Cypress Senior CDBG-DR MHP Developer Commitment Agreement

This Agreement, dated as of December 9, 2025, is made and entered into by and between the Town of Paradise, California, acting by and through its Town Manager, with offices at 5555 Skyway Road, Paradise, CA 95969 ("TOWN") and Mercy Housing California 114, L.P. located at 1256 Market Street, San Francisco, CA 94102 ("OWNER").

WHEREAS the TOWN is a subrecipient of the State of California Department of Housing and Community Development ("HCD"), who is providing Community Development Block Grant-Disaster Recovery Multifamily Housing Program ("CDBG-DR MHP") funds from the United States Department of Housing and Urban Development ("HUD") to qualified applicants in accordance with the requirements of HCD's CDBG-DR MHP Program ("PROGRAM"); and

WHEREAS OWNER will own and operate the property, and is the applicant for a project more particularly described herein ("PROJECT") and the PROJECT developer. OWNER will enter into the Agreements required hereunder; and

WHEREAS, OWNER has applied to the TOWN as evidenced by a completed Application, including all written responses, exhibits, attachments, addenda, and amendments pertaining thereto, (collectively, "APPLICATION"); and

WHEREAS, to ensure that the PROJECT will be constructed, used, and operated in accordance with these requirements, OWNER and the TOWN have agreed to enter into this CDBG-DR MHP PROJECT Commitment Agreement ("AGREEMENT").

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the TOWN and OWNER hereby contract and agree as follows:

I. PROJECT Summary and Important Contractual Dates

The PROJECT will be located at 1610, 1613, 1616, 1620 Cypress Lane, Paradise, California (APN 050-140-178-000), (see attached copy of Purchase and Sale Agreement between Mercy Housing California and Paradise Investment Group LLC dated April 26, 2022, at Exhibit G) and consists of the new construction of the PROJECT. This rental housing PROJECT will contain seventy (70) units of rental housing, of which sixty-nine (69) units will be assisted with CDBG-DR MHP funds. The PROJECT will be developed by OWNER; constructed by Sunseri Construction, Inc; and managed by Community Housing Improvement Program, Inc. The architects for the PROJECT will be Northstar and Anders & Falltrick Architects. Any changes to any of these responsible entities or their partners, except the limited partner in accordance with the OWNER's partnership agreement, must be disclosed to, and approved by (unless permitted by the Loan Documents), The TOWN of Paradise during the term of the loan and throughout the full affordability period.

Important PROJECT Parameters and Dates

Description of Requirement or Event	Date or Amount
Number of total PROJECT units	Seventy (70)
Number of CDBG-DR MHP assisted units	Sixty-nine (69)
Number of CDBG-DR MHP units affordable to 30% AMI households	Eleven (11)
Number of CDBG-DR MHP units affordable to 50% AMI households	Twenty-five (25)
Number of CDBG-DR MHP units affordable to 60% AMI households	Thirty-three (33)
Amount of TOWN CDBG-DR MHP funding	Twenty six million, thirty-nine thousand, twenty eight dollars ($26,039,028)
Total PROJECT budget	Forty one million, seven hundred forty five thousand, six hundred dollars ($41,745,600)
Construction start deadline	Within ninety (90) days of PROJECT closing
The TOWN of Paradise CDBG-DR MHP funding expenditure deadline	December 31, 2028
Construction completion deadline	December 1, 2027
PROJECT lease-up/closeout deadline	June 1, 2028

II. CDBG-DR MHP Requirements

The TOWN of Paradise is providing a portion of its allocation of CDBG-DR MHP funds to partially fund this PROJECT. CDBG-DR funds were appropriated by the federal government to the State of California on January 27, 2020 through 85 FR 4681 under Public Laws 115–254 and 116–20, Catalog of Federal Domestic Assistance Number 14.228. The California Department of Housing and Community Development (HCD) is the lead and Responsible Entity for administering the CDBG-DR funds allocated to the State of California. The CDBG-DR MHP PROGRAM was developed by HCD, and the Town of Paradise is a subrecipient of funding through this PROGRAM. The CDBG-DR program is administered by HUD, and both the Federal regulations (Title I of the Housing and Community Development Act of 1974, as amended; 24 CFR Part 570; 2 CFR Part 200) and the State's CDBG-DR MHP PROGRAM regulations and requirements outlined in the HCD

DR18 Disaster Recovery Multifamily Housing Program Policies and Procedures Manual must be followed in the development and operation of this PROJECT.

A. CDBG-DR MHP funded Activities: CDBG-DR MHP funds will be used to support the following activities related to the purchase, improvement, and rental of property as affordable housing to households at or below eighty percent (80%) of the area median income (AMI) adjusted by household size. Eleven (11) of the CDBG-DR MHP assisted units will be provided as affordable rental housing to households at or below thirty percent (30%) of the AMI. No activity (including, but not limited to, property acquisition and construction) should take place until the execution of this AGREEMENT and the approved completion of the environmental review:

Eligible activity for which all CDBG-DR MHP funds will be used	Funding Amount
New construction of housing units	$26,039,028

OWNER will be responsible for all costs incurred prior to obtaining an executed AGREEMENT.

B. Affordable Rent Restrictions: OWNER must charge rents for the CDBG-DR MHP assisted units in accordance with Exhibit B and this Section II.B that do not exceed High HOME Rent Limits and Low HOME Rent Limits as published annually by HUD. High HOME Rent Limits shall apply to PROJECT units serving households with an annual income between 31% - 80% Area Median Income (AMI) in accordance with Section II.C of this Agreement. Maximum Affordable Rents (inclusive of all utility costs) for DR-MHP-Assisted Units restricted for Households with an annual income at 30% or below AMI shall not exceed the California Tax Credit Allocation Committee's 30% income level maximum rent limits as designated for the Project area. Projects that are subsidized under Section 8 of the Housing Act of 1937 or any other comparable federal or state rental assistance program may adjust rents as required or allowed by the respective rental assistance program, for as long as the DR-MHP Assisted Units continue to receive rental assistance. All rents listed must be adjusted for any utilities paid by the tenant using the approved Utility Allowance Schedule for the project.

1. The CDBG-DR MHP PROGRAM requires that the HOME Investment Partnership Program ("HOME") regulations regarding rents must be followed. Per these regulations at 24 CFR Part 92.252, HUD provides the maximum HOME rent limits, with adjustments for the number of bedrooms in the unit. These limits are adjusted annually by HUD, and it will be the responsibility of OWNER to ensure that rents do not exceed the applicable HOME rents ("AFFORDABLE RENTS") during the full affordability period. One hundred percent (100%) of CDBG-DR MHP assisted units must be at or below the current, HUD established, High HOME rent, less tenant paid utilities (using an approved

Utility Allowance Schedule). Current HOME rents for Chico, CA MSA/Butte County are listed in Exhibit B, attached hereto, and updated annually by HUD/HCD.

2. The rent standards must be reduced if the tenant pays for utilities and documented with an approved Utility Allowance Schedule provided to the Town annually. This is because the calculation of these rent standards includes all utilities except telephone. In practice, many utilities (water, heat, air conditioning, cooking gas, etc.) are not included in rents. Utility allowances provide a mechanism for adjusting the maximum allowable AFFORDABLE RENTS when the tenant pays some or all utilities.
    a. OWNER must use the HUD Utility Schedule Model (HUSM) or the standard of the local housing authority to calculate tenant paid utilities and include an updated and completed model in their files and provide to the Town on an annual basis. The HUSM, along with instructions and other related data and information is found on the HUD.gov web page.
    b. These utility calculations should then be used along with current allowable HOME rent limits to adjust the rents annually.
3. OWNER cannot refuse to lease CDBG-DR MHP-assisted units to a certificate or voucher holder, as described in 24 CFR 92.252 (d).

C. Tenant Requirements: The following requirements pertain to the lease of the housing units to eligible tenants:

1. Occupancy by seniors
    a. All units are restricted to residents who are 62 years of age or older under applicable provisions of Cal. Civ. Code, Section 51.3 and the federal Fair Housing Act.
2. Occupancy by Low Income Households:
    a. Eleven (11) of the units assisted with CDBG-DR MHP funds must serve households with incomes at or below thirty percent (30%) of the area median income (AMI), adjusted by household size, as defined in the table above, throughout the full affordability period.
    b. Twenty-five (25) of the units assisted with CDBG-DR MHP funds must serve households with incomes at or below fifty percent (50%) of the area median income (AMI), adjusted by household size, as defined in the table above, throughout the full affordability period.
    c. Thirty-three (33) of the units assisted with CDBG-DR MHP funds must serve households with incomes at or below sixty percent (60%) of the area median income (AMI), adjusted by household size, as defined in the table above, throughout the full affordability period.

Income limits for programs administered by the State of California Housing and Community Development (HCD) Department are published on the HCD webpage.

