

**COUNTY OF HUMBOLDT**  
**PREDEVELOPMENT LOAN**  
**LOAN AGREEMENT**  
(Deferred Payment)

This Agreement is entered into this 19<sup>th</sup> Day of November 2019, by and between the County of Humboldt, a general law municipal corporation, in the State of California, hereinafter "County", and Redwood Community Action Agency, a California non-profit corporation, hereinafter "Borrower", who are the owners of the multi-family property located 1419-1457 Murray Road, McKinleyville, California hereinafter "the Property".

This Agreement is made for the purpose of assisting Borrower to with predevelopment expenses to prepare the property for a Community Development Block Grant ("CDBG") Grant to rehabilitate the Property as required by the Physical Needs Assessment dated January 24, 2019 for 30 years from the date of this Agreement, with funds provided by the County.

Therefore, the County and Borrower agree as follows:

1. The Loan. Borrower has agreed to borrow, and County has agreed to make a loan to Borrower pursuant to the terms of this agreement (hereinafter the "Agreement"). The specific terms of the Loan are contained in the Promissory Note to be signed herewith.
2. Promissory Note: Borrower agrees to execute a Promissory Note evidencing its obligation to repay the Loan made under this Agreement (the "Note"). Borrower further agrees to be bound by all terms and conditions of the Note.
3. Architect/Engineer: Borrower will procure, using CDBG regulations and County procurement requirements, an architect/engineer who will prepare final plans and specifications, budget for the work, and draft construction bid documents to rehabilitate property.
4. Permits: The Borrower agrees to submit final plans to the Humboldt County Planning and Building Department on or before December 31, 2019. County agrees to waive permit fees until construction funding is secured.
5. Developer and Contract Manager: Borrower shall procure, using CDBG regulations, a Developer and Contractor, Housing and Urban Development experience, who will provide development and construction management services after receiving construction funding. Developer must be willing to sign a three-party Development Agreement, between Developer, Borrower, and County. The Agreement shall outline each party's role in the rehabilitation of Property.
6. Use of Loan Proceeds: Borrower agrees to use Loan proceeds ~~only~~ for cost of architectural services necessary to submit a grant to complete the rehabilitation of Borrower's property.
7. Additional Funds: In the event that the Loan is not sufficient to cover all costs of completing the predevelopment work outlined within, Borrower shall provide necessary additional funds.
8. Method of Disbursement: All Loan proceeds disbursed to architect on behalf of Borrower shall be considered advances under the Note and secured by the Deed of trust. Funds to be disbursed are County loan funds in the amount of \$47,000.00. Loan funds shall be disbursed in accordance with the following terms:
  - A. Form of Disbursement: County loan funds will be disbursed in the form of a check. Said

check will be issued to architect on the Borrower's behalf. County will disburse all funds.

- B. Procedures for Disbursement: Loan funds shall be disbursed as follows:
- i. Borrower and/or Architect shall request disbursement by submitting to County a Request for Payment form after work has been performed, signed by Borrower and with an invoice from the Architect attached.
  - ii. County shall pay Architect within 30 days of submission.
9. Conditions Precedent to Disbursement. County shall not be obligated to make the first disbursement of Loan proceeds to the Architect or any subsequent disbursement of Loan proceeds unless all of the following have been complied with:
- A. Borrower has signed this Loan Agreement, and the Borrower has signed the Promissory Note.
  - B. Borrower and Architect have executed the contract and it has been approved the County.
  - C. Borrower is not in default of any of the terms of this Loan Agreement, the Note, or the Deed of Trust.
10. Equal Employment Opportunity: Borrower shall comply with all applicable provisions of federal and state statutes and regulations and county ordinances concerning equal employment opportunity for persons engaged in rehabilitation work performed on Borrower's property and financed with County loan proceeds.
11. Protect the Public Interest: The Borrower shall not allow any employee or official of the County to have any interest, direct or indirect, in the proceeds of the loan.
12. Fees, Commissions or Gifts: The Borrower shall pay no fee or commission and make no gifts to any person exercising any function or responsibility directly or indirectly in connection with the administration of the County loan.
13. Records: Borrower shall keep such records as required by the County in connection with the work, included as Attachment to this Agreement.
14. Affordable Housing: Borrower agrees to manage the Property, which is the security under the Deed of Trust as affordable housing for a minimum of 30 years following the completion of the rehabilitation work.
15. Default: Upon occurrence of any one or more of the following, the County may, at its sole discretion, declare all loan funds disbursed immediately due and payable, and County's obligation to make further disbursements of loan proceeds shall terminate:
- A. County discovers that Borrower in any application or documentation in connection with the Loan had failed to disclose or misrepresented any fact deemed by the County to be material or which would have prevented the Borrower from being eligible for the Loan.
  - B. Borrower defaults or breaches any of the terms of Loan Agreement.
  - C. Owner fails to maintain hazard coverage naming the County of Humboldt as loss payee.
  - D. Owner fails to maintain flood insurance coverage naming the County of Humboldt as loss payee. This provision only applies to units determined to be located with a flood zone.
  - E. Owner fails to pay property taxes.

