



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT  
Los Angeles Field Office

**Community Development Block Grant (CDBG)**  
Repayment Agreement between  
City of San Marcos  
and  
US Department of Housing & Urban Development

This Agreement made this 10<sup>th</sup> day of June 2026, by and between the Department of Housing and Urban Development (“HUD”) and the City of San Marcos.

Whereas, the City of San Marcos receives federal funds through the Community Development Block Grant (“CDBG”), authorized under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) administered by the U.S. Department of Housing and Urban Development’s Office of Community Planning and Development (“CPD”);

Whereas, the Community Planning and Development (CPD) completed a monitoring review of your CDBG program grant numbers B-21-MC-06-0595 and B-20-MC-06-0595. The monitoring report dated December 29, 2023, identified that the City of San Marcos incorrectly applied Limited Clientele (LMC)-presumed benefit for an activity to remove material or architectural barriers, etc., [24 CFR Part §570.208(a)(2)(ii)] as the blanket National Objective to multiple public facilities improvements located in various parts of the City.

Whereas, as a result of the monitoring report, the City of San Marcos must return from non-Federal funds the amount of **One Million Four Hundred Ninety Thousand Eight Hundred Eleven Dollars (\$1,490,811)** that must be sent to HUD at the address below.

Whereas, the City of San Marcos desires to make the required repayment in annual installments over a period of three years commencing July 31, 2026;

Whereas, this Agreement evidences the parties’ mutual cooperation in achieving public goals and NOW THEREFORE, HUD and the City of San Marcos agree as follows:

- (1) The CDBG debt is to be repaid within three (3) years. Annual installment payments will be made beginning on July 31, 2026, and in accordance with the following:
  - a. Payments in the amount of **Four Hundred Ninety-Six Thousand Nine Hundred Thirty-Seven dollars (\$496,937)** in annual installments will be made July 2026 through 2028.
  - b. The FINAL payment in the amount of **Four Hundred Ninety-Six Thousand Nine Hundred Thirty-Seven dollars (\$496,937)** will be made no later than July 31, 2028.

(2) Repayment and Resue of Funds

The Parties acknowledge that the funds subject to this repayment agreement represent CDBG funds that were previously drawn for ineligible activities and are being repaid by the City of San Marcos. The City of San Marcos shall process the repayment in accordance with applicable HUD requirements so that the funds are returned to the City's CDBG line of credit and made available to draw for future use on eligible CDBG activities.

Any funds returned pursuant to this agreement shall remain subject to applicable CDBG program requirements, including but not limited to the eligible activity provisions of Title I of the Housing and Community Development Act of 1974, as amended, applicable federal regulations, and HUD guidance. The City of San Marcos shall maintain documentation of the repayment and any subsequent use of the restored funds in accordance with federal recordkeeping requirements.

(3) **Payments to HUD** must be sent to the following destination:

- a. Payments by cashier's or certified check should be mailed to:

US Postal Service Address:

US Bank  
 HUD-FAD Collections Ft Worth  
 PO Box 6200-05  
 Portland, OR 97228-6200

Physical Address for FedEx/UPS/Other Courier Services:

US Bank Government Lockbox PD-OR-C1GL  
 HUD-FAD Collections Fort Worth 6200-05  
 17650 NE Sandy Blvd.  
 Portland, OR 97230

**Memo Notation:** *include grant, award, project, increment, case #, etc.*

- b. Payments by wire transfer should be sent as follows:

Bank Name: US Treasury Federal Reserve Bank New York  
 Bank Address: New York, NY  
 ABA Routing Number: 021030004  
 Beneficiary: D  
 Beneficiary Identifier (Account Number): 86011101  
 Address: 307 W. 7th St., Ste 1000, Fort Worth, TX 76102

Memorandum Field: Please indicate the project, grant, or loan number that the funds should be applied to including the Budget Line Item (BLI), if applicable. Reference any comments/notes that will help in processing the funds.

- c. Payments through electronic funds transfers (EFT) payments, please use pay.gov link: Pay.gov - HUD Accounting Operations Center Miscellaneous Payments

<https://www.pay.gov/public/form/start/1507632356>

(4) Waivers: Reservations of Rights

- a. If the City of San Marcos fails to submit a payment within 60 days of its due date, HUD reserves the right to charge a three (3) percent monthly interest charge on the remaining amount owed (**\$496,937**) from the beginning of the repayment term July 31, 2026 throughout its balance and to initiate enforcement action including appropriate administrative sanctions.
- b. If the City of San Marcos submits a payment more than 90 days late and/or breaches any other part of this agreement, HUD reserves the right to declare this agreement null and void and to pursue appropriate administrative sanctions, offsets and appropriate legal remedies.

(5) Notice

Any notice required or made with respect to this Agreement shall be provided in writing and electronically and shall be effective upon receipt. For any matter relating to this Agreement, the contact person is the Los Angeles Field Office CPD Representative.

(6) Modifications

The parties agree that this Agreement may not be modified, amended or terminated except by written agreement signed by the parties.

(7) Applicable Law

This Agreement shall be governed by and construed under the laws of the United States.

(8) Third-Party Beneficiaries

Nothing in this Agreement shall be construed to make any other person or entity not executing this Agreement a third-party beneficiary to this Agreement.

(9) Representative Authority

Each undersigned representative of the parties to this Agreement certifies that he or she is fully authorized to enter into and execute the terms and conditions of this Agreement, and to bind such parties to this Agreement.

(10) Attorney Fees

Each party is to bear its own costs and attorney fees.

(11) Termination

This Agreement shall terminate upon receipt by HUD of the last payment due under the provisions of this Agreement and note, or default by the City of San Marcos.

(12) Effective Date

This Agreement shall become effective only upon its acceptance by the CPD Director of the Los Angeles Field Office as evidenced by the dated execution of this Agreement.

WHEREFORE, the parties hereto have duly executed this Agreement effective when signed and dated by the Acting Los Angeles Field Office CPD Director, or his/her designee, of the United States Department of Housing and Urban Development.

In Witness whereof, the parties do hereby execute this Repayment Agreement.

UNITED STATES DEPARTMENT OF  
HOUSING & URBAN DEVELOPMENT

The City of San Marcos

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Name: \_\_\_\_\_ Date \_\_\_\_\_  
Title: Acting CPD Director  
Address: 300 N Los Angeles St.  
Los Angeles CA, 90012

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Name: \_\_\_\_\_ Date \_\_\_\_\_  
Title: City Manager  
Address: 1 Civic Center Drive  
San Marcos, CA, 92069