount of operating deficit attributable to the Assisted Units shall account for the Assisted Units' share of Project operating expenses subtracted from Project income based on a cost-allocation methodology approved by the County consistent with the Project underwriting performed by the County pursuant to the requirements of Sections 304 and 305 of the Guidelines.
- G. The County shall review each Project COSR balance at least once annually to determine if adjustments need to be made to disbursement levels in order to ensure the long-term sustainability of each COSR.

5. Project Agreements

- A. The County shall enter into the following written agreements with Development Sponsors of Projects the County selects to receive Program funds. Copies of these Agreements shall be submitted to the Department as they become available
 - 1) An agreement setting forth local and State Program requirements pursuant to the Guidelines, the County's Department approved method of distribution for Program funds and other related County documents, and this Agreement;
 - 2) A promissory note payable to the County in the principal amount of the loan. The promissory note shall be secured by a deed of trust on the fee estate in the Project or an acceptable leasehold security naming County as the primary beneficiary. Such security shall be executed prior to the disbursement of funds to a Project;

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- 3) A Project regulatory agreement governing matters related to the use, operation, and occupancy of the Project, including, but not limited to, the imposition of certain low-income occupancy requirements, regulation of rents on the low-income units, audits and other financial controls and reserve requirements, management oversight by the County and the Department, compliance with federal and state laws, and other Program requirements. Counties shall include language in each Project regulatory agreement any interest payment, loan repayments, or other return of funds must be returned to the Department and deposited in the No Place Like Home Fund established by Welfare and Institutions Code Section 5849.4. Unless otherwise permitted with prior written approval of the Department, the regulatory agreement shall be recorded as a lien against the Project in first position, and shall remain in first position over all other Project agreements, covenants or other matters of record on the property for the period of affordability required under Guidelines Section 302;
- 4) An agreement governing the use and distribution of all Project reserve accounts;
- 5) All COSR funds provided by the Alternative Process County in the form of a grant shall be evidenced by a grant agreement, which shall be secured by a deed of trust or other lien recorded against the real property of the housing development in favor of the County, for the purpose of securing performance of the covenants and conditions of the grant agreement. The lien shall endure for the full duration of the grant agreement and shall be subject to the provisions of Section 305 and other applicable provisions of these Guidelines and the County's standard agreement with the Department. The security for the grant agreement shall be recorded junior only to such liens, encumbrances, and other matters of record approved by the County and shall secure the County's financial interest in the Project and the performance of the Applicant's Program obligations.
- 6) A Sponsor operating guarantee between the County, the Development Sponsor, and any affiliate of the Development Sponsor whose experience the County will be relying upon in the development, ownership, and management of the Project;
- 7) A Project supportive services plan meeting the requirements of Guidelines Section 301 (a) (9); and,

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- 8) Any other additional agreements and documents, as the County or the Department may deem reasonable and necessary to meet the Program requirements and the terms and conditions of this Agreement.

6. Restrictions on Transfer and Change of Ownership

- A. The County shall prohibit the Development Sponsor, without the prior written approval of the County, from engaging in the following activities:
- 1) selling, transferring, conveying, encumbering, hypothecating or pledging any of the Project or the Project property, or any portion or interest in either of them;
 - 2) discharging or replacing any general or managing partner if Sponsor is a partnership, or amending, modifying or adding to its partnership agreement except that the Sponsor may sell or transfer limited partnership interests without the County's approval, if otherwise permitted by the County;
 - 3) if Sponsor is a limited liability company: changing the manager(s), amending, modifying or adding to its operating agreement or management structure;
 - 4) winding up, liquidating, or dissolving its affairs or entering into any transaction of merger or consolidation; or,
 - 5) changing the organizational structure of the Sponsor.

7. Tenant Selection, Rental Agreements, and Grievance Procedures

- A. Projects utilizing funds through the Noncompetitive allocation provided under Welfare and Institutions Code 5849.9 shall prioritize persons with mental health supportive service needs who are Homeless or At-Risk of Chronic Homelessness.
- B. Chronically Homeless and Homeless persons shall be referred to Assisted Units through the local Coordinated Entry System ("CES"). If the CES existing in the County cannot refer persons At-Risk of Chronic Homelessness, an alternate system may be used as long as that alternate system prioritizes those with the greatest needs among those At-Risk of Chronic Homelessness for referral to available Assisted Units.