Current Income Calculations for Butte County, CA (2025)								
Household Size	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
30% AMI	$19,750	$22,550	$26,650	$32,150	$37,650	$43,150	$48,650	$54,150
50% AMI	$32,900	$37,600	$42,300	46,950	$50,750	$54,500	$58,250	$62,000
60% AMI	$39,480	$ 45,120	$ 50,760	$ 56,340	$ 60,900	$ 65,400	$ 69,900	$ 74,400

3. Period of Affordability: CDBG-DR MHP assisted units must meet the affordability requirements, including affordable rents and rental occupancy by income eligible tenants as described elsewhere in this document. These restrictions will be imposed for twenty (20) years ("Period of Affordability"), following PROJECT completion (receipt of a Certificate of Occupancy). This is the minimum amount of time allowable by HCD for rental housing units under the PROGRAM. Affordability requirements apply regardless of the term of any loan or mortgage or the transfer of ownership. They will be imposed by a Deed Covenant. The TOWN will also conduct monitoring and inspections and will require recordkeeping and reporting requirements annually throughout the Period of Affordability. OWNER shall participate as requested by the TOWN and provide requested information and data to complete the process to the satisfaction of the TOWN, HUD and/or HCD.

   OWNER shall execute, abide by, and record an Affordable Housing Restriction which will, among other things, restrict the use and occupancy of the PROJECT, as well as the PROJECT's rental rates for the Period of Affordability. OWNER hereby understands and agrees that all covenants and restrictions regarding the Affordable Housing Restriction must be covenants running with the land and will be binding on the OWNER, its successors in title, and subsequent owners of the PROJECT Site (except, upon due notice to the TOWN, the Affordable Housing Restriction must terminate upon foreclosure or OWNER's execution and delivery of a deed in lieu of foreclosure) during the Period of Affordability.

   During the Period of Affordability, OWNER must comply with the following covenants regarding the CDBG-DR MHP Assisted Units:

   a. OWNER hereby covenants not to convert the newly constructed units in accordance with the PROJECT Plans for the applicable Period of Affordability to condominium ownership or any form of cooperative ownership or mutual housing that has a resale structure that does not enable the cooperative to maintain thirty-three (33) of the CDBG-DR MHP assisted rental units affordable to households with incomes at or below 60% of the area median income, twenty-five (25) of the CDBG-DR MHP assisted rental units affordable to households with incomes at or below 50% of the area median income, and eleven (11) of the CDBG-DR MHP assisted rental units affordable to households with incomes at or below 30% of the area median income. OWNER further agrees that it must maintain the AFFORDABLE RENTS and Occupancy Standards required pursuant hereto.

b. OWNER hereby covenants and agrees that OWNER will not discriminate against prospective tenants at the PROJECT on the basis of their receipt of, or eligibility for, housing assistance under any federal, state, or local housing assistance PROGRAM or, except for a housing project for elderly persons, on the basis that the tenants have a minor child or children who will be residing with them, for the applicable Period of Affordability.

c. These covenants and those through the Affordable Housing Restriction must constitute mutual covenants running with the PROJECT Site during the applicable Period of Affordability and the TOWN must have the same right to invoke and enforce the provisions of this Article and all other relevant provisions of this AGREEMENT against all successive and future owners of the PROJECT Site, unless said future owner or owners must have acquired title to the PROJECT Site pursuant to a foreclosure action instituted by the TOWN or a foreclosure action under loan documents securing private financing.

d. Covenant against Transfer of PROJECT Site: Except as otherwise permitted by the Loan Documents, during the Period of Affordability, OWNER, may not, without the prior written consent of the TOWN, which consent may be withheld in the TOWN's sole discretion, (a) include, or permit any other person or entity to include any real property that is part of the PROJECT Site in any other existing or proposed PROJECT or development, or (b) assign, convey or transfer any such real property to any individual or entity, or agree to make such assignment, conveyance or transfer. The prohibition contained in this Section must apply to any such real property, whether or not CDBG-DR MHP Funds were or will be spent on the real property, and whether or not the other existing or proposed PROJECT or development will be financed in whole or in part by CDBG-DR MHP Funds. By way of example, but not limitation, this Section applies to any AGREEMENT by the OWNER of the PROJECT to convey a vacant lot that is part of the PROJECT Site and that is not improved as part of the PROJECT.

e. No conversion of the rental units to homeowner units or sale of these units may occur during the term of the Period of Affordability.

f. OWNER hereby covenants that the determination of whether a household meets the income requirements set forth herein must be made by the OWNER, at the time of leasing of a unit in the PROJECT and thereafter at least annually on the basis of the current income of such household. OWNER hereby covenants and agrees that the OWNER will maintain this data and must, upon reasonable notice and during normal business hours, give access to it and all books, accounts, reports, files, and other papers or property of OWNER pertaining to the TOWN CDBG-DR MHP Loan to the inspector General of HUD, the Comptroller General of the United States, the TOWN, or any of their duly authorized representatives for the purpose of making surveys, audits, examinations, excerpts, and transcripts.

g. All property leases with tenants must be for a period of at least one (1) year, unless a shorter term is requested by tenant in writing and agreed to by OWNER. A copy of the lease must be made available to the TOWN upon request and must not contain any of the following prohibited clauses.

   i. Agreement to be sued: Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the OWNER in a lawsuit brought in connection with the lease.

   ii. Treatment of property: Agreement by the tenant that the OWNER may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.

   iii. Excusing OWNER from responsibility: Agreement by the tenant not to hold the OWNER or the OWNER's agents legally responsible for any action or failure to act, whether intentional or negligent.

   iv. Waiver of notice: Agreement by the tenant that the OWNER may institute a lawsuit without notice to the tenant.

   v. Waiver of legal proceedings: Agreement by the tenant that the OWNER may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.

   vi. Waiver of a jury trial: Agreement by the tenant to waive any right to a trial by jury.

   vii. Waiver of right to appeal court decision: Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court, a court decision in connection with the lease.

   viii. Tenant chargeable with cost of legal actions regardless of outcome: Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant wins in a court proceeding by the OWNER against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

   ix. Termination clauses: Agreement by the tenant that allows termination without a 30-day notice and for other than repeated violation of the terms and conditions of the lease; violation of applicable federal, state, or local law; completion of the tenancy period for transitional housing or for other good cause.

h. The OWNER shall not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with CDBG-DR MHP funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the OWNER must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

i. The OWNER must adopt written tenant selection policies and criteria, as provided in Exhibit E, that:

   i. are consistent with the purpose of providing housing for very low-income and low-income households;

   ii. are reasonably related to PROGRAM eligibility and the applicants' ability to perform the obligations of the lease.

   iii. provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

   iv. give prompt written notification to any rejected applicant of the grounds for any rejection.

D. <u>Conditions on acquisition/construction activity</u>: OWNER must not take title until after the environmental review has been completed and approved by the TOWN and HCD for this PROJECT and a release of funds has been issued. Construction may not take place until a PROJECT closing has been held with the TOWN, all needed documents have been executed, and a notice to proceed has been issued by the TOWN.

   This PROJECT must be constructed and operated in conformance with all requirements of the environmental site assessment and HCD approved environmental review and all required compliance with special conditions have been implemented (i.e. WUI, Broadband, Energy Efficiency).

E. <u>Relocation</u>: All properties acquired for this PROJECT must be vacant prior to the initiation of the PROJECT and remain vacant through the execution of this AGREEMENT. OWNER must adhere to federal requirements related to acquisition, displacement and relocation found at 49 CFR Part 24 (the Uniform Relocation Assistance and Real Property Acquisition Act).

   Per the Federal Register Notice, no funds allocated to a CDBG-DR funded project may be used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use as defined in 83 FRN 40314.

F. <u>Applicable Laws</u>: OWNER agrees to abide by any and all federal, state, and TOWN laws, codes, ordinances, rules, and regulations applicable to the PROJECT, whether presently existing or hereafter promulgated, including without limitation environmental laws, building codes, land use, and zoning codes.

G. Uniform Administrative Requirements: OWNER acknowledges that TOWN must comply with all applicable provisions of Title 2, Subtitle A, Chapter II, PART 200— UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS contained in Title 2 CFR § 200 et seq.

H. Religious and Political Activities: OWNER is prohibited from using funds provided by the Financing Loan or personnel employed in the administration of the PROGRAM for sectarian or religious activities, lobbying, political patronage and/or nepotism activities. OWNER further agrees that no funds provided, nor personnel employed under this AGREEMENT, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code (Hatch Act), 24 CFR Section 570.207(a)(3), or 24 CFR Section 570.200(j).

I. Section 3 of the Housing and Urban PROJECT Act of 1968: OWNER agrees to comply with the provisions of Section 3 of the Housing and Urban PROJECT Act of 1968 (12 U.S.C. §1701u) and implementing regulations contained in 24 CFR Part 75 regarding economic opportunities for low- and very low-income persons. OWNER shall also keep records demonstrating compliance with the foregoing regulations, including without limitation the provisions of 24 CFR Section 570.506(g)(5). In addition, OWNER agrees to comply with the following requirements:

1. To prepare and utilize a Section 3 Plan for the TOWN in compliance with HUD.
2. To designate a Section 3 Coordinator and provide data to the TOWN per required manual provide by the TOWN.
3. To take affirmative steps to follow the Section 3 Plan, document those efforts and provide required data and information to the TOWN.
4. To include a Section 3 Clause and the Contractor Certification of Efforts to Fully Comply with Employment and Training Provision of Section 3 in any construction contract in excess of $100,000 and in compliance with the TOWN plan and manual provided.

