

**Rural Community Assistance Corporation
(Loan No. 1068-COPV-01)**

Promissory Note/Loan Agreement

U.S. \$1,540,000.00

**Placerville, El Dorado County,
California**

Date: xxxxxxxx xx, 2022

For value received **the City of Placerville**, a California Municipality, (hereafter referred to as “Borrower”) with its principal office at 3101 Center Street, Placerville, CA 95667 promises to pay to the order of Rural Community Assistance Corporation, a California nonprofit public benefit corporation (hereinafter referred to as “Lender”), at its principal place of business at 3120 Freeboard Drive, Suite 201, West Sacramento, CA 95691, or at such other place as the holder hereof may designate, the principal sum of One Million Five Hundred Forty Thousand Dollars and No Cents (**\$1,540,000.00**) or such lesser amount as shall equal the aggregate amount disbursed to the Borrower by Lender together with interest on the unpaid principal computed from the date each disbursement is issued by Lender until repaid by the Borrower.

The principal sum outstanding from time to time under this Note shall bear interest at the rate of five percent (5.0%) per annum.

Interest is payable on the last day of each month in arrears. Interest is calculated on the basis of a 360-day year and actual days elapsed, which results in more interest than if a 365-day year were used. The first interest payment is due xxxxxxxx xx, 2022.

All principal and all accrued and unpaid interest are due and payable not later than (1) the receipt of CDBG funds per the Standard Agreement with the State of CA HCD in connection with the Mallard and Middletown affordable housing projects or (2) xxxxxxxx xx, 2023 loan maturity date, whichever is earlier. Given repayment from CDBG funds to be received by the City from the State of CA, this Note is also considered as a Grant Anticipation Note under Article 7.7 Section 53859 of CA Codes.

Payments shall be applied first to any fees that are due, second to accrued interest as of the date of receipt thereof and the balance, if any, to principal. The Borrower may prepay this Note in full or in part, without penalty. Any such prepayment shall be applied first to accrued interest and the balance, if any, to the latest maturing principal.

Borrower shall pay Lender a late payment charge equal to five percent (5.0%) of the payment due in the event the payment is not made within fifteen (15) days of the Due Date.

The indebtedness evidenced by this Note/Loan Agreement is made pursuant to City of Placerville Resolution No. 9096 dated June 28, 2022, duly adopted by a vote of the City Council in accordance with the City’s procedures for such actions.

The term “indebtedness” shall include all principal, accrued interest, late charges, and expenses incurred under the Loan Documents or incurred in collecting this Note/Loan Agreement.

This Note/Loan Agreement shall be subject to the following terms and conditions:

1. Borrower has applied for financial assistance and has been approved for a loan (the “Loan”) to bridge receipt of CDBG funds from the State of CA HCD in connection with development of the Mallard and Middletown affordable housing projects. The Loan will be used by the City to make site acquisition loans to Mallard Apartments LP and Middletown Apartments LP and subsequently request reimbursement of CDBG funds from the State which will in turn repay the RCAC loan. Standard Agreements for the CDBG funds dated xxxxxxxx xx, 2022, are attached hereto as Exhibit A and by this reference made a part hereof

2. Borrower and Lender shall each pay its own expenses in connections with the transaction contemplated hereby. Borrower, however, shall pay all legal fees in connection with origination of the loan and all documentation for the transaction contemplated hereby. Borrower will pay RCAC a \$15,400 loan fee and \$300 document fee at closing and will be billed monthly beginning the first day of the month following loan closing for accrued interest. .

3. Disbursement of the loan proceeds under this Note/Loan Agreement shall be made as follows:

Gross Loan Amount	\$1,540,000.00
Disbursed at closing	\$1,540,000.00

4. Borrower shall submit to Lender, within one hundred eighty (180) days after its fiscal year end of December 31, its annual audit. At the sole discretion of Lender, additional special reporting requirements may be imposed. Borrower agrees to submit any and all special reports to Lender within ten (10) days of the request for such reports.

5. Borrower is not in default under any loans or obligations which it may have.

6. Borrower shall maintain comprehensive general liability insurance covering the legal liability of Borrower against claims for bodily injury, death, or property damage occurring on, in, or about the Project with coverage of One Million Dollars (\$1,000,000) combined single limit, and naming Lender as an additional insured. Said policy of insurance required to be maintained by Borrower shall be in form and substance and with a company or companies acceptable to Lender. Lender retains the discretion to increase the amount of the required coverage, require insurance against additional risks, or withdraw approval of any insurance company at any time. Lender shall obtain renewal of any policy which expires and deliver evidence of such renewal no later than ten (10) days prior to the expiration date of the policy being replaced. Should any of the above-described policies be cancelled before the expiration date thereof, notice shall be delivered

12.2

to Lender in accordance with the policy provisions. Notwithstanding any of the foregoing, Lender shall not be responsible for any such insurance or for the collection of any insurance moneys, or for any insolvency of any insurer or insurance underwriter.

On the occurrence of any event of default, the holder hereof, at its sole election, may declare all of the indebtedness evidenced by this Note to be immediately due and payable and may proceed at once without further notice to enforce this Note/Loan Agreement according to law.

Each of the following occurrences shall constitute an event of default: (1) failure of Borrower to repay any principal or interest when due under the terms of this Note/Loan Agreement; (2) submission or making of any report, statement, warranty, or representation by Borrower or agent in its behalf to Lender in connection with the financial assistance awarded hereunder which is false, incomplete, incorrect or misleading; (3) failure of Borrower to comply with any terms or conditions provided herein; (4) occurrence of: (a) Borrower becoming insolvent or bankrupt or being unable or admitting in writing its inability to pay its debts as they mature or making a general assignment for the benefit of or entering into any composition or arrangement with creditors; (b) proceedings for the appointment of a receiver, trustee, or liquidator of the assets of Borrower or a substantial part thereof, being authorized or instituted by or against Borrower; or (c) proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law or any jurisdiction being authorized or instituted against Borrower; (5) failure of Borrower to undertake in a timely way the express and implied activities for which this Note/Loan Agreement has been executed or a substantial reduction by Borrower in the scope of said activities; or (6) Borrower's failure to submit on a timely basis, any periodic or special reports as may be required under the terms of this Note/Loan Agreement or any modification thereto.

No delay or failure of holder in the exercise of any right or remedy hereunder shall affect any such right or remedy, and no action taken or omitted by holder shall be deemed a waiver of any right or remedy.

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

Any notice to the holder shall be given by mailing such notice by certified mail, return receipt requested, to the holder at the address stated above, or at such other address as may have been designated by notice to the Borrower.

If this Note/Loan Agreement is placed with an attorney for collection, for suit, or bankruptcy proceedings, Borrower agrees to pay all collection costs, court costs, and the expenses incurred, including reasonable attorney's fees at trial, on appeal and in bankruptcy proceedings.

Lender or any other holder hereof may freely sell, assign, transfer or otherwise dispose of this Note/Loan Agreement and Borrower hereby consents and agrees that any subsequent holder of this Note/Loan Agreement shall have all of the rights of Lender provided herein.

This Note/Loan Agreement shall be construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Borrower's duly authorized officer has executed this Note/Loan Agreement on _____, 2022.

City of Placerville, a California Municipality

By: _____

Lender Acceptance:

Rural Community Assistance Corporation,
a California nonprofit public benefit corporation

Juanita Hallstrom
Loan Fund Director

