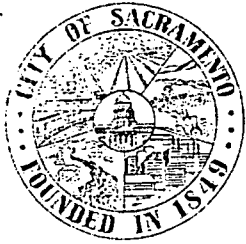


37



CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY MANAGER

January 15, 1980

CITY HALL
915 I STREET - 95814
(916) 449-5704

Housing Authority
Sacramento, California

Honorable Members in Session:

SUBJECT: Resolution Authorizing a Loan Agreement with State Department of
Housing and Community Development for the SB 966 Deferred Payment
Rehabilitation Loan Program

SUMMARY

This report regards a resolution authorizing the Executive Director, Housing Authority of the City of Sacramento to execute an agreement with the State Department of Housing and Community Development for implementation of the SB 966 Deferred Payment Rehabilitation Loan Program in the amount of \$75,000.

BACKGROUND

On October 16, 1979 the City Council authorized the City Manager to file an application for the SB 966 Program (see Exhibit I) to the State Department of Housing and Community Development (HUD).

On December 12, 1979 the City was awarded a loan commitment in the amount of \$75,000 under the SB 966 program (see Exhibit II). Since the SB 966 program would be administered by the SHRA Rehabilitation Department, the attached resolution authorizes the Executive Director to execute the subject loan agreement and designates the Executive Director as the authorized representative to act on behalf of the City for implementation of the SB 966 program.

Attached also is a resolution by the Housing Authority authorizing execution of the Loan Agreement, Promissory Note, and Agreement to Assign Deeds of Trust, Promissory Note and Loan Agreement (copies of these agreements are attached) by the Executive Director.

FINANCIAL

The approved \$75,000 loan commitment does not include administrative costs. SHRA staff estimates the administrative costs of the SB 966 program are \$18,750 or 25% of the total. The most appropriate source of funding is Community Development Block Grant funds. The ratio of \$18,750 in administrative costs to

APPROVED
SACRAMENTO HOUSING AUTHORITY

Date 1/22/80

\$75,000 in rehabilitation loans is 4:1. CDBG funding is available in the 1979-80 contingency which has a current fund balance of \$309,700.

RECOMMENDATION

The staff recommends the Housing Authority: (1) adopt the attached resolution authorizing the Executive Director, Housing Authority to execute an agreement with the State Department of Housing and Community Development for the SB 966 Deferred-Payment Rehabilitation Loan Program; and designating the Executive Director of SHRA as the authorized representative for implementation of the subject program; and (2) adopt the attached resolution authorizing the Executive Director to execute the Loan Agreement, Promissory Note, and Agreement to Assign Deeds of Trust, Promissory Note and Loan Agreement.

Respectfully submitted,



Andy Plescia
Senior Management Analyst

Recommendation Approved:



Walter J. Slife
City Manager

RESOLUTION NO. 1774

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR,
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO TO
EXECUTE AN AGREEMENT WITH THE STATE DEPARTMENT
OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE
SB 966 DEFERRED PAYMENT REHABILITATION LOAN
PROGRAM

WHEREAS, the City of Sacramento has prepared and submitted, and the State Department of Housing and Community Development has approved an application for funds under the SB 966 Deferred-Payment Rehabilitation Loan Program; and

WHEREAS, the City of Sacramento and the Housing Authority of the City of Sacramento desire that the Housing Authority administer the subject program pursuant to the terms and conditions of the attached agreement.

WHEREAS, a public hearing has been held on this subject by the Housing Authority.

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

That the Executive Director, of the Housing Authority is hereby authorized to execute on behalf of the City of Sacramento an agreement with the State Department of Housing and Community Development for the SB 966 Deferred Payment Rehabilitation Loan Program in the amount of \$75,000; and

That the Executive Director of the Housing Authority is hereby designated to act on behalf of the City for implementation of the SB 966 Deferred Payment Rehabilitation Loan Program and to provide all understandings and required assurances and to furnish such information as may be required.

MAYOR

ATTEST:

CITY CLERK

APPROVED
SACRAMENTO HOUSING AUTHORITY

Date 1/22/80

RESOLUTION NO. 1775

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

RESOLUTION AUTHORIZING THE INCURRING OF AN
INDEBTEDNESS AND THE EXECUTION OF A LOAN
AGREEMENT, PROMISSORY NOTE, AND OTHER DOCUMENTS
TO SECURE A DEFERRED PAYMENT REHABILITATION LOAN
FROM THE STATE OF CALIFORNIA

WHEREAS, pursuant to Section 50660 - 50668 of the California Health and Safety Code, the California Department of Housing and Community Development (hereinafter referred to as the State) is authorized to make deferred loans for the rehabilitation of housing in designated areas; and

WHEREAS, the Housing Authority of the City of Sacramento (hereinafter referred to as the Local Agency), a local public agency organized under the statutes of the State of California, is enabled and eligible to receive said loans;

NOW THEREFORE BE IT RESOLVED that the Local Agency be hereby authorized to incur an indebtedness and to enter into an agreement with the State to borrow an amount not to exceed \$75,000 for the purposes of lending deferred payment loans for housing rehabilitation; and

BE IT FURTHER RESOLVED that the Local Agency be hereby authorized to give a promissory note and other appropriate instruments to the State to evidence said debt and to secure said note; and

BE IT FURTHER RESOLVED that the Executive Director, Housing Authority of the City of Sacramento be hereby authorized to execute in the name of the Local Agency said Loan Agreement, note and other documents required to consummate this transaction.

