


JACQUELINE M. BISKUPSKI
Mayor



DEPARTMENT of COMMUNITY
and NEIGHBORHOODS
Marcia L. White
Director

CITY COUNCIL INFORMATIONAL TRANSMITTAL


Patrick Leary, Chief of Staff

Date Received: 12/17/2019
Date sent to Council: 12/20/2019

TO: Salt Lake City Council
Charlie Luke, Chair

DATE: December 13, 2019

FROM: Marcia L. White, Director Department of Community & Neighborhoods (CAN)



SUBJECT: Informational Transmittal CAN and RDA Loan Information

STAFF CONTACT: Marcia L. White

DOCUMENT TYPE: Informational

RECOMMENDATION: Review of Loan Information

BUDGET IMPACT: This is an informational only document. No budget impact is directly related to this item.

BACKGROUND/DISCUSSION: On October 18, 2019 an inquiry was made from Council staff to the Community and Neighborhoods, Economic Development and Redevelopment Agency regarding questions from Council Members on the various loans made from these departments. Council Members expressed a request to create a more transparent public understanding of how these programs are structured and administered. The following questions were asked of each of the departments:

1. Name & short summary of each existing loan program
2. What vehicle or combination of vehicles—public law, statute, ordinance, resolution, policy, other—guides the administration of each loan program, with specific references to documentation
3. How the authority to waive, forgive or modify terms is implemented in practice for each program; are these mechanisms specifically documented in term sheets, memorialized in contracts, articulated as part of a program's policy, combination and so on

- 3a. Loan criteria for each program
- 4. Whether/where there is a threshold for Council/Board action when loans are modified, waived and so on.

Both CAN and the RDA responded to the current loans that are administered by each department. The explanations can be reviewed in the Exhibits.

EXHIBITS:

- 1) RDA Loan Program Overview
 - a. RDA Resolution R-8-2017
 - b. RDA Resolution R-37-2016
- 2) EDLF Loan Program
 - a. EDLF Administrative Rules
 - b. EDLF Council Transmittal
- 3) HAND Loan Overview of Housing Programs
 - a. Housing overview of individual programs

Exhibit 1

RDA Loan Program Overview

RDA Loan Program

The RDA assists property owners in the renovation, rehabilitation, and new construction of buildings within RDA project area boundaries. The RDA Loan Program provides critical gap financing for projects that advance the RDA's goals and objectives outlined in its Strategic Plans. The RDA works with project developers and lenders to bridge the funding gap between a project's economics and market realities. In support of its mission, the RDA can assume a higher level of risk than traditional lenders to ensure that transformative projects get built. While the RDA's approach is flexible, it incentivizes projects that achieve the Agency's goals for affordable housing, placemaking, sustainability, high quality urban design, and economic development.

The RDA Loan Program Policy (Resolution R-37-2016) guides the administration of the program and identifies criteria for the loans (see attached). Per this policy, the RDA Finance Committee can approve loans totaling \$500,000 or less. Loan requests that exceed \$500,000 or loans that require an adjustment from the program's standard loan terms are first considered by the RDA Finance Committee, which submits a recommendation to the Board and the Board has the authority to approve the loans.

Per the RDA Loan Program Policy, the process for providing loan modifications is as follows:

- Forbearance/Deferment: The Executive Director of the RDA may elect to provide the Borrower a temporary forbearance or deferment of payment for up to one year. For periods of forbearance or deferment longer than one year, the RDA Finance Committee shall provide a recommendation that is forwarded to the Board, who shall consider and act upon all such requests.
- Loan write-downs or forgiveness: The RDA Finance Committee shall provide a recommendation that is forwarded to the Board, who shall consider and act upon all such requests.

Granary District Adaptive Reuse Program

The Granary District Adaptive Reuse Program provides forgivable loans to facilitate the conversion of vacant, underutilized, or economically challenged buildings for a new more productive purpose. By reducing the financial impact of building code requirements, the Program leverages private investment to reduce the number of distressed buildings while preserving the neighborhood's historical character. In addition, the Program facilitates the implementation of transformative projects that increase the number of residents living, working, and visiting the Granary District. Up to \$200,000 is available per project, depending on the project's funding match.

The Granary District Adaptive Reuse Program Policy (Resolution R-8-2017) guides the administration of the program and identifies criteria for the forgivable loans (see attached). Per this policy the RDA Finance Committee shall evaluate applications and staff underwriting reports and determine if the application shall be selected for approval. The policy does not identify who has the authority to waive or modify standard terms. The RDA has utilized the Adaptive Reuse Program for four projects in the Granary District and they have all been consistent with the program's standard terms.

- 1. RDA LOAN PROGRAM OVERVIEW**
 - a. RDA Resolution R-8-2017**

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO. R-8-2017

Granary District Adaptive Reuse Program Policy

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY ADOPTING A GRANARY DISTRICT ADAPTIVE REUSE PROGRAM POLICY

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act; and

WHEREAS, the Utah Community Reinvestment Agency Act grants the RDA powers to use funds to provide for project area development within project area boundaries; and

WHEREAS, the RDA and the governing body of Salt Lake City (the “City”) adopted a redevelopment plan entitled Granary District Redevelopment Project Area Plan (“Project Area Plan”) on April 15, 1999; and

WHEREAS, the RDA has a Granary District Adaptive Reuse Program (sometimes referred to herein as the “Program”), whose purpose is to encourage the adaptive reuse of existing buildings in the Granary District Project Area (“Project Area”) by reducing the economic impact of building code requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that the following policy guidelines for the Granary District Adaptive Reuse Program are adopted:

1. MISSION

The Granary District Adaptive Reuse Program provides forgivable loans to facilitate the conversion of vacant, underutilized, or economically challenged buildings for a new more productive purpose. By reducing the financial impact of building code requirements, the Program leverages private investment to reduce the number of distressed buildings while preserving the neighborhood’s historical character. In addition, the Program facilitates the implementation of transformative projects that increase the number of residents living, working, and visiting the Granary District.

2. SCOPE

The Program shall provide forgivable loans for adaptive reuse projects located within the Project Area through the year 2023, the last year tax increment is collected under the Project Area Plan, subject to annual budget appropriation by the RDA Board of Directors.

3. ELIGIBILITY AND GENERAL REQUIREMENTS

3.1 Project Requirements

To be eligible for a forgivable loan under the Program, the project must achieve the following:

- a. Be located within Project Area boundaries.
- b. Align with the Granary District Redevelopment Plan and other RDA policy.
- c. Demonstrate that requested loan is necessary for the project to succeed and that the request is reasonable.
- d. Demonstrate that the requested loan will be used to convert a vacant, underutilized, or economically challenged building into one of the following uses:
 - i. Dwelling units (apartments or condos)
 - ii. Joint living and working units
 - iii. Neighborhood-oriented retail or services
 - iv. Office or commercial space

3.2 Eligible Costs

Funding is made available for construction costs related to building code requirements. Eligible costs may include, but not be limited to, seismic retrofits, installation of fire suppression systems, plumbing or electrical upgrades, accessibility improvements, and increasing the number or size of bathrooms. Costs incurred prior to Program approval are not eligible for reimbursement.

3.3 Design Requirements

Projects shall support the RDA's design guidelines and comply with all applicable Salt Lake City building codes and ordinances.

4. FUNDING AMOUNT AND MATCH REQUIREMENT

4.1 Funding Amount

The Program is intended to provide a forgivable loan to supplement a project's existing, secured financing and/or equity contributions. Up to \$200,000 is available per project, depending on the project's funding match contribution, as defined in Section 4.2.

4.2 Match Requirement

Program funds must be matched by other investment at escalating ratios, as follows.

Adaptive Reuse Program Funding Increment Steps	Match Ratio (Program Funding: Other Funds)	Max Match Amount Per Increment Step
\$0-50,000	1:2	\$100,000
\$50,001-100,000	1:6	\$300,000
\$100,001-150,000	1:12	\$600,000
\$150,001-200,000	1:18	\$900,000

Funds shall be recognized as contributing to the match requirement if they are allocated to site improvements, environmental remediation, architecture, engineering, or construction costs. Acquisition funds shall not be recognized as

contributing to the match requirement.

5. TERMS, CONDITIONS, AND DEFAULT

5.1 Terms

Funding shall be provided as a no interest, no payment loan that is forgivable if conditions are met. Principal shall be forgiven in equal annual installments over the five-year term. The term shall commence upon execution of the loan documents.

5.2 Conditions

Program conditions are as follows:

- a. Funding shall be used only to cover eligible costs as defined in Section 3.2.
- b. The project shall be completed as intended within a reasonable timeframe.
- c. The project shall continue to operate as the intended use (ie. residential, neighborhood retail, commercial space) over the five-year term.
- d. The project shall remain in good financial and legal standing over the five-year term.

5.3 Default

Projects that do not meet the conditions provided in Section 5.2 shall be issued a Notice of Default by the RDA, and may be required to repay all or a portion of the loan as determined in the loan agreement. Interest shall be due on the portion deemed to be repaid, accrued as of the date Program funding was dispersed, at a default interest rate of 14%.

6. SECURITY AND GUARANTEES

Loan shall be secured by adequate security and guarantees as established by administrative policies and procedures.

7. EVALUATION & APPROVAL PROCESS

7.1 Application and Underwriting Process

RDA staff shall carry out an application and underwriting process according to administrative policies and procedures. If either the applicant or proposed project fails to demonstrate the ability to meet program requirements, RDA staff shall reserve the right to deny the application.

7.2 RDA Finance Committee Review

Once program requirements have been met, applications shall be forwarded to the RDA Finance Committee, consisting of representatives from relevant Salt Lake City divisions and Redevelopment Advisory Committee ("RAC"). The RDA Finance Committee shall evaluate applications, supplemental materials, and underwriting reports to determine if the application shall be selected for approval.

7.3 Finalization

Once an application receives approval from the RDA Finance Committee, RDA staff shall finalize the forgivable loan according to administrative policies and procedures.

7.4 Fees

Closing costs and legal fees associated with a forgivable loan shall be borne by Program recipients.

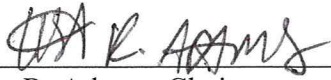
8 DISBURSEMENT, REPAYMENT, AND OVERSIGHT

As established by administrative policies and procedures, RDA staff shall ensure that each forgivable loan is serviced in accordance with procedures used in prudent loan administration.

9 REPORTING

The RDA shall provide a written briefing to the Board, no less than semi-annually per fiscal year, which contains a summary of new loans, outstanding loans, available loan funds, and delinquencies.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this
25th day of July 2017



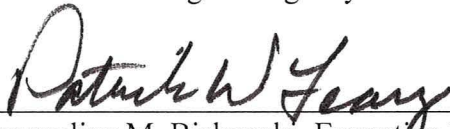
Lisa R. Adams, Chairperson

7/26/2017


Transmitted to the Executive Director on _____.

The Executive Director:

☒ does not request reconsideration
_____ requests reconsideration at the next regular Agency meeting.




Jacqueline M. Biskupski, Executive Director
Acting Executive Director

Approved as to form: 

Salt Lake City Attorney's Office
Katherine N. Lewis

ATTEST:



CITY RECORDER



- 1. RDA LOAN PROGRAM OVERVIEW**
 - a. RDA Resolution R-37-2016**

RESOLUTION NO. 2-37-2016: **RDA Loan Program Policy** 10/18, 2016

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY ADOPTING A RDA LOAN PROGRAM POLICY

WHEREAS, the Redevelopment Agency of Salt Lake City ("RDA") was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act; and

WHEREAS, the Utah Community Reinvestment Agency Act grants the RDA powers to use funds to 1) provide for project area development within project area boundaries and 2) to expand the affordable housing supply within Salt Lake City boundaries; and

WHEREAS, the Redevelopment Agency of Salt Lake City ("RDA") has an RDA Loan Program ("Program"), whose purpose is to promote economic development, encourage private investment, enhance project area vitality, and expand affordable housing opportunities; and

WHEREAS, the Board of Directors ("Board") supports the goal to provide loans through the Program pursuant to a rigorous selection process to mitigate risk while ensuring that transformative projects are carried out.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby establish policy guidelines for the RDA Loan Program to include the following:

1. GENERAL

1.1 Mission

The RDA Loan Program provides critical gap financing for projects that advance the RDA's goals and objectives outlined in its Strategic Plans. We work with project developers and lenders to bridge the funding gap between a project's economics and market realities. In support of the RDA's mission, we can assume a higher level of risk than traditional lenders to ensure that transformative projects get built. While our approach is flexible, we incentivize projects that achieve the RDA's goals for affordable housing, placemaking, sustainability, high quality urban design, and economic development.

1.2 Loan Administration

The Board shall set program policy guidelines for the Program. Administration of the Program shall be guided by administrative policies and procedures.

1.3 Eligible Costs

The Program provides funding to facilitate various development projects, including new construction, building rehabilitation, and energy efficiency upgrades. Funding is made available for construction costs, or hard costs. Program funds may also be used for site improvements associated with a development project and short-term

land acquisition for affordable housing development. Use of funds for environmental remediation, demolition, or construction mitigation shall be considered on a case-by-case basis. Refinancing of existing debt is ineligible.

1.4 Applicant Requirements

Applicants shall be required to meet minimum legal and practical requirements as established by administrative policies and procedures.

1.5 Project Objective Requirements

To be eligible for a loan, the project applying for funds must meet either 1) Project Area Development or 2) Affordable Housing requirements, as follows:

- a) Project Area Development: Project must be located within an eligible RDA project area and meet at least one objective as provided in the most recent project area strategic plan as adopted by the Board.
- b) Affordable Housing Development: Projects must be located within Salt Lake City municipal boundaries and include housing units affordable to households earning 80% of area median income or below. Loans for mixed-income and/or mixed-use projects located outside of RDA project areas may be sized in proportion to the number of affordable residential units.

1.6 Financing Structure

The Program is intended to provide gap funding to supplement existing, secured financing. Under specific circumstances, the Program will provide primary loans for projects that demonstrate a high level of community benefit. Requirements are as follows:

- a) Gap Financing: The applicant must provide sufficient evidence that the amount of funds requested from the RDA is necessary for the project to succeed.
- b) Primary Financing: Under limited circumstances, the RDA will consider acting as a primary lender. Circumstances are as follows:
 - Small Loans: \$500,000 or less
 - Significant Public Benefit: The project qualifies for six or more Public Benefit interest rate reductions.
 - RDA Innovative Project: The project, which involves the redevelopment of RDA-owned property, is innovative in nature and lacks the market comparables necessary to receive adequate traditional financing.
 - Short-Term Affordable Housing Land Acquisition: Loans that provide short-term funding to allow for strategic acquisition of sites for affordable and mixed-income housing development.

1.7 Design Requirements

Projects approved for funding must support the RDA's Design Guidelines and comply with all applicable Salt Lake City building codes and ordinances.

2. LOAN AMOUNT, INTEREST RATE, AND TERMS

2.1 Loan Amount

Standard guidelines for determining maximum loan amounts shall be as follows:

- a) Gap Financing: Loan maximums are limited to the demonstrated gap in available financing to cover project costs, and shall be sized to meet the lower of a debt coverage ratio (DCR) of 1.1 or a loan to value (LTV) of 95%.
- b) Primary Financing: In instances where the RDA is the primary lender, loans shall be sized to meet the lower of a debt coverage ratio (DCR) of 1.2 or a loan to value (LTV) of 90%.

2.2 Interest Rate

Standard guidelines for determining interest rates shall be as follows:

- a) Base Interest Rate: The base interest rate shall be fixed at 300 basis points (3%) plus the current United States Treasury Yield Curve Rate, as determined by the term of the loan, at loan closing.
- b) Public Benefit Incentives: A reduction to the base interest rate is available if the project meets one or more of the following Public Benefit criteria: Sustainability, Public Amenities, Adaptive Reuse, Historic Preservation, Permanent Job Creation/Retention, Architecture/Urban Design, Economic Impact, and Affordable Housing. For each criterion fulfilled, the project shall receive a 50 basis points (one half of one percent) reduction from the standard interest rate, with a maximum reduction of 300 basis points.

2.3 Terms

Standard guidelines for determining loan terms shall be as follows:

- a) The loan term for development projects shall be up to 5 years. An option to extend the overall loan term to 10 years may be available through a preauthorized extension that provides an interest rate increase of 2% at the 5-year extension.
- b) The standard amortization period is up to 20 years.
- c) Affordable housing development projects may qualify for an amortization period equal to the length of the affordability restrictions on residential units, up to 30 years.
- d) The maximum loan term for short-term affordable housing land acquisition loans shall be two years. To ensure that the proposed development is built as specified, an interest rate increase, retroactive to closing, shall be imposed at the United States Treasury Yield Curve Rate plus 800 basis points if the developer does not record the appropriate restriction providing the specified affordable units.

3. STANDARDS FOR COLLATERAL AND GUARANTEES

Loan shall be secured by adequate collateral and guarantees as established by administrative policies and procedures.

4. EVALUATION & APPROVAL PROCESS

4.1 Application Process

The process for distributing and collecting loan applications and supporting documentation shall be established by administrative policies and procedures.

4.2 Underwriting by RDA Staff

RDA staff shall carry out an underwriting process according to administrative policies and procedures. If either the applicant or proposed project fails to demonstrate the ability to meet underwriting requirements, RDA staff shall reserve the right to deny the loan application.

4.3 RDA Finance Committee Review

Once underwriting standards have been met, applications shall be forwarded to the RDA Finance Committee, consisting of representatives from the Salt Lake City administration and Redevelopment Advisory Committee ("RAC"). The RDA Finance Committee shall evaluate applications, supplemental materials, and underwriting reports to determine if the application shall be selected/recommended for conditional loan approval.

