

**LOAN AGREEMENT
(CDBG Deferred Payment Loan)**

THIS LOAN AGREEMENT (“Agreement”), dated for reference purposes only [DATE], is made and entered into by and between REDWOOD COAST SENIORS, INC., a California non-profit corporation (hereinafter referred to as “**Borrower**”), and the CITY OF FORT BRAGG, a California municipal corporation, (hereinafter referred to as the “**City**” or “**Lender**”) with reference to the following facts:

RECITALS

A. Borrower leases the property commonly described as the Redwood Coast Senior Center, 490 North Harold Street, Fort Bragg, California, 95437, and legally described at Exhibit “A” attached hereto and by this reference incorporated herein (the “**Property**”).

B. The City participates in the Community Development Block Grant (“**CDBG**”) Program (42 U.S.C. Section 5300 et seq.) (the “**Program**”) for the purpose of conserving and improving the supply of decent, safe, sanitary, and affordable housing and living conditions, principally for low- and moderate-income persons.

C. Borrower has applied for and been awarded assistance for the benefit of the Property as a Supplemental Activity under the City’s 2012 Program Grant #12-CDBG-8388. Specifically, the City has awarded assistance to Borrower to rehabilitate the Property in accordance with the final plans, specifications, and work write-up approved by the City (the “**Project**”).

D. The Borrower occupies the Property for the purpose of providing meals and other services to elderly persons age sixty 60 and above, at least 51% of whom are presumed to be low and moderate income persons, which meets the Program’s National Objective of benefitting low and moderate income persons.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth below, the parties hereto agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below:

The term “**Agreement**” has the meaning ascribed to it in the first paragraph of this Agreement.

The term “**Borrower**” has the meaning ascribed to it in the first paragraph of this Agreement.

The term “**City**” or “**Lender**” have the meaning ascribed to them in the first paragraph of this Agreement.

The term “**City Loan**” has the meaning ascribed to it in Section 2.1 of this Agreement.

The term “**Note**” has the meaning ascribed to it in Section 2.4.1 of this Agreement.

The term “**Notice of Right to Cancel**” has the meaning ascribed to it in Section 2.4.3 of this Agreement.

The term “**Program**” has the meaning ascribed to it in Recital “B” of this Agreement.

The term “**Project**” has the meaning ascribed to it in Recital “C” of this Agreement.

The term “**Project Completion Date**” means the date Project work is completed as shown on a properly executed Certificate of Completion that is accepted by City.

The term “**Property**” has the meaning ascribed to it in Recital “A” of this Agreement.

The term “**Term**” has the meaning ascribed to it in Section 2.3 of this Agreement.

The term “**Transfer**” shall mean any voluntary or involuntary sale, lease, rental, conveyance, bequest, devise, inheritance, or other transfer of title or any interest in to the Property, including a transfer to an inter vivos trust.

The term “**Triggering Event**” shall mean an event that triggers the requirement that Borrower repay all or a portion of the principal of the City Loan, and any interest accrued thereon, as provided in Section 3.2 of this Agreement.

The term “**Truth-in-Lending Disclosure**” shall have the meaning ascribed to it in Section 2.4.2 of this Agreement.

2. LOAN OF FUNDS

2.1 Loan Amount. Subject to the terms and conditions of this Agreement, City agrees to loan to Borrower, and Borrower hereby agrees to repay to City, the principal sum of Thirty Five Thousand Dollars (\$35,000) (the “**City Loan**”). The proceeds of the City Loan shall be used for the sole purpose of funding the Project.

2.2 Interest. No interest shall accrue on the principal balance of the City Loan.

2.3 Term. The term of the City Loan shall be five (5) years from the Project Completion Date (the “**Term**”).

2.4 Required Documentation. The City shall not disburse any funds until after all of the following documents are executed:

2.4.1 Note. A Secured Note (the “**Note**”) in the form of Exhibit “B” attached hereto and by this reference incorporated herein.

2.4.2 Truth-in-Lending Disclosure. A Truth-in-Lending Disclosure (the “**Truth-in-Lending Disclosure**”) in the form of Exhibit “C” attached hereto and by this reference incorporated herein.

2.4.3 Notice of Right to Cancel. A Notice of Right to Cancel (the “**Notice of Right to Cancel**”) in the form of Exhibit “D” attached hereto and by this reference incorporated herein.

2.5 Disbursement of Funds. The City shall disburse City Loan funds designated for Property rehabilitation directly to the contractors and vendors engaged in the rehabilitation of the Project, consistent with the Project construction and purchasing contracts. In the event that the City disburses less than the full amount of the City Loan for the Project, the difference between the amount disbursed and the full amount of the City Loan shall be considered a partial prepayment of the City Loan under Section 3.4 of this Agreement.