J. Minority and Women Business Enterprise (M/WBE): Per 2 CFR 200.321, Subrecipients, contractors, and/or Developers must take all necessary affirmative steps to ensure that minority business, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources

3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises
5. Using the services and assistance, as appropriate, of such organizations as the SBA and the Minority Business Development Agency of the Department of Commerce
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) above.

As a subrecipient to the State, the TOWN will be required to collect information from all contractors and Developers and report all contracts and subcontracts awarded to minority businesses, women's business enterprises and labor surplus area firms to the TOWN on an annual basis. OWNER agrees to comply with these requirements, and to collect information needed for reporting to the TOWN in compliance with HCD.

K. Affirmative Marketing: OWNER shall conduct affirmative marketing and minority outreach activities in compliance with 24 CFR 92.351 in the leasing of units in this PROJECT, and all other PROJECT activities.

Developers advertise Projects and units to fill vacant units or to develop a waiting list of interested applicants for the subsidized housing. Affirmative Marketing involves special outreach and advertising efforts designed to communicate the availability of CDBG-DR MHP assisted housing to those groups or individuals who might otherwise be unlikely to apply. Those groups are identified through analysis of local housing market area demographics using statistics readily available from the U.S. Census Bureau and determining appropriate advertising. and outreach efforts to be followed by Developers to reach out to those least likely to apply for the housing opportunity. Affirmative marketing efforts must begin at least 90 days prior to initial or renewed occupancy for new construction and Substantial Rehabilitation Projects, respectively.

HCD has determined that in addition to the required demographic analysis, individuals and families that were impacted by the disasters, low-income immigrants, persons with limited English proficiency, and Section 8 Housing Choice Voucher holders are least likely to apply. Examples of renters impacted by the disasters include renters that have lost rental units or have been displaced due to the impacts of DR-4382 and DR-4407.

L. Equal opportunity, Non-Discrimination, and Fair Housing: OWNER shall not, on the grounds of race, color, religion, national origin, ethnicity, familial status, sexual orientation, or gender, exclude any person from participation in, or deny any person the benefits of, or subject any person to discrimination with respect to, any part of the PROJECT. OWNER shall at all times comply with the following requirements:

1. Title VI of the Civil Rights Act of 1964: This act provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination based on race, color, and/or national origin under any program or activity receiving federal financial assistance.
2. Title VII of the Civil Rights Act of 1968 (The Fair Housing Act): This act prohibits discrimination in housing on the basis of race, color, religion, sex and/or national origin. This law also requires actions which affirmatively promote fair housing.
3. Restoration Act of 1987: This act restores the broad scope of coverage and clarifies the application of the Civil Rights Act of 1964. It also specifies that an institution which receives federal financial assistance is prohibited from discriminating on the basis of race, color, national origin, religion, sex, Disability or age in a program or activity which does not directly benefit from such assistance.
4. Section 109 of Title 1 of the Housing and Community Development Act of 1974 [42 U.S.C. 53091]: This Section of Title 1 provides that no person shall be excluded from participation (including employment), denied program benefits, or subject to discrimination on the basis of race, color, national origin, or sex under any program or activity funded in whole or in part under Title 1 of the Act.
5. The Fair Housing Amendment Act of 1988: This act amended the original Fair Housing Act to provide for the protection of families with children and people with disabilities, strengthen punishment for acts of housing discrimination, expand the Justice Department jurisdiction to bring suit on behalf of victims in federal district courts, and create an exemption to the provisions barring discrimination on the basis of familial status for those housing developments that qualify as housing for persons age 55 or older
6. The Age Discrimination Act of 1975: This act provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination on the basis of age under any program or activity receiving federal funding assistance. Effective January 1987, the age cap of 70 was deleted from the laws. Federal law preempts any State law currently in effect on the same topic including: KRS 18A.140; KRS 344.040; 1 01 KAR 1 :350 Paragraph 11; 1 01 KAR 1 :375 Paragraph 2(3); 101 KAR 2:095 Paragraphs 6 and 7.
7. Section 504 of the Rehabilitation Act of 1973: It is unlawful to discriminate based on Disability in federally assisted programs. This Section provides that no otherwise qualified individual shall, solely by reason of his or her Disability, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving federal funding assistance. Section 504 also contains design and construction accessibility provisions for multi-family dwellings developed or substantially rehabilitated for first occupancy on or after March 13, 1991.

8. The Americans with Disabilities Act of 1990 (ADA): This act modifies and expands the Rehabilitation Act of 1973 to prohibit discrimination against "a qualified individual with a Disability" in employment and public accommodations. The ADA requires that an individual with a physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment.
9. Executive Order 11063: This executive order provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in housing and related facilities provided with federal assistance and lending practices with respect to residential property when such practices are connected with loans insured or guaranteed by the federal government.
10. Executive Order 11259: This executive order provides that the administration of all federal programs and activities relating to housing and urban development be carried out in a manner to further housing opportunities throughout the United States.
11. The Equal Employment Opportunity Act: This act empowers the Equal Employment Opportunity Commission (EEOC) to bring civil action in federal court against private sector employers after the EEOC has investigated the charge, found "probable cause" of discrimination, and failed to obtain a conciliation agreement acceptable to the EEOC. It also brings federal, state, and local governments under the Civil Rights Act of 1964.
12. The Uniform Guidelines on Employee Selection Procedures adopted by the Equal Employment Opportunity Commission in 1978: This manual applies to employee selection procedures in the areas of hiring, retention, promotion, transfer, demotion, dismissal, and referral. It is designed to assist employers, labor organizations, employment agencies, licensing and certification boards in complying with the requirements of federal laws prohibiting discriminatory employment.
13. The Vietnam Era Veterans' Readjustment Act of 1974 (revised Jobs for Veterans Act of 2002): This act was passed to ensure equal employment opportunity for qualified disabled veterans and veterans of the Vietnam War. Affirmative action is required in the hiring and promotion of veterans.
14. Executive Order 11246: This executive order applies to all federally assisted construction contracts and subcontracts. It provides that no person shall be discriminated against on the basis of race.

M. <u>Duplication of Benefits</u>: OWNER understands and agrees to comply with the Duplication of Benefits requirements of CDBG-DR, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207) (Stafford Act) and Federal Register Notice published June 20, 2019 (84 FR 28836).

N. Construction Wage Related Requirements: OWNER agrees to comply with the TOWN issued documents related to Labor Compliance for the project which includes is but not limited to the following.

1. Contract Work Hours and Safety Standards Act: OWNER agrees to comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. §327-333), as supplemented by the Department of Labor regulations contained in 29 CFR Part 5.
2. Prevailing wages: The PROJECT meets the federal prevailing wage threshold of 8 or more CDBG-DR MHP assisted units and may also be subject to State prevailing wage requirements. OWNER agrees to comply with such prevailing wage requirements. The federal requirements can be found at 2 CFR 200 Appendix II (D); 29 CFR Parts 1, 3,5,6, and 7. OWNER will make the records of compliance with prevailing wage requirements available to TOWN, as required pursuant to the issued manual for compliance.
3. Copeland "Anti-Kickback" Act: OWNER agrees to comply with the Copeland "Anti-Kickback" Act (18 U.S.C. §874) as supplemented by the Department of Labor regulations contained in 29 CFR Part 3.

O. Resident Aliens: OWNER agrees to comply with the requirements set forth in 24 CFR Section 570.613 regarding eligibility restrictions for certain resident aliens.

P. Debarment and Suspension: In connection with this PROJECT, OWNER shall comply with the debarment and suspension requirements set forth in 24 CFR Part 5 and 24 CFR Part 24. OWNER shall not enter into a contract with any person, agency or entity that is debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 or 12689. In the event that OWNER has entered into a contract or subcontract with a debarred or suspended party, no CDBG-DR MHP funds will be provided as reimbursement for the work done by that debarred or suspended contractor or subcontractor. All contractors must provide an active registration under the Sam.gov site prior to entering into a contract for the project.

Q. Historic Preservation: To the extent applicable, OWNER agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the PROJECT.

R. CDBG-DR MHP PROGRAM Mandatory Acknowledgements: OWNER will sign and abide by the "Lobbying Certification", Exhibit C; and "Conflict of Interest Certification" Exhibit D; at the end of this document, and with the related federal provisions.