4.4 Conditional Approval Process

The process for providing conditional loan approval shall be as follows:

- a) Standard loan requests totaling \$500,000 or less: The RDA Finance Committee shall consider and have the authority to provide conditional loan approval.
- a. Loan requests that exceed \$500,000, or loans that require an adjustment from standard loan terms: The RDA Finance Committee shall consider and, upon submitting a recommendation to the Board, the Board shall consider and have the authority to provide conditional loan approval.

4.5 Loan Finalization

Once an applicant receives conditional loan approval, RDA staff shall finalize the loan according to administrative policies and procedures.

4.6 Fees

Closing costs and legal fees associated with a loan shall be borne by the Borrower.

5. LOAN DISBURSEMENT, REPAYMENT, AND OVERSIGHT

As established by administrative policies and procedures, RDA staff shall ensure that each loan is serviced in accordance with procedures used in prudent loan administration.

6. LOAN DELINQUENCY AND MODIFICATIONS

6.1 Loan Delinquency

RDA staff shall be responsible for monitoring the status of the loan and for taking any necessary administrative actions in connection with delinquent loans.

6.2 Loan Modifications

In the event of extenuating circumstances, the RDA may provide payment forbearance or deferment, or loan write-down or forgiveness. Such adjustment to loan terms shall be considered on a case-by-case basis and shall be subject to a thorough review of the project's financial standing and other relevant information. The process for providing loan modifications shall be considered and authorized as follows:

- a) Forbearance/Deferment: The Executive Director of the RDA may elect to provide the Borrower a temporary forbearance or deferment of payment for up to one (1) year. For periods of forbearance or deferment longer than one (1) year, the RDA Finance Committee shall provide a recommendation that is forwarded to the Board, who shall consider and act upon all such requests.
- b) Loan Write-down or Forgiveness: The RDA Finance Committee shall provide a recommendation that is forwarded to the Board, who shall consider and act upon all such requests.

7. EXCEPTIONS

In conjunction with approval of a loan and on a case-by-case basis, the Board could provide conditional grants, possibly based upon the tax increment that the project will generate, or a combination of a tax increment reimbursement and loan. Projects must provide a demonstrative and significant public benefit that aligns with Public Benefit criteria as provided through the interest rate reduction policy.

8. REPORTING

The RDA shall provide a written briefing to the Board, no less than semi-annually per fiscal year, which contains an update on the loan portfolio. Such briefing shall include a summary of new loans, outstanding principal balance, available loan funds, and delinquencies.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this
____ day of ____, 2016

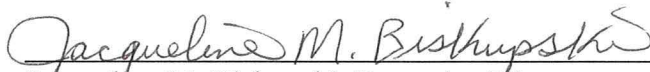


Lisa R. Adams, Chairperson


Transmitted to the Executive Director on 10/21/16.

The Executive Director:

X does not request reconsideration
____ requests reconsideration at the next regular Agency meeting.



Jacqueline M. Biskupski, Executive Director

Approved as to form: 

Salt Lake City Attorney's Office
Katherine N. Lewis

Exhibit 2
EDLF Loan Program Information

1. Name & short summary of each existing loan program – *Economic Development Loan Fund or the Cities Revolving Loan Fund – small business loans for Salt Lake City businesses, up to \$100k for startups and up to \$350k for existing businesses (minimum 3 years in business).*
2. What vehicle or combination of vehicles—public law, statute, ordinance, resolution, policy, other—guides the administration of each loan program, with specific references to documentation – *Council Resolution as well as Administrative Rules, see attached.*
3. How the authority to waive, forgive or modify terms is implemented in practice for each program; are these mechanisms specifically documented in term sheets, memorialized in contracts, articulated as part of a program’s policy, combination and so on – *Please see attached in Exhibit 2*
 - 3a. Loan criteria for each program – *Please see attached in Exhibit 2*
4. Whether/where there is a threshold for Council/Board action when loans are modified, waived and so on – *Please see attached in Exhibit 2*

2. EDLF LOAN PROGRAM

a. Administrative Rules

Economic Development Loan Fund

RESPONSIBLE CITY AGENCY: *Community and Economic Development*

KEYWORDS: *Loan, credit, gap financing, business, relocation, expansion, retention, interest, assistance, financial, finance, economic, community.*

1. General

- 1.1 Salt Lake City Corporation uses the Economic Development Loan Fund ("E.D. Loan Fund," or "EDLF", formerly known as Revolving Loan Fund) to increase employment opportunities, stimulate business development and expansion, encourage private investment, promote economic development, enhance neighborhood vitality and commercial enterprise in Salt Lake City (SLC), while maintaining the corpus of the EDLF in a sufficient manner to perpetuate the goals of the program (collectively "Goals").
- 1.2 The Economic Development (E.D.) Division under the supervision of the Department of Community and Economic Development (CED) administers the Economic Development Loan Fund, develops and administers loan evaluation tools, and tracks the projects participating in the E.D. Loan Fund program.
- 1.3 The E.D. Loan Fund administrative rules and program guidelines shall be reviewed at least every six (6) months and reported to the CED Director and/or Review Committee by the E.D. Division, including an analysis of quantifiable metrics, impact on neighborhoods and city objectives, and effectiveness of applications, calculators, or tools created to administer the Loan Fund. The E.D. Division shall also review and present one (1) such similar review to the Administration and City Council at least annually.
- 1.4 The processes and criteria governing the administration of the E.D. Loan Fund are primarily set forth by the City Council through legislative resolutions. If any conflict exists between these administrative rules and a current legislative resolution, then the legislative resolution will control.
- 1.5 Loan eligibility is set forth in the "Loan Criteria" passed by the City Council and more details can be found in the loan application and loan procedures. Generally, to obtain a loan through the E.D. Loan Fund, proposed loan projects must be financially viable and a legal and properly zoned use. Proceeds of the loan must be used for legitimate business uses, and the business must be within the corporate limits of Salt Lake City or to assist business relocation or expansion into the City. The applicant may be a for-profit business or a revenue producing venture of a non-profit organization. Non-profit applicants must use loan proceeds as part of a venture, program, or project that independent of charitable contributions to the non-profit creates sufficient cash flow from the venture so as to adequately cover EDLF debt.
- 1.6 Additional Loan Fund. The E.D. Division may determine that additional economic development finance options or loan products are prudent to further the goals and objectives of the City and/or the EDLF. In which case, the E.D. Director or Loan Committee may forward a recommendation to the Director of CED to seek the City Council's approval to create a new loan category, use of funds, etc., in order to support the purpose of an additional loan or finance product. Such request may include but not be limited to additional loan funds, amending use of funds or loan criteria guidelines based on the nature of the risks and opportunities associated with the proposal; the request may be short-term in duration or phased out after a certain project period, or run long-term, concurrently, and complementary to the EDLF.

2. E.D. Loan Fund Committees

- 2.1 Loan Committee. The ED Loan Fund Loan Committee (the "Loan Committee" or "Committee") is comprised of voting and non-voting members. A quorum of the Committee exists when a simple majority of the Committee's voting members are present or vote. However, loan approvals or denials can only be made when a minimum super majority of seven (7) committee evaluations/scores are submitted (see dropping highest and lowest scores in Loan Evaluation herein). The Loan Committee shall approve or deny loans and determine loan amounts, write-off loans, determine exceptions to Administrative and program rules within the parameters of the loan criteria as approved by City Council, and approve forbearance and waive fees for more than one year.

A. Voting Members are appointed by the Mayor or designee and include the following or their equivalent and/or designated alternates, which may be appointed simultaneously to act as a voting member in case of an absence:

1. SLC CED Director of Finance
2. SLC Director of Economic Development
3. SLC employee, representative at-large
4. SLC representative from the Mayor's or Council's Office
5. SLC representative from the Division of Housing and Neighborhood Development (HAND)
6. Community representative from the SLC Business Advisory Board (BAB)
7. Community investment representative (non-City employee: mission-driven investor or lender, CRA manager, etc.)
8. Community business technical assistance (TA)/ entrepreneurship representative (non-City employee: business resource, counseling, college/university, educator, etc.)
9. Community banker (non-City employee, business lending background)

Note: appointment of members should be considered based on:

- Background in economic or community development
- Financial analysis experience (through education or job)
- Experience as entrepreneur or private business operator
- Familiarity with the policies and goals of Salt Lake City

B. Non-Voting Members. Non-voting members may contribute to Committee discussions, but they shall have no voting power and may not cast a vote in connection with any matter that comes before the Committee for decision. The following City employees are non-voting members of the Committee:

1. Economic Development Manager/Loan Administrator
2. Senior City Attorney
3. Small Business Manager or E.D. Facilitator
4. Loan Fund Loan Officer/Analyst

C. Meetings. The Loan Committee shall set a calendar of scheduled meetings for each calendar or fiscal year. The Chair may call for special committee meetings, modify scheduled meeting times, or cancel scheduled meetings if no loans are ready to be presented by providing reasonable notice to affected parties and committee members, and may allow any committee meeting or votes to be conducted electronically.

- 2.2 Chair, Officers, and Loan Fund Administrator. The Mayor or designee shall appoint a Chair to call for and conduct Loan Committee meetings and assist the loan fund administrator with loan presentations and summaries including to the Review Committee and other duties as assigned by the Director of CED or E.D. The Loan Fund Administrator shall be an employee of E.D. Division with duties assigned by the Director of E.D. and carry out other reasonable duties as requested by the Loan or Review Committees subject to Director of E.D.'s supervisory approval. The Mayor or designee may appoint any other officer such as Vice-Chair, Treasurer, Secretary, etc.
- 2.3 Review Committee. The CED Director may form a Review Committee. If formed, the duties and procedures of the Review Committee are set forth below. Upon approval or denial of all loans, the Loan Committee will deliver to the Review Committee a summary of the Loan Committee's decision to approve or deny a loan, along with a summary of the loan application. The Review Committee's primary function is to approve loans that were denied by the Loan Committee, or reject or modify loans approved by the Loan Committee, including waiving collateral or personal guarantee requirements. Such approval or denial must take place within five (5) business days of the loan summary being presented to the Review Committee and must be approved a majority of the Review Committee. If no action is taken by the Review Committee within said five (5) business days, the action taken by the Loan Committee shall become effective. Voting members of the Review Committee, if formed, shall consist of the SLC Directors of: 1. Community and Economic Development (CED), 2. Redevelopment Agency (RDA), and 3. Housing and Neighborhood Development (HAND), or their deputies. The Director of CED shall appoint the Chair, or appoint him or herself as Chair. Non-voting/ex-officio members shall include CED Finance Director, ED Director, and Loan Fund Administrator.

- 2.4 Appointment and Removal. All appointments to the Loan Committee shall be made by the Mayor or designee (e.g. CED Director) upon nominations by the non-voting members of the Review Committee. All non-SLC employee appointees to the Committee shall serve for a maximum of five (5) years. All committee appointees may be removed by the Mayor or designee, with or without cause, at any time.

3. Loan Application Process.

- 3.1 Application Fee/Preliminary Screening. Prospective loan recipients may submit a loan application for a particular loan project to the Division of Economic Development. E.D. staff will develop a loan application and preliminary screening process to determine loan criteria eligibility including insurance and appropriate licensing/zoning requirements. After the preliminary screening process is completed, borrowers continuing to a full application shall be required to pay a non-refundable application fee. The amount of the application fee is determined by the E.D Division and subject to City consolidated fee schedule procedures (preferred as a fixed fee--not subject to annual increase). A current (within 90 days of application) credit report with score will also be checked for each personal guarantor prior to submitting a loan summary to the Loan Committee.
- 3.2 Loan Evaluation. If a loan application meets the criteria set forth in the loan application and preliminary screening process, the loan application will be submitted to the Loan Committee for consideration. E.D. staff will create a loan evaluation matrix to be used by the Loan Committee to approve or deny each loan application. The loan evaluation matrix may include formulas, matrixes, or calculators for evaluating credit score, collateral, interest rate, and any other quantifiable metric. As soon as reasonably practicable, each voting member of the Loan Committee should submit a loan evaluation score that awards points in specific categories based on the loan evaluation matrix. Upon receipt of loan evaluation matrices from a quorum of Loan Committee members, the E.D. Division will present the score range or preliminary average to the Committee. As a general rule, the Committee shall meet or the Chair shall then call for a meeting in which the applicants make a presentation to and answer questions in person from the Loan Committee, which shall then make a final (or updated) evaluation of whether the loan application should be approved or denied upon receipt of at least seven (7) final evaluations of Committee members. Scores from the loan evaluation matrix calculations of the committee members will be averaged together after dropping the highest and lowest scores. If the resulting average total score is at or above the threshold level established by the Committee, then the loan application at issue shall be approved. A loan application with an average total score that is less than the threshold level shall be denied. Within two (2) business days of approval or denial of a loan by the Loan Committee, the E.D. Division staff will forward a summary of the loan application and the reasons for approval or denial to the Review Committee (see Review Committee duties herein).
- 3.3 Loan Terms. Within the parameters of the loan criteria adopted by the City Council and Administrative Rules, the Loan Committee shall determine the term, amortization, type of collateral, and loan amount to be approved. The Loan Committee may make exceptions to the reduced interest rate calculation plus or minus 1.5% percentage points of the total adjusted rate as long as such stays within the maximum and minimum rates. The Loan committee can make adjustments to collateral calculations for exceptional circumstances or values up to plus or minus 20% of the calculation made by using the collateral calculator. Real estate that is used as collateral must have a title insurance policy issued to the City with the expense for such paid by the Borrower.
- 3.4 Microloans. The E.D. Division may process and submit loans under \$25,000 ("Microloans") to the Loan Committee Chair and Vice Chair for possible evaluation, approval, denial, or modification, without necessarily presenting the microloan to the Loan Committee. The Chair and Vice-Chair acting unanimously may approve up to 10 Microloans per fiscal year without Loan Committee action. If Chair and Vice Chair are unable to act unanimously or if more than 10 Microloans per year complete the loan application process, such Microloans shall be presented to the Loan Committee for evaluation. Regardless, the Chair and Vice Chair acting unanimously may present any Microloan to the Loan Committee for evaluation. All other loan criteria and requirements apply to Microloans including loan application, collateral, and being subject to Review Committee approval, etc.

- 3.5 Documentation. All loan documentation shall be administered by E.D. Division with approval from the City Attorney's office. All loan documents shall be signed by the Director of CED or designee as allowed by City policy including limits on real estate and spending or signature authority limits.
- 3.6 Loan Finalization. Upon the approval of a loan application, the appropriate staff members from the E.D. Division will work with the loan applicants to finalize the loan documents and issue the loan.
- 3.7 Ongoing Loan Administration. After a loan is issued for a particular loan project, staff members from the E.D. Division will be responsible for monitoring the status of the loan and for taking any necessary administrative actions in connection with such loan including waiver of late fees and substitution of comparably valued collateral. Loan Administrator or ED Director may forebear payments or waive late fees up to 6 months; CED Director up to 1 year; and the Loan Committee may forebear or waive for more than 1 year, and makes the determination to write-off loans.

CURRENT REFERENCES: Resolution No. 6 of 2014.

*PRE-2014 REFERENCES: Resolution No. 33 of 2010.
City policy 6.01.100
6.01.200
Administrative Rule – Economic Development Revolving Loan Fund
(1995).*

Effective Date (Date signed by the Mayor): August 24, 2014

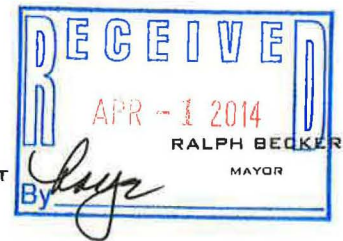
2. EDLF LOAN PROGRAM
b. EDLF Council Transmittal

ERIC D. SHAW
DIRECTOR

MARY DE LA MARE-SCHAEFER
DEPUTY DIRECTOR

SALT LAKE CITY CORPORATION
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
OFFICE OF THE DIRECTOR

CITY COUNCIL TRANSMITTAL




David Everitt, Chief of Staff

SCANNED TO: *mayer*
SCANNED BY: *hays*
DATE: *4/1/2014*
Date Received: *4/1/2014*
Date sent to Council: *4/3/2014*

TO: Salt Lake City Council
Charlie Luke, Chair

DATE: March 20, 2014

FROM: Eric D. Shaw, CED Director 

SUBJECT: Revolving Loan Fund Redesign

STAFF CONTACT: Stuart A. Clason, Economic Development Director
(801) 535-7945, stuart.clason@slcgov.com

COUNCIL SPONSOR: James Rogers

DOCUMENT TYPE: Resolution

RECOMMENDATION: Adopt a resolution restructuring the Revolving Loan Fund Program

BUDGET IMPACT: N/A

Background:

The Economic Development Division has been actively working with and soliciting input from external partners (including local business owners, technical assistance providers, lenders, investors, and university business schools) to evaluate existing programs and perform preliminary market analytics to develop a new city strategy to better realize economic development outcomes for 2014 and going forward.

One of our foci, economic development finance, has been under critical evaluation over the past year. Through this evaluation, the Economic Development team has been identifying new tools and partnerships to expand both direct and indirect financial services and to solidify internal processes and programming to better serve and attract desired business to Salt Lake City.