MAYOR

ATTEST:

CITY CLERK

APPROVED
SACRAMENTO HOUSING AUTHORITY
Date 1/22/80

INFORMATION ON THE
HOUSING REHABILITATION LOAN FUND
SB 966/Marks)

Deferred Payment Rehabilitation Loan Program

The Housing Rehabilitation Loan Fund program was established by the passage of SB 966 (Marks) and execution by the Governor in September, 1978. The program provides deferred payment loan funds to local government to assist with the rehabilitation of housing for low- and moderate-income households. The program is administered by the California Department of Housing and Community Development (HCD) through the assistance of local governments. The program will complement local rehabilitation in cities and counties with certain eligible programs.

I. How Program Works

The Department of Housing and Community Development (HCD) will lend deferred loan funds to certain local government agencies and those agencies will in turn lend the funds out to eligible property owners in the form of deferred loans with 3% interest on the original principal. The loans will be repaid to local government, and in turn to the State. Additionally, SB 966 provides that some local code enforcement agencies might borrow funds from the State when the agencies are having repairs done to properties where owners have not repaired after a final notice. Liens would be placed against such properties, and when local agencies are repaid, they would repay the State.

II. Eligible Local Agencies and Programs

Local agencies eligible to apply for State funds are cities, counties, or cities and counties, and includes any government agency or local public entity to which such eligible local agency may, after a public hearing, delegate responsibility for the program.

Eligible Programs

Only local agencies with one or more of the following programs are eligible for loan funds from HCD:

- A. A rehabilitation loan program conducted in CHFA Concentrated Rehabilitation Areas designated pursuant to Section 51302 of the Health and Safety Code. The local agency shall have available and commit to the extent possible, CHFA rehabilitation and refinancing funds, CDBG 8MIR loans, HUD 312 loans, Title I loans, and other funding to be used in combination with funds from the Fund in designated areas.

- B. A residential rehabilitation financing program conducted pursuant to the Marks/Foran Residential Rehabilitation Program, commencing with Section 37910 of the Health and Safety Code. The local agency shall have available and commit to the extent possible, Marks/Foran rehabilitation and refinancing funds, CDBG BMIR loans, HUD 312 loans, Title I loans, and other funds to be used in combination with funds from the Fund in the designated areas.
- C. A city-wide or county-wide systematic enforcement program pursuant to which the CHFA has allocated funds for rehabilitation of housing pursuant to Section 51311 of the Health and Safety Code.
- D. A code enforcement agency repairing substandard structures following the owner's failure to commence work following a final notice or order from the enforcement agency.

III. Eligible Property Owners/Borrowers

Detailed eligibility criteria for property owners are included in the program regulations which are available to agencies planning to submit proposals. Generally, low/moderate-income owner-occupants of one-to-four unit properties and non-owner-occupants of rental properties, subject to certain requirements, are eligible for loans.

IV. Available Funding and Loan Limits

(A) Amounts of Loans to Local Agencies

Since the total funds available are limited to about \$350,000, it is expected that loan commitments to local agencies will not exceed \$35,000 to \$75,000.

(B) Amounts of Loans to Property Owner/Borrowers

The maximum loans would be \$10,000 per unit, or \$20,000 per unit when there are room additions to alleviate overcrowding. The maximum loan for a rental property would be \$100,000.

V. Terms and Conditions of Loans to Local Agencies

Details on the terms and conditions are set forth in the regulations which can be obtained by local agencies making proposals. In general, the terms and conditions are:

(A) Local Agencies in Categories A through C (Item II above)

- o 3% interest per annum on loan amount disbursed to local agencies.
- o Loans repayable to State upon repayment by property owners.
- o Local agencies must require agreements from owners of rental properties on renting to low-income renters and limiting rent increases.

(B) Local Code Enforcement Agencies Category D (Item II above)

- o Loans to local agencies bear no interest except when the agency collects interest from the property owner.
- o Loans repaid to State upon collection by local agency.
- o Liens placed against properties until repayment to owners.

VI. Terms and Conditions of Loans to Property Owners

Details on terms and conditions are in the program regulations.

(A) Owner-Occupied 1 - 4 Units

1. Elderly Owners

- o Loan is necessary to cover cost of meeting rehabilitation standards over the amount of the improvement loan the local agency is able to provide without exceeding the owner's ability to afford the monthly payments required.
- o 3% interest per annum on original principal loan amount.
- o Loans repaid upon sale or transfer.
- o Lien on property.