III. Scope of PROJECT

A. Preconstruction and Other PROJECT Costs: OWNER shall pay all costs and expenses incurred in connection with this PROJECT, whether or not the Closing occurs, including by way of illustration and not limitation recording fees, title insurance costs related to the title policy in favor of the TOWN, escrow fees, flood zone determination fees, survey fees, appraisal costs, environmental and historic property review, and site inspection fees. This obligation shall survive any termination, avoidance, or cancellation of this Commitment AGREEMENT.

B. Construction: In all work under this contract, OWNER must adhere to all applicable federal, state, and local laws, codes, zoning, and other requirements relating to construction and housing safety, quality, and habitability.

   1. New construction must meet all requirements of the TOWN Building Department and the applicable California Building Codes.

   OWNER is responsible for managing work quality and flow, change orders, construction delays, and cost overruns in an efficient manner. The quality of units upon completion must meet the TOWN's Standards, in order to be accepted. The TOWN reserves the right to inspect unit quality at any time during or following the construction process.

C. Accessibility: OWNER shall comply with Section 504 of the Rehabilitation Act of 1973, and the implementing regulations contained in 24 CFR Part 8. The PROJECT shall be accessible to and usable by individuals with handicaps, in compliance with the Architectural Barriers Act of 1968 (42 U.S.C. §§4151-4157), the Uniform Federal Accessibility Standards, as set forth in 24 CFR Section 570.614, and the Americans with Disabilities Act of 1990.

D. Green Building and Energy Efficiency: The TOWN requires OWNER to meet all State requirements regarding green building and energy-efficiency improvements in all CDBG-DR MHP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. This PROJECT is expected to meet all energy efficiency requirements as stated in the California Building Code and to meet CALGreen requirements.

   As a mandatory standard, this PROJECT is required to follow CALGreen requirements for construction permits and approvals. OWNER shall ensure CALGreen compliance in the Project plans and in the constructed development at construction close out, and shall provide records to TOWN verifying compliance, as requested.

E. Permits: OWNER agrees to obtain and maintain all necessary permits for intended improvements or activities for the PROJECT, and for the operation of the PROJECT. Evidence of having secured all necessary permits shall be provided to the TOWN prior to PROJECT closing.

F. Replacement Reserves: OWNER will execute a Replacement Reserve Agreement at the time of PROJECT Closing and will establish and maintain a Replacement Reserve Fund in accordance with the Replacement Reserve Agreement. OWNER will be responsible to annually (or monthly, at the discretion of OWNER) deposit funds for capital improvements to the property into the reserve, according to requirements outlined in the Replacement Reserve Agreement.

G. Lease-up and Management of Property: OWNER is responsible for timely lease-up of the PROJECT, within the parameters outlined in this AGREEMENT, and is responsible for all facets of PROJECT management, including, but not limited to leasing, upkeep, maintenance, settling of disputes, recordkeeping, reporting, and payment of all related expenses and debts.

IV. CDBG-DR MHP Funding Information

Financing Terms: CDBG-DR MHP funding is being made available by the TOWN as a PROJECT Financing Loan ("CDBG-DR MHP Loan") to OWNER and may be used for both construction and permanent financing. A Deed of Trust, Promissory Note, one CDBG-DR MHP Regulatory Agreement, a Replacement Reserve Agreement, and other closing documents, as required, shall be provided to OWNER prior to PROJECT closing. OWNER shall sign the Regulatory Agreements and a lien shall remain on the property for the full term of the loan.

A. Loan Terms: This loan will have the following terms.

1. Loan will have a zero point forty two percent (0.42%) interest rate per annum.
2. The total term of the loan will be fifty-five (55) years, and the affordability period, as covered by the regulatory Agreements will be for 20 years.
3. Collateral will be a second (2$^{nd)}$ mortgage in favor of the TOWN for the term of the loan.
4. Payments will be paid to the extent of 50% of Surplus Cash, as defined in the promissory note.
5. OWNER will be the loan recipient.
6. The Loan shall be secured by CDBG-DR MHP written junior and senior regulatory agreements, a deed of trust, and evidenced by a promissory note.
7. The balance of the loan shall be repaid in full upon any default of any agreement referenced in this document, refinancing, sale, or transfer of the property during the term of the loan (other than transfers permitted under the Loan Documents or for purposes of tax credit syndication or as a result of a foreclosure by a senior lender), unless the TOWN agrees to allow the loan obligations to transfer to a new owner.
8. Full repayment of the loan will also be required if the PROJECT goes into default of the AGREEMENT or CDBG-DR MHP regulatory agreement after the passage of applicable notice and cure periods.

NOTE: The loan term and affordability period does not begin until the PROJECT is complete and eligible tenants occupy the assisted units. The CDBG-DR Regulatory Agreement will be executed by the OWNER, in favor of the TOWN of Paradise in connection with the TOWN of Paradise CDBG-DR MHP Loan that will govern the affordability of the PROJECT, to be executed as of the date of closing and to be recorded with the Butte County Recorder's Office as it may be amended from time to time. The CDBG-DR Regulatory

Agreement shall survive any other agreements or changes in property ownership and shall remain in place for the full twenty (20) year Period of Affordability, regardless of loan payoff.

V. Responsibilities of OWNER

A. Tasks to be Performed: The tasks to be performed are the development and management of affordable residential rental property, including acquisition, new construction, lease up, and property management. PROJECT documents required of OWNER by TOWN prior to closing, including the application for funding, those described in this section, and those listed in Attachment A to the Conditional Reservation Letter will be a part of this AGREEMENT, by reference.

B. OWNER shall be responsible for all management functions of the multifamily housing development including construction, rehabilitation, maintenance, selection of the tenants, annual recertification of Household income and size, and managing the units in accordance with program requirements.

C. OWNER is responsible for all repair and maintenance functions of the multifamily housing development, including ordinary maintenance and replacement of capital items. OWNER shall ensure maintenance of residential units, commercial space, and common areas in accordance with local health, building, and housing codes, TOWN inspection and repair requirements and the management plan.

D. OWNER shall ensure that the Project is managed by an entity approved by TOWN that is actively in the business of managing affordable housing. Any management contract entered into for this purpose shall be subject to TOWN approval and contain a provision allowing OWNER to terminate the contract upon 30-days' notice. **OWNER shall terminate said contract as directed by TOWN upon determination that the property manager has failed to comply with program requirements and such failure continues beyond applicable notice and cure periods.**

E. OWNER shall develop a management plan subject to TOWN approval prior to the start of construction. Any change to the plan shall be subject to the approval of TOWN. The plan shall be consistent with program requirements and should include the following:

1. The role and responsibility of OWNER and its delegation of authority.
2. Personnel policy and staffing arrangements.
3. Plans and procedures for publicizing and achieving early and continued occupancy.
4. Procedures for determining tenant eligibility and selecting tenants and for certifying and annually recertifying Household income and size.
5. Plans for carrying out an effective maintenance and repair program.
6. Rent collection policies and procedures.

7. A program for maintaining adequate accounting records and handling necessary forms and vouchers.
8. Plans for enhancing tenant-management relations.
9. The management agreement, if any.
10. Provisions for periodic update of the management plan.
11. Appeal and grievance procedures.
12. Plans for collections for tenant-caused damages, processing evictions and terminations.
13. A supportive services plan for Projects serving Special Needs Populations, including Supportive Housing and/or providing Supportive Services to the general tenant population.

F. Plans and Specifications: Thirty (30) days prior to closing, OWNER is to provide to the TOWN a copy of the PROJECT plans and specifications, in electronic format (PDF) including Architectural, Mechanical, Electrical and Plumbing specifications. Plans must be certified by the development architect to be 90% percent complete or better and include dimensions. Units must meet all CDBG-DR MHP requirements, applicable CalGreen and Wildlands-Urban Interface requirements, and the agreed upon design and accessibility requirements, as outlined in the final APPLICATION to the TOWN and in this AGREEMENT. The plans and specifications must be approved by the TOWN prior to PROJECT closing.

   In accordance with the Federal Register Notice requirement to support the adoption and enforcement of modern and/or resilient building codes and mitigation of hazard risk, structures located in any Fire Hazard Severity Zone within State Responsibility Areas, any Local Agency Very-High Fire Hazard Severity Zone, or any Wildland Urban Interface Fire Area designated by the enforcing agency must comply with WUI codes, found in Title 24, Chapter 7a of the California Building Code, which offer specific material, design and construction standards to maximize ignition- resistance.

G. Broadband Infrastructure. Per 83 FRN 40314, any Substantial Rehabilitation or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where the Subrecipient documents that: 1) The location of the new construction or Substantial Rehabilitation makes installation of broadband infrastructure infeasible; 2) The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or 3) The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

H. Construction Schedule: OWNER is to provide the TOWN with a detailed and final construction schedule by trade, and a lease up schedule for this PROJECT, thirty (30) days prior to closing.

I. PROJECT Budget: OWNER is to provide the TOWN with a detailed and final development, construction, and operating budget for this PROJECT, including all sources and uses, thirty (30) days prior to closing.