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- C. Tenant eligibility criteria must be satisfied prior to being referred to an NPLH Project. All referral protocol for NPLH Assisted Units must be developed in collaboration with the local Continuum of Care and implemented consistent with Program requirements.
- D. Funded Projects shall maintain documentation of tenant eligibility consistent in all the following ways, as applicable:
- 1) Documentation of a Serious Mental Disorder or a Seriously Emotionally Disturbed Child or Adolescent must be provided by a qualified mental health worker in accordance with the requirements of Welfare and Institutions Code Section 5600.3;
 - 2) Documentation of a person's status as Chronically Homeless, Homeless, or At-Risk of Chronic Homelessness must be provided in accordance with procedures established through the local CES or other procedures established by the County and approved by the local Continuum of Care for determining whether a person qualifies as Chronically Homeless, Homeless, or At-Risk of Chronic Homelessness; and,
 - 3) In no event shall a person be required to be a client of the County behavioral health department or a recipient of mental health or other services in order to qualify for or remain in an Assisted Unit.
- E. The County shall have reasonable standards for Project rental agreements, property management plans, and tenant grievance procedures to ensure compliance with Housing First requirements consistent with the core components set forth in Welfare and Institutions Code Section 8255(b), and compliance with basic tenant protections established under federal, state, and local law. Tenants shall be accepted regardless of sobriety, participation in services or treatment, history of incarceration, credit, or history of eviction in accordance with practices permitted pursuant to WIC Section 8255 or other federal or State Project funding sources.

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8. Monitoring

- A. The County is responsible for ensuring that NPLH funds are used in accordance with all Program requirements. The County must take appropriate action when performance problems arise. The performance and compliance of each Project must be reviewed as set forth in paragraph B. below. The County must have and follow written policies, procedures, and systems, including a system for assessing risk of activities and Projects and a system for monitoring Projects, to ensure developers, property managers, and services providers are meeting all Program requirements. While the County may use a public agency subcontractor to perform these functions, contracting out these functions will not relieve the County of its obligations under the Program.
- B. To ensure that funded Projects are completed, Projects are able to meet long-term affordability, and Projects are meeting other Program requirements as set forth in the Guidelines, relevant statutes, this Agreement, and all other relevant Program agreements, the County must meet the following minimum requirements for Project monitoring:
- 1) On-site physical inspections of all Projects as needed during construction, at Project completion, and at least once every three years during the term of the loan;
 - 2) Annual review of Project operating budgets, audits, or other certified financial statements, to ensure that the Project can maintain Fiscal Integrity, and that budget line items, including any proposed Rent increases, are reasonable and necessary in light of costs for comparable Permanent Supportive Housing Projects and prior year budgets. All Projects that receive a COSR must submit a bifurcated annual audit. The bifurcated audit must distinguish actual annual income and expenses of Assisted Units that receive capitalized operating subsidies from those Units that do not receive the subsidies; and,
 - 3) Annual review of supportive services plans and outcome measures to ensure that the supportive services being offered are the most appropriate and effective for existing NPLH tenants and the NPLH tenants proposed to be served in the Project regulatory agreement.
- C. The Department will review the performance of the County in carrying out its Program responsibilities, in accordance with the requirements of the Guidelines and this Agreement, whenever determined necessary by the Department.