2. Non-Elderly Owners

- o Loan is necessary to cover cost of meeting rehabilitation standards over the amount of the improvement loan the local agency is able to provide without exceeding the owner's ability to afford the monthly payments required.
- o 3% interest per annum on original loan amount.

- o Loans repaid at the end of 5 years, or upon sale or transfer, whichever occurs first.
- o Loans may be extended for an additional 5-year period if owner is unable to refinance loan at the end of 5 years.

(B) Owners of Rental Properties

- o 3% interest per annum on original principal loan amount.
- o Loans repaid at the end of 5 years, or upon sale or transfer, whichever occurs first. Loans may be extended if low-income tenants continue to benefit.

- o Loans must be necessary to (1) avoid increases in monthly debt service which would result in rent increases causing permanent displacement of persons of low income, or (2) avoid increases in monthly debt service that would make it economically infeasible to accept subsidies available to provide affordable rents to low-income tenants.
- o Owners must agree to rent to certain amount of low-income tenants during the term of the loan.

VII. Priorities in Use of Funds

The relative merit of all applications from local agencies will be judged by the following criteria:

- (A) The local agency's agreement to combine loans from the Fund with other rehabilitation and refinancing funds and resources to ensure maximum leverage of loans from the Fund.
- (B) The local agency's agreement to commit, to the maximum extent possible, CHFA, Marks/Foran, HUD 312, CDBG, Title I, or other funds for refinancing and rehabilitation.
- (C) The local agency's agreement to continue existing rehabilitation and refinancing programs.
- (D) The local agency's ability to proceed to lend out the loan funds upon receipt of funds.
- (E) The estimated number of units and low and moderate households to be assisted by the loan, considering the amount of the loan.
- (F) Conformance with and furtherance of the local Housing Element and Housing Assistance Plans.
- (G) Evidence of need for loan funds from the Fund.

Other criteria may be adopted by the Loan Committee as deemed appropriate.

VIII. Approval/Disapproval of Local Agency Applications

A Loan Committee composed of three Department officials and two public representatives will approve or disapprove all applications from local agencies for funds.

IX. Local Agency Requests for Funds

The Department shall initially, and periodically thereafter, advertise the availability of funds and accept applications from local agencies.

Questions about the availability of funds can be addressed to the Administrator, Deferred-Payment Rehabilitation Loan Program, Department of Housing and Community Development, 921 Tenth Street, Sacramento, CA 95814 (916) 445-0836.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Division of Community Affairs
921 Tenth Street, Sacramento, CA 95814
(916) 445-0836



December 21, 1979

Walter Slipe
City Manager
City of Sacramento
City Hall - 915 Eye Street
Sacramento, CA 95814

Dear Mr. Slipe

This letter is in reference to the approval of a loan commitment of \$75,000, subject to certain conditions, by the Loan Committee for the Deferred Payment Rehabilitation Loan Program (SB 966). Pursuant to the regulations for the Program, enclosed are (1) documents to be used between your organization and the Department, and (2) documents to be used between your organization and borrowers receiving loans.

The documents to be used by your organization in loan transactions with borrowers are included in the enclosed document entitled "Administrative Guidelines For Deferred Payment Rehabilitation Loan Program (DPRLP)." The Guidelines make reference to Income Limits, Exhibit "J". This item will be forwarded along with a supply of forms after the signed Standard Agreement is returned to us.

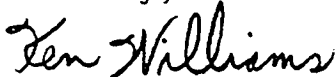
We need certain items with respect to the loan transaction between your organization and the Department. Since you have indicated that the City will authorize the Housing Authority to carry out the program, we will need (1) a resolution indicating that the City Council held a public hearing and delegated authority to the Housing Authority (see regulations 7402 (q)); and (2) a resolution by the Housing Authority authorizing execution of the Loan Agreement, Promissory Note, and Agreement to Assign Deeds of Trust, Promissory Note, and Loan Agreement. An example resolution on the second action is enclosed. Please return four (4) executed copies of the Loan Agreement; Promissory Note; and Agreement to Assign Deeds of Trust, Promissory Note and Loan Agreement.

We will forward the Standard Agreement to the State Department of General Services for approval. Upon approval of the Agreement, we will send you a fully executed copy and your agency can commence lending, using the regulations and the documents and instructions in the Administrative Guidelines.

Since you received samples of enclosed documents several weeks ago for review, we will expect executed copies of the Standard Agreement; Promissory Note; Agreement to Assign Deeds of Trust, Promissory Note and Loan Agreement; and the Resolution by January 31, 1980.

We realize there will have to be some extra coordination between the Department and local agencies initially since this new loan program must be coordinated with existing local rehabilitation practices. Please call if you have questions or need additional information. We want to work with you to make the Deferred Payment Rehabilitation Loan Program as successful as possible for your community.