J. Commitments of other Funding Sources: OWNER is to provide to the TOWN letters of commitment for all PROJECT funds, including funding amounts and specifying all key business terms thirty (30) days prior to PROJECT closing. OWNER shall also identify any and all key conditions that need to be satisfied before each funder will be willing to close.

K. Construction Contract: OWNER must provide the TOWN with a fixed fee construction contract or contracts acceptable to the TOWN and its legal counsel thirty (30) days prior to the closing of the TOWN CDBG-DR MHP Loan, indicating a total construction contract cost, which is determined by the TOWN, in the exercise of its sole discretion, to be reasonable for the PROJECT.

L. Deadlines: OWNER must take title (in the case of acquisition) and have a fully executed construction contract for the PROJECT by January 31, 2026. Construction may not take place until a PROJECT closing has been held with the TOWN, all needed documents have been executed, and a notice to proceed has been issued by the TOWN. Construction shall begin within ninety (90) days of PROJECT closing, and within six (6) months of an execution of this PROJECT commitment. PROJECT construction should follow the construction schedule, including TOWN approved milestones associated with the acquisition, development, and lease-up of the units, and demonstrate progress toward this deadline by reaching milestones on the approved schedule. Due to strict federal and State deadlines, projects that do not reach milestones in a timely manner will be subject to rescission of CDBG-DR MHP funding.

M. Guarantees/Insurance: The contractor completing the construction work will be required to secure, and provide to the TOWN prior to closing, copies of all Guarantees provided to the equity investors for this PROJECT. This will be accepted in lieu of a Payment and Performance Bond for 100% of the construction contract. In addition, the contractor must carry adequate liability and hazard insurance for this PROJECT. Evidence of each must be provided to the TOWN of Paradise prior to PROJECT closing.

N. Cost certification: A third-party cost certification for this PROJECT is required. An independent accountant will be required to conduct a complete audit of the development and construction costs of this PROJECT. This cost certification should include original signatures from the accountant who prepared the forms, the OWNER, and the general contractor for the PROJECT. Receipt of a copy of the cost certification delivered to the California Tax Credit Allocation Committee by TOWN from OWNER shall satisfy the requirements of this section.

O. Housing Quality Standards: OWNER must maintain the property in a good, safe, attractive, and well-maintained condition, and in compliance with the Housing Quality Standards found at 24 CFR 982.401.

P. Reporting Requirements: OWNER agrees to supply TOWN with documentation concerning the PROJECT to ensure that TOWN is in compliance with its responsibilities therein regarding source documentation for all costs incurred. OWNER will also supply TOWN with regular reports throughout the development, construction, lease-up and affordability period. OWNER will provide the TOWN with any other needed information, as requested.

During the construction and lease up period, OWNER is to provide the TOWN with sufficient documentation to demonstrate compliance with the prevailing wage and Section 3 requirements described in this AGREEMENT. OWNER acknowledges that the TOWN may withhold funding draw requests to OWNER until such time as OWNER demonstrates compliance with these CDBG-DR MHP provisions and as outlined in the Labor Compliance Manual and Section 3 Manual provided by the TOWN and must be included in every contract and subcontract issued for the project.

During the construction and lease up period, OWNER is to provide the TOWN with copies of all draw requests to other funders, and all necessary documentation pursuant to draw request for CDBG-DR MHP funds, as described in VIA below. Any changes to the plans, specifications, and/or change orders to the construction contract shall be submitted to the TOWN for approval. Once a certificate of occupancy is issued, OWNER shall supply the TOWN with a monthly update on leases for CDBG-DR MHP funded units until 100% occupancy is achieved.

OWNER will be required to collect and report information about the organization(s) responsible for oversight over the development and management of the property, including, but not limited to, an audited annual financial statement for the parent company of the OWNER within two hundred seventy (270) days after the end of the OWNER's fiscal year. The audit must be submitted annually throughout the development of the PROJECT, lease up, and the full CDBG-DR MHP affordability period. The TOWN may, at its sole cost and expense, conduct an audit of the OWNER's books and records maintained for the PROJECT at any time during the term of the affordability period.

Within ninety (90) days after the end of each fiscal year of OWNER, and at any other time upon the TOWN's request, a statement that identifies all owners of any interest in OWNER and the interest held by each, if OWNER is a corporation, all officers and directors of OWNER, and if OWNER is a limited partnership, all partners.

Within ninety (90) days of the end of each fiscal year of OWNER, OWNER will provide to the TOWN a calculation and certification of Surplus Cash for such fiscal year, in form and substance acceptable to the TOWN, and in accordance with the TOWN's requirements.

OWNER is required to collect and report information annually about the uses of funds throughout the full CDBG-DR MHP Period of Affordability of the PROJECT, including, but not limited to:

1. Annual certified rent-roll within ninety (90) days of the PROJECT's fiscal year end and at any other time upon the TOWN's request, including the name of each tenant, the

household composition, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by the TOWN.

2. Operating budget comparing actual to projected income/expenses prepared by OWNER and property manager ninety (90) days following the PROJECT's fiscal year end.

3. Within ninety (90) days after the end of each fiscal year of OWNER, and at any other time upon the TOWN's request, an accounting of all security deposits held pursuant to all leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which the security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for the TOWN to access information regarding such accounts.

4. Within ninety (90) days after the end of each fiscal year of OWNER, and at any other time upon the TOWN's request, provide the TOWN with copies of the annual Section 8 (HQS) property inspection report for the PROJECT.

5. On a monthly basis, OWNER to provide the TOWN with the lease status and rental amount for each CDBG-DR MHP assisted property.

6. The OWNER must submit to the TOWN on an annual basis, or more frequently if requested, such marketing and occupancy data as requested by the TOWN.

7. OWNER must maintain as part of its PROJECT records (a) copies of all leases of units in the PROJECT, and (b) all initial and annual income certifications of tenants of the PROJECT. Within ninety (90) days after the end of each calendar year of occupancy of any portion of the PROJECT, OWNER must provide to the TOWN annual reports consisting of certifications regarding the annual and monthly gross and adjusted income of each household occupying a unit at the PROJECT. With respect to households which became occupants of the PROJECT in the prior year, the annual report must be in a form reasonably approved by the TOWN and must contain such supporting documentation as the TOWN must reasonably require. In addition to the foregoing, OWNER must keep such additional records and prepare and submit to the TOWN such additional reports as the TOWN may reasonably deem necessary to ensure compliance with the requirements of the Affordable Housing Restriction and of the PROGRAM. **Failure to provide initial and annual income certifications to the TOWN may result in the recapture of CDBG-DR MHP funding from the OWNER.**

8. Upon the TOWN's request, a monthly property management report for the PROJECT, showing the number of inquiries made and rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by the TOWN; and

9. Such other financial information and schedules as may be requested by the TOWN from time to time pertaining to the PROJECT, in its reasonable discretion.

OWNER acknowledges a continuing obligation to provide promptly to the TOWN any information received or generated by OWNER, which information is relevant to the progress of the PROJECT toward OWNER, including without limitation updated development budgets, updated operating pro forma projections, information relating to sources of funds other than the TOWN, and information relating to building permits and other approvals.

Failure to submit such information and reports can be cause for withholding CDBG-DR MHP funding draws to OWNER or required immediate repayment by OWNER to the TOWN of CDBG-DR MHP funds. The OWNER must perform the obligations set forth above for the duration of the Period of Affordability. OWNER must notify the TOWN of Paradise concerning any material changes in the PROJECT including, but not limited to, a change in property management, organization staffing, any actions or impending actions against the property, changes in ownership, etc.

Each of the statements, schedules and reports required by this section shall be certified to be complete and accurate by an individual having authority to bind OWNER and shall be in such form and contain such detail as the TOWN may reasonably require. The TOWN also may require that any statements, schedules, or reports be audited at OWNER's expense by independent certified public accountants acceptable to the TOWN.

Q. Record Keeping Requirements: OWNER shall comply with 2 CFR Part 200.333 regarding records that must be maintained for the PROJECT. OWNER shall maintain all PROJECT financial records, including source documentation to support how CDBG-DR MHP funds loaned to OWNER hereunder were expended, which includes, but is not limited to, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, and other documentation as may be required by TOWN or HCD or HUD to support the expenditures for this PROJECT. All necessary records must also be kept as required to meet the above-described reporting requirements.

Any duly authorized representative of the TOWN, State, or HUD, after giving OWNER reasonable notice (minimum 2 weeks), must have access during normal business hours to and the right to inspect, copy, audit and examine all books, records, and other documents of OWNER until the completion of all close-out procedures respecting the use of CDBG-DR MHP Funds and until the final settlement and conclusion of all issues arising out of the use of such CDBG-DR MHP Funds. Additional record keeping requirements shall be set forth in the OWNER documents and shall include any record keeping requirements mandated by CDBG-DR MHP regulations, which shall survive termination of this AGREEMENT.