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9. Reporting/Audits

- A. Commencing with the Effective Date of this Agreement and continuing through the expiration date set forth in Exhibit A, section 6, the County shall comply with the reporting requirements specified in section 214 subsections (c) through subsection (i) of the Guidelines. The data required under section 214 (e) shall be submitted to the Department in electronic format on a form provided by the Department no later than September 30th each year, as specified on a form provided by the Department, unless an extension is granted in writing by the Department.
- B. For each Project completed by June 30th of the reporting year, the County shall submit to the Department a Project completion report on a form provided by the Department, no later than September 30th of that year, as specified on a form provided by the Department, with evidence acceptable to the Department that the Project is complete, and that all Assisted Units in that Project are occupied by persons meeting the occupancy, income, Rent, and tenant eligibility requirements for those Assisted Units. The Department may extend the deadline for submission of a Project completion report, if a Project was completed after April 30th in order to enable the Project to submit occupancy information based on an initial rent-up period not to exceed one hundred and twenty (120) days.
- C. Commencing with the Effective Date of this Agreement until further notified by the Department, the County shall submit an annual expenditure report to the Department on forms provided by the Department within sixty (60) days of the close of the County's fiscal year.
- D. At the Department's request, the County shall provide, at its own expense, a financial audit prepared by a certified public accountant. If there are audit findings, the County must submit a detailed response acceptable to the Department for each audit finding within ninety (90) days from the date of the audit finding report.
- E. At the Department's request the County shall supply any other information necessary for the operation of the Program, including but not limited to information necessary to estimate the amounts needed for upcoming bond sales under the Program.

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10. Article XXXIV

- A. Article XXXIV, Section 1 of the California Constitution ("Article XXXIV") requires local voter approval before any state public body can develop, construct, or acquire a low-rent housing project in any manner. The California Supreme Court interpreted Article XXXIV in two seminal cases: *California Housing Finance Agency v. Elliott* (1976) 17 Cal.3d 575 [131 Cal.Rptr. 361] and *California Housing Finance Agency v. Patitucci* (1978) 22 Cal.3d 171 [148 Cal.Rptr. 875]. In addition, the California Legislature clarified certain Article XXXIV terms in the Public Housing Election Implementation Law (PHEIL) (Health & Safety Code, § 37000 et seq.). Health and Safety Code Section 37001, for example, lists several types of developments that are not considered "low-rent housing projects."
- B. The County, as a "state public body," is subject to Article XXXIV. By executing this Agreement, the County warrants that if it allocates Program funds to a Project, it will ensure that the Project is in compliance with, or is exempt from, Article XXXIV. Furthermore, the County acknowledges the Department's position that County assistance to a Project under this Program amounts to development, construction, and acquisition under Article XXXIV.

11. Relocation

The County shall ensure Project compliance with applicable state and federal relocation laws including Title 1, Division 7, Chapter 16 of the California Government Code Section 7260 et seq., and 25 CCR Section 6000 et seq.

12. Retention and Inspection of Records

- A. The County agrees that the Department or its designee shall have the right to review, obtain, and copy all records and supporting documentation pertaining to performance of this Agreement. The County agrees to provide the Department or its designee, with any relevant information requested. The County agrees to permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees who might reasonably have information related to such records and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with the Program statutes, the Guidelines, and this Agreement.

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- B. The County further agrees to retain all books and records relevant to this Agreement for a minimum of (5) five years after the end of the term of this Agreement or as specifically stipulated below:
- 1) If any litigation, claim, negotiation, audit, monitoring, inspection, or other action relevant to this Agreement, has been started before the expiration of the required record retention period, all records must be retained for (5) five years after the conclusion of the action and resolution of all issues which arise from it.
 - 2) The County also agrees to include in any contract that it enters into in an amount exceeding \$10,000.00, the Department's right to audit the County's records and interview their employees. The County shall comply with the caveats and be aware of the penalties for violation of fraud and for obstruction of investigation as set forth in California Public Code Section 10115.10.
- C. The determination by the Department of the eligibility of any expenditure shall be final.

13. Defaults and Cancellations

- A. The Department may revoke the County's designation as an Alternative Process County if the County or its funded Projects have engaged in repeated violations of Program requirements that cannot be satisfactorily resolved to bring the County into compliance. This may include, but is not limited to, failure of the County to obtain substantial compliance from a Project Sponsor with Program requirements within a reasonable period of time.
- B. Prior to revoking an Alternative Process County designation, the Department will work with the County for a period of not less than ninety (90) days to identify and implement measures that can be taken to bring the County into compliance as determined by the Department.
- C. The following shall each constitute a breach or cancellation of this Agreement:
- 1) The County's Program is not in compliance with the requirements of the Guidelines or the terms of this Agreement.