In the even any of the above occurs, Borrowers agree to notify: County of Humboldt Planning and Building, 3015 H Street, Eureka, CA 95501 (707) 445-7745.

16. Repayment of Loan Principals: No periodic payments are required hereunder. Borrower agrees to pay the unpaid principal balance thirty years from the date of this Agreement.
17. Prepayment Penalty: There is no prepayment penalty on this loan.
18. Insurance:
  - A. The applicant shall maintain fire insurance and flood insurance if required by FEMA or the County, if property is in an area designated as a mandatory flood zone, adequate to cover all encumbrances on the property. The County shall be designated as loss payee for the amount of the loan. A statement of loss payable shall be forwarded to the County on an annual basis and included in the Borrower's file. Requirements are included in Attachment B.
  - B. The applicant shall ensure that the Architect and Contractor have the same insurance provisions and the County shall be designated as loss payee for the amount of the loan.
19. Term of This Agreement: The agreement will not be terminated until the loan is fully repaid to the County of Humboldt.
20. Indemnification: Borrower and his/her successor in interest agrees to indemnify, defend and hold harmless the County and its agents, employees and officers from any and all claims, losses, liabilities or causes of action, including reasonable attorney's fees, arising from or in connection with Borrower's performance in connection with this Agreement.
21. Remedies Cumulative: This Agreement is not intended to supersede or overrule any other right or remedy provided by this Note and Deed of Trust, nor is it intended to override any federal, state, or local statutes and regulations.
22. Time Waiver: Time is of the essence in this Agreement. No waiver or any default or breach by Borrower hereunder shall be implied from any omission by the County to take action on account of such default other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.
23. Partial Invalidity: If any provision of this Agreement shall be invalid, illegal or non-enforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.
24. Amendment: This Agreement may not be changed orally, but only by agreement in writing signed by County.

IN WITNESS HEREOF the Parties agree to and execute this Rehabilitation Loan Agreement as set forth below.

**BORROWER**

\_\_\_\_\_  
Val Martinez  
Executive Director

\_\_\_\_\_  
Date

\_\_\_\_\_

\_\_\_\_\_  
Date

**COUNTY OF HUMBOLDT**

By \_\_\_\_\_  
John H. Ford, Director  
Planning and Building

\_\_\_\_\_  
Date

RECORD RETENTION AND INSPECTION:

- A. Maintenance and Preservation of Records. CONTRACTOR agrees to timely prepare accurate and complete financial, performance and payroll records, documents and other evidence relating to the services provided pursuant to the terms and conditions of this Agreement, and to maintain and preserve said records for at least three (3) years from the date of final payment hereunder, except that if any litigation, claim, negotiation, audit or other action is pending, the records shall be retained until completion and resolution of all issues arising therefrom. Such records shall be original entry books with a general ledger itemizing all debits and credits for the services provided pursuant to the terms and conditions of this Agreement.
- B. Inspection of Records. Pursuant to California Government Code Section 8546.7, all records, documents, conditions and activities of CONTRACTOR, and its subcontractors, related to the services provided pursuant to the terms and conditions of this Agreement, shall be subject to the examination and audit of the California State Auditor and any other duly authorized agents of the State of California for a period of three (3) years after the date of final payment hereunder. CONTRACTOR hereby agrees to make all such records available during normal business hours to inspection, audit and reproduction by COUNTY and any other duly authorized local, state and/or federal agencies. CONTRACTOR further agrees to allow interviews of any of its employees who might reasonably have information related to such records by COUNTY and any other duly authorized local, state and/or federal agencies. All examinations and audits conducted hereunder shall be strictly confined to those matters connected with the performance of this Agreement, including, without limitation, the costs of administering this Agreement.

INSURANCE REQUIREMENTS:

This Agreement shall not be executed by COUNTY, and CONTRACTOR is not entitled to any rights hereunder, unless certificates of insurance, or other proof that the following provisions have been complied with, are filed with the Clerk of the Humboldt County Board of Supervisors.