Sincerely,



Ken Williams
Program Manager

Enclosures: Resolution (example)
 Standard Agreement
 Promissory Note
 Agreement to Assign Deeds of Trust
 Administrative Guidelines

STANDARD AGREEMENT —

APPROVED BY THE
ATTORNEY GENERAL

STATE OF CALIFORNIA
STD. 2 REV. (1/75)

- CONTRACTOR
- STATE AGENCY
- DEPT. OF GEN. SER.
- CONTROLLER

THIS AGREEMENT, made and entered into this 21st day of December, 19 79,
in the State of California, by and between State of California, through its duly elected or appointed,
qualified and acting

TITLE OF OFFICER ACTING FOR STATE	AGENCY	NUMBER
Chief, Administrative Services	Department of Housing and Community Development	

hereafter called the State, and

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO (local Government)

hereafter called the Contractor.

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:

(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

Authority

- a. Pursuant to the criteria for eligibility and for the purposes authorized by Sections 50660-50668 of the California Health and Safety Code and the regulations published thereunder (at 25 Cal. Admin. C. Sections 7400-7436), the Contractor has submitted to the State a Deferred-Payment Rehabilitation Loan Application No. 79-027 which is hereby incorporated as Attachment A and made a part of this agreement.
- b. Pursuant to the above sections and regulations, the State has approved Loan No. 79-027 to permit Contractor to loan funds to local borrowers for rehabilitation and provision of housing pursuant to Sections 50665-50668 of the California Health and Safety Code.
- c. To effect said loan, the State has decided to enter into this Loan Agreement with the Contractor according to the conditions hereinafter expressed. All references to "the Fund" shall refer to the Housing Rehabilitation Loan Fund of the Department of Housing and Community Development. This Agreement incorporates and is subject to the laws and regulations cited above.

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA	CONTRACTOR
AGENCY Department of Housing and Community Development	CONTRACTOR (IF OTHER THAN AN INDIVIDUAL, STATE WHETHER A CORPORATION PARTNERSHIP, ETC.)
BY (AUTHORIZED SIGNATURE)	BY (AUTHORIZED SIGNATURE)
TITLE Chief, Administrative Services	TITLE
	ADDRESS

(CONTINUED ON <u>4</u> SHEETS, EACH BEARING NAME OF CONTRACTOR) Department of General Services Use ONLY	AMOUNT ENCUMBERED	APPROPRIATION		FUND Housing Rehabilita- Loan Fund		
	\$	UNENCUMBERED BALANCE	ITEM	CHAPTER	STATUTES	FISCAL YEAR
	\$		A/C 929-455-733-001-00-00			1979-80
	\$	ADJ. INCREASING ENCUMBRANCE	FUNCTION			
	\$		02-06-04-00			
\$	ADJ. DECREASING ENCUMBRANCE	LINE ITEM ALLOTMENT				
\$		Rehab Loans to local government/nonprofit corp.				
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.					T.S.A. NO.	S.R. NO.
SIGNATURE OF ACCOUNTING OFFICER					DATE	
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document is exempt from review by the Department of Finance.						
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY					DATE	

1. The Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Contractor in the performance of this contract.

2. The Contractor, and the agents and employees of Contractor, in the performance of this agreement, shall act in an independent capacity and not as officers or employees or agents of State of California.

3. The State may terminate this agreement and be relieved of the payment of any consideration to Contractor should Contractor fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. The cost to the State shall be deducted from any sum due the Contractor under this agreement, and the balance, if any, shall be paid the Contractor upon demand.

4. Without the written consent of the State, this agreement is not assignable by Contractor either in whole or in part.

5. Time is the essence of this agreement.

6. No alteration or variation of the terms of this contract shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

7. The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel and per diem, unless otherwise expressly so provided.

8. Purpose

The Contractor agrees to expend all funds disbursed pursuant to this agreement only for the purposes and in the amounts that have been set forth in its Loan Application and to the extent they have been approved by the State. Contractor further agrees to solicit and approve local borrowers in accordance with the laws and regulations governing this program.

9. Amount and Disbursement Schedule

- a. Upon receipt of a certified resolution authorizing this agreement and the proper execution of a promissory note and the appropriate security instruments, the State agrees to disburse to the Contractor or its authorized agent funds not to exceed the total amount stated in Item I of Attachment B.
- b. The State further agrees to disburse said funds only for the approved purposes and itemized amounts stated in Item II of Attachment B.

10. Interest

- a. The loan herein shall bear simple interest at the rate of three percent (3%) per year on the principal balance of loan funds disbursed to the Contractor. Payment of said interest shall be due at the time of repayment of the loan to the State, and shall accrue from the time of disbursement to Contractor until receipt of repayment by State.
- b. Interest shall be waived if and to the extent that the Contractor remits in advance to State a sum equal to and not less than 15% of the original principal amount of the loan. Prepayment of any portion or all of such a loan shall not entitle Contractor to return of any such prepaid interest.

11. Term

- a. The effective date of this agreement is the date on which it is approved by the State of California, Department of General Services. Where state law does not require this agreement to be approved by the Department of General Services, the effective date of this agreement shall be the date of its execution by the State Department of Housing and Community Development.
- b. The Contractor agrees to complete performance of its obligations under this agreement within the period stated in Item III of Attachment B.

12. Promissory Note and Security

- a. To evidence its debt to the State hereunder, the Contractor agrees to execute and deliver to the State a promissory note for the total loan amount in a form approved by the State.
- b. To secure the loan, the Contractor shall give the State the security interests specified in Item IV of Attachment B which may include an Agreement to Assign Deeds of Trust for each property rehabilitated in whole or in part with funds from the Fund and will cause such security interests to be recorded.
- c. Prior to lending funds received pursuant to this Agreement, the Contractor shall require the property owner to:
 - (i) Execute a promissory note, at the appropriate rate of interest, and a loan agreement. Each document shall be in a form determined or approved by the State.
 - (ii) Execute a deed of trust to secure said note, which shall be specifically assignable to the State.
 - (iii) Obtain, at the expense of the property owner or Contractor on loans to

only if they pay for activities which are proper pursuant to this Agreement and the Loan Agreement with the Borrower.

16. General Terms of Use of Funds

- a. Contractor shall not loan more than \$10,000 of funds from The Fund on each dwelling unit repaired or rehabilitated, except that an additional amount up to \$10,000 may be lent for room additions approved by the Contractor in accordance with the State's regulations. Contractor may use its own funds, or other funds, in addition to those from The Fund, if necessary to complete any rehabilitation or repair activity. In no circumstance shall the maximum deferred payment loan plus other indebtedness against the property exceed 90% of the anticipated after-rehabilitation value of the property.
- b. Funds from The Fund shall be used only for actual approved rehabilitation and repair costs on each subject property and shall not be used for governmental administrative costs, overhead costs, costs of collection or foreclosure, or other nonrehabilitation or non-repair costs.
- c. The total loan commitment from The Fund shall be committed by the Contractor within one year from the effective date of this Agreement.
- d. Funds from The Fund shall not be substituted for local or other funds available to the Contractor for similar purposes. In addition, to the extent feasible; funds from The Fund shall be used with or as part of local funds available for similar activities.
- e. The Contractor agrees to minimize the impact of physical rehabilitation activities on tenants in a subject property to the extent feasible. To the extent feasible and where necessary to minimize displacement of tenants, rehabilitation activities, for example, shall include phased repairs, temporary or permanent relocation, or other similar measures as required by Government Code Section 7265.3.
- f. The Contractor agrees not to discriminate in the use of loans from The Fund due, in whole or in part, to the considerations, characteristics, or trends in the neighborhood surrounding the property to be rehabilitated with funds from The Fund unless the Contractor can demonstrate that such consideration in the particular case is required to avoid an unsafe and unsound business practice. The Contractor also agrees to comply with applicable Truth-in-Lending disclosure requirements.
- g. Properties rehabilitated with loans pursuant to this Agreement must be located in CHFA Concentrated Rehabilitation Areas designated pursuant to Section 51302 of the Health and Safety Code; a Marks-Foran rehabilitation area designated pursuant to the Health and Safety Code commencing with Section 37910; or an area in which CHFA has allocated funds pursuant to Section 51311 of the Health and Safety Code.
- h. No more than one loan of funds from The Fund shall be made for any one residential unit.
- i. Loans from the Contractor to the borrower shall bear simple interest at the rate of 3% per annum on the principal balance from the time of disbursement by the Contractor until repayment to the Contractor unless interest is waived or reduced pursuant to paragraph 10b. of this Agreement.
- j. Loans to borrowers shall be for a term of five years or until sale or transfer of the property, whichever occurs first.
- k. Loans to borrowers may be used to finance innovative and/or cost-efficient methods of rehabilitation including "self-help," rehabilitation with trainee labor, etc.
- l. Loan Agreements with local borrowers shall include all provisions required by law and the regulations governing this program.
- m. The Contractor shall establish procedures to monitor and service the loans herein, including but not limited to:

loans for one five-year term at a time unless multiple five-year periods are essential to the feasibility of continuing benefits to low-income households.

- e. Prior to making a loan commitment to a local borrower, Contractor shall forward the loan application and loan document package to the State's Coordinator for this Agreement. Each such loan, and any extension thereof, must be approved by the State prior to a loan commitment or extension being made by the Contractor to the borrower.