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- 2) Use of, or permitting the use of, Program funds provided under this Agreement for any ineligible costs or for activities not approved under this Agreement.
 - 3) Any failure to comply with the deadlines set forth in this Agreement.
 - 4) The Department has been notified of a reduction in or elimination of Program bond proceeds.
- D. In addition to any other remedies that may be available to the Department in law or equity for breach of this Agreement, the Department may:
- 1) Bar the County from applying for future Program funds;
 - 2) Revoke any other existing Program award(s) to the County;
 - 3) Require the return of any unexpended Program funds disbursed under this Agreement;
 - 4) Require repayment of Program funds disbursed and expended under this agreement;
 - 5) Require the immediate return to the Department of all funds derived from the use of Program funds including, but not limited to interest payments, loan repayments, recaptured funds and returned funds;
 - 6) Seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete fulfill its Program obligations in accordance with the Program requirements; and,
 - 7) Seek such other remedies as may be available under the relevant agreement or any law.
- E. All remedies available to the Department are cumulative and not exclusive.
- F. The Department may give written notice to the County to cure the breach or violation within a period of not less than thirty (30) days.

EXHIBIT D

- G. Upon notification by the Department that the funding allocation is canceled or reduced, and this Agreement is terminated or amended, the County shall:
- 1) Complete all work affected by the cancellation or reduction that is in progress; and,
 - 2) Terminate any other planned activities that cannot be paid for with Program funds as a result of the termination or reduction.
 - 3) Notwithstanding the above, the County shall continue to carry out all of its responsibilities under the Program to Projects it funded prior to discontinuing as an Alternative Process County (APC). This includes, but is not limited to, loan servicing, Project monitoring, and submitting required reports.
- H. The Department may revoke or rescind the County's designation as an Alternative Process County pursuant to the terms of Sections 312 and 313 of the Guidelines.

14. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement, or to require at any time, performance by the County of these provisions, shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

15. Special Conditions

The County agrees to comply with all conditions of this Agreement including the Special Conditions set forth in Exhibit E. These conditions shall be met to the satisfaction of the Department prior to disbursement of funds. The County shall ensure that all Development Sponsors are made aware of and agree to comply with all of the conditions of this Agreement and the applicable State requirements governing the use of Program funds. Failure to comply with these conditions may result in cancellation of this Agreement.

EXHIBIT D

16. Compliance with State and Federal Laws, Rules, Guidelines and Regulations

The County agrees to comply with all State and Federal laws, rules and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Program, the County, its funded Projects, and any other Program activity.

17. Litigation

- A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.
- B. The County shall notify the Department immediately of any claim or action undertaken by or against it, which affects or may affect this Agreement or the Department and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

18. Signs

Sponsor shall place signs on the construction site for the Work stating that the Department is providing financing through the NPLH Program in appropriate locations, typeface and size containing the following message:

NAME OF THE PROJECT(S)
THIS PROJECT HAS BEEN MADE POSSIBLE
BY FINANCING FROM
THE NO PLACE LIKE HOME PROGRAM
THROUGH
THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The sign shall be maintained in a prominent location visible and legible to the public through construction completion. If the job sign includes the acknowledgment and/or logo of one or more other public lenders, the Department acknowledgment and logo shall also be displayed in a similar size and layout. A copy of the Department and Program logo can be obtained by contacting the Department Contract Manager.

Upon installation of the sign, the Sponsor shall submit a digital photograph thereof to the County to verify compliance with these signage requirements.

EXHIBIT E

PROJECT SPECIFIC PROVISIONS AND SPECIAL CONDITIONS

These Special Conditions are specific for this Standard Agreement:

1. Add or none.

SAMPLE

No Place Like Home Program (NPLH)
Alternative Process County Allocation
NOFA Date: 10/29/2021
Approved Date: 2/15/2022
Prep. Date: