

RESOLUTION NO. 227

RESOLUTION OF THE CITY OF AMADOR CITY
AUTHORIZING THE EXECUTION OF AN OPERATING AGREEMENT
BETWEEN AMADOR CITY AND SECURITY PACIFIC NATIONAL BANK

BE IT RESOLVED by the City Council of Amador City that the Mayor be authorized to execute a Grant Agreement between Amador City and Security Pacific National Bank, a copy of which is attached hereto and made a part hereof, and the Mayor of Amador City is authorized and directed to execute said agreement on behalf of said City, and the City Clerk of Amador City is authorized to attest the signature of the Mayor upon said agreement.

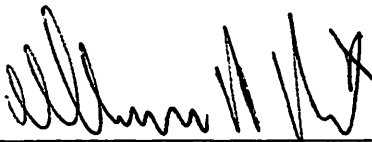
THE FOREGOING RESOLUTION was duly passed and adopted by the City Council of Amador City on the 30th day of June, 1983 at a regular meeting thereof, by the following vote:

AYES: Hart, Dalben, Robello, Bryant

NOES: None

ABSENT: Daubenspeck

Signed and approved by me after its passage this 30th day of
June, 1983.



MAYOR, Amador City

Attest:



CLERK, Amador City

OPERATING AGREEMENT

THIS AGREEMENT IS ENTERED into this 24th day of August, 1983 between the CITY OF AMADOR CITY hereinafter referred to as "Locality" and the SECURITY PACIFIC NATIONAL BANK hereinafter referred to as "Bank". CENTRAL SIERRA PLANNING COUNCIL hereinafter referred to as "Council" will administer and implement Locality's Community Development Block Grant Program.

WHEREAS, the Locality is carrying out a City Wide Rehabilitation Program as part of the Locality's Community Development Block Grant Program under the United States Housing and Community Development Act of 1974 which was re-authorized by the 1977 Act; and

WHEREAS, the Locality, Council and Bank desire to mutually agree upon the methods and procedures under which they will make loans for rehabilitation and improvement purposes

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. LOAN APPLICATION PACKAGE

Council shall refer all persons desiring credit under this Agreement to the Bank by forwarding to the Bank a Loan Application Package consisting of at least the following documents and materials:

- A. Letter of Introduction from Council
- B. Loan Application; Application Supplement and Bank's form of Fair Lending Notice;
- C. Construction Contract or Bids or Description of work with cost estimate;
- D. Applicant Authorization of Confidential Disclosure.

2. REVIEW OF LOAN APPLICATIONS

Within five (5) days of receipt of the Loan Application Package, Bank shall review the Loan Application Package and forward to the applicant and the Council, a written notice indicating either the Bank's approval or disapproval of the loan application. The information contained in the Loan Package and in the Bank's

written notice shall be held by the Council as a privileged and confidential document and not as a public record.

Locality warrants that Bank shall be held harmless from any acts of Locality's or Council's employees in the course of the loan process, that may be in violation of State and/or Federal credit granting statutes and regulations. Locality and Council employees shall not express credit worthiness opinions to applicants.

3. LOAN PROVISIONS

- A. Bank agrees to promptly make loans for the City Wide Rehabilitation Program in all cases where loan applications are approved by the Bank, the Council and the Locality.
- B. The Locality shall subsidize the loan by making a single "Lump Sum" interest subsidy payment to the Bank at the time of loan funding, so that the finance charge payable by the borrower shall be between 3% and 10%.
- C. Rates to be charged as determined by Bank, prior to any interest subsidy, but not to exceed maximum rate acceptable for FHA Title I insured loans.
- D. In cases where a borrower prepays a loan, Bank shall refund to the Locality the unused prepaid interest subsidy, providing that such refund exceeds \$50.00. Refund to be calculated based on the Rule of 78's method. The refund will be used to provide new loans under the program.

4. LOAN DOCUMENTATION AND DISBURSEMENT

- A. Council obtains a dated and signed rehabilitation contract. The contract must specify the type of improvements and the itemized cost of those improvements. If the property owner performs the work himself or herself, the Council must certify the rehabilitation specifications and the itemized cost of each improvement.
- B. Council forwards the executed contract or Locality-certified specifications to Bank with a request for loan documents.
- C. Bank prepares and forwards loan documentation at the interest rate previously determined and advises Council and Locality of the interest subsidy due. Payments on the loans shall be

equal monthly installments. The first payment is due 30 days from Note date.

- D. Council obtains borrower's signature on loan documentation, arranges for notarial acknowledgments and returns all documents to Bank.
- E. Bank forwards to the Council loan proceeds in the form of one or more Cashier's Checks payable to the borrower; borrower and Council; or other persons designated by the Locality and agreed to by the borrower. If more than one check is necessary, the Council will inform the Bank of the number of checks to be issued.
- F. From time to time the Locality and Council may debit the account in order to disburse funds for deferred loans or grants funded in whole by the City's Community Development Block Grant Program funds or in combination with funds from other sources. In the event that a deferred loan is made pursuant to this section, the loan will be secured by a promissory note and Deed of Trust payable to Amador City.

5. COMPLETION CERTIFICATE

- A. Council makes a final inspection.
- B. Council executes the completion certification
 - (i) The certificate must be properly filled in and signed by both the customer and the contractors. It must be dated the day it is signed by the borrowers, and borrowers must sign it only AFTER work has been completed. The completion certificate shall be accompanied by the necessary lien releases.
 - (ii) Council forwards the completed and signed completion certificate to Bank.

6. PAYMENT OF INTEREST SUBSIDY

To facilitate the payment of interest subsidies and to obtain a one half of one percent rate reduction on each loan funded, the Locality shall deposit a portion of its Community Development Block Grant funds with Bank in interest bearing accounts at the equivalent market rate for deposits of similar maturity and size.

Locality must maintain sufficient funds throughout the term of this agreement to meet subsidy payment obligations as and when program loans are funded; Bank is authorized to debit Locality's account for interest subsidies owed on approved loans upon loan funding or as deemed timely by Bank.

7. LUMP SUM DEPOSIT

The Locality shall initially deposit \$132,800 in the Bank. Of this initial deposit, \$5,000 will be placed in a savings account paying at least 5½% interest and the remaining \$127,800 will be placed in a savings account yielding the highest interest paid for deposits of similar maturity and size. The principal amount of the lump sum deposit and interest earned and credited thereto will be used to pay interest subsidies, direct deferred loans, and/or grants for eligible property owners. The accounts established hereunder shall be governed by all applicable banking laws, customs and clearinghouse regulations, this Agreement, and the Locality's guidelines.

The terms and conditions of this agreement are subject to the provisions governing lump sum drawdowns for property rehabilitation of the HCD Community Development Block Grant regulations (Section 7124 of Title 25 California Administrative Code).

8. COLLECTION OF FUNDS

The Bank shall collect all monthly payments made on account of loans originated under this program. There shall be no additional charge to the borrower or the Locality for servicing of loans except charges to the borrower resulting from late payments defaults and/or foreclosures. The Federal Government and/or Bank or their designees are not barred by this provision from collecting amounts from the borrower which represent a loss of principal, interest and/or administrative or legal costs resulting from a foreclosed loan.

9. DELINQUENCY AND FORECLOSURE

The Bank shall forward to the Locality and Council a copy of defaults and foreclosure or proposed foreclosure proceedings. The Locality shall have the option to cure any default of the borrower. The report by the Bank to the Locality and Council of loan delinquencies shall be made at least once a month unless the Bank finds that the number of delinquent loans is too small to justify such reporting or the Locality elects to waive such reporting.

10. AGENCY RESPONSIBILITIES

The City will keep duplicate files on all Community Development Block Grant funded rehabilitation loans, grant and/or loan subsidies. The duplicate files will be made available to HCD representatives upon request.

11. LOCALITY'S LOAN LIABILITY

Locality and Council shall not be liable or responsible in any manner, in the event of borrower's default on the promissory note with bank, related to the loan.