19. Repayment

- a. Any loan repaid by or on behalf of a local borrower to the Contractor shall be repaid promptly by the Contractor to the State.
- b. Any loan funds disbursed to Contractor and not loaned to a local borrower shall be repaid to the State within 3 months of disbursement to the Contractor.
- c. Unless the events set forth in paragraph 19 a. and b. occur earlier, all funds disbursed hereunder shall be repaid to the State by Contractor no later than the date specified in the promissory note executed pursuant to paragraph 12. This date shall be subject to extension as set forth below.
- d. When repayment of the full loan is made, the State agrees to reconvey any security in any real property and endorse the promissory note and security instrument(s) accordingly.
- e. The Contractor agrees that neither failure to obtain any required permits, necessary subsidies, services, or financing, nor any other cause, releases the Contractor from its debt to the State except that repayment shall be limited to proceeds available from the sale of the property benefiting from funds from The Fund after repayment of superior encumbrances.
- f. The Loan Agreement between Contractor and the local borrower shall contain terms of repayment which comply with the law and regulations governing this program and shall be prepared by or approved by the State in form and substance.

20. Extension

- a. Notwithstanding the terms of Paragraph 19 c., Contractor may apply to the State for an extension of this Agreement and its promissory note. The request shall state the reasons for the requested extension and shall project a new due date.
- b. The State, at its option, may extend this Agreement and the due date of the promissory note if it determines that such an extension will result in the performance of this Agreement and the achievement of the objectives of the loan made hereunder.
- c. The Loan Agreement between Contractor and the local borrower shall contain terms for extensions or repayment to Contractor which comply with the law and regulations governing this program.

21. Default

- a. In the event the Contractor, for any reason, is unable to proceed with the rehabilitation activities approved by the State, the State may declare this Agreement to have been breached and shall be released from any further performance hereunder.
- b. In the event of any default or breach of the Agreement by the Contractor, the State may declare the note evidencing the loan from the State to be immediately due and payable. In said event, the Contractor agrees voluntarily to convey to the State all rights, title, and interest in any property securing the note and further agrees to convey all rights, title, and interest in all reports, tests, surveys, drawings, plans, maps, and other documents which are the product of funds disbursed under this Agreement, which voluntary

the State may, at its option, be able to provide.

25. Fair Employment Practices

The Contractor agrees to comply with all the conditions required by the California Fair Employment Practices Addendum, Standard Form 3, which is identified as Attachment C, attached hereto, and made a part hereof.

26. State Coordinator

The State Coordinator for this Agreement is Ken Williams, Deferred-Payment Loan Program Manager.

27. Special Conditions

- a. In addition to the general provisions of this Agreement, the special conditions set out in Item V of Attachment B must be satisfied before the State will advance any funds hereunder.
- b. Satisfaction of the aforesaid special conditions must be in a manner specified by or acceptable to the State.

California Department of Housing
and Community Development
Deferred-Payment Rehabilitation Program
APPLICATION *

DHCD/DPRP-1

Application Number

79-027

Date Received

10-17-79 gr
DHCD Use Only

1. GENERAL

Official Name of Local Agency: City of Sacramento
Address: 915 I Street Sacramento Sacramento CA 95814
Street City County State ZIP
Contact Person: Andy Plescia Phone (916) 449-5704

2. LOAN REQUEST

Total SB 966 Loan Funds Requested: \$ 100,000

Estimated Amount of Other Funds
to be Used with SB 966 funds: \$ 175,000

Source of Other Funds:

CHFA - HOHI \$150,000 LOANS ONLY
CDBG 25,000 ADMINISTRATION
\$175,000

3. CERTIFICATION AND EXECUTION

I hereby certify that the statements, facts, and information contained in this application and the documents and attachments submitted herewith are true and correct to the best of my knowledge and belief.

October 17, 1979
DATE

By (Authorized Signature)
City Manager
TITLE

Walter J. Slise
SIGNATURE

* The full application is on file at HCD, 921 10th St., Sacramento, and is incorporated herein as if set forth in full.

ITEM I Loan Amount (Paragraph 9a.)
Seventy Five Thousand & $\frac{00}{000}$ dollars (\$ 75,000.00)

<u>ITEM II</u>	<u>Authorized Purposes</u> (Paragraph 9b.) <u>Purpose</u>	<u>Amount</u>
	Contractor to make Deferred Payment Rehabilitation Loans in accordance with the program regulations 25 Admin. C. Section 7400-7436, as may be amended from time to time, and Contractor's Loan Application No. 79-027 (Attachment "A").	\$75,000.00

ITEM III Completion Date (Paragraph 11b.)
Seventy-two (72) months from the date of approval of this Agree-
ment by the State Department of General Services, except that
this Agreement shall be extended for additional increments of
not more than sixty (60) months to cover loans to borrowers that
are extended by Contractor with approval of the State and after
approval by the Department of General Services.

ITEM IV Security (Paragraph 12b.)

Contractor agrees to execute the "Agreement to Assign Deeds of
Trust, Promissory Note and Loan Agreement" between the Contractor
and the State.