3. REPAYMENT OF CITY LOAN

3.1 Time for Repayment. Borrower shall repay the principal amount of the City Loan upon the occurrence of a Triggering Event during the Term. The amount to be repaid shall be determined in accordance with Section 3.5 of this Agreement. Borrower has no obligation to make periodic payments of principal during the Term except as provided in Section 3.4. If, upon the conclusion of the Term, no Triggering Event has occurred, the principal balance of the City Loan shall be forgiven.

3.2 Events Triggering Repayment. The principal amount of the City Loan and any other amounts due under this Agreement and the Note, will be immediately due and payable, at the option of the City and without notice or demand, upon the occurrence of any one or more of the following Triggering Events:

- (a) Any Transfer of the Property without the City’s prior written consent.

(b) The Borrower ceases to utilize the Property for the provision of meals and other services to elderly persons who are age 60 and above.

(c) The Borrower fails to maintain the Property in its post-rehabilitation condition, normal wear and tear excepted.

(d) The Borrower is in default of this Loan Agreement.

(e) The Borrower fails to maintain property insurance coverage naming the City as an additional insured.

(f) The Borrower fails to pay the property taxes on the Property when due.

3.3 Partial Repayment. After a Triggering Event occurs, the City may, in its sole discretion, allow Borrower to make monthly payments instead of the lump sum payment required by Section 3.2. The City reserves the right to determine the amount of such monthly payments. If the Borrower fails to make one or more monthly payments or another Triggering Event occurs, the City may require the Borrower to immediately repay the remaining principal due on the City Loan.

3.4 Prepayment. Borrower may prepay the outstanding principal of the City Loan at any time, provided that such prepayment shall not absolve Borrower of any other obligations contained in this Agreement.

3.5 Repayment Amount. Upon the occurrence of a Triggering Event during the Term, the Borrower shall repay to the City the lesser of the following:

(a) The principal balance of the City Loan; or

(b) The current fair market value of the Property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the Property.

4. CDBG PROGRAM REQUIREMENTS

4.1 Program Regulations and Guidelines. Borrower agrees that Borrower is subject to the terms and conditions of the Program, including any rules and regulations adopted by the federal Department of Housing and Urban Development, the California Department of Housing and Community Development, or the City regarding the use of CDBG Funds, all of which are incorporated herein by this reference as they may be amended from time to time. If there is any conflict between the aforementioned rules and regulations and the terms of this Agreement, the terms of the regulations shall control.

4.2 Rehabilitation Activities. Borrower agrees:

(a) that the construction of the Project using City Loan funds shall adhere to the final plans, specifications and work write-up approved by the City, and

(b) that Borrower will contract with a licensed general contractor to perform the Project, and

(c) that the City shall approve the method and procedures utilized to procure the services of a licensed general contractor to perform the Project, and

(d) that the City shall approve the form and content of the contract between Borrower and its licensed general contractor prior to the execution of the contract.

4.3 Covenants. Borrower covenants and agrees, among other things:

(a) that Borrower shall utilize the Property for the purposes stated in Recital D of this Agreement and shall not lease or rent the Property to a third party, and

(b) that Borrower shall maintain the Property in accordance with the specifications of the Program, and

(c) that Borrower shall not discriminate on the basis of race, color, creed, age, handicap, sex or national origin, in any sale, use, or occupancy of the Property, and

(d) that City shall have the right to enter the Property, upon reasonable prior notice, for the sole purpose of determining compliance with the terms and conditions of the Program.

(e) that Borrower will maintain property insurance coverage on the Property naming the City as an additional insured.

5. DEFAULTS & ENFORCEMENT

5.1 Defaults. If any one or more of the following events of default shall occur and shall not have been remedied:

(a) Any representation or warranty made by the Borrower in this Agreement or in any request or certificate of the Borrower furnished to City hereunder shall prove to have been incorrect in any material respect; and/or

(b) The Borrower shall default in the payment, when due, of any principal, interest, or other amount payable by Borrower with respect to the Property, whether due under this Agreement, the Note, or otherwise; and/or

(c) The Borrower shall default in the performance of any other obligation to be performed by it contained herein or in the Note; and/or

(d) The Borrower fails to notify the City of the occurrence of any Triggering Event.

Then, and in any such case, in addition to any other rights and remedies available to the City hereunder or at law or in equity or otherwise, City may declare the principal and any other amounts accrued on the Note to be forthwith due and payable, whereupon the same shall become forthwith due and payable, and/or City may immediately terminate its commitment hereunder.

5.2 Liquidated Damages. If Borrower rents or leases the Property to a third party Borrower shall be subject to liquidated damages in an amount equal to the total rent collected by Borrower throughout the duration of the violation.