One of these programs, the Revolving Loan Fund (RLF), has served as the primary source for direct funding since 1995. Since its' initiation, this program has provided over \$15 million dollars in loans to over 130 businesses within the city. The Economic Development Division recently conducted a market analysis comparison of loan programs throughout Utah and the nation, and evaluated how our RLF program can better meet the economic development needs

and policy objectives of the city. Through this process, we have concluded that, although successful, the current RLF program needs an update.

Summary

The Economic Development Division believes in utilizing city tools and staff expertise as a bridge in the marketplace to actualize the city's goals and policy objectives. The proposed changes to the RLF will better utilize and promote the Salt Lake City brand, provide more flexible funds to businesses, reduce staff and processing time, incentivize businesses to reflect city goals and policy initiatives, and provide a bridge for borrowers while allowing banks to retain their competitive edge in the marketplace.

The revised loan fund will offer borrowers who participate in business technical assistance training, and/or are located in a Salt Lake City business district or targeted geographic areas identified in the city's master plans a reduced interest rate.

To increase community participation and expertise, we propose decreasing the number of city employees on the loan committee while increasing participation by community members, including two bankers, one member of the Business Advisory Board (BAB), and two representatives from mission-driven business counselors/educators, and lender/investors.

The proposal retains most of the loan underwriting criteria and evaluation and flexibility in the loan terms and use of loan proceeds, including working capital, inventory, real estate, and energy efficiency (E2) improvements, but amends the program as follows:

The proposed changes to the current RLF program include:

1. Changing the name to Economic Development Loan Fund (EDLF or ED Loan Fund)
This better emphasizes the economic development focus and removes 'revolving' from the title, which is implied and has minimal relevance to businesses.
2. Improve efficiency and consistency in the approval process:
 - a. A complete move to streamlined/paperless application and document processing.
 - b. Adding a review committee to oversee loan committee actions.
 - c. Quantifying certain metrics into formulas, such as collateral and credit score.
 - d. Consolidate 12 loan types into 4 categories based on stage of the business.
 - e. Administrative approval for microloans under \$25,000.
 - f. Allow final loan documents to be signed within the Department of Community and Economic Development, rather than the Mayor's Office.
3. Increase maximum loan amounts to:
 - a. \$350,000 for existing expanding businesses, (from \$250,000) with at least three years history, and
 - b. \$100,000 for startups (from \$50,000) that are less than three years old.
4. Incentivize borrowers to meet city objectives by offering lower interest rates to:
 - a. Lower income and disadvantaged business owners,
 - b. Organizations that focus on environmental, human capital, as well as economic returns (the "triple bottom line"),
 - c. Borrowers that highly leverage funds from outside private sources.
5. Increase community participation by adding non-city employee loan committee members.

OUTCOMES:

Economic Development has identified six strategic outcomes aimed at providing better overall economic development services to the city over the next six to nine months. They are:

1. Launch a formal process aimed at creating a citywide vision for economic development.
2. Improve services to Small and Medium Enterprises (SMEs) within existing permitting and planning structure.
3. Expand both direct and indirect financing services and programs through new tools and partnership.
4. Solidify internal processes to better serve and attract SMEs and large industry to Salt Lake City.
5. Enhance the platform for entrepreneurial growth and opportunity.
6. Increase the capacity for data collection/analysis and provide these resources to the public.

The refinement of the EDLF helps achieve these outcomes by establishing programmatic guidelines for the city's primary economic development financing tool that will attract businesses whose gap to success is inadequate to finance. The target audience for this tool, SMEs, has a streamlined application process, with clear direction on the purpose of the program. The EDLF will also better support citywide goals and development of business nodes, and will help startup and expanding disadvantaged business owners by tying the program to business technical assistance. Due to enhanced borrower reporting requirements, the program will also yield more granulated data sets for future program analysis and planning.

Attachments:

- A. Attachment A, Outline Summary slide presentation of the history, proposed changes, and sample loan evaluation tools
- B. Attachment B, Loan Criteria and Administration overview
- C. Attachment C, Loan Options
- D. Resolution

Note: other guidelines for the program will be formalized in amended Administrative Rules that are being revised concurrently with the policy changes. Revisions to the Administrative Rules are included in the Outline Summary; the Rule itself is available to review upon request.

RESOLUTION NO. _____ OF 2014

(Authorizing Revisions to the City's Revolving Loan Fund Criteria and Loan Options)

WHEREAS, Salt Lake City Corporation ("City") has a Revolving Loan Fund ("RLF"), whose purpose is to increase employment opportunities, stimulate business development and expansion, encourage private investment, promote economic development and enhance neighborhood vitality in the City; and

WHEREAS, the RLF has evolved over time with several adjustments to the loan criteria options made by the Council; and

WHEREAS, the City Council supports the goal of the City's Economic Development Division to maintain the RLF corpus so as to continue to provide a loans pursuant to a rigorous selection process to mitigate risk while stimulating business growth in the City; and

WHEREAS, the City's Economic Development Division is recommending revised loan criteria and loan options, and clarifying administrative authority, to increase the benefits to the City and the program's recipients; and

WHEREAS, the City's Economic Development Division is also recommending the RLF be re-named the Salt Lake City Economic Development Loan Fund in order to emphasize and clarify its purpose.

THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. The Council approves changing the name of the RLF to the "Economic Development Loan Fund" ("EDLF");
2. The Council approves adoption of the attached amended loan criteria and loan options for the EDLF;
3. Ralph Becker, Mayor of Salt Lake City, Utah, or his designee, following approval of the City Attorney, is hereby authorized to execute the requisite agreement documents on behalf of the City and to act in accordance with their terms.

Passed by the City Council of Salt Lake City, Utah, this _____ day of _____, 2014.

SALT LAKE CITY COUNCIL

Attest: _____
City Recorder

By: _____
Chair

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 3/21/14
By He Ni

LOAN CRITERIA and ADMINISTRATION SLC ECONOMIC DEVELOPMENT LOAN FUND

Basic Eligibility

Businesses (including organizations) eligible for the loan program must relocate to, have the project based in, or be located in Salt Lake City.

Businesses that already have a loan with the City can apply for a new loan if the other criteria is met, have been current on all payments, and the total amount to the same business does not exceed the Maximum Loan Amount.

Loans will not be given to different entities that are related in the same business location and business purpose in excess of the Maximum Loan Amount as added together. For example, when one entity owns a building and another entity owns the business and the principals of the entities are the same or related to the business purpose, only one loan Maximum Amount will be considered.

Loan Administration

The SLC City Council shall set policy and program guidelines for the Loan Fund. The administration of the E.D. Loan Fund shall be guided by administrative rule. For such additional administrative detail, see SLC Administrative Rule—Economic Development Loan Fund.

A Loan Committee shall approve or deny loan applications, and set basic loan terms including amortization and loan amount, and may be subject to a Review Committee. The administration of the Loan Fund shall be carried out by the SLC Economic Development (E.D.) Division under the direction of the Director of Community and Economic Development (CED). Such administration may include:

- Mayor or designee appoints the Loan Committee upon nominations by E.D. and CED Staff, as well as appoints Review Committee members (if any), Chair, and other officers.
- E.D. staff will administer processes for loan application, loan evaluation criteria including calculators and matrices, all loan documentation, and other loan criteria as provided herein.
- After a loan is issued for a particular loan project, E.D. staff members are responsible for monitoring the status of the loan and for taking any necessary administrative actions.
- Loans less than \$25,000 ("Microloans") may be approved or denied by the Chair and Vice Chair of the Loan Committee administratively without presenting to or evaluation by the Loan Committee.

Business Plans

All loans of \$25,000 and more must include a full business plan as outlined in the loan application. Microloans (less than \$25,000) must provide an executive summary, but may be asked for a complete business plan if determined by the Loan Committee Chair and Vice-Chair.

Loan Application

All borrowers must complete a loan application to include the loan criteria discussed herein which may include preliminary screening or applications, and shall be administered by the E.D. Division.

Application Fee

Applicants may pay a reasonable loan application fee as determined by Administrative Rule. The application fee is subject to City fee schedule procedures.

Loan Evaluation

All borrowers will be graded by each Loan Committee member on a numeric scale using a loan evaluation matrix tool, which tool shall be administered by E.D. Division.

Interest Rates

Interest rates charged to borrowers will be determined based on the borrower's participation in and fulfilling the conditions of an Interest Rate Calculator or similar (developed by E.D. Division) which may include rate reduction incentives within a minimum and maximum rate. Such incentives in the rate allow the program to offer low-interest loans if borrowers participate in programs that meet City-wide or Economic Development objectives. The maximum rate shall not exceed prime rate plus 8%; the minimum rate shall be the prime rate. Both rates as published by Wall Street Journal as of the date of application.

Term

The term of the loan will be determined by the Loan Committee based on borrower's application and the recommendation of the E.D. Division. Terms are flexible ranging from 6 months up to a maximum 7 year original term, and may include balloon payments based on amortization of up to 10 years. Exceptions are that original terms beyond 7 years may be approved by the City Council for loans over the maximum loan amount, and the Loan Committee may extend an original term up to 10 years total if Borrower has successfully made payments to the City for at least 5 years.

Origination Fee

The origination fee remains 1.5%. Borrowers may pay such fee at closing or have the amount withheld from loan proceeds at borrower's discretion as approved by City.

Payments

Payments on all loans will be automatically made via withdraw from the borrowers' bank accounts, ACH, or paid by other electronic transfer of funds (EFT).

Other Fees

The borrower is responsible for all third party costs. An applicant is responsible for the full amount of any expenses incurred by the city in preparation of a loan.

Loan Amounts

All loan amounts are subject to availability of funds on a first-come-first-serve basis (determined by the date of submitting a complete application). Loans up to the Maximum Loan amount are determined by the Loan Committee. Any amount in excess of the Maximum Loan Amount must be approved by the City Council.

Existing businesses may borrow up to a Maximum Loan Amount of \$350,000 (previously \$250,000). Startup businesses may borrow up to a Maximum Loan Amount of \$100,000 (previously \$50,000).

Existing Business

A borrower may qualify as an Existing business by operating for three (3) years or providing three (3) years tax returns. The Loan Committee may approve exceptions if the personal guarantor's ownership or equivalent in a comparable industry exceeds three (3) years. Borrowers not meeting the existing business qualifications are considered Startup businesses.

Borrowers under the same legal business entity may have more than one loan with SLC ED Loan Fund as long as the total of the combined loans does not exceed the respective Maximum Loan Amounts—subject to the existing business qualifications.

Collateral

Borrowers must provide at least a minimum of 10% of the E.D. Loan Fund loan amount as collateral unless such criteria is modified or waived by the Review Committee (if the loan is reviewed by said committee). Otherwise, Borrower's collateral will be graded on a sliding scale based on a collateral calculator developed and administered by E.D. Division.

The City Council will determine the collateral required for loans in excess of the Maximum Loan Amount on a case-by-case basis.

Personal and Business Guarantees

All loans require business/corporate guarantees and at least one personal guarantee (except nonprofit organizations applicants) unless waived by the Review Committee if reviewed by said committee, or by the City Council for amounts exceeding the maximum loan amounts. Additional personal guarantees with at least 20% ownership in the applicant business may be required by the Loan Committee to enhance the loan evaluation of e.g. average credit score, ability to repay the loan and/or other loan evaluation criteria, but the lack of additional guarantors shall not be grounds for denial of a loan.

Credit Score

All borrowers who are personal guarantors must have their personal credit checked including a credit score within 90 days of presenting the application to the Loan Committee. Credit scores will be graded on a sliding scale based on a collateral calculator developed and administered by E.D. Division. Credit scores of more than one guarantor will be averaged.

Financial Documents

Applicants must also include financial documents that include personal federal and state income tax returns for the previous three years including all schedules and W-2 forms; for existing businesses, corporate federal and state income tax returns; for startup businesses, corporate federal and state income tax returns for the years of operation, which may also include corporate tax returns of non-applicant businesses of which borrowers own at least 20%. In addition, for existing businesses, historical financial statements for the previous three years including balance sheets and income statements. Startup businesses in operation less than three years (if previously in operation), historical financial statements for the respective years of operation including balance sheets and income statements which may also include corporate financial statements of non-applicant businesses of which borrowers own at least 20%. For all businesses except new start-ups, a current interim statement less than 60 days old is required. Three years of business projections by all applicants is also required for review.

Use of Funds

Approved uses of the various loan options include:

- Acquisition of land and buildings
- New construction, tenant improvements
- Construction mitigation (within half-block of construction)
- Energy efficiency improvements (must also apply with SLC Sustainability office)
- Façade, signage and building renovation
- Landscape and property improvements

- Machinery
- Working capital
- Relocation, moving expenses (to or within SLC)
- Inventory
- Fixtures, furnishings, and equipment (FFE)
- Marketing
- Business stabilization
- Community ventures sponsored by non-profits (not subject to personal guarantees)
- Loan guarantees, loan loss reserves

Uses that are not approved include:

- Purchasing land and/or buildings or constructing buildings for real estate investments
- Any other kind of investment opportunity
- To pay for other business's expenses
- To use to re-locate a Salt Lake City business into another city
- Use of funds to support an illegal activity, or improperly licensed or zoned use

Delinquency and Default

In the event of delinquent payments or extenuating circumstances, the E.D. Division or CED Department may elect to negotiate with the Borrower for a temporary forbearance of payment and/or waive late fees up to one (1) year. The Loan Committee may elect to forbear or lower payments, or waive fees temporarily or permanently for more than one (1) year, and/or write-off loans. If a Borrower is non-responsive and/or continues to be delinquent, the City will proceed with its remedies as outlined in the Loan Agreement.

Training/Technical Assistance

The Loan Committee or E.D. Division may elect to require an applicant, as condition of a loan approval, or at any time thereafter to attend one or more technical assistance (TA) business classes or programs at any business resource center or similar program affiliated with or required by SLC.

Reporting

The Loan Committee or E.D. Division may elect to require Borrower to submit initial and/or ongoing reports on the effectiveness of the loan, job creation, wage levels, demographics, other environmental, social, or economic impact, and the business' financial status.

SALT LAKE CITY Economic Development Loan Fund

Loan Options

Loan Type	Guarantees	Term*	Interest Rate	Collateral	Credit Score	Use of loan proceeds
All loans	Corporate, and at least 1 personal guarantor (except non-profits)	6 months up to 7 years	Base rate = Prime + 8%, minus rate incentives based on City goals such as: business nodes, low-moderate income and disadvantaged owners, human capital, societal, and environmental impact.	10% minimum. Sliding scale points from minimum-- full points awarded with 100%+ collateral.	No minimum. Sliding scale points awarded starting at 550-- full points awarded with score of 750+	<ul style="list-style-type: none"> Acquisition of land and buildings New construction, tenant improvements Machinery Working capital Relocation, moving expenses (to or within SLC) Inventory Fixtures, furnishings, and equipment (FFE) Marketing Business stabilization Loan guarantees, loan loss reserves Construction mitigation (w/in half-block of construction) Energy efficiency improvements*** Façade, signage and building renovation Community ventures by non-profits Landscape and property improvements
*Term may be extended to 10 years by loan committee after 5 years successful payment history to SLC.						

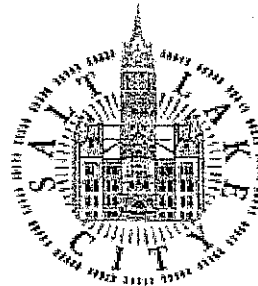
Loan Type	Business Age	Amount
Startup Business	0-3 years old	\$5,000-\$100,000
Expanding - Existing Business	3 + years old**	\$5,000-\$350,000
Construction / Real Estate	0-3 years old	\$5,000-\$100,000
Energy Efficiency (E2) ***	Any age, subject to startup business loan maximum	\$5,000-\$350,000

**Loan Committee can waive 3 year requirement if borrower(s) show comparable experience in comparable industry.

***Must also apply with SLC Sustainability Office

City Council may approve loans above maximum loan amounts (\$100,000 for startups; \$350,000 for expanding businesses)

Other Requirements include: submittal of a completed application with business plan, 3 years personal and business (for existing) financial statements/taxes, 3 year financial projections, and other items as requested by the loan committee.



Uses that are not approved include:

- Purchasing land and/or buildings or constructing buildings for real estate investments
- Any other kind of investment opportunity
- To pay for other business's expenses
- Re-locate a Salt Lake City business into another city
- Use of funds to support an illegal activity or improperly licensed or zoned use

Contact: SLC Economic Development, ed@slcgov.com, 801-535-7941
www.slcgov.com/economic-development



Salt Lake City

Economic Development Loan Fund

Summary of Reconfiguration





ED-LF Reconfiguration

RLF History and Market Comparison:

- RLF has made over 130 loans, totaling over \$15 million since 1995.
- At 3.5% RLF has lowest interest rate in Utah among comparable government, and nonprofit lenders (Avg. 9.5%)
- RLF 2.7% write-off is comparable to for-profits and banks
- RLF has historically had little impact on west side (18% of loans), and among disadvantage business owners
- Average loan is \$115,000 including 10 loans made as exceptions that exceed \$250,000. Excluding exceptions, average loan size is \$73,000.
- Generally strong economic multipliers (increased sales, jobs, etc.)
 - Though the RLF \$49,000 per FTE job created is higher than avg. Ogden City \$13,000 per job, and CDBG typically requires \$35,000 per FTE job.
- Unused loan balance of (current \$5.8 million) earns .5% interest.
- Half of lenders charge application fee (avg. \$50, median \$90)
- Only 1 other lender in SLC offers same type of loans but lower amounts (UMLF); SL has County similar \$ amount but high-tech only.



ED-LF Reconfiguration

Goals:

Program/Policy Goals:

- Better align funding with City priorities and goals.
- Incentivizing all businesses to work toward the Triple Bottom Line (economic, environmental, and social returns).
- Allow loans throughout the City, but provide incentives, rather than mandates, for targeted populations and geographic areas.
- Analyze/prepare other finance pools in conjunction with private funding.
- Maintain the financial viability/total assets of the fund.
 - Structure borrower interest rates to offset losses
- Re-name the program to be more descriptive.
- Emphasize leverage of private funding/ not compete with banks, private lenders.
- Generally: Increase employment opportunities, stimulate business development and expansion, encourage private investment, promote economic development, enhance neighborhood vitality and commercial enterprise...
 - While maintaining the corpus of the ED-LF to fulfill these goals.

...see Operational Goals on next slide...



ED-LF Reconfiguration

Goals cont.:

Admin/Operational Goals

- Simplify loan City loan options from business perspective; streamline/make more compatible with RDA loan program.
- Quicker response times for loan processing;
 - Track time to loan completion and staff time (at least baseline).
- Increase quality of borrowers and businesses through partner technical assistance (TA) providers.
- Incorporate into Accela data tracking.
- Increase program flexibility with annual review and streamlined approval process.
- Increase transparency in the evaluation procedure.
- Paperless application process (all online) and filing (except e.g. trust deed signatures), and allow electronic meetings.
- Clearly identify ED/CED authority to administer ED-LF.
- Increase the number of community members on Loan Committee.



ED-LF Reconfiguration

Admin Changes Made Fall 2013

- Consolidated loan documents from 6 documents to 3
 - Revamped loan agreement
 - More navigable for borrowers, borrowers better understand agreements which leads to better compliance
- Transitioning to reduced/paperless, electronic documentation; scanned all loan files
 - Developed loan processing and closing checklist
 - incorporated duties by former HAND employee that E.D. now handles
- Require all SLC permits be finished as a funding pre-requisite
- Reiterate to borrowers that RLF (EDLF) is publicly funded, subject to GRAMA, etc.
- Clarified with City attorney the authority of CED/ED to administer the program:
 - CED's administrative current rules state that:

“after a loan is issued ...Department of Community and Economic Development will be responsible for monitoring the status of the loan and for taking any necessary administrative actions ...”

...Admin changes continued on next slide...



ED-LF Reconfiguration

Admin Changes Fall 2013 cont.

- Require borrower to provide ongoing financial, demographic, and employment reporting
- Requires borrowers to have social media tie-ins with SLC
 - To build relationships with businesses and improve repayment and cross-marketing
- Allows SLC to market borrower “success stories” to promote the ED-LF
- Require automatic payments
- Closing through SLC instead of title company (saves \$250 per borrower)
- Title insurance required on all real property
- Require borrower to participate in technical assistance (TA) as needed
- Collateral not to be sold without SLC approval (in event of default)
- Notifications can be done via electronic means (email, etc.)



ED-LF Reconfiguration

Recommended Program Changes:

Programmatic/Policy Changes

- **Change name** of program to **Salt Lake City Economic Development Loan Fund**, short-form versions as “**ED Loan Fund**” or “**ED-LF**,” to make more descriptive and emphasize economic development.
- **Leverage:** Encourage borrowers to use banks / gap / bridge financing where possible.
- Tie program to economic outcomes, City goals, and triple bottom line
 - **Interest rate reduction incentives** to borrower based on desired targets (see attached rate calculator).
- Retain most of the current loan evaluation but present to a Review Committee made up of Directors of CED, HAND, RDA.
 - Allows more checks on policy and alignment with City goals.
- Raise the maximum loan amount to \$350,000 for existing businesses at least three years old. Raise the maximum loan amount for startups to \$100,000. City council to approve amounts above maximums.
 - Higher amounts increase rate of return with same amount of staff time, match current “construction” loan maximum, more flexible options for businesses.
 - Existing businesses may meet 3 year minimum with comparable industry experience /ownership as determined by Loan Committee.
- 2nd time borrowers allowed if meet the other criteria, rather than required to re-pay the loan first.
 - Allows more flexible options for businesses and to facilitate scaling up/ expansion and protecting initial loan.
- Continue to allow real estate purchases.
- Allow loans to community ventures run by non-profit organizations.

...Admin changes on next slide...



ED-LF Reconfiguration

Recommended Program Changes Cont.:

Admin/Operational Changes:

- Simplify loan categories, into **4 general programs**. 1. Real Estate, 2. Startup business, 3. Expanding business, and 4. Energy Efficiency (E2)—E2 loans must also apply with SLC Sustainability Office.
 - Rather than current combined RDA/RLF 21 loan programs.
 - See RDA/RLF comparison chart.
 - The former loan types simply become eligible uses of funds, which remains virtually unchanged (see use of funds list).
- Clarify ED/CED as the administrator of program
 - City council sets policy for program and hears/approves individual loan exceptions (based on Committee or ED staff recommendations) on the program.
 - Loan Committee by evaluation score sheets submitted, approves or denies loans, sets terms and conditions of approval.
 - ED staff and city attorney determine if any given issue is admin (staff), loan approval (committee), or program/ policy (council).
 - Meetings and voting may be done by electronic means as determined by loan committee chair.
 - Loan Administrator or ED Director may forebear payments/waive late fees up to 6 months; CED Director up to 1 year; Loan committee for more than 1 year and approves write-offs.
 - Mayor office only sign docs if real estate involved (subject to SLC contract policy, etc.).
- Charge **\$100 non-refundable application fee**
- **Collateral.** In all the applications, collateral has been the biggest sticking point. Use pre-determined sliding scale (see included Collateral Calculator).
- Change credit score requirements to a pre-determined sliding scale (see included Credit Score Calculator).
- **Loan Committee Membership:** Add more business community members for real-world experience and community relationship building, (see attached recommended member list)
- Annual review of the ED-LF Program and Administrative Rules



ED-LF Reconfiguration

Loan Committee--Proposed

Existing

Goals of modifying loan committee composition:

- Include diversity and real-world points of view
- Follow the recommendation from business advisory board, outside community, and technical assistance (TA) providers
- More citizens participate in meaningful SLC actions
- More citizens help promote the program

Loan Committee of up to 9 members

CED Director as Mayor's designee to select committee appointees by job position (or equivalent/designee) as well as committee Chair:

1. **SLC - CED Finance Director**
2. **SLC - E.D. Director**
3. **SLC - Mayor's or Council's office representative**
4. **SLC - HAND representative**
5. **Business Advisory Board (BAB) representative**
6. **Community Investment rep (mission-driven investor or lender)**
7. **Community Entrepreneurship rep (TA provider: business resource, counseling, education, etc.)**
8. **Outside Banker #1 Lender**
9. **Outside Banker #2 CRA rep**

Plus four (4) non-voting members (same as previous)

Note: actual members should be considered based on:

- Background in econ or community development
- Financial analysis (through education, job)
- Experience as entrepreneur or private business operator

Add a Review Committee:

- 3 members: the Directors of RDA, HAND, and CED (or their designees).
- 3 non-voting ex-officio: CED Finance, ED Director, LF Administrator
- By 2/3 majority of voting members, may:
 - Approve a loan that did not meet minimum evaluation score
 - Turn down a loan that met the minimum evaluation score
 - Must act within 5 business days of denial upon by own action or recommendation of non-voting review committee members.

1. SLC- Director of Capital Planning and Programming
2. SLC -Director of Community and Economic Development Department –
3. SLC- Director of the Redevelopment Agency
4. SLC- Director of the City Treasurer –
5. SLC- Representative from the Mayor's Office
6. SLC- Representative from the City Finance
7. SLC- Representative from Economic Development
8. Volunteer Banker (Zions Bank)

Non-voting members:

- ED RLF administrator
- ED loan officer/analyst
- ED Facilitator or Small Business Manager
- City attorney over ED



ED-LF Reconfiguration

Loan Flow Chart Summary- Proposed

Loan Inquiry/Preliminary Application – E.D. Staff
--Screen for eligibility to apply

Loan Application – E.D. Staff

Loan Evaluation

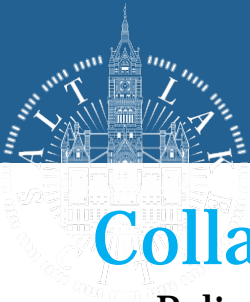
--E.D. Staff compile, calculates collateral, credit score; Borrower presents in person
--**Loan Committee** scores the loan; approves, denies, or modifies loan

Review Committee

--Approve a loan that did not meet minimum evaluation score
--Turn down a loan that met the minimum evaluation score

Loan Processing/Finalization

--E.D. draft documents
--City Attorney approve documents
--CED Director sign all loan docs except real estate trust deeds



ED-LF Reconfiguration

Collateral Calculator

Policy--In virtually all applications, collateral has been the biggest sticking point, and takes the most time for the admin, borrower, and committee to settle on. Most borrowers are confused by minimum requirements that the loan committee typically determines is insufficient. Thus, to make more transparent and consistent all loans must provide at least 10 % collateral based on the ED-LF loan amount. Then grade collateral on a sliding scale as a percentage of the ED-LF with points as follows:

- Less than 25% = 1 point
 - 25 to 49% = 2 points
 - 50% to 74% = 3 points
 - 75% to 99% = 4 points
 - 100%+ = 5 points
-
- Collateral values generally pre-determined by ED as follows (same as before):
 - Cash, real estate = 100% of value (equity only)
 - Equipment, furnishings = 50% of wholesale
 - Inventory = greater of 50% of wholesale or 75% cost of good sold
 - Accounts receivable = 75% of face value
 - Committee can make adjustments within range of 80%-120% of calculation.
 - Note: collateral is 10% of the loan evaluation scoring



ED-LF Reconfiguration

Credit Score Calculator

Policy- scoring should be more transparent and consistent, as well as add flexibility for lower credit scores for justifiable extenuating circumstances.

- Eliminate a minimum credit score and in its place have a sliding scale from 0 to 750 and above on a 5 point basis (but allow one point if bankruptcy is a “medical bankruptcy”). Scores for more than one guarantor will be averaged.
 - 0-549 = zero points
 - 550-599 = 1 point
 - 600-649 = 2 points
 - 650-699 = 3 points
 - 700-749 = 4 points
 - 750+ = 5 points
- Note: credit score is 5% of loan evaluation scoring



ED-LF Reconfiguration

Loan Evaluation

(stays roughly same except collateral and credit score “calculators”)

- **Evaluation Criteria**
- **40% ability to re-pay loan**
 - Past financials/taxes
 - Current financials
 - Financial Projections
 - Collateral (see calculator sliding scale)
 - Credit Score (see calculator sliding scale)
- **25% Business plan**
 - Market, competition
 - Management team
- **35 % Economic Development**
 - Job creation
 - Effect on overall city, business districts
 - Triple bottom line impact (use TBL tool as guide, possible sliding scale)
 - Impact on disadvantage business owners, other E.D. goals.



ED-LF Reconfiguration

Loan Evaluation

Use of Loan Funds (virtually unchanged from current uses):

- Acquisition of land and buildings
- New construction, tenant improvements
- Construction mitigation (within half-block of construction)
- Energy efficiency improvements -- must also apply with SLC Sustainability office
- Façade, signage and building renovation
- Landscape and property improvements
- Machinery
- Working capital
- Relocation, moving expenses (to or within SLC)
- Inventory
- Fixtures, furnishings, and equipment (FFE)
- Marketing
- Business stabilization
- Community ventures sponsored by non-profits
- Loan guarantees, loan loss reserves

Uses that are **not** approved include:

- Purchasing land and/or buildings or constructing buildings for real estate investments
- Any other kind of investment opportunity
- To pay for other business's expenses
- To use to re-locate a Salt Lake City business into another city
- Use of funds to support an illegal activity or improperly licensed or zoned use

Proposed Evaluation Matrix

ABILITY TO REPAY THE LOAN/LOAN SECURITY (Total points available: 40)							
1	Existing Business: Based on past tax returns and income statements , rate how well the business has covered its business obligations.				5	2	10
	OR						
	New Business: Based on the personal tax returns and income statements, rate how well the individuals have covered their business financial obligations.				5	2	10
2	Rate how well the applicant's current personal income and business financials demonstrate payment of existing obligations as well as any trends.				5	1	5
3	Rate: Are the financial projections reasonable based on market, past and current tax returns and income statements or the business plan for a start-up business?				5	2	10
4	Rate collateral based on: see attached schedule				5	2	10
5	Credit score		score	points	5	1	5
	see attached schedule						
BUSINESS PLAN (Total points available: 25)							
1	Rate: How does the business plan clearly outlines the applicant's business, marketing strategy, understanding of the target market, competition, management and business operations, financial situation and forecast, and future plans?				5	3	15
2	Rate: Does applicant's management ability and operational experience generally and in terms of this type of business?				5	2	10
ECONOMIC DEVELOPMENT (Total points available: 35)							
1	Rate: Does the business contribute to neighborhood revitalization or preservation? Does the business meet a need or provide a service that is not currently available? Does the business have any negative community impacts?				5	2	10
2	Rate: How many jobs are projected to be created? Are the wages comparable to market wages for similar jobs? Does the loan facilitate retention of existing jobs?				5	2	10
3	Rate: Does the business show " scalability "--the ability to leverage SLC funds to expand operations and/or improve profit margins?				5	1	5
4	Rate: Does project positively impact overall city and economic development goals , such as triple bottom line (social, environmental, and economic returns)?				5	2	10
EXTRA INCENTIVES							
1	Is the business located in a target area for business development or a Community Development Block Grant or Redevelopment Agency area?				2	1	2
2	Is the business a disadvantaged business enterprise or primarily serve a low-moderate income neighborhood?				2	1	2
3	Is the business a registered Salt Lake City e2 Business?				2	1	2
4	Does the applicant provide exceptional non-SLC financing or equity?				2	1	2
LOANS SCORING OVER 70 ARE FUNDED						TOTAL	100



ED-LF Reconfiguration

Interest Rate Calculator and Incentives

RLF Discounted Interest Rates Calculator

Base borrower interest rate: Prime + 8% Base Rate as of
3/5/14
11.25%

Discount Description	Discount rate	Notes
Short term 3 years or less	0.50%	
Term more than 3 years up to 5 years	0.25%	5-7 years no discount.
Completes TBL analysis tool	0.75%	See TBL tool, www.tbldtool.org
TBL score greater than 75 (range is 0-100). *Alternatively, give sliding scale discount of 1 basis point per TBL point scored.	1.00%	
TBL score greater than 50, less than 75	0.50%	
Technical assistance/training participation	0.75%	
Low to Mod. Income (LMI) borrower	1.00%	As defined by CDBG guidelines, 80% or less of AMI
Disadvantaged Owner (woman, minority, handicapped, etc.)	1.00%	As eligible under Federal Certification as Section 3, 8a, DBE, or ADA.
Veteran Owner	0.50%	Vet ID or DD 214 card
Located in Business District	0.50%	Geographic priority areas identified in master plan, existing district, or neighborhood 501c3
Capital expansion leverages outside capital to ED-RLF at least 2:1 ratio *	1.00%	
Create 1 FTE job per \$20,000 in ED-RLF *	1.00%	
Total Available Discount	8.00%	
Total Adjusted Rate (If All Discounts Met)	3.25%	



ED-LF Reconfiguration

THE
TRIPLE BOTTOM LINE
TOOL



“The Triple Bottom Line Tool helps optimize and communicate investment alignment with economic, environmental, and social performance– what's referred to as the triple bottom line or TBL. Investors, economic development professionals, and decision-makers can use the TBL Tool to:

- Configure** development investments for maximum returns
- Consider** and prioritize alternatives
- Communicate** investment alignment with TBL goals

The TRIPLE BOTTOM LINE TOOL, is designed to help optimize and communicate the impact of economic development investment on economic vitality, natural resource stewardship, and community well-being.

Development of the TBL Tool [beta through 2013] ...supported with funding from the U.S. Economic Development Administration..., was led by Dr. Janet Hammer from Portland State University, in collaboration with Maggie McCullough from PolicyMap, Dr. Gary Pivo from the University of Arizona, and Dr. Ira Goldstein from The Reinvestment Fund.”