ITEM V Special Conditions (Paragraph 27a.)
City of Sacramento to adopt and submit a resolution, after a
public hearing, authorizing the Housing Authority of the City
of Sacramento to receive the expend Deferred Payment Rehabilitation
Loan Funds (SB 966) from the State.

FAIR EMPLOYMENT PRACTICES ADDENDUM

1. In the performance of this contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, sex*, age*, national origin, or physical handicap*. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, sex*, age*, national origin, or physical handicap*. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices section.

2. The Contractor will permit access to his/her records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment Practices Commission, or any other agency of the State of California designated by the awarding authority, for the purpose of investigation to ascertain compliance with the Fair Employment Practices section of this contract.

3. Remedies for Willful Violation:

- (a) The State may determine a willful violation of the Fair Employment Practices provision to have occurred upon receipt of a final judgement having that effect from a court in an action to which Contractor was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the Contractor has violated the Fair Employment Practices Act and has issued an order, under Labor Code Section 1426, which has become final, or obtained an injunction under Labor Code Section 1429.
- (b) For willful violation of this Fair Employment Practices provision, the State shall have the right to terminate this contract either in whole or in part, and any loss or damage sustained by the State in securing the goods or services hereunder shall be borne and paid for by the Contractor and by his/her surety under the performance bond, if any, and the State may deduct from any moneys due or that thereafter may become due to the Contractor, the difference between the price named in the contract and the actual cost thereof to the State.

**See Labor Code Sections 1411 - 1432.5 for further details.*

DEFERRED PAYMENT REHABILITATION LOANS
PROMISSORY NOTE
SECURED BY AGREEMENT TO
ASSIGN DEEDS OF TRUST

(STATE/LOCAL LENDER)

\$ 75,000.00

Local Lender Housing Authority of
the City of Sacramento

Loan No. 79-027

Date _____

FOR VALUE RECEIVED, the undersigned (hereinafter, "Local Lender") promises to pay in lawful money of the United States to the order of the State of California, Department of Housing and Community Development (hereinafter referred to as the "State"), at its principal place of business in Sacramento, California, or at such other place as the State may designate, the principal sum of Seventy Five Thousand dollars (\$75,000.00-----), or such lesser amount as shall equal the aggregate amount disbursed to the Local Lender by the State, together with interest on the unpaid principal computed from the date each disbursement to the Local Lender is disbursed by the State until repaid by the Local Lender, at the simple interest rate of Three percent (-----3%) per annum. Provided that the obligation of the Local Lender to repay principal and interest under this loan shall be limited to those amounts actually recovered from each loan made by the Local Lender to a local borrower.

It is further provided that the entire sum, subject to the limitation on the obligation of the Local Lender as set forth above, including any interest, is due and payable six years from the date of this Note's execution or in increments upon repayment of principal and interest loaned by Local Lender to local borrowers, if such increments are repaid earlier.

Payment of any installment shall be first applied to accrued interest to the date of receipt of the installment, and the balance, if any, to principal. Local Lender may prepay this note in full or in part, without penalty, but any such prepayment shall be first applied to accrued interest, and the balance, if any, to principal.

The indebtedness evidenced by this Note is made pursuant to a Loan Agreement between the Local Lender and the State dated December 21, 1979, and is secured as follows:

(Item of Security)

(Dated)

Agreement to Assign Deed of Trust, Promissory Note and Loan Agreement.

Local Lender hereby represents and warrants to State, and covenants as follows:

(a) The execution, delivery, and performance pursuant to this Note are not in contravention of law or any indenture, agreement, or undertaking to which Local Lender is a party or by which it is bound and the same are within Local Lender's powers, and have been duly authorized and are not in contravention of its charter, by-laws, or other sources of authority.

(b) Local Lender has, or at the time of execution, delivery, and performance of this Note, will have lawful right to obtain the security and has unqualified right to assign and grant liens and security interests to the State therein.

On the occurrence of any event of default, the State, at its sole election, may declare after 60 days written notice to Local Lender all or any portion of the principal and interest on this Note to be immediately due and payable, subject to the limitation on the obligation of the Local Lender as set forth above, and may proceed thereafter at once without further notice to enforce this Note according to law. Local Lender agrees to pay all reasonable collection costs, including but not limited to, attorney's fees and court costs.

Each of the following occurrences shall constitute an event of default:

(a) Failure of the Local Lender to repay any principal and interest when due under the terms of this Note or to obtain an extension thereof at the time, place, and manner specified in said Loan Agreement;

(b) Termination of said Loan Agreement pursuant to the terms thereof or breach by the Local Lender of any terms of said Loan Agreement;

(c) Failure of the Local Lender to undertake in a timely way the express and implied activities for which said Loan Agreement has been executed, or a substantial reduction by Local Agency in the scope of said activities.

No delay or failure of State in the exercise of any right or remedy hereunder or under any other agreement which secures or is related hereto shall affect any such right or remedy, and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof, and no action taken or omitted by State shall be deemed a waiver of any such right or remedy.