12: TERMINATION

The term of this agreement shall be two years from the date of execution by the Locality and Bank. This agreement may be amended so long as such amendment is in writing and agreed upon by both Locality and Bank. Termination of this agreement may be made by either Locality or Bank so long as written notice of intent to terminate is given by the other party at least 60 days prior to the termination date. Any termination of this agreement shall not affect the operation thereof as it relates to loans outstanding at the time of said termination.

13. RETURN OF UNUSED FUNDS

At the termination of the period of the agreement, all unobligated funds (funds of the rehabilitation fund that have not been encumbered or disbursed) then on deposit shall be returned to Amador City. The City will also reserve the right to withdraw from the rehabilitation fund any unobligated amounts required by HCD in the exercise of corrective or remedial actions under this section of the regulations.

Aug 24, 1983 By William H. H.
Title Mayor
8-24, 1983 ATTEST: Mary Ann Bryant Jr.
Title Council Person

APPROVED BY:

City Council

_____, 1983

By _____

SECURITY PACIFIC NATIONAL BANK

August 24, 1983

By A. S. Hall

AMENDMENT TO RESOLUTION NO. 227

AMENDMENT TO RESOLUTION OF THE CITY OF AMADOR CITY
AUTHORIZING THE EXECUTION OF AN OPERATING AGREEMENT
BETWEEN AMADOR CITY AND SECURITY PACIFIC NATIONAL BANK

BE IT RESOLVED by the City Council of Amador City that the Mayor be authorized to execute an amendment to the Grant Agreement between Amador City and Security Pacific National Bank, a copy of which is attached hereto and made a part hereof.

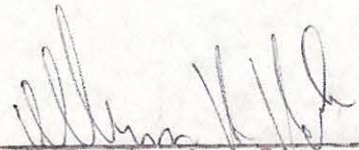
THE FOREGOING AMENDMENT was duly passed and adopted by the City Council of Amador City on the 10th day of November, 1983 at a regular meeting thereof, by the following vote:

AYES: HART, DALBEN, BRYANT, DAUBENSPECK

NOES: NONE

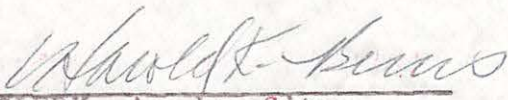
ABSENT: ROBELLO

Signed and approved by me after its passage this 10th day of November, 1983.

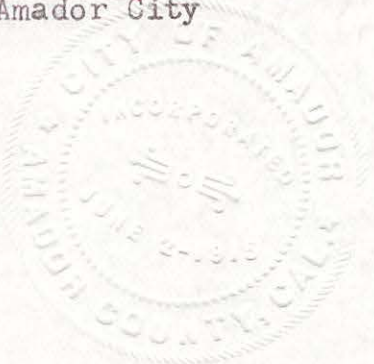


MAYOR, Amador City

Attest:



CLERK, Amador City

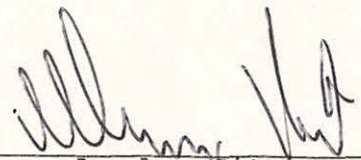


Amendment to the Operating Agreement
between Amador City and
Security Pacific Bank
signed and dated August 24, 1983

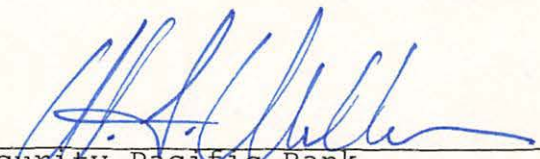
Paragraph 7 - Lump Sum Deposit

is amended to read: "The Locality shall initially deposit \$116,800.00 in the bank. Of this initial deposit, \$5,000.00 will be placed in a savings account paying at least 5½% interest and the remaining \$111,800.00 will be placed in a savings account yielding the highest interest paid for similar maturity and size."

Signed and approved this 10th day of November, 1983.



Mayor, Amador City



Security Pacific Bank
W. L. Miller
Assistant Vice President