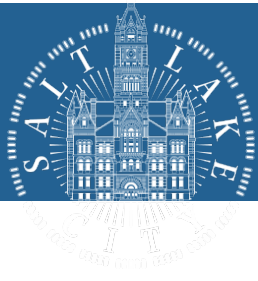
www.tbltool.org



ED-LF Reconfiguration

RDA/ RLF Comparison

	New ED-LF Category	Existing RLF program	RDA program	description
1	Environmental loans	e2 (Energy Efficiency Renovation Loan)		To encourage businesses with over 2 years of operating history in Salt Lake City to make energy efficiency and conservation improvements to their location.
2			High performance building renovation loans	Property owners or developers can receive financing for 50% of building renovation costs at 0% interest for buildings that achieve a LEED certification level or an ENERGY STAR rating.
3			High performance building construction loans	The Redevelopment Agency provides grants and loans to developers who construct new residential, mixed-use or commercial buildings to a LEED-certified level.
4			Environmental assessment and remediation loans	The Redevelopment Agency provides loans for 50% of the costs associated with assessment and remediation work for environmentally contaminated properties.
5	Real estate loans		New construction loans	Developers can use the funds to finance the construction of new residential, mixed-use, or commercial buildings.
6			Building renovation loans	Building owners and developers can receive funding for up to 50% of building renovation costs including restoring the façade of the building to its original appearance.
7			Housing property acquisition loans	Short-term loans are available to non-profit and for-profit developers who acquire property for mixed-income housing projects.
8		Construction mitigation		A loan for businesses in an area being adversely impacted by road or transit construction.
9		Real Estate and New Construction Loan		Financing available to purchase land and/or construct a new building, or tenant improvements up to \$100,000 loan.
10		Building renovation loan		Funds available for a business to improve and renovate a current building. Might coincide with RDA financing options.
11		Store front micro loan		Retail presentation, signage, store front enhancements
12	Business startup loans	Getting into business loan		Loans for the creation of a new business. Funds can be used for working capital, construction, marketing, machinery and equipment, landscape and property improvements.
13		UMLF		
15	Business expansion loans	Grow your business loan		Loan for the expansion and growth of existing businesses. Funds r
16		Existing business loan		Existing business loan program for businesses in need of more than \$100,000. Funds may be used for working capital, construction for business expansion, marketing, machinery and equipment, landscape and property improvements. Funds can be used for refinancing debt as a part of business expansion.
17		Business opportunity fund		Incentives for larger businesses considering a relocation to or exp
18		Small business microloan		A loan for businesses in need of a small amount of cash to be used for stabilizing cash flow, marketing, reduction of business debt, etc.
19		Business relocation assistance loan		Funds available for established businesses to move to a new location within the city or those from outside of the city who are locating within the city.
21	Reimbursement		TIF, RDA	The Redevelopment Agency will reimburse property owners or developers for open-air and public space improvements.
	As of now, if a business looks to the City for financing options, must:			
	1. talk to two different departments			
	2. look at separate websites, loan, programs, etc.			
	3. eventually apply with unrelated separate entities for funding			
	4. choose between one of 21 programs			



ED-LF Reconfiguration

For questions or comments contact SLC Economic Development
801-535-7273

Exhibit 3

HAND Housing Loan Programs

OUR MISSION:

To develop and enhance livable, healthy, sustainable neighborhoods.

WHAT WE DO:

We build neighborhoods by maximizing city-owned property, providing funding, and creating housing opportunities.

As the administrator of these housing programs, Housing & Neighborhood Development (HAND) has worked to create and sustain programs that meet the needs of the residents and balances the challenge of current and future housing markets and environments. There are two major categories; **Rehabilitation Loan Programs and Homebuyer Loans Programs**. The following pages document these two programs, the different options available under the programs, and the potential residents that are targeted to use these funds. In addition, this document will also cover Housing Trust Fund loans for which the loan process and ongoing monitoring is currently managed by HAND.

Over the last five years the city's Housing Programs (Rehabilitation & Homebuyer Loan Programs) have had the following impact:

- 31 households have purchased a home via the Homebuyer Loan Program
- 380 housing rehabilitation loans have been completed through the Rehabilitation Loan Program, improving a total of 565 units
- 150 households have utilized the Handyman Grant Program
- 12 households have accessed the Node Grant Program

Over the five-year period, these efforts have been accomplished using an investment of \$12,428,880. In addition to these programs, HAND staff provide technical assistance to any homeowner/investor that is interested in completing a housing rehabilitation project – but does not meet the income or rental guidelines set forth in the policies. This valuable service enables homeowners/investors that are nervous about undertaking a construction project, to do so with the oversight and guidance of qualified HAND staff. The city may not add any direct financial resources to this effort, however, this additional oversight assists a growing number of residents each year, thereby continuing to preserve our housing stock.

The following attachments are overviews of each of these programs.

- 3. HAND LOAN OVERVIEW OF HOUSING PROGRAMS**
 - a. Housing Overview of Individual Programs**

Salt Lake City Housing Program Overview

As the administrator of these housing programs, Housing & Neighborhood Development (HAND) has worked to create and sustain programs that meet the needs of the residents and balances the challenge of current and future housing markets and environments. There are two major categories; **Rehabilitation Loan Programs** and **Homebuyer Loans Programs**. The following pages document these two programs, the different options available under the programs, and the potential residents that are targeted to use these funds. In addition, this document will also cover Housing Trust Fund loans for which the loan process and ongoing monitoring is currently managed by HAND.

Rehabilitation Loan Programs

Per City Ordinance 2.61 *Housing & Neighborhood Development*, HAND's purpose of preserving the existing housing stock; provide decent, safe, and affordable housing for owners of existing houses; and provide ownership opportunities for homebuyers. We know this program existed as early as the 1970's and possibly the 1960's. It was initially organized as part of the RDA and later transferred to what was, at that time, Community and Economic Development. Policies and Procedures have been developed and revised over the years following the best practices identified by US Department of Housing & Urban Development (HUD) for rehabilitation programs. This is due to the wide use of federal funding and subsequent program income utilized in these programs.

City policy 1.01.03 *Delegation of Contract Signature Authority*, indicates that the Director of Housing & Neighborhood Development may sign all legal documents in relation to the city's housing programs. Due to the timing requirements of each transaction, and the relatively low dollar amounts, this process has worked exceptionally well for many years.

The following describes the four types of rehabilitation efforts that are administered by HAND:

1. Investor-Owned:

- 5% interest rate
- 20 year term
- Code issues, capital improvements
- No stated maximum
- Must follow fair market rents
- Housing Authorities & non profit partners may have more flexible terms

Designed to address issues specific to an aging housing stock of multi-family or investor owned properties, the "Investor-Owned" program can stabilize a property and ensure long term affordability for the tenants.

HAND staff will identify and prioritize addressing any code deficiencies. In addition to code deficiencies, owners may opt to also include general property improvements. All projects will include documentation requirements concerning ongoing long term affordability of the units.

Investor loans are documented using a Promissory Note (Exhibit 1) and a Trust Deed (Exhibit 2).

Underwriting of investor owned loans conforms to the requirements of the Policies and Procedures. Two key elements of the underwriting requirements are:

- Net operating income must be at least 110% of Total Debt Service (Exhibit 3)
- At least 51% of the project units must be rented at or below HUD fair market rent levels. This requirement is memorialized in the Affordable Housing Project Agreement (Exhibit 4)

2. Owner-Occupied:

- Flexible terms based upon homeowner's financial situation and scope of the project
 - Fixed payment, 20 year term, 3% interest
 - Minimum fixed payment of principal, 0% interest
 - Deferred payment, 0% interest
- Life safety & code issues are prioritized
- No luxury improvements (i.e. swimming pools, solar panels, etc)
- Energy efficient mechanical systems, windows, and doors are used with each project that rehabilitates these systems

Three basic sets of terms are available, depending upon the applicant's financial situation:

- a. Fixed payment for a twenty-year term at 3% interest.
- b. Minimum (MPL) fixed payment of principal, 0% interest. Amount of payment is determined by the applicant's household income. The lower the household income, the lower the loan payment. \$5.00 is added to each payment to offset the cost of loan servicing/payment processing.
- c. Deferred (DPL) Payment loan, 0% interest. Payment can be deferred for one, three or five years. In particularly difficult circumstances, payment may be deferred until the applicant no longer resides in the house. Short-term deferred loans (1-5 year terms) require that income and debt structure be reviewed at the end of the term. A determination is made by the loan admin or/and loan committee at that time to require monthly payments or to extend the deferral period.

All Owner-occupied loans are documented using a Promissory Note and a Trust Deed (Exhibits 5-10). Documentation for both Investor-owned and Owner-occupied projects includes a Rehabilitation Contract (Exhibit 11). The City is not a responsible legal entity to the Rehabilitation Contract. The City acts as an interested party and manages the project in accordance with the terms of the Rehabilitation Contract. This helps ensure that the work is completed to the owners' expectations prior to payment being released to the contractors.

Underwriting of Owner-occupied loans conforms to the requirements of the HAND's Policies and Procedures. Highlights include:

- The Division establishes a maximum loan amount, currently set at \$40,000.00. However, the Loan Committee may exceed the requirements of the Policies and Procedures if the Committee determines that a larger project is required to meet the City Ordinance mandate to help preserve the City's housing stock.
- A review of an applicant's financial situation, including income and credit verification is required on all projects.
- Projects must include code issues. If all code issues are addressed and room under the cap remains, then general property improvements may be included.
- Generally, the Policies and Procedures allow the Division to extend an interest-bearing loan requiring a monthly payment if the applicant's total debt-to-income ratio will not exceed 45% of gross household income. If the debt ratio exceeds 45%, then either an MPL or DPL will be used.
- Households with incomes below 40% of median income will automatically qualify for a MPL or DPL loan.
- Loan-to-value must not exceed 95%.

To comply with the City Ordinance to help maintain the housing stock of the City, the Loan Committee may decide to exceed or waive the requirements of the Policy and Procedure guide. We recognize that HAND is a lender of last resort. The clients we serve are unable to obtain traditional financing for a variety of potential reasons. Regardless of the homeowner's documented ability to repay, HAND staff will always look to see if it is possible to address the life, safety, health, and code issues as it is a priority to address the threats to household members or the community.

3. NODE Grant Program:

In 2017 the Council approved \$300,000 in CDBG funding to be used as grants to owner-occupants in the 900 West Node area. The maximum grant per owner-occupied household is \$25,000. These grants were awarded to low and moderate-income homeowners to improve the 900 West node area. Grants are awarded/documented as a loan with an interest rate of zero percent. Twenty percent of the loan is forgiven for each year that the occupant continues to reside in the house. After five years, the loan is

totally forgiven. Twelve projects have either been completed or are in development under this program. Documentation on these loans includes a Promissory Note (Exhibit 12) and a Trust Deed (Exhibit 13).

4. Handyman Program:

The Council approved CDBG funding of \$40,000 in 16-17 and \$60,000 in 17-18 to be used as grants to seniors and persons with disabilities who are also low and moderate income. The grants are used to correct small maintenance items such as cleaning gutters, re-glazing windows or replacing weather stripping. Eligible households could receive up to \$500 per year to address these maintenance items.

During the 20-21 CDBG grant application process, HAND has applied for additional funding to accommodate the growing demand for this program. In addition, the grant application for 20-21 provides for a maximum grant amount of \$1,000 per household per year. The increase from \$500.00 to \$1,000.00 was requested because in many instances the target population typically has more than one or two issues which needed correction. Increasing the amount of the grant will enable HAND to address more of these small repair items and prevent the issues from becoming larger, more expensive issues.

Because this is a grant program, there is no Promissory Note or Trust Deed. Verification of income that follows HUD's CDBG requirements is maintained in the project file.

Homebuyer Loan Programs

The Home Buyer Program was started in 1994 in response to a request from the local office of Housing and Urban Development (HUD). HUD had a glut of foreclosed houses in its inventory and approached in SLC with an offer to sell homes to the City for a first-time homebuyer program. The City would then be responsible for bringing the homes up to the City's existing housing code and to market them to low and moderate income first-time home buyers. In recent years, the definition of eligible buyers was expanded to include all low and moderate-income buyers.

As the City is no longer eligible to receive foreclosed HUD homes, the homebuyer program has expanded potential homeowners to buyers that were looking in the market for homes to purchase. As long as the home is located within the city limits and meets existing housing code, HAND is able to be the lender on the property.

The two options under Homebuyer Loan Programs are as follows: Welcome Home SLC program and the Community Land Trust (CLT) program. HAND has not found any specific documentation regarding how the homebuyer program was formed in 1994. The CLT program was approved by Council in 2017.

Underwriting for all homebuyer applications follows conservative mortgage lending practices and is subject to federal law requiring specific disclosures and timing of disclosures. If a foreclosure action is required, the process is handled in accordance with Utah State law. If an applicant meets established loan guidelines, the loan may be approved by the Loan Approval Officer (designated by the Director of HAND). If the applicant does not meet the established loan guidelines, it will be forwarded to the HAND Loan Committee for evaluation and consideration. These homebuyer loans are not forwarded to Council for approval.

1. *Welcome Home SLC:* this program is open to low and moderate income homebuyers. They may purchase a home owned by the City or they may find their own home within the city limits. The house must meet the City's existing housing code. Acquisition loans with terms of three percent interest for thirty years are provided to the qualifying purchaser. Documentation on these loans includes a Promissory Note (Exhibit 14), a Trust Deed (Exhibit 15) and a Restricted Use Agreement (Exhibit 16). The Restricted Use Agreement requires the home buyer to agree to an affordability period of fifteen years. It also reserves certain rights to the City during the affordability period.
2. *Community Land Trust:* The Community Land Trust was approved by the council and the first loan was closed in January of 2018. Buyers in this program purchase the property improvements and lease the land from the City for \$50 per month. The advantage to this program is that the land lease includes terms which maintain the affordability of the property for the life of the buyer and beyond. A challenge of the program is that each transaction must be subsidized (difference between the appraised value of the property and the value of the improvements only). Council has provided funds from Funding Our Future to invest in Land Trust transactions.

Documentation on these loans includes a Promissory Note (Exhibit 14), Trust Deed (Exhibit 15), a Land Lease (Exhibit 17) and a Special Warranty Deed (Exhibit 18).

All HAND loan programs require underwriting and compliance with written Policies and Procedures and with applicable HUD guidelines. Some highlights are:

1. The financial situation, including income and credit will be reviewed and meet guidelines in the Policies and Procedures.
2. A home buyer transaction must have a Housing Ratio not to exceed 30% of household income and a total debt-to-income ratio of 39%. In cases where the applicant has little or no consumer debt, the Loan Committee may approve a loan with a Housing ratio exceeding 30%. In addition, if the applicant meets the residual income requirements of the VA loan program, the Loan Committee may allow the total debt-to-income ration to be as high as 41%.
3. Applicants must provide at least \$1,000 from their own funds.

4. Property must meet the Existing Housing Code of the City.
5. Sales prices must not exceed the Federal HOME maximum sales price, set at \$332,500.00. (as of December 2019)

Loan Forgiveness and write-offs: HAND's policies require the staff to work with borrowers to recover as much of loaned funds as possible. There is no policy that allows staff to forgive a loan or any part of a loan unless a program which allows forgiveness is specifically approved by the Council. An example of a program that includes forgiveness is the Ninth West Node improvement program.

Procedures require staff to meet with borrowers to discuss the circumstances of delinquency and to take all prudent measures to preserve the City's investment in the property. These measures may include filing Notices of Default and even bidding on properties at foreclosure sales.

In rare cases, usually in times of general economic distress, the Loan Committee may decide to accept a less than full payoff on a loan in order to help a client avoid foreclosure. Current HAND Management can only recall one case in which a write-off such as this was approved.

Housing Trust Fund Loans

The City's Housing Trust Fund (HTF) provides lending for affordable and special needs housing. This lending mechanism is designed to serve the needs of the development community by providing flexible use of funds. The funds may be used for:

1. Acquisition of land and/or buildings
2. Rehabilitation
3. Gap/Bridge financing
4. Construction
5. Rental or ownership developments
6. Multi-family or single family residential properties

Under the HTF the loan terms vary, depending on the details of the request. The interest rate typically varies between one and three percent. Terms may be short or long-term.

For rental housing, units must be targeted for households earning no more than 60% of AMI and the tenant must not pay more than 30% of household income for rent.

For housing ownership, the household income of the buyer must not exceed 80% of AMI and the owner must not pay more than 30% of household income for typical housing

monthly expenses (principal, interest, insurance, taxes and any home owner association monthly fee).

All applications must be submitted to the Housing Trust Fund Advisory Board (HTFAB) for review. Applications recommended for approval by the HTFB must be submitted to and approved by the Council

Schedule of Exhibits

Exhibit 1:	Investor Owned Promissory Note
Exhibit 2:	Investor Trust Deed
Exhibit 3:	Investor Project Annual Operating Expense Statement
Exhibit 4:	Investor Affordable Housing Project Agreement
Exhibit 5:	Owner Occupied Fixed Rate Promissory Note
Exhibit 6:	Owner Occupied Fixed Rate Trust Deed
Exhibit 7:	Minimum Payment Promissory Note
Exhibit 8:	Minimum Payment Trust Deed
Exhibit 9:	Deferred Payment Promissory Note
Exhibit 10:	Deferred Payment Trust Deed
Exhibit 11:	Rehabilitation Contract
Exhibit 12:	Node Promissory Note
Exhibit 13:	Node Contract
Exhibit 14:	Home Buyer Promissory Note
Exhibit 15:	Home Buyer Trust Deed
Exhibit 16:	Home Buyer Restrictive Use Agreement
Exhibit 17:	CLT Land Lease
Exhibit 18:	CLT Special Warranty Deed

Exhibit 1

Promissory Note With Due On Sale Clause

Amount: \$
Application Number:
Lake City, Utah

Date:
Place: **Salt**

ss. Terms

For Value Received, the undersigned jointly and severally promises to pay to the order of the **Salt Lake City Corporation** (herein called the "CITY"), or its successor, the sum of , (\$), and to pay interest on the unpaid principal amount of this NOTE from the date hereof, at the rate of per centum () per annum, until paid. Both the principal and interest on this NOTE are payable on the **First Day** of each month in monthly installments, including both principal and interest, commencing with payment of \$, on , and of \$, on the first day of each month thereafter for the remaining months, commencing on , in lawful money of the **United States** at the principal office of the **Salt Lake City Corporation**, in Salt Lake City, Utah, or at such other place as shall be designated by the CITY.

The loan evidenced by the Note is being made pursuant to the Home Investment Partnerships Program and the regulations issued thereunder [(Title II, the Cranston-Gonzalez National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), 24 C.F.R. Part 92) (the "Home Program").]

ss. Right To Prepay Note

The undersigned reserves the right to prepay at any time all or any part of the principal amount of the NOTE without the payment of penalties or premiums. All prepayments on this NOTE shall be applied first to late fees and other charges, if any, then to the principal due on the Note. Prepayment as provided hereunder shall not excuse the undersigned from making all monthly installment payments when due until all outstanding principal, interest, late fees and other charges are paid in full. All monthly installment payments on this Note shall be applied first to the interest due on the NOTE, then to late fees and other charges, if any, and then to the principal due on the NOTE.

ss. Due On Sale, Assignment, Conveyance, Or Transfer Of Interest Clause, Etc.

It is understood and agreed by the undersigned that the loan or value which the undersigned received from the CITY, the receipt of which is hereby acknowledged, is a "LOW-INTEREST LOAN" made by a public agency for the purposes of rehabilitation of an existing residential structure as provided for in Section 57-15-6 Utah Code Annotated 1953, as amended.

The undersigned further covenants and agrees that:

- (1) In the event that the undersigned sells, conveys, disposes, or assigns any interest in the property used to secure this NOTE, or if undersigned shall make any inter vivos transfer of said property, or if the title thereof shall become vested in any other person or persons in any manner whatsoever, or if undersigned shall further encumber said property or any part thereof or any interest therein, or agrees to do any of the acts specified herein without the express written consent of the CITY being first obtained; or
- (2) In the event that the undersigned shall die, become insolvent, become bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors; or if any proceeding for enforcement of a judgement is commenced against the property of undersigned, or other person liable on this NOTE; or if a petition for any relief under any law relating to the relief of debtors or readjustment of indebtedness shall be filed by undersigned; or if a writ or order of attachment is issued against any of the property used to secure this title,

then it is understood and agreed by the undersigned that, notwithstanding any other provision of this NOTE or the accompanying security instrument used to secure this NOTE, the entire unpaid balance amount of this NOTE, together with accrued interest and late charges, shall become immediately due and payable on demand in one lump sum, at the option of the CITY, without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver of such default.

It is further understood and agreed by the undersigned that this NOTE shall commence to draw interest at the rate of eighteen (18%) percent per annum from the date of commencement of any act, event, or occurrence described above in PARAGRAPH 3, (1), or (2) which changes this NOTE from a low interest bearing NOTE to an interest bearing NOTE payable in one lump sum at any time upon demand of the CITY and shall bear interest at a rate of eighteen (18%) percent per annum from the date of such act, event or occurrence described above in PARAGRAPH 3, (1), OR (2).

Failure of the CITY to exercise such option shall not constitute a waiver of such default.

ss. Default Provisions

In the event the undersigned shall fail to pay the interest on or principal amount of this NOTE when due, and if such failure be subsisting on the date the next installment payment under this NOTE becomes due and payable, the unpaid principal amount of this NOTE, together with accrued interest, late fees and other charges, shall at once become due and payable, at the option of the CITY, without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver of such default

ss. Penalty For Late Payment

Any unpaid balance of the maturity of this NOTE shall bear interest at the rate stated above, whether before or after judgment. If the interest on, and principal of this NOTE are not paid during the first 15 days of the calendar month which includes the due date, the undersigned shall

pay to the CITY a late charge of four per centum (4%) per calendar month, or fraction thereof, on the amount past due and remaining unpaid.

6. Costs And Attorney Fees

If suit is instituted by the CITY to recover on this NOTE, the undersigned, jointly and severally, agrees to pay to the holder hereof, all costs of such collection including reasonable attorney's fees and court costs in addition to all other sums due hereunder.

7. Certification By Undersigned Borrower of True and Correct Information:

The undersigned certifies that all information in the Loan Application or furnished to the CITY in support thereof is true and correct and was given for the purpose of obtaining a loan of money from the CITY as evidenced by this NOTE. In the event that the CITY learns that any of the information in the Loan Application or furnished in support thereof is false or incorrect, the CITY shall have the right at its sole option, to declare the unpaid principal amount of this NOTE, together with accrued interest and late charges, due and payable without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver.

8. Security

This PROMISSORY NOTE is secured by a TRUST DEED/ASSIGNMENT OF CONTRACT, of even date, duly filed for record in the Office of the Recorder, Salt Lake County, Utah, and more fully described as follows, to-wit:

Also known as

9. Waiver Of Demand, Protest And Notice

The undersigned and all endorsers, sureties and guarantors hereby jointly and severally waive presentment for payment, demand, protest, and notice of demand and protest and of non-payment and of dishonor, and consent to the extension of time, waivers or modification without notice and further consent to the release of any security or any part thereof. The undersigned hereby waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise apply to the debt evidenced to this NOTE.

In Witness Whereof, this NOTE has been duly executed by the undersigned, as of the date first above written.

State Of Utah)
 ss.
County Of Salt Lake)

The foregoing instrument was acknowledged before me on this day of , by

_____ .

Exhibit 2

WHEN RECORDED, MAIL TO

Salt Lake City Corporation
Housing And Neighborhood Development
451 South State Street, Room 445
PO Box 145487
Salt Lake City, Utah 84114-5487

TRUST DEED

With Assignment of Rents

THIS TRUST DEED, made this day of between *** ***, as TRUSTOR, whose address is , **KIMBERLY K. CHYTRAUS**, Attorney-at-Law , as TRUSTEE,* and **Salt Lake City Corporation**, as BENEFICIARY, WITNESSETH: That Trustor CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in SALT LAKE County, State of Utah:

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits;

FOR THE PURPOSE OF SECURING (1) payment of the indebtedness evidenced by a promissory note of even date herewith, in the principal sum of \$_____, made by Trustor, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; and

(4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

*NOTE: Trustee must be a member of the Utah State Bar, a bank, building and loan association or savings and loan association authorized to do such business in Utah; a corporation authorized to do a trust business in Utah; or a title insurance or abstract company authorized to do such business in Utah.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

- ss. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general; and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees:
- (ss) To commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary, and
- (b) To allow Beneficiary to inspect said property at all times during construction.

Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

- ss. *To authorize the Beneficiary, at its sole option, to obtain insurance coverage to protect its interest in the property and to add the cost of the insurance premium and any premium finance charge to the loan account balance in the event that the insurance purchased by Trustor is canceled or terminated during the term of the loan. To further allow the Beneficiary to provide its insurer with the necessary information for verification of coverage. In the event insurance charges are added to the loan, the Trustor authorizes the Beneficiary to increase the amount of the loan and note and Trustor agrees to pay the amounts so added. The Trustor acknowledges that any insurance placed on the property by the Beneficiary is for the protection of the Beneficiary and is not intended to protect the Trustor's interest in the property. Any proceeds received from insurance coverage shall first be used to pay the indebtedness owed to the Beneficiary, and the balance, if any, shall be used to repair or restore the property.*
- ss. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.
- ss. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.
- ss. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments

and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of eighteen per cent (18%) per annum until paid, and the repayment thereof shall be secured hereby.

8. Not to sell, convey, dispose, assign, or make any inter vivos transfer of the premises or any part thereof or to vest the title thereto in any other person or persons in any manner whatsoever, or to encumber said property or any part thereof or any interest therein. In the event that the Trustor dies, becomes insolvent, bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors, or if any proceeding for enforcement of a judgment or writ or order of attachment against the property of the Trustor or petition of relief or readjustment of indebtedness filed by Trustor, such action shall constitute a default under the terms of this instrument and the Note it secures. In the event the Trustor defaults or undertakes any such act or agrees to undertake any act prohibited by this paragraph without written consent of the Beneficiary first obtained, such undertaking or agreement to undertake shall constitute a default under the terms of this instrument and the Note it secures, and the Beneficiary may cause the same to be foreclosed, and the premises sold, according to law and the provisions hereof.

IT IS MUTUALLY AGREED THAT:

9. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiary or Trustee may require.

10. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Trust Deed and the note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance

may be described as “the person or persons entitled thereto”, and the recitals therein of any matters or facts shall be conclusive proof of truthfulness thereof. Trustor agrees to pay reasonable Trustee’s fees for any of the services mentioned in this paragraph.

11. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor’s right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option.

12. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney’s fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

13. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

14. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

15. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

16. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale

from time to time until it shall be completed and, in every case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at 18% per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

17. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

18. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made in the manner provided by law.

19. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

20. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

21. This Trust Deed shall be construed according to the laws of the State of Utah.

22. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinbefore set forth.

Signature of Trustor

(If Trustor an Individual)

State of Utah

ss.

County Of SALT LAKE

The forgoing instrument was acknowledged before me on this day of , by .

Notary Public residing at Salt Lake City, Utah

Exhibit 3

PROJECTED ANNUAL OPERATING EXPENSE STATEMENT

Date: _____

Borrower's Name: _____ Co Applicant: _____

Home Address: _____

Telephone Number: _____ Work Number: _____

Property Address: _____

Year Purchased: _____

Purchase Price: \$ _____

Down Payment: _____

After	Current	Rent
	Rent	Rehab.
Number of Units: _____	_____	_____
\$ _____	_____	_____
\$ _____	_____	_____
\$ _____	_____	_____

\$ _____ 3 Bedroom \$ _____
\$ _____ 4 Bedroom \$ _____
\$ _____

Anticipated Annual Gross Income after Rehabilitation: \$ _____
Income from vending machines, laundry facilities: \$ _____
Other Income: \$ _____

Gross Income:
\$ _____
Vacancy Factor (15%):
\$(_____)
Effective Gross Income:
\$ _____

Annual Operating Expenses -
Property Taxes: \$ _____
Hazard and liability insurance: \$ _____
Property Management: \$ _____
Trash removal: \$ _____
Repairs and maintenance: \$ _____
Snow removal/gardening: \$ _____
Utilities: \$ _____
Other: _____ \$ _____
Other: _____ \$ _____
Other: _____ \$ _____

Total Operating Expenses:
\$(_____)
Net Operating Income:
\$ _____

Current Mortgage Holders:
First: _____
Monthly PI Payment \$ _____ X 12
\$(_____)
Current Outstanding Balance: \$ _____
Second: _____
Monthly PI Payment \$ _____ X 12
\$(_____)
Current Outstanding Balance: \$ _____

Cash flow available for rehabilitation:
\$ _____

Exhibit 4

AFFORDABLE HOUSING PROJECT AGREEMENT

This Agreement is made this _____ day of _____, 1998, by and between Salt Lake City Corporation, Housing and Neighborhood Development Division (the *Division*) and _____ (the *Owner*).

WITNESSETH:

Whereas, the *Division* has been designated by Salt Lake City Corporation as the *Division* responsible for conducting Rental Housing Rehabilitation under the Affordable Housing Program (the *Program*) Guidelines; and

Whereas, the *Owner* owns certain Real Property (the *Property*) and desires to undertake certain rehabilitation and construction work on the *Property* and has made application to the *Division* and has been awarded a loan to rehabilitate the *Property* under the terms and conditions of the program.

Now, therefore, in consideration of receiving a Program Loan (the *Loan*) to upgrade the *Owner's Real Property* the following agreement is made by and between the *Division* and the *Owner* covering the *Real Property* located at _____, Salt Lake City, Utah, and more particularly described as follows:

The *Owner* covenants as follows:

1. The *Property* will be used as a residential dwelling and shall not be converted by the *Owner* to a condominium or any other form of cooperative ownership or commercial use for a period of at least TEN (10) YEARS from the date that the rehabilitation work, which is paid for by the *Loan*, is complete.
2. The *Owner* shall not discriminate against prospective tenants.
3. The *Owner* shall have an affirmative marketing plan in the Housing Market area which is intended to provide information and attract eligible persons from all racial, ethnic, and gender groups to become tenants of housing units on the *Property*.
4. Whenever a unit becomes available for rent:
 - a) The *Owner* shall place an advertisement in the local newspaper of general circulation (i. e. Salt Lake Tribune or Deseret News) soliciting available tenants. This advertisement shall indicate that the *Owner* is an equal opportunity landlord.

- b) The *Owner* shall contact local religious or appropriate community organizations to attract renters from all racial, ethnic, or gender groups.
 - c) The *Owner* shall be willing to rent to any qualified tenant wishing to rent housing units on the *Property* who learns that the *Property* is available by or through the affirmative marketing plan.
5. The *Owner* shall keep records for a period of two (2) years on all affirmative marketing plan efforts. Documentation will include copies of newspaper advertisements, names and dates of contract with any local religious or appropriate community organizations, and other documentation on action taken. The *Owners* will make available to the *Division* all its affirmative action marketing plan and records upon request. The *Division* will as a minimum, meet with the *Owner* annually to obtain copies of their affirmative marketing plan to review records and to evaluate the *Owner's* compliance with this Agreement. The affirmative marketing plan will be in force for a period of five (5) years commencing from the date the rehabilitation work, which is paid for by the *Loan*, is completed.
 6. At least 51% of the units will be rented at no more than the current fair market rents; or limited to Market Rents as indicated by the Apartment Association of Utah, the Housing Authority of Salt Lake City, or other local agencies who keep rental information records.
 7. Rent increases on the 51% of the units subject to the fair market rent ceiling will be limited to the increase in the fair market rent as posted each year by the Division. Increases for utilities may only be passed on to the tenant if the utility in question is paid by the owner.
 8. Each unit that is subject to the fair market rent ceiling will be occupied by tenants at or below 80% of the medium income.

In the event that the *Owner* fails to follow or comply with any of the provisions of this Agreement, the Housing Development Services Division of Salt Lake City shall have the right to terminate the *Loan* and to call the principal of the Rehabilitation Loan, together with accrued interest, immediately due and payable.

OWNER/

OWNER/

DATE

POLICY AND PROGRAM MANAGER
TITLE

DATE

Subscribed and sworn to before me this ____ day of _____, 20____.

Notary Public

Residing in Salt Lake City

Exhibit 5
Promissory Note
With Due On Sale Clause

Amount: \$
Application Number:
Lake City, Utah

Date:
Place: **Salt**

1. Terms

For Value Received, the undersigned jointly and severally promises to pay to the order of the **Salt Lake City Corporation** (herein called the "CITY"), or its successor, the sum of , (\$), and to pay interest on the unpaid principal amount of this NOTE from the date hereof, at the rate of **THREE** per centum (**3.000%**) per annum, until paid. Both the principal and interest on this NOTE are payable on the **First Day** of each month in **360** monthly installments, including both principal and interest, commencing with payment of \$ on , and of \$, on the first day of each month thereafter for the remaining **359** months, commencing on in lawful money of the **United States** at the principal office of **Salt Lake City Corporation**, in Salt Lake City, Utah, or at such other place as shall be designated by the CITY.

2. Right To Prepay Note

The undersigned reserves the right to prepay at any time all or any part of the principal amount of the NOTE without the payment of penalties or premiums unless restricted by the First Time Homebuyer Agreement. All prepayments on this Note shall be applied first to late fees and any other charges, if any, then to the principal due on the Note. Prepayment as provided hereunder shall not excuse the undersigned from making all monthly installment payments when due until all outstanding principal, interest, late fees and other charges are paid in full. All payments on this NOTE shall be applied first to the interest due on the NOTE, then late fees and other charges, if any, and then to the principal due on the NOTE.

3. Due On Sale, Assignment, Conveyance, Rental, Or Transfer Of Interest Clause, Etc.

It is understood and agreed by the undersigned that the loan or value which the undersigned received from the CITY, the receipt of which is hereby acknowledged, is a "LOW-INTEREST LOAN" made by a public agency for the purposes of rehabilitation of an existing residential structure as provided for in Section 57-15-6 Utah Code Annotated 1953, as amended.

The undersigned further covenants and agrees that:

- (1) In the event that the undersigned sells, conveys, disposes, assigns, rents, or leases any interest in the property used to secure this NOTE, or if undersigned shall make any inter vivos transfer of said property, or if the title thereof shall become vested in any other person or persons in any manner whatsoever, or if undersigned ceases to occupy the property as his or her primary residence, or if undersigned shall further encumber said property or any part thereof or any interest therein, or agrees to do any of the acts specified herein without the express written consent of the CITY being first obtained;
or

- (2) In the event that the undersigned shall die, become insolvent, become bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors; or if any proceeding for enforcement of a judgement is commenced against the property of undersigned, or other person liable on this NOTE; or if a petition for any relief under any law relating to the relief of debtors or readjustment of indebtedness shall be filed by undersigned; or if a writ or order of attachment is issued against any of the property used to secure this title,

then it is understood and agreed by the undersigned that, notwithstanding any other provision of this NOTE or the accompanying security instrument used to secure this NOTE, the entire unpaid balance amount of this NOTE, together with accrued interest and late fees and other charges, shall become immediately due and payable on demand in one lump sum, at the option of the CITY, without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver of such default. It is further understood and agreed by the undersigned that this NOTE shall commence to draw interest at the rate of eighteen (18%) percent per annum from the date of commencement of any act, event, or occurrence described above in PARAGRAPH 3, (1), or (2) which changes this NOTE from a low interest bearing NOTE to an interest bearing NOTE payable in one lump sum at any time upon demand of the CITY and shall bear interest at a rate of eighteen (18%) percent per annum from the date of such act, event or occurrence described above in PARAGRAPH 3, (1), OR (2).

Failure of the CITY to exercise such option shall not constitute a waiver of such default.

4. Default Provisions

In the event the undersigned shall fail to pay the interest on or principal amount of this NOTE when due, and if such failure be subsisting on the date the next installment payment under this NOTE becomes due and payable, the unpaid principal amount of this NOTE, together with accrued interest and late fees and other charges, shall at once become due and payable, at the option of the CITY, without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver of such default.

5. Penalty For Late Payment

Any unpaid balance of the maturity of this NOTE shall bear interest at the rate stated above, whether before or after judgment. If the interest on, and principal of this NOTE are not paid during the first 15 days of the calendar month which includes the due date, the undersigned shall pay to the CITY a late charge of four per centum (4%) per calendar month, or fraction thereof, on the amount past due and remaining unpaid.

6. Costs And Attorney Fees

If suit is instituted by the CITY to recover on this NOTE, the undersigned, jointly and severally, agrees to pay to the holder hereof, all costs of such collection including reasonable attorney's fees and court costs in addition to all other sums due hereunder.

7. Certification By Undersigned Borrower of True and Correct Information:

The undersigned certifies that all information in the Loan Application or furnished to the CITY in support thereof is true and correct and was given for the purpose of obtaining a loan of money from the CITY as evidenced by this NOTE. In the event that the CITY learns that any of the

information in the Loan Application or furnished in support thereof is false or incorrect, the CITY shall have the right at its sole option, to declare the unpaid principal amount of this NOTE, together with accrued interest and late fees and other charges, due and payable without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver.

8. Security

This PROMISSORY NOTE is secured by a TRUST DEED/ASSIGNMENT OF CONTRACT, of even date, duly filed for record in the Office of the Recorder, Salt Lake County, Utah, and more fully described as follows, to-wit:

Also known as: .

Waiver Of Demand, Protest And Notice

The undersigned and all endorsers, sureties and guarantors hereby jointly and severally waive presentment for payment, demand, protest, and notice of demand and protest and of non-payment and of dishonor, and consent to the extension of time, waivers or modification without notice and further consent to the release of any security or any part thereof. The undersigned hereby waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise apply to the debt evidenced to this NOTE.

In Witness Whereof, this NOTE has been duly executed by the undersigned, as of the date first above written.

State Of Utah)
 ss.
County Of Salt Lake)

The foregoing instrument was acknowledged before me on this day of , by .

Notary Public, residing in Salt Lake City, Utah

Exhibit 6

WHEN RECORDED, MAIL TO

Salt Lake City Corporation
Housing And Neighborhood Development
451 South State Street, Room 445
PO Box 145487
Salt Lake City, Utah 84114-5487

TRUST DEED

With Assignment of Rents

THIS TRUST DEED, made this day of , between *** ***, as TRUSTOR, whose address is , **KIMBERLY K. CHYTRAUS**, Attorney-at-Law , as TRUSTEE,* and **Salt Lake City Corporation**, as BENEFICIARY, WITNESSETH: That Trustor CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in SALT LAKE County, State of Utah:

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits;

FOR THE PURPOSE OF SECURING (1) payment of the indebtedness evidenced by a promissory note of even date herewith, in the principal sum of \$_____, made by Trustor, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

*NOTE: Trustee must be a member of the Utah State Bar, a bank, building and loan association or savings and loan association authorized to do such business in Utah; a corporation authorized to do a trust business in Utah; or a title insurance or abstract company authorized to do such business in Utah.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general; and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees:

(a) To commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary, and

(b) To allow Beneficiary to inspect said property at all times during construction.

Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

2. To authorize the Beneficiary, at its sole option, to obtain insurance coverage to protect its interest in the property and to add the cost of the insurance premium and any premium finance charge to the loan account balance in the event that the insurance purchased by Trustor is canceled or terminated during the term of the loan. To further allow the Beneficiary to provide its insurer with the necessary information for verification of coverage. In the event insurance charges are added to the loan, the Trustor authorizes the Beneficiary to increase the amount of the loan and note and Trustor agrees to pay the amounts so added. The Trustor acknowledges that any insurance placed on the property by the Beneficiary is for the protection of the Beneficiary and is not intended to protect the Trustor's interest in the property. Any proceeds received from insurance coverage shall first be used to pay the indebtedness owed to the Beneficiary, and the balance, if any, shall be used to repair or restore the property.

3. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of eighteen per cent (18%) per annum until paid, and the repayment thereof shall be secured hereby.

8. Not to sell, convey, dispose, assign, rent, lease, or make any inter vivos transfer of the premises or any part thereof or to vest the title thereto in any other person or persons in any manner whatsoever, or to encumber said property or any part thereof or any interest therein. In the event that the Trustor dies, becomes insolvent, bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors, or if any proceeding for enforcement of a judgment or writ or order of attachment against the property of the Trustor or petition of relief or readjustment of indebtedness filed by Trustor, such action shall constitute a default under the terms of this instrument and the Note it secures. In the event the Trustor defaults or undertakes any such act or agrees to undertake any act prohibited by this paragraph without written consent of the Beneficiary first obtained, such undertaking or agreement to undertake shall constitute a default under the terms of this instrument and the Note it secures, and the Beneficiary may cause the same to be foreclosed, and the premises sold, according to law and the provisions hereof.

IT IS MUTUALLY AGREED THAT:

9. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiary or Trustee may require.

10. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Trust Deed and the note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance may be described as "the person or persons entitled thereto", and the recitals therein of any matters or facts shall be conclusive proof of truthfulness thereof. Trustor agrees to pay reasonable Trustee's fees for any of the services mentioned in this paragraph.

11. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option.

12. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

13. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

14. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

15. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

16. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at 18% per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

17. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

18. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made in the manner provided by law.

19. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

20. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

21. This Trust Deed shall be construed according to the laws of the State of Utah.

22. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinbefore set forth.

Signature of Trustor

(If Trustor an Individual)

State of Utah

ss.

County of Salt Lake

The forgoing instrument was acknowledged before me on this day of, , by.

Notary Public residing at Salt Lake City, Utah

Exhibit 7

Promissory Note With Due On Sale Clause

Amount: \$
Application Number:
Lake City, Utah

Date:
Place: **Salt**

1. Terms

For Value Received, the undersigned jointly and severally promises to pay to the order of the **Salt Lake City Corporation** (herein called the "CITY"), or its successor, the sum of , (\$), and to pay interest on the unpaid principal amount of this NOTE from the date hereof, at the rate of **THREE** per centum (**3.000%**) per annum, until paid. Both the principal and interest on this NOTE are payable on the **First Day** of each month in **360** monthly installments, including both principal and interest, commencing with payment of \$ on , and of \$, on the first day of each month thereafter for the remaining **359** months, commencing on in lawful money of the **United States** at the principal office of **Salt Lake City Corporation**, in Salt Lake City, Utah, or at such other place as shall be designated by the CITY.

2. Right To Prepay Note

The undersigned reserves the right to prepay at any time all or any part of the principal amount of the NOTE without the payment of penalties or premiums unless restricted by the First Time Homebuyer Agreement. All prepayments on this Note shall be applied first to late fees and any other charges, if any, then to the principal due on the Note. Prepayment as provided hereunder shall not excuse the undersigned from making all monthly installment payments when due until all outstanding principal, interest, late fees and other charges are paid in full. All payments on this NOTE shall be applied first to the interest due on the NOTE, then late fees and other charges, if any, and then to the principal due on the NOTE.

3. Due On Sale, Assignment, Conveyance, Rental, Or Transfer Of Interest Clause, Etc.

It is understood and agreed by the undersigned that the loan or value which the undersigned received from the CITY, the receipt of which is hereby acknowledged, is a "LOW-INTEREST LOAN" made by a public agency for the purposes of rehabilitation of an existing residential structure as provided for in Section 57-15-6 Utah Code Annotated 1953, as amended.

The undersigned further covenants and agrees that:

- (1) In the event that the undersigned sells, conveys, disposes, assigns, rents, or leases any interest in the property used to secure this NOTE, or if undersigned shall make any inter vivos transfer of said property, or if the title thereof shall become vested in any other person or persons in any manner whatsoever, or if undersigned ceases to occupy the property as his or her primary residence, or if undersigned shall further encumber said property or any part thereof or any interest therein, or agrees to do any of the acts specified herein without the express written consent of the CITY being first obtained;
or

- (2) In the event that the undersigned shall die, become insolvent, become bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors; or if any proceeding for enforcement of a judgement is commenced against the property of undersigned, or other person liable on this NOTE; or if a petition for any relief under any law relating to the relief of debtors or readjustment of indebtedness shall be filed by undersigned; or if a writ or order of attachment is issued against any of the property used to secure this title,

then it is understood and agreed by the undersigned that, notwithstanding any other provision of this NOTE or the accompanying security instrument used to secure this NOTE, the entire unpaid balance amount of this NOTE, together with accrued interest and late fees and other charges, shall become immediately due and payable on demand in one lump sum, at the option of the CITY, without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver of such default. It is further understood and agreed by the undersigned that this NOTE shall commence to draw interest at the rate of eighteen (18%) percent per annum from the date of commencement of any act, event, or occurrence described above in PARAGRAPH 3, (1), or (2) which changes this NOTE from a low interest bearing NOTE to an interest bearing NOTE payable in one lump sum at any time upon demand of the CITY and shall bear interest at a rate of eighteen (18%) percent per annum from the date of such act, event or occurrence described above in PARAGRAPH 3, (1), OR (2).

Failure of the CITY to exercise such option shall not constitute a waiver of such default.

4. Default Provisions

In the event the undersigned shall fail to pay the interest on or principal amount of this NOTE when due, and if such failure be subsisting on the date the next installment payment under this NOTE becomes due and payable, the unpaid principal amount of this NOTE, together with accrued interest and late fees and other charges, shall at once become due and payable, at the option of the CITY, without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver of such default.

5. Penalty For Late Payment

Any unpaid balance of the maturity of this NOTE shall bear interest at the rate stated above, whether before or after judgment. If the interest on, and principal of this NOTE are not paid during the first 15 days of the calendar month which includes the due date, the undersigned shall pay to the CITY a late charge of four per centum (4%) per calendar month, or fraction thereof, on the amount past due and remaining unpaid.

6. Costs And Attorney Fees

If suit is instituted by the CITY to recover on this NOTE, the undersigned, jointly and severally, agrees to pay to the holder hereof, all costs of such collection including reasonable attorney's fees and court costs in addition to all other sums due hereunder.

7. Certification By Undersigned Borrower of True and Correct Information:

The undersigned certifies that all information in the Loan Application or furnished to the CITY in support thereof is true and correct and was given for the purpose of obtaining a loan of money from the CITY as evidenced by this NOTE. In the event that the CITY learns that any of the

information in the Loan Application or furnished in support thereof is false or incorrect, the CITY shall have the right at its sole option, to declare the unpaid principal amount of this NOTE, together with accrued interest and late fees and other charges, due and payable without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver.

8. Security

This PROMISSORY NOTE is secured by a TRUST DEED/ASSIGNMENT OF CONTRACT, of even date, duly filed for record in the Office of the Recorder, Salt Lake County, Utah, and more fully described as follows, to-wit:

Also known as: .

Waiver Of Demand, Protest And Notice

The undersigned and all endorsers, sureties and guarantors hereby jointly and severally waive presentment for payment, demand, protest, and notice of demand and protest and of non-payment and of dishonor, and consent to the extension of time, waivers or modification without notice and further consent to the release of any security or any part thereof. The undersigned hereby waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise apply to the debt evidenced to this NOTE.

In Witness Whereof, this NOTE has been duly executed by the undersigned, as of the date first above written.

State Of Utah)
 ss.
County Of Salt Lake)

The foregoing instrument was acknowledged before me on this day of , by .

Notary Public, residing in Salt Lake City, Utah

Exhibit 8

WHEN RECORDED, MAIL TO

Salt Lake City Corporation
Housing And Neighborhood Development
451 South State Street, Room 445
PO Box 145487
Salt Lake City, Utah 84114-5487

TRUST DEED

With Assignment of Rents

THIS TRUST DEED, made this day of , between *** ***, as TRUSTOR, whose address is , **KIMBERLY K. CHYTRAUS**, Attorney-at-Law , as TRUSTEE,* and **Salt Lake City Corporation**, as BENEFICIARY, WITNESSETH: That Trustor CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in SALT LAKE County, State of Utah:

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits;

FOR THE PURPOSE OF SECURING (1) payment of the indebtedness evidenced by a promissory note of even date herewith, in the principal sum of \$ _____, made by Trustor, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

*NOTE: Trustee must be a member of the Utah State Bar, a bank, building and loan association or savings and loan association authorized to do such business in Utah; a corporation authorized to do a trust business in Utah; or a title insurance or abstract company authorized to do such business in Utah.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building

which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general; and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees:

(a) To commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary, and

(b) To allow Beneficiary to inspect said property at all times during construction.

Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

2. To authorize the Beneficiary, at its sole option, to obtain insurance coverage to protect its interest in the property and to add the cost of the insurance premium and any premium finance charge to the loan account balance in the event that the insurance purchased by Trustor is canceled or terminated during the term of the loan. To further allow the Beneficiary to provide its insurer with the necessary information for verification of coverage. In the event insurance charges are added to the loan, the Trustor authorizes the Beneficiary to increase the amount of the loan and note and Trustor agrees to pay the amounts so added. The Trustor acknowledges that any insurance placed on the property by the Beneficiary is for the protection of the Beneficiary and is not intended to protect the Trustor's interest in the property. Any proceeds received from insurance coverage shall first be used to pay the indebtedness owed to the Beneficiary, and the balance, if any, shall be used to repair or restore the property.

3. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of eighteen per cent (18%) per annum until paid, and the repayment thereof shall be secured hereby.

8. Not to sell, convey, dispose, assign, rent, lease, or make any inter vivos transfer of the premises or any part thereof or to vest the title thereto in any other person or persons in any manner whatsoever, or to encumber said property or any part thereof or any interest therein. In the event that the Trustor dies, becomes insolvent, bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors, or if any proceeding for enforcement of a judgment or writ or order of attachment against the property of the Trustor or petition of relief or readjustment of indebtedness filed by Trustor, such action shall constitute a default under the terms of this instrument and the Note it secures. In the event the Trustor defaults or undertakes any such act or agrees to undertake any act prohibited by this paragraph without written consent of the Beneficiary first obtained, such undertaking or agreement to undertake shall constitute a default under the terms of this instrument and the Note it secures, and the Beneficiary may cause the same to be foreclosed, and the premises sold, according to law and the provisions hereof.

IT IS MUTUALLY AGREED THAT:

9. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiary or Trustee may require.

10. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Trust Deed and the note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance may be described as "the person or persons entitled thereto", and the recitals therein of any matters or facts shall be conclusive proof of truthfulness thereof. Trustor agrees to pay reasonable Trustee's fees for any of the services mentioned in this paragraph.

11. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option.

12. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

13. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

14. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

15. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

16. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at 18% per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

17. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

18. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made in the manner provided by law.

19. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

20. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

21. This Trust Deed shall be construed according to the laws of the State of Utah.

22. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinbefore set forth.

Signature of Trustor

(If Trustor an Individual)

State of Utah

ss.

County of Salt Lake

The forgoing instrument was acknowledged before me on this day of, , by.

Notary Public residing at Salt Lake City, Utah

Exhibit 9

Promissory Note

With Special Acceleration Provisions,
Due On Sale, Transfer, Rental, Death Clauses

Amount:
Application Number:
Utah

Date:
Place: **Salt Lake City,**

Terms

1. For Value Received, the undersigned, (herein called BORROWER), jointly and severally promises to pay to the order of the **Salt Lake City Corporation**, or its successors or assigns, (herein called the CITY), the sum of **AND NO/100, (\$)**, without interest on the unpaid principal amount of this NOTE, from the date hereof until such time as the property becomes encumbered according to PARAGRAPH 3, whereupon the amount of the unpaid principal shall be immediately due and payable in lawful money of the United States of America.

Right To Prepay Note At Any Time

2. The undersigned BORROWER reserves the right to prepay at any time all or part of the principal amount of this NOTE without the payment of penalties or premiums. All payments on this NOTE shall be applied first to the interest due (if any) on the NOTE, then to late fees and other charges, if any, and then the principal due on the NOTE.

ACCELERATION PROVISIONS CHANGING THE NOTE FROM BEING A NON-INTEREST BEARING NOTE TO BEING AN INTEREST BEARING NOTE PAID IN ONE LUMP SUM ON DEMAND OF THE CITY AT A RATE OF 10% PER ANNUM, DUE TO SALE, TRANSFER, RENTAL, OR DEATH CLAUSE.

3. The undersigned covenants and agrees that in the event that:

- (a) The undersigned sells, conveys, disposes, assigns, rents, or leases any of the undersigned interest in the property used to secure this NOTE, or if undersigned shall make any inter vivos transfer of said property, or if the title thereto shall become vested in any other person or persons in any manner whatsoever, or if undersigned ceases to occupy said property as his or her primary residence, or if undersigned shall further encumber said property or any part thereof or any interest therein, or agrees to do any of the acts specified herein without the express written consent of the CITY being first obtained; or
- (b) In the event that the undersigned shall die, become insolvent, become bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors; or if any proceeding for enforcement of a judgment is commenced against any property of undersigned, or other person liable on this NOTE; if a petition for relief under any law relating to the relief of debtors or readjustment of indebtedness shall be filed by undersigned, or if a writ or order of attachment or garnishment is issued against any of the collateral of undersigned; or
- (c) In the event that the undersigned shall fail to pay the principal amount of this NOTE when due, and if such failure be existing on the date the property becomes encumbered and this NOTE become due and payable,

then it is understood and agreed by the undersigned that, notwithstanding any other provision of this NOTE or the accompanying Assignment of Contract or Trust Deed to secure this NOTE, the entire unpaid principal amount of this NOTE, together with accrued interest, shall become due

and payable on demand in one lump sum at the option of the CITY, without notice to the undersigned.