Each maker, endorser, surety, and guarantor of this Note hereby severally waives demand, protest, presentment, notice of nonpayment, notice of protest, notice of dishonor, and diligence in bringing suit against any party and does hereby consent that time of payment of all or any part of said amount may be extended from time to time by the State without notice.

Any notice to the Local Lender provided for in this Note shall be given by mailing such notice by certified mail addressed to Local Lender at, or to such other address as Local Lender may designate by written notice to State. Any notice to State shall be given by mailing such notice by certified mail, return receipt requested, to State at the address stated in the Loan Agreement, or at such other address as may have been designated by written notice to Local Lender.

If suit is brought to collect on this Note, the prevailing party shall be entitled to collect all reasonable costs and expenses of said suit, including reasonable attorney's fees.

This Note shall be binding upon Local Agency and its successors and assigns and upon the State and its successors and assigns.

This Note shall be construed and enforced in accordance with the Laws of the State of California.

Signed _____

By _____

Title _____

Attest: _____

AGREEMENT TO ASSIGN,
DEED OF TRUST, PROMISSORY NOTE
AND LOAN AGREEMENT

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, Housing Authority of the City of Sacramento, hereinafter "Local Lender", agrees to assign to the STATE OF CALIFORNIA, DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, hereinafter, "Department", at such a time as a default or breach is declared with respect to Local Lender's responsibilities under the Loan Agreement between Local Lender and Department dated December 21, 1979, or on the date Local Lender terminates its activities pursuant to such Agreement, all Deeds of Trust demanded by Department which represent security for all loans to local borrowers made by Local Lender with funds received from Department pursuant to the Deferred-Payment Rehabilitation Loan Program (SB 966).

SAID DEEDS OF TRUST cannot be specifically identified in this document, but records of same shall be maintained by Local Lender and Department.

THIS AGREEMENT is entered into for purposes of security on the Promissory Note between Local Lender and Department, dated _____, 19____, and shall be cancelled upon full tender and payment of all sums due under said Note. Notwithstanding the terms of this Agreement, any Deed of Trust obtained by Local Lender as security for a Deferred-Payment Loan Program loan to a local borrower shall be cancelled and reconveyed upon repayment to Local Lender by a local borrower and repayment of said sum, including interest, by Local Lender to Department.

THE ASSIGNMENTS made pursuant to this Agreement shall be with recourse and Local Lender agrees, represents, warrants, and covenants as follows:

1. Upon default or termination of activities, or anticipation of same, if earlier, to execute any documents necessary to Department's acquisition of and ability to exercise or assign the Deeds of Trust granted by local borrowers to Local Lender.
2. To perform all duties and responsibilities pursuant to said Deeds of Trust, and in the event of any failure to perform such responsibilities, to notify Department immediately and in writing of any anticipated or actual failure to perform.
3. To not sell, assign, transfer, or otherwise convey its rights or responsibilities pursuant to said Deeds of Trust to any other person or entity.
4. To appear in and defend any action or proceeding affecting or purporting to affect the abovesaid Deeds of Trust or the real property subject thereto, and/or commence any action or proceeding deemed necessary by Local Lender or Department to perfect, maintain, or protect said Deeds of Trust and the interests, rights, powers, and/or duties pursuant thereto, all in such manner and to such extent as is appropriate, and to give prompt notice to Department of such activities.
5. That it has no knowledge of any fact or law which would impair the validity or enforceability of this Agreement and has the lawful and unqualified right to assign the Deeds of Trust to Department.

6. That, in the event of a default or violation of any of the warranties, covenants, terms, and conditions of this Agreement, a remedy at law may not provide adequate relief to the Department and that the Department shall be entitled to temporary and permanent injunctive or other equitable relief in case of any such breach, without the necessity of proving actual damages.

7. That in the event of default in this Agreement by Local Lender, that Department shall be entitled to reasonable attorneys fees and litigation costs incurred in the enforcement of this Agreement or the subject thereto.

PURSUANT TO this Agreement, Department agrees that upon Local Lender's default or termination of activities, whichever is earlier, it shall accept assignment and undertake and perform the obligations of Local Lender under said Deeds of Trust.

ON THE OCCURANCE of any event of default, Department, at its sole election, may declare the Assignment due, and demand, presentment and diligence in bringing suit is hereby waived. No delay or failure of Department in the exercise of any right or remedy hereunder or under any other agreement shall affect any such right or remedy, and no single or partial exercise of any such right shall preclude any further exercise thereof, and no action taken or omitted by Department shall be deemed a waiver of any such right or remedy.

THIS AGREEMENT shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, successors, representatives, and assigns. Time is of the essence in this Agreement.

THIS AGREEMENT shall be effective when duly executed by both parties and on the date signed by the second party hereto.

DATED: _____, 19__

By _____
(Local Lender)

Attest: _____
(Title)

DATED: _____, 19__

By _____
(State of California)

Attest: _____
(Title)