R. Monitoring: OWNER will allow on-site monitoring of the PROJECT by TOWN, State, or HUD or an agent on its behalf, at such times as TOWN, State, or HUD deems necessary or required, and TOWN, State, and/or HUD shall have the right, but shall be under no obligation, to conduct any reasonable monitoring to determine compliance with the CDBG-DR MHP Regulatory Agreement and this AGREEMENT, including but not limited to, the right to enter the PROJECT, to inspect the PROJECT, to inspect the books and records kept regarding the PROJECT, and the right to inquire and receive responses from OWNER regarding the PROJECT and its operation at any time that may be required by TOWN or HCD or HUD.

OWNER will pay to TOWN an annual fee of Five Thousand dollars ($5,000), with a three percent (3%) annual escalator, payable to the TOWN no later than January 1 each year beginning in 2028 for the required CDBG-DR MHP long-term monitoring costs. The fee shall be capped at $9,030 through 2048 (20 years); no later than 4 months prior to the 2048 fee payment due date, the need for continued monitoring and associated fees shall be reevaluated and adjusted as necessary to cover the TOWN's monitoring costs.

S. Funding of Operating Deficits: Pursuant to the guaranties provided to the Project tax credit investor, OWNER will be required to fund any annual operating deficits, and in accordance with the OWNER's partnership agreement.

T. Insurance: OWNER shall be required to procure and maintain any and all insurance deemed necessary by the TOWN, in amounts and coverages required by the TOWN. All said insurance policies, where permitted by law, must name the TOWN as an additional insured or a mortgagee, as appropriate.

OWNER shall maintain for the duration of the AGREEMENT(s), at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by OWNER, its agents, employees, representatives, assigns or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

The TOWN must be listed as additional insured for liability arising out of activities performed by or on behalf of OWNER.

The insurer must indicate on the Certificate of Insurance that it agrees to defend, indemnify, and hold harmless the TOWN, its agents, servants, administrators, and technical assistance providers from any and all complaints arising out of work or duties to be performed under this AGREEMENT between the TOWN and OWNER.

Prior to PROJECT closing OWNER shall provide the TOWN evidence of insurability for the insurance standards listed below:

1. All insurance required herein shall be issued by companies licensed to do business in California, and which are rated not less than A (excellent), Financial Size Category VII by A.M. Best.
2. Commercial General Liability insurance with commercial general liability form GC 00 01, with limits of at least $1,000,000 per occurrence and $2,000,000 in the aggregate

covering death, bodily injury, and property damage. Coverage must include contractual liability, third party property damage, severability of interest, completed operations coverage maintained for at least three years beyond the date of the contractor's completion of the work, waiver of subrogation, and waiver of "cross claim exclusion between insureds."

3. Business auto liability insurance of at least $1,000,000 combined single limit, on all owned and non-owned leased and hired automobiles. Coverage must include contractual liability, third party property damage, severability of interest, completed operations coverage maintained for at least three years beyond the date of the contractor's completion of the work, waiver of subrogation, and waiver of "cross claim exclusion between insureds."
4. Umbrella and excess liability policies of at least $1,000,000 per occurrence and in the aggregate above the underlying General Liability and business auto policies. Coverage must include drop down features, concurrency of effective dates, aggregates in the primary insurance apply in the umbrella insurance, and waiver of subrogation.
5. The Commercial General Liability and business auto policies must name the TOWN of Paradise, California, their employees, officials, agents, consultants, and volunteers as additional insureds. Further these policies must waive subrogation claims against the aforesaid individuals.
6. OWNER shall require its contractors and subcontractors to provide Workers' Compensation Insurance coverage at the statutory limits required by the California Revised Code.
7. Professional Liability coverage: $1,000,000.00.
8. Builder's Risk and Hazard Insurance: OWNER shall have delivered to the TOWN certificates of Builder's Risk and Hazard Insurance in completed value form with extended coverage in the amount of, at minimum, the full amount of the construction contract.
9. Each policy required herein may not be canceled or materially changed except upon thirty days prior written notice given to: The TOWN of Paradise Town Manager, 5555 Skyway Road, Paradise, CA 95969.
10. Maintenance of the insurance required hereunder is a material element of this AGREEMENT. Material changes of the required coverage or cancelation of the coverage shall constitute a material breach of this AGREEMENT.

Such certificates of insurance shall be issued by a company satisfactory to the TOWN, duly endorsed to show the interest of the TOWN under a standard non-contributing mortgagee clause addressed to the TOWN. OWNER agrees that the TOWN shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums. Any funds advanced to continue the policies in full force and effect shall be considered as Draw Requests hereunder and shall bear interest from the date of disbursement at the same rate as other Draw Requests and payment of said funds and interest shall be secured by the Mortgage.

VI. Responsibilities of TOWN

A. Payment:

1. Reduction of Financing Loan: Notwithstanding anything to the contrary contained herein, the TOWN may reduce the principal amounts of the Indebtedness in the event the actual costs incurred by OWNER in the development, and/or construction of the PROJECT were less than the estimated costs for the development, and/or construction of the PROJECT upon which the calculation of the principal amount of the Indebtedness as set forth in the AGREEMENT were based. The principal amounts of the CDBG-DR MHP Loan may be reduced based on the actual PROJECT costs incurred by OWNER, the final amount, terms, and conditions of OWNER's Permanent Loan, if any, and the final amount of any other sources of funds for the PROJECT. If the amount of CDBG-DR MHP Loan proceeds advanced to OWNER prior to completion of the final subsidy layering analysis, exceeds the principal amount of the CDBG-DR MHP Loan supported by the Audit ("Excess Proceeds"), the TOWN may reduce the amount of the final disbursement, and OWNER shall pay the TOWN the amount of any remaining Excess Proceeds in one lump sum payment within thirty (30) days of receiving written notice from the TOWN that the Excess Proceeds are due and payable.

   OWNER hereby authorizes the TOWN to pay any and all expenses or other amounts for which OWNER is obligated under this Section from the proceeds of disbursement under the CDBG-DR MHP Loan, and no further authorization for such disbursement and payment shall be required from OWNER or any guarantor, if any. In no event shall the TOWN be obligated to make any such disbursement or payment and OWNER shall in any event remain unconditionally obligated to pay any and all such amounts. All obligations of OWNER under this Section shall be part of the obligations secured by the PROJECT encumbered by the Mortgage and the other Loan Documents.

2. Disbursement of Proceeds during Construction: The CDBG-DR MHP Loan proceeds shall be disbursed to or on behalf of OWNER, during the construction of the PROJECT, limited to not more than one (1) draw per month, based on the following:

   a. The total eligible construction and development expenditures incurred since the last draw, minus deferred developer fees, 10% retainage, and the final 5% of the CDBG-DR MHP Loan. HCD requires that TOWN withhold as retainage 10% of all CDBG-DR MHP funded Developer payments. No retainage payments shall be released to the Developer or reimbursed to the Subrecipient until receipt and approval by HCD of all required and approved Project closeout documents.

   b. All eligible expenditures must be supported by invoices or receipts.

c. A property inspection report will be periodically performed by a representative of the TOWN and the Draw request must be approved by the Inspector representing the TOWN prior to consideration for payment.

d. The total of all draw requests must not exceed the amount of the CDBG-DR MHP Loan.

e. The final decision regarding payment of draw requests is at the sole discretion of the TOWN.

f. The remaining 5% of the Loan, along with any amounts held back as retainage, shall be released upon receipt by the TOWN of final certificates of occupancy (or their equivalents) for all buildings and units comprising the PROJECT, a final inspection by an agent of the TOWN, upon approval of HCD, and upon compliance with the other conditions to funding set forth in this AGREEMENT.

3. Preconditions for Funding of a Draw Request: Prior to each draw of CDBG-DR MHP Loan proceeds, the following conditions must be satisfied in the TOWN's reasonable discretion.

   a. OWNER shall have delivered to the TOWN the Draw Request for such disbursement for its approval, and any other certifications provided for herein or as requested by the TOWN in its reasonable discretion.

      i. The draw requests shall reflect claims for labor and materials completed prior to the submission of an invoice by the contractor, and not for labor and materials rendered thereafter.

      ii. The draw request shall be accompanied by copies of any and all relevant invoices and receipts, lien waivers, inspection signoffs, change orders, and any other relevant information.

      iii. The Draw request shall contain the architect or construction manager's determination or confirmation of the percentage of completion of the PROJECT for the purposes of the Draw Request.

   b. There shall be at all times undisbursed loan funds (collectively held by the TOWN) undisbursed senior loan funds and tax credit equity, which are sufficient to complete construction of the PROJECT.

B. Construction Progress Inspections: The TOWN has the right to review the construction documents and inspect the progress of construction upon the TOWN's request. OWNER must advise the TOWN of all scheduled construction draw request meetings and progress inspections. OWNER agrees to furnish copies of any and all draw requests and supporting documentation submitted to its other funders, lender and/or syndicator during construction, including, but not limited to, applicable wage and fair labor standard compliance laws, requirements, and regulations. OWNER agrees that all change orders in excess of $75,000 individually or $250,000 in the aggregate will be submitted to the TOWN for its review and approval prior to the work being completed. If the TOWN does not approve or disapprove the change order request in ten (10) business days, it shall be deemed approved.