It is further understood and agreed by the undersigned that this NOTE shall commence to draw interest at the rate of ten (10%) percent per annum from the date of commencement of any act, event, or occurrence described above in PARAGRAPH 3, (1), (2), or (3) which shall cause this NOTE to become due and payable on demand, and this NOTE shall automatically change from being a non-interest bearing NOTE to an interest bearing NOTE payable in one lump sum at any time upon demand of the CITY and shall bear interest at a rate of ten (10%) percent per annum from the date of such act, event or occurrence described above in PARAGRAPH 3, (A), (B), OR (C).

Failure of the CITY to exercise such option shall not constitute a waiver of such default.

4. If this NOTE be reduced to judgment, such judgment shall bear the statutory interest rate on judgements. All payments on this NOTE shall be applied first to the interest due on the NOTE, then late and any other charges, and then to the principal due on the NOTE.

Waiver Of Demand, Protest And Notice

5. Demand, protest and notice of demand and protest are hereby waived, and the undersigned BORROWER hereby waives, to the extent authorized by law, and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this NOTE.

Costs And Attorney Fees

6. If suit is instituted by the CITY to recover on this NOTE, the undersigned BORROWER agrees to pay all costs of such collection including reasonable attorney's fees and court costs.

Non-Interest Loan By Public Agency

7. It is understood and agreed by the undersigned that the loan or value received which the BORROWER received from the CITY, the receipt of which is hereby acknowledged, is a "non-interest loan" made by a public agency for purposes of rehabilitation of an existing residential structure as provided for in Section 57-15-6 Utah Code Annotated 1953, as amended.

Certification By Undersigned Borrower of True and Correct Information:

8. The undersigned certifies that all information in the Loan Application or furnished to the CITY in support thereof is true and correct and was given for the purpose of obtaining a loan of money from the CITY as evidenced by this NOTE. In the event that the CITY learns that any of the information in the Loan Application or furnished in support thereof is false or incorrect, the CITY shall have the right, at its sole option, to declare the unpaid principal amount of this NOTE, together with accrued interest and late charges, due and payable without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver.

Security

9. This PROMISSORY NOTE is secured by an Assignment of Contract or Trust Deed of even date, duly filed for record in the Office of the Recorder of Salt Lake County, State of Utah, and more fully described as follows, to wit:

Also known as

The foregoing instrument was acknowledged before me on this day of , by .

City, Utah

Notary Public, residing in Salt Lake

Exhibit 10

WHEN RECORDED, MAIL TO

Salt Lake City Corporation
Housing And Neighborhood Development
451 South State Street, Room 445
PO Box 145487
Salt Lake City, Utah 84114-5487

TRUST DEED

With Assignment of Rents

THIS TRUST DEED, made this day of , between*** as TRUSTOR, whose address is SALT LAKE CITY UT, **KIMBERLY K. CHYTRAUS**, Attorney-at-Law , as TRUSTEE, * and **Salt Lake City Corporation**, as BENEFICIARY, WITNESSETH: That Trustor CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in SALT LAKE County, State of Utah:

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits;

FOR THE PURPOSE OF SECURING (1) payment of the indebtedness evidenced by a promissory note of even date herewith, in the principal sum of \$ _____, made by Trustor, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

*NOTE: Trustee must be a member of the Utah State Bar, a bank, building and loan association or savings and loan association authorized to do such business in Utah; a corporation authorized to do a trust business in Utah; or a title insurance or abstract company authorized to do such business in Utah.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations

herein not excluding the general; and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees:

(a) To commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary, and

(b) To allow Beneficiary to inspect said property at all times during construction.

Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

2. To authorize the Beneficiary, at its sole option, to obtain insurance coverage to protect its interest in the property and to add the cost of the insurance premium and any premium finance charge to the loan account balance in the event that the insurance purchased by Trustor is canceled or terminated during the term of the loan. To further allow the Beneficiary to provide its insurer with the necessary information for verification of coverage. In the event insurance charges are added to the loan, the Trustor authorizes the Beneficiary to increase the amount of the loan and note and Trustor agrees to pay the amounts so added. The Trustor acknowledges that any insurance placed on the property by the Beneficiary is for the protection of the Beneficiary and is not intended to protect the Trustor's interest in the property. Any proceeds received from insurance coverage shall first be used to pay the indebtedness owed to the Beneficiary, and the balance, if any, shall be used to repair or restore the property.

3. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of ten per cent (10%) per annum until paid, and the repayment thereof shall be secured hereby.

8. *Not to sell, convey, dispose, assign, rent, lease, or make any inter vivos transfer of the premises or any part thereof or to vest the title thereto in any other person or persons in any manner whatsoever, or to encumber said property or any part thereof or any interest therein. In the event that the Trustor dies, becomes insolvent, bankrupt, either voluntary or involuntary, or make a general assignment for the benefit of creditors, or if any proceeding for enforcement of a judgment or writ or order of attachment against the property of the Trustor or petition of relief or readjustment of indebtedness filed by Trustor, such action shall constitute a default under the terms of this instrument and the Note it secures. In the event the Trustor defaults or undertakes any such act or agrees to undertake any act prohibited by this paragraph without written consent of the Beneficiary first obtained, such undertaking or agreement to undertake shall constitute a default under the terms of this instrument and the Note it secures, and the Beneficiary may cause the same to be foreclosed, and the premises sold, according to law and the provisions hereof.*

IT IS MUTUALLY AGREED THAT:

9. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiary or Trustee may require.

10. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Trust Deed and the note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance may be described as "the person or persons entitled thereto", and the recitals therein of any matters or facts shall be conclusive proof of truthfulness thereof. Trustor agrees to pay reasonable Trustee's fees for any of the services mentioned in this paragraph.

11. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option.

12. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said rents, issues, and profits, including

those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

13. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

14. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

15. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

16. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at 18% per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

17. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

18. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of trustee named herein or of any successor

trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made in the manner provided by law.

19. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

20. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

21. This Trust Deed shall be construed according to the laws of the State of Utah.

22. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinbefore set forth.

Signature of Trustor

(If Trustor an Individual)

State of Utah

ss.

County of Salt Lake

The forgoing instrument was acknowledged before me on this day of , by .

Notary Public residing at Salt Lake City, Utah

Exhibit 11

REHABILITATION CONTRACT

THIS CONTRACT AGREEMENT (hereinafter referred to as the "*Contract*"), entered into this day of _____, by and between _____ (hereinafter referred to as the "*Contractor*"), having an office for business at _____, UTAH, and _____ (hereinafter referred to as the "*Owner*").

RECITALS

Whereas, the *Owner* desires to undertake certain construction and rehabilitation work on the *Owner's* Premises located in Salt Lake City, Utah (hereinafter referred to as "*Premises*") and described as follows: Also known as:

Whereas, the *Contractor* is a licensed independent contractor in the State of Utah and desires to contract with the *Owner* to undertake and perform construction and rehabilitation services on the *Premises* and the *Owner* is willing to pay the *Contractor* for labor and materials furnished; and

Whereas, the *Owner* and the *Contractor* have requested that the Housing and Neighborhood Development Division of Salt Lake City (hereinafter referred to as the "*Division*") assist the *Owner* and *Contractor* in the accomplishment of the construction and rehabilitation of the *Premises*, including the furnishing of labor and materials by the *Contractor* (all of which shall hereinafter be referred to as the "*Work*"); and

Whereas, the *Owner* and the *Contractor* acknowledge that the *Division* is not the agent of either party to this *Contract*, but has been asked to assist and facilitate both the *Owner* and the *Contractor* in accomplishing the *Work*.

NOW, THEREFORE, in consideration of the mutual agreements and promises, and promises made herein, of the respective undertaking of the parties, it is hereby agreed as follows:

1. General Conditions

A. Bid Submittal

The *Contractor's* BID AND PROPOSAL for the *Work*, a copy of which has been submitted to the *Owner* and the *Division*, Attention: _____ *Rehabilitation Specialist*, 451 South State Street, Room 425, P. O. Box 145487, Salt Lake City, Utah, 84114-5487, is attached hereto and incorporated herein by reference, not later than 9:00 A.M. on _____.

B. Acceptance

The *Owner* shall accept the BID AND PROPOSAL for the *Work* within thirty (30) calendar days from the date of its submittal. This *Contract* is conditional upon the issuance of an ORDER TO PROCEED by the *Owner*, and no *Work* shall be commenced by the *Contractor* on the *Premises* until the *Contractor* receives a written ORDER TO PROCEED.

C. Order to Proceed

The *Owner* shall issue a written ORDER TO PROCEED on the *Work* within sixty (60) calendar days from the date of submittal of the *Contractor's* BID AND PROPOSAL. If the ORDER TO PROCEED is not received by the *Contractor* within this time period, the *Contractor*, at its option, may withdraw its BID AND PROPOSAL.

D. Commencement of Work

The *Contractor* agrees to furnish all labor, materials, supervision and services necessary to complete the *Work* as hereinafter described located on the *Owner Premises* in accordance with this *Contract* and the CONTRACT DOCUMENTS as defined in paragraph 10 herein. The *Contractor* shall commence *Work* on the *Premises* within ten (10) calendar days of receipt of the ORDER TO PROCEED, providing that the *Contractor* has obtained the necessary building permits for the *Work*. Upon commencement of the *Work*, the *Contractor* shall continue to make usual, reasonable and customary progress towards the completion of the *Work* so that the *Work* may be completed within the time period specified in this *Contract*.

E. Completion

The *Contractor* shall satisfactorily complete all *Work* on the *Premises* within sixty (60) calendar days after the date of the issuance of the ORDER TO PROCEED, unless the time period specified in the *Contract* is extended as permitted by PARAGRAPH 1 (F).

F. Extensions

Time is of the essence. All dates and time periods stated in the *Contract* shall be strictly followed. If performance by *Contractor* is prevented or delayed as a direct result of riot, insurrection, fire, an act of God, labor disputes, prolonged transportation delays, injuries, or other causes beyond his control which justify a delay in the time periods stated in the *Contract*, the *Contractor* may request in writing an extension. One working day in the time period for completion on the *Work* may be allowed for each working day lost from such cause, provided, however, that the *Contractor*, within five (5) calendar days after the beginning of such delay, gives written notice to the *Owner* and the *Division* of such delay and the reason or reasons for the delay.

2. Access To Records

The *Owner* shall, at all reasonable times (including normal business hours), permit Salt Lake City Corporation, HUD, the Comptroller General of the United States, and their designees to have full and free access to his/her records with respect to the utilization of the Loan proceeds, and when applicable, to the income and expenses incurred through rental, and will permit Salt Lake City Corporation, HUD, the Comptroller General and their designees to audit, examine, and make copies, excerpts or transcripts from his/her records and to review, inspect, and make audits of all rehabilitation work financed in whole or in part by the Loan, and all records described above.

3. Payment(s)

The *Contractor* covenants and agrees to furnish all materials and perform all labor for the *Work* on the *Owner's Premises* described herein in accordance with the provisions of this *Contract*. The *Owner* covenants and agrees to pay to the *Contractor*, pursuant to the provisions of this *Contract*, the *Contract* price as shown in PARAGRAPH 11. The *Contract* price shall be paid in one lump amount after the *Work* is

satisfactorily completed, unless the *Contractor* requests progress payment(s) to be made as the *Work* progresses. Progress payments shall be limited to two payments. When progress payments are requested, the *Contractor* will submit to the *Division* a list of the *Work* for which payment is requested, the percentage of *Work* completed, and the dollar amount of the *Contract* price to be paid for the *Work* satisfactorily completed. (Progress payments shall not exceed 80% of the value of the *Work* satisfactorily completed, and, at least 40% of the total *Contract* amount must be completed before the first progress payment is requested.) Progress payments, as well as the final payment due the *Contractor*, shall be paid within twenty (20) calendar days after the *Division* receives the *Contractor's* request, a written release from the *Owner* that the *Work* for which payment is requested has been satisfactorily performed and completed, and all lien waivers or release of liens for the *Work* by *Contractor*, sub-contractors, laborers, and material suppliers have been submitted to the *Owner* with a copy to the *Division*.

Payments may be withheld if:

(1) In the opinion of the *Division* and/or the Salt Lake City Community Development Department, the *Contractor's Work* is found to be defective and is not timely remedied, or the *Work* is not progressing satisfactorily.

(2) The *Owner* does not find the *Work* performed to be satisfactory in accordance with the *Contract*.

4. **Termination of Contract**

A. **Termination by Owner**

The *Owner* shall have the following specific rights and remedies under this *Contract*:

(1) If, for any reason other than those specified in PARAGRAPH 1 (F), the *Contractor* at any time fails to supply sufficient skilled workers or satisfactory materials to complete the *Work* in a timely manner, neglects to prosecute the *Work* properly or to a timely completion, or having commenced the *Work*, neglects or abandons the *Work*, then the *Owner*, with the consent of the *Division*, may, in addition to other remedies granted herein, give written notice to the *Contractor* terminating the *Contract*.

(2) The following acts shall be a breach or default of the terms of this *Contract*: If the *Work* to be performed under the *Contract* is: (a) assigned by the *Contractor* without the expressed written consent of the *Owner*; or (b) if the *Contractor* should be adjudged bankrupt; or (c) if a general assignment of his assets be made for the benefit of his creditors; or (d) if a receiver should be appointed for the *Contractor* or any of his property; or (e) if at any time the *Division* shall certify in writing to the *Owner* that the performance of the *Work* under the *Contract* is, in the opinion of the *Division*, being unnecessarily delayed; or (f) if the *Contractor* is willfully violating any of the conditions, provisions, or covenants of the *Contract* or *Plans* or *Specifications*; or (g) if the *Contractor* is executing the *Work* in bad faith or otherwise not in accordance with the terms of the *Contract*; or (h) if the *Work* be not fully completed within the *Contract* time period or any extension of time made in accordance with the provisions of PARAGRAPH 1 (F); or (i) if the *Contractor* fails to obtain or maintain the required insurance coverage, then the *Owner* may give ten (10) calendar days written notice to the *Contractor* at its place of business to correct or remedy the breach or default. If the *Contractor* does not, within the time period set forth in such notice, correct the breach or default, the *Owner* may declare the *Contract* terminated effective on the day following the date specified in such notice.

In the event of termination, the *Contractor* shall immediately discontinue all *Work* under the *Contract*, shall cease to have any right to go on the *Owners Premises*, and shall forfeit all rights in the *Contract*. Upon such termination, the *Owner* may take possession of all such materials as may be on the *Owner's premises* and required or necessary for completion of the *Work*, and the *Owner* may take over the *Work* and prosecute the same to completion for the account and at the expense of the *Contractor*. The *Contractor* shall be liable to the *Owner* for any and all costs and expenses in excess of the *Contract* price or prices sustained by the *Owner* by reason of such prosecution and completion, including all administrative or legal costs and attorney fees in connection therewith.

B. Liquidated Damages

In the event of termination of this *Agreement* as a result of *Contractor's* breach or default, the *Contractor* shall be liable to the *Owner*, as agreed upon liquidated damages and not as a penalty, in the amount of \$250.00 for each and every calendar day that the *Contractor* fails to substantially complete the *Work* in accordance with the *Contract* provisions. The *Owner* shall give to the *Contractor*, with a copy to the *Division*, written notice that the *Owner* intends to invoke the provisions of liquidated damages if the *Work* is not substantially completed within ten (10) days from the date of receipt of the written notice. If the *Work* is not substantially completed within the ten (10) day notice period, the *Owner* shall have the right to deduct the amount of liquidated damages from any amount due or that may become due to the *Contractor* under the *Contract*. In the event that a dispute arises between the *Owner* and the *Contractor* relative to the amount of liquidated damages to be paid under this provision of this *Contract*, the *Division* will recommend both parties follow PARAGRAPH 7 for a resolution of the dispute.

C. Termination by Contractor

The *Contractor* shall have the following specific rights and remedies under this *Contract*

- (1) If the *Owner* breaches Paragraph 6.B. of this contract and said breach is not remedied within three business days, with the consent of the *Division*, the *Contractor* may, in addition to other remedies granted herein, give written notice to the *Owner* terminating the *Contract*.
- (2) If the *Owner's* behavior, as evidenced by either language or actions, is offensive, demeaning, or threatening to the *Contractor*, his employees or sub-contractors, with the consent of the *Division*, the *Contractor* may, in addition to other remedies granted herein, give written notice to the *Owner* terminating the *Contractor*.

5. Contractor's Obligations

The *Contractor* covenants and agrees as follows:

A. General Insurance Requirements For All Policies

(1) Any insurance coverage required herein that is written on a "claims made" form rather than on an "occurrence" form shall (i) provide full prior acts coverage or have a retroactive date effective before the date of this *Agreement*, and (ii) be maintained for a period of at least three (3) years following the end of the term of this *Agreement* or contain a comparable "extended discovery" clause. Evidence of current extended discovery coverage and the purchase options available upon policy termination shall be provided to the City.

(2) All policies of insurance shall be issued by insurance companies licensed to do business in the state of Utah and either:

- (a) Currently rated A- or better by A.M. Best Company;
- (a)(1) For construction contracts only, the insurer must also have an A.M. Best Company financial size category rating of not less than VII.

—OR—

(b) Listed in the United States Treasury Department's current *Listing of Approved Sureties (Department Circular 570)*, as amended.

(3) *Contractor* shall furnish certificates of insurance, acceptable to the City, verifying the foregoing matters concurrent with the execution hereof and thereafter as required.

(4) In the event any work is subcontracted, *Contractor* shall require its subcontractor, at no cost to the City, to secure and maintain all minimum insurance coverages required of *