5.3 Specific Performance. It is agreed that the services provided for under this Agreement serves a public purpose and is of a special and unique kind and character and that the rights granted to City hereunder are of a similar special and unique kind and character so that if there is a default by the Borrower, City would not have an adequate remedy at law. It is expressly agreed, therefore, that City's rights under this Agreement may be enforced by an action for specific performance and such other equitable relief, including an injunction for actions in violation of this Agreement, as is provided by the laws of the State of California.

6. GENERAL PROVISIONS

6.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the heirs, successors, assigns and representatives of the parties.

6.2 Entire Agreement. This Agreement, together with its Recitals which are a part of this Agreement, sets forth the entire understanding of the parties with respect to the subject matter hereof. In the event of any conflict between the terms of this Agreement and any other document entered into in furtherance of this Agreement, the terms of this Agreement shall prevail.

6.3 Attorneys' Fees. In the event of any legal proceeding arising out of or related to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs as set by the trier of fact.

6.4 Notices. All notices, requests, demands, consents and other communications required or permitted to be given under the terms of this Agreement shall be in writing addressed to the recipient party's Notice Address set forth below, and

shall be deemed to have been duly given or made (a) if delivered personally (including commercial courier or delivery service) to the party's Notice Address, then as of the date delivered (or if delivery is refused, upon presentation), or (b) if mailed by certified mail to the party's Notice Address, postage prepaid and return receipt requested, then at the time received at the party's Notice Address as evidenced by the return receipt, or (c) if mailed by first class mail to the party's Notice Address, postage prepaid, then at the time received at the party's Notice Address. A party may only change its Notice Address by a notice given in the foregoing form and manner. Each party's initial Notice Address is as follows:

If to Borrower: Redwood Coast Seniors, Inc.
490 N. Harold Street
Fort Bragg, CA 95437
ATTN: Charles Bush, Executive Director

If to the City: City of Fort Bragg
416 N. Franklin St.
Fort Bragg, CA 95437
Attn: Community Development Department

6.5 Severability. It is agreed that if any provision of this Agreement shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such other provisions shall remain in full force and effect.

6.6 Modification. This Agreement may not be changed, modified or amended orally or by a course of conduct, but only by a writing signed by the parties hereto, and this Agreement may not be discharged except by performance in accordance with the terms, or by writing signed by the parties hereto.

6.7 Time of Essence. Time is of the essence in all of the terms, covenants and conditions of this Agreement.

6.8 Choice of Law; Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any action to enforce or interpret any of the provisions of this Agreement shall be brought in Mendocino County, California.

6.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.10 Joint and Several. If more than one person executes this Agreement as Borrower, the agreements, covenants, representations, warranties, obligations and liabilities of such persons under this Agreement shall be joint and several.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date(s) set forth below.

“BORROWER”

Redwood Coast Seniors, Inc.

By: _____
Name: _____
Title: _____

“CITY”

City of Fort Bragg

By: _____
Linda Ruffing
City Manager

ATTEST:

By: _____
Cindy VanWormer
City Clerk

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APPROVED AS TO FORM:

By: _____
Samantha Zutler
City Attorney

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A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA

STATE OF CALIFORNIA)
COUNTY OF MENDOCINO)

On _____, 2015

before me, _____
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____
Name of Signer(s)

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

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

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though this section is optional, completing this information can deter alternation of the document or fraudulent reattachment of this form to an unintended document.

CAPACIT(IES) CLAIMED BY SIGNER(S)

DESCRIPTION OF ATTACHED DOCUMENT

Signer's Name: _____

- Individual
Corporate Officer

Title or Type of Document

Title(s)

- Partner(s) Limited
General

Number Of Pages

- Attorney-In-Fact
Trustee(s)
Guardian/Conservator
Other: _____

Date Of Document

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

EXHIBIT "A"

LEGAL DESCRIPTION

That certain land described as the grass area running along Harold Street for approximately 270 feet with a width of 115 feet adjoining to the South the premises known as the Bea Erickson Senior Center ("Center"), located at 490 North Harold Street, Fort Bragg CA."

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EXHIBIT "B"

SECURED NOTE

\$35,000

[DATE]

490 N. Harold St, Fort Bragg, CA 95437

For value received the undersigned, REDWOOD COAST SENIORS, INC. (the "**Borrower**"), promises to pay the CITY OF FORT BRAGG at 416 N. Franklin St., Fort Bragg, California 95437, the sum of \$35,000. This Note is subject to and payable in accordance with the terms of that certain Loan Agreement between Borrower and the City of Fort Bragg, dated for reference purposes **[DATE]** (the "Loan Agreement").