C. Non-Compliance/Recapture Requirements: OWNER may be required to repay all, or a portion of the funds received. The reasons for recapture are the following:

1. OWNER's failure to comply with the terms of this AGREEMENT and such failure continues beyond applicable notice and cure periods.
2. OWNER's withdrawal from the Program prior to completion of the Project and/or failure to meet a National Objective.
3. OWNER's failure to meet the affordability requirements for the period specified in Section IIC above.
4. OWNER's use of program funds for an ineligible activity or cost.
5. OWNER's failure to report the receipt of additional federal mortgage insurance, SBA, FEMA, non-profit assistance and/or any other Duplication of Benefits received after award; and/or,
6. Funds are remaining after the Project is completed, or the expenditure deadline has passed.

The method of recapturing funds and the timeframe for doing so are at the reasonable discretion of the TOWN. However, the recapture method and timeframe will be consistent with 2 CFR part 200.

VII. Terms and Conditions of the AGREEMENT

A. CDBG-DR MHP Loan Closing Date: The Loan shall close on or before December 31, 2025 (the "Closing Date"). If a Loan has not closed on or before the Closing Date, and construction has not started by the Construction Start Date of March 30, 2026, this AGREEMENT may be terminated by TOWN, in its sole discretion, by written notice to OWNER, in which event TOWN shall no longer have any obligation to make the Loan, and OWNER shall have no further rights under this AGREEMENT.

B. Funding Contingency: Funding for this AGREEMENT is contingent on the availability of funds and continued authorization for PROGRAM activities and is subject to amendment or termination due to lack of funds, or authorization, reduction of funds, and/or change in regulations.

C. Amendments: The terms and conditions of this Commitment AGREEMENT may be amended only by a written AGREEMENT signed by both the TOWN and OWNER.

D. Term of this AGREEMENT: The duration of this AGREEMENT must extend through the Period of Affordability for this PROJECT, which will conclude twenty (20) years from the date of completion (receipt of Certificate of Occupancy).

E. Notices: Any notice or similar communication concerning this AGREEMENT shall be in writing and shall be either delivered in person or sent to the other party by certified mail with return receipt requested. Notices shall be sent to the party's respective address as set forth in the preamble to this AGREEMENT or to such other address as either party may hereafter establish by notice given in the manner prescribed in this paragraph. A notice shall be considered given when delivered.

F. Governing Law and Dispute Resolution: The laws of the State of California shall govern this AGREEMENT. Should a dispute occur regarding any aspect of this AGREEMENT the parties agree to first seek mediation prior to taking legal action.

G. Breach of AGREEMENT: Failure of OWNER to abide by the terms of this AGREEMENT or to provide information in a timely manner after written notice and an opportunity to cure will be a breach of this AGREEMENT. Remedies for a breach of this AGREEMENT shall include actions taken by the TOWN up to and including the termination of this AGREEMENT and the required return of TOWN CDBG-DR MHP funds.

H. Termination: TOWN hereby reserves for itself, its successors and assigns, the right to pursue all remedies, either at law or in equity, to enforce the conditions of this AGREEMENT. This right includes, but is not limited to, seeking specific performance of OWNER's obligations. TOWN may also, prior to closing, and in its sole and absolute discretion, declare this AGREEMENT null and void upon an event of default or breach by OWNER of any of OWNERS's representations contained in the APPLICATION, or any of the terms and conditions of the PROGRAM or this AGREEMENT, in which event neither OWNER nor TOWN shall have any further rights or obligations under this AGREEMENT, except for such obligations of OWNER that are expressly stated to survive termination hereof.

I. Force Majeure: Neither party shall be responsible for any failure to comply with, or for any delay in performance of the terms of this AGREEMENT, where such failure or delay arises from: (i) acts of God, (ii) acts of the Government in its sovereign (and not contractual) capacity, (iii) fires, (iv) floods, (v) epidemics, (vi) quarantine restrictions, (vii) strikes, (viii) freight embargoes, (ix) unusually severe weather, or (x) shortages of supplies or materials where such supplies or materials were unobtainable from an alternate source. In all such events where performance is delayed or prevented, the affected party shall nonetheless exert reasonable and diligent efforts to remove said causes and resume performance hereunder.

J. Successors and Assigns: OWNER and TOWN each is hereby bound in respect to any covenants, AGREEMENTs, and obligations of this AGREEMENT.

K. Assumption of liability and Indemnification: Upon execution of this AGREEMENT, OWNER shall agree to indemnify and hold harmless the TOWN and its agents, officers, employees, and contractors from and against all actions, claims, demands, judgments, losses, expense of suits or actions and attorney fees for injuries to, or death of, any person or persons and loss or damage to the property of any person, or persons, whomsoever, including the parties hereto, and their agents, contractors, sub-contractors, officers and employees, arising in connection with or as a direct or indirect result of entering into and performance of this AGREEMENT, except to the extent of any negligence or willful misconduct of any indemnified party in connection with the same. Such assumption shall include liability for all environmental hazards, including toxic waste, lead-based paint, and asbestos. Said OWNER shall pay, settle, compromise, and procure the discharge of any and all claims and all such losses, damages, and expenses to the extent required by this section.

L. General Provisions: This instrument contains the entire AGREEMENT between the parties. No statement, promises, or inducements made by any party hereto or agent of either party hereto which is not contained in this written AGREEMENT, shall be valid or binding. This AGREEMENT shall not be modified except in writing and signed by both parties.

1. This AGREEMENT and any exhibits attached constitute the sole and entire AGREEMENT between the parties with regard to the subject matter hereof. No party may rely on any representation, which allegedly induced that party to enter into this AGREEMENT, unless the representation is recorded herein.
2. Should any provision of this AGREEMENT be judged by an appropriate court of law as invalid, it shall not affect any of the remaining provisions whatsoever.
3. The failure of the TOWN in any instance to insist upon a strict performance of any term of this AGREEMENT, or to exercise any option hereunder, shall not be constituted as a waiver or relinquishment for the future of such term or option.
4. No party may cede any of its rights or delegate or assign any of its obligations in terms of this AGREEMENT without the prior written consent of the other parties.
5. This AGREEMENT will be invalid unless signed and returned to the TOWN by December 31, 2025. A copy of this AGREEMENT was provided to OWNER for its records. OWNER's acceptance of this commitment is acknowledged by executing this AGREEMENT below and returning the same to:

   Michael O'Brien, Interim Town Manager
   The Town of Paradise
   5555 Skyway Road
   Paradise, CA 95969

THE TOWN OF PARADISE, CALIFORNIA

____
(signature)

Michael O'Brien, Interim Town Manager

11-25-25
____
(Date)

AGREED AND ACCEPTED:

MERCY HOUSING CALIFORNIA 114, L.P.,
a California limited partnership

By: Mercy Housing California 114 LLC,
a California limited liability company
Its Managing General Partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation
Its Sole Member/Manager

By: ______________________
Richard C. Ciraulo
Vice President

Date: 12/1/2025

By: Cypress Senior Apartments, LLC,
a California limited liability company
Its Administrative General Partner

By: Community Housing Improvement Program, Incorporated,
a California nonprofit public benefit corporation
Its Sole Member/Manager

By: ______________________________
Seana O'Shaughnessy,
President and Chief Executive Officer

Date: 12/9/25

Exhibit A

Legal Description of Each Parcel of Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE TOWN OF PARADISE, COUNTY OF BUTTE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel One (PARCEL A-I):

Being a portion of Parcels A and B as described in that certain Grant Deed, recorded under Serial Number 1992-0016273, Butte County Official Records, and a portion of Parcel 1 and Lot 1 as shown on that certain Parcel Map, filed for record in Book 115 of Maps at Page 18, Butte County Official Records, and a portion of that real property described in that certain Grant Deed, recorded under Serial Number 1992-18005, Butte County Official Records, and all of Parcel 1, as described in that certain Grant Deed, recorded under Serial Number 1988-0024502, Butte County Official Records, and all of Parcel II-A as described in that certain Grant Deed, recorded under Serial Number 1998-0055330, Butte County Official Records, and being more particularly described as follows:

BEGINNING at the most northerly corner of said Parcel A, described in Serial Number 1992-016273;

Thence, along the northeasterly boundary of said Parcel A, South 67°08'32" East, 8.56 feet;

Thence, continuing along the northeasterly boundary of said Parcel A, South 78°32'01" East, 105.58 feet;

Thence, continuing along the northeasterly boundary of said Parcel A, South 62°34'01" East, 264.03 feet;

Thence, along the easterly boundary of said Parcel A, South 18°35'30" West, 75.34 feet to the northwesterly corner of said Parcel B, described in Serial Number 1992-0016273;

Thence, leaving said easterly boundary of Parcel A, along the northerly boundary of said Parcel B, South 80°10'11" East, 93.62 feet;

Thence, leaving the northerly boundary of said Parcel B, South 20°56'17" West, 220.80 feet to a point on the westerly extension of the most southerly line of said Parcel A;