- A. General Insurance Requirements. Without limiting CONTRACTOR's indemnification obligations provided for herein, CONTRACTOR shall, and shall require that all subcontractors hereunder, take out and maintain, throughout the entire period of this Agreement, and any extended term thereof, the following policies of insurance, placed with insurers authorized to do business in the State of California with a current A.M. Bests rating of no less than A: VII or its equivalent against personal injury, death and property damage which may arise from, or in connection with, the activities of CONTRACTOR and its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors:
1. Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability Coverage (occurrence form CG 0001), in an amount of Two Million Dollars (\$2,000,000.00) per occurrence for any one (1) incident, including, but not limited to, personal injury, death and property damage. If a general aggregate limit is used, such limit shall apply separately hereto or shall be twice the required occurrence limit.
  2. Automobile/Motor Liability Insurance with a limit of liability not less than One Million Dollars (\$1,000,000.00) combined single limit coverage. Such insurance shall include coverage of all owned, hired and non-owned vehicles, and shall be at least as broad as Insurance Service Offices Form Code 1 (any auto).
  3. Workers' Compensation Insurance, as required by the Labor Code of the State of California, with statutory limits, and Employers Liability Insurance with a limit of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury or disease. Said policy shall contain, or be endorsed to contain, a waiver of subrogation against COUNTY and its agents, officers, officials, employees and volunteers.
  4. Professional Liability Insurance – Error and Omission Coverage including

coverage in an amount no less than Two Million Dollars (\$2,000,000.00) for each occurrence (Four Million Dollars (\$4,000,000.00) general aggregate). Said insurance shall be maintained for the statutory period during which CONTRACTOR may be exposed to liability. CONTRACTOR shall require that such coverage be incorporated into its professional services agreements with any other entities.

B. Special Insurance Requirements. Said policies shall, unless otherwise specified herein, be endorsed with the following provisions:

1. The Comprehensive or Commercial General Liability Policy shall provide that COUNTY, and its agents, officers, officials, employees and volunteers, are covered as additional insured for liability arising out of the operations performed by or on behalf of CONTRACTOR. The coverage shall contain no special limitations on the scope of protection afforded to COUNTY or its agents, officers, officials, employees and volunteers. Said policy shall also contain a provision stating that such coverage:
  - a. Includes contractual liability.
  - b. Does not contain exclusions as to property damage caused by explosion or collapse of structures or underground damage, commonly referred to as "XCU Hazards."
  - c. Is the primary insurance with regard to COUNTY.
  - d. Does not contain a pro-rata, excess only and/or escape clause.
  - e. Contains a cross liability, severability of interest or separation of insureds clause.
2. The above-referenced policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to COUNTY in accordance with the notice provisions set forth herein. It is further understood that CONTRACTOR shall not terminate such coverage until COUNTY receives adequate proof that equal or better insurance has been secured.
3. The inclusion of more than one (1) insured shall not operate to impair the rights of one (1) insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but

the inclusion of more than one (1) insured shall not operate to increase the limits of the insurer's liability.

4. For claims related to this Agreement, CONTRACTOR's insurance is the primary coverage to COUNTY, and any insurance or self-insurance programs maintained thereby are excess to CONTRACTOR's insurance and will not be used to contribute therewith.
  5. Any failure to comply with the provisions of this Agreement shall not affect the coverage provided to COUNTY or its agents, officers, officials, employees and volunteers.
  6. CONTRACTOR shall furnish COUNTY with certificates and original endorsements effecting the required coverage prior to execution of this Agreement. The endorsements shall be on forms approved by the Humboldt County Risk Manager or County Counsel. Any deductible or self-insured retention over One Hundred Thousand Dollars (\$100,000.00) shall be disclosed to, and approved by, COUNTY. If CONTRACTOR does not keep all required policies in full force and effect, COUNTY may, in addition to any other available remedies, take out the necessary insurance and deduct the cost of said insurance from the monies owed to CONTRACTOR under this Agreement.
  7. COUNTY is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered, and CONTRACTOR shall be required to purchase additional coverage to meet the above-referenced aggregate limits.
- C. Insurance Notices. Any and all insurance notices required to be given pursuant to the terms of this Agreement shall be sent to the addresses set forth below in accordance with the notice provisions described herein.

COUNTY: County of Humboldt  
Attention: Planning and Building Housing Programs  
3015 H Street  
Eureka, California 95501