This Note is secured by a Uniform Commercial Code ("UCC") Fixture Filing (Form UCC1) filed with the Secretary of State of the State of California naming the equipment and fixtures purchased by Borrower with the proceeds of the City loan as collateral. The holder of this Note will be entitled to the benefits of the security provided by the UCC Fixture Filing and will have the right to enforce the covenants and agreements of the Borrower contained in the Loan Agreement.

All sums due and payable hereunder are payable solely in lawful money of the United States of America. This Note shall, at the option of the holder hereof, become fully due and payable, without notice or demand, upon any default by Borrower in the performance of any obligation arising out of or under the Loan Agreement. If any attorney is engaged by the holder of this Note to enforce or construe any provision of this Note, or the Deed of Trust, or the Loan Agreement, then Borrower will immediately pay to the holder, on demand, all attorneys' fees and other costs incurred by holder therein. All payments on this Note will be applied first to the payment of any costs, fees, or other charges incurred in connection with the enforcement of this Note; next, to the payment of costs, fees, or other charges, if any, arising under the Loan Agreement; then to the reduction of the principal balance.

Dated: _____, 2015

EXHIBIT "C"

TRUTH-IN-LENDING DISCLOSURE

NOTICE TO BORROWER: This is a disclosure statement required by the Consumer Credit Protection Act related to your Loan. This statement is not a contract or a commitment. Please refer to the Promissory Note for the terms and provision of this transaction.

A. BORROWER(S): Redwood Coast Seniors, Inc.
490 N. Harold St.
Fort Bragg, CA 95437

B. DISCLOSURE STATEMENT:

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS*
The cost of my Credit as yearly rate	The dollar amount the credit will cost me	The amount of credit provided to me or on my behalf	The amount I will have paid after I make all payments as scheduled
0%			
0% Effective	\$0	\$35,000	\$35,000 (if loan is not forgiven)

C. PAYMENT SCHEDULE

Number of Payments	Amount of Payments	Payments Due Beginning
0	\$0	n/a
Collection Service Charge	\$0	
Principal and Interest	\$35,000	
TOTAL PAYMENT	\$35,000 (if loan is not forgiven)	

D. SECURITY: The loan is secured by:

A UCC Fixture Filing.

In the event of default, the filing and recording of a certificate of default with the County Recorder shall constitute a lien upon this property.

E. STATEMENT OF INSURANCE: Property, liability and/or flood insurance may be obtained by Borrower(s) through any person of his/her choice and is NOT obtainable through the City.

F. DEFAULT, DELINQUENCY AND SIMILAR CHARGES: Should the indebtedness not be paid when due, Borrower(s) shall be responsible for attorney's fees and all costs of collection.

G. PREPAYMENT: The Borrower may prepay at any time all or any part of the principal amount of this Note without the payment of penalties or premiums. However, any restrictions on the use of the Property associated with this loan shall remain in effect for the entire Term, regardless of any prepayment.

H. ASSUMPTION: Someone buying your Property will not be able to assume the remaining indebtedness.

I/We hereby acknowledge receipt of a completed copy of this statement and I/we have not signed any note, contract or any other agreement in connection with this credit transaction.

Date

Borrower

DRAFT

EXHIBIT "D"

NOTICE OF RIGHT TO CANCEL

IDENTIFICATION OF LOAN TRANSACTION

BORROWER	AMOUNT	SECURITY
Redwood Coast Seniors, Inc.	\$35,000	PERSONAL PROPERTY LOCATED AT: 490 N. Harold St, Fort Bragg, CA 95437

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW:

Your Right To Cancel:

You have entered into a transaction on _____ (Date) which will result in a lien, mortgage, or other security interest in your property. You have a legal right under federal law to cancel this transaction, without cost, within three (3) business days from whichever of the following events occurs last:

- (1) the date of the transaction set forth above; or
- (2) the date you received your Truth-in-Lending Disclosures; or
- (3) the date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage lien or security interest is also cancelled. Within twenty (20) calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage, lien or security interest on your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within twenty (20) calendar days of your offer, you may keep it without further obligation.

How to Cancel:

If you decide to cancel this transaction, you may do so by notifying us in writing, at

City of Fort Bragg
Attn: Community Development Director
416 N. Franklin St., Fort Bragg, CA 95437

You may also use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of _____ (or midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I hereby cancel this transaction.

(Date)

(Customer's Signature)

**ACKNOWLEDGMENT OF RECEIPT OF TWO COPIES OF
NOTICE OF RIGHT OF RESCISSION**

Each of the undersigned hereby acknowledges receipt of two completed copies of the Notice above.

(Customer's Signature)

(Date)

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