Thence, along said most southerly line of said Parcel A and its westerly and easterly extensions, North 89°44'28" East, 285.63 feet;

Thence, leaving said most southerly line of said Parcel A and its westerly and easterly extensions, South 177.34 feet;

Thence, North 90°00'00" West, 315.72 feet;

Thence, South 0°04'46" West, 284.17 feet;

Thence, South 89°59'27" East, 366.02 feet;

Thence, South 0°02'39" West 347.65 feet to a point on the southerly line of said Lot 1 as shown in Book 115 of Maps at Page 18;

Thence, along the southerly line of said Lot 1, South 89°41'50" West, 57.03 feet to the southwest corner of said Lot 1, said point also being the southeast corner of said Parcel II-A, described in Serial Number 1998-0055330;

Thence, along the south line of said Parcel II-A, South 89°51'27" West, 332.08 feet to the southwest corner of said Parcel II-A;

Thence, along the west line of said Parcel II-A, North 0°05'24" East, 261.62 feet to the northwest corner of said Parcel II-A, said point also being the southeast corner of said Parcel 1, described in Serial Number 1988-0024502;

Thence, along the south line of said Parcel 1, described in Serial Number 1988-0024502, South 89°44'12" West, 166.05 feet to the southwest corner of said Parcel 1;

Thence, along the west line of said Parcel 1, described in Serial Number 1988-0024502, North 0°05'24" East, 262.31 feet to the south line of said Parcel 1 as shown on Book 115 of Maps at Page 18;

Thence, along the south line of said Parcel 1 as shown on Book 115 of Maps at Page 18, South 89°43'27" West, 65.44 feet;

Thence, along the westerly boundary of said Parcel 1 as shown on Book 115 of Maps at Page 18, the following nine (9) courses and distances:

North 0°01'18" East, 137.47 feet;

Thence, South 89°41'08" West, 18.96 feet;

Thence, North 0°05'02" East, 147.32 feet;

Thence, South 89°41'47" West, 227.01 feet;

Thence, North 46°46'41" East, 44.31 feet;

Thence, North 42°06'31" East, 77.49 feet;

Thence, North 32°33'11" East, 57.95 feet;

Thence, North 25°15'11" East, 52.86 feet;

Thence, North 16°12'11" East, 54.04 feet to the most northerly corner of said Parcel 1 as shown on Book 115 of Maps at Page 18, said corner also being the most westerly corner of said Parcel A, described in Serial Number 1992-016273;

Thence, along the westerly boundary of said Parcel A the following four (4) courses and distances:

North 16°12'11" East, 38.16 feet;

Thence, North 12°42'11" East, 101.46 feet;

Thence, North 7°50'41" East, 61.38 feet;

Thence, North 4°48'22" East, 9.52 feet to the Point of Beginning.

The basis of bearings of this description is that Record of Survey, filed for record in Book 207 of Maps at Page 27, Butte County Official Records.

Further described as Parcel A-I in the Certificate of Lot Merger recorded December 20, 2023 as Document No. 2023-0033102 in the Official Records of Butte County.

Exhibit B

Current CDBG-DR MHP Rent Standards at the Time of the Signing of this AGREEMENT

2025 Maximum rent standards for Butte County, CA MSA* (Subtract tenant paid utility allowance to determine maximum actual rents)				
Unit size	1 bedroom	2 bedroom	3 bedroom	4 bedroom
LOW HOME RENT: At least eleven (11) of the sixty-nine (69) CDBG-DR MHP assisted units must be at or below this level.	$881	$1,057	$1,221	$1,362
HIGH HOME RENT: Remaining fifty-eight (58) of the sixty-nine (69) CDBG-DR MHP assisted units must be at or below this level.	$1,125	$1,352	$1,554	$1,714

Per HUD Notice
(2019 V2) Effective: April 1, 2025

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
2025

Maximum Mulit-Family Tax Subsidy (MTSP) Rents
for Low Income Housing Tax Credit (LIHTC) Projects

For Projects Placed in Service on or after 4/1/2025+

County BUTTE	Efficiency	1 BR	2 BR	3 BR	4 BR	5 BR
100% Income Level	$1,644	$1,762	$2,114	$2,442	$2,724	$3,006
80% Income Level	$1,316	$1,410	$1,692	$1,954	$2,180	$2,405
70% Income Level	$1,151	$1,233	$1,480	$1,709	$1,907	$2,104
60% Income Level	$987	$1,057	$1,269	$1,465	$1,635	$1,803
55% Income Level	$904	$969	$1,163	$1,343	$1,498	$1,653
50% Income Level	$822	$881	$1,057	$1,221	$1,362	$1,503
45% Income Level	$740	$793	$951	$1,099	$1,226	$1,352
40% Income Level	$658	$705	$846	$977	$1,090	$1,202
35% Income Level	$575	$616	$740	$854	$953	$1,052
30% Income Level	$493	$528	$634	$732	$817	$901
20% Income Level	$329	$352	$423	$488	$545	$601

*Initial rents are based upon 2025 High home rents for one-bedroom units for households above 30% AMI, California Tax Credit Allocation Committee Rents for 30% one-bedroom units for households at or below 30% AMI, and and CDBG Income Limits for Chico MSA/Butte County, California. Developer shall use the current and effective HOME and TCAC rent and income limits at the time of lease up or recertification.

The rent standards above must be reduced if the tenant pays for utilities. This is because the calculation of these rent standards includes all utilities except telephone. Yet, in practice many utilities (water, heat, air conditioning, cooking gas, etc.) are not included in rents. Utility allowances provide a mechanism for adjusting the maximum allowable HOME rents when the tenant pays for some or all utilities.

OWNER must use the HUD Utility Schedule Model (HUSM), or the standards used by the local Housing Authority to calculate tenant paid utilities and include the completed model in their APPLICATION. The model, along with instructions and other related data and information is currently found on the HUD.gov web page. These utility calculations should then be used to adjust the rents.

Exhibit C

CDBG-DR MHP PROGRAM Mandatory Acknowledgement "Lobbying Certification"

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies that to the best of its knowledge and belief.

(1) No federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an office or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Division 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $1,000,000 for each such failure.

OWNER:

MERCY HOUSING CALIFORNIA 114, L.P.,
a California limited partnership

By: Mercy Housing California 114 LLC,
a California limited liability company
Its Managing General Partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation
Its Sole Member/Manager

By: ______________________
Richard C. Ciraulo
Vice President

Date: 12-09-2025

By: Cypress Senior Apartments, LLC,
a California limited liability company
Its Administrative General Partner

By: Community Housing Improvement Program, Incorporated,
a California nonprofit public benefit corporation
Its Sole Member/Manager

By: ______________________________
Seana O'Shaughnessy,
President and Chief Executive Officer

Date: 12/1/25

Exhibit D

CDBG-DR MHP PROGRAM Mandatory Acknowledgement

"Conflict of Interest" Certification

The Town of Paradise is required by HUD to include a Conflict-of-Interest clause to all contracts. Please be aware that these requirements will apply if you are awarded a contract with the Town of Paradise.

The Contractor warrants that its participation in this contract will conform to the requirements of all applicable CDBG-DR MHP regulations including 2 CFR, Part 200, and 24 CFR 570.611, and further warrants that such participation will not result in any organizational conflict of interest. Organizational Conflict of Interest is defined as a situation in which the nature of work under this contract and the Contractor's organizational, financial, contractual, or other interests are such that:

a. Award of the contract may result in an unfair competitive advantage; or The Contractor's objectivity in performing the contract work may be impaired.

b. In the event the Contractor has an organizational conflict of interest as defined herein, the Contractor shall disclose such conflict of interest fully in the submission of the proposal and/or during the life of the contract.

c. The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the Town Manager, which shall include a description of the action which the Contractor has taken or intends to take to eliminate or neutralize the conflict. The Town of Paradise may, however, terminate the contract if it is in the best interest of the Town.

d. In the event the Contractor was aware of an organizational conflict of interest before the award of this contract and intentionally did not disclose the conflict to the Town Manager, the Town of Paradise may terminate the contract for default.

e. The provisions of this clause shall be included in all subcontracts and consulting Agreements.

f. No federal, state, or local elected official, nor any employee of The Town of Paradise, nor any corporation owned or controlled by such person, shall be allowed to participate in any share or part of this contract or to realize any benefit from it. This provision shall be construed to extend to this contract if made with a corporation for its general benefit.

g. No member, officer, or employee of The Town of Paradise, no member of the governing body of The Town of Paradise or any other local government and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the PROJECT, shall, during his or her tenure, or for one (1) year thereafter, have any interest, direct or indirect, in this contract or the proceeds thereof.

h. The Town of Paradise reserves discretion to determine the proper treatment of any conflict of interest disclosed under this provision.

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Its Sole Member/Manager

By: ______________________________
Seana O'Shaughnessy,
President and Chief Executive Officer

Date: 12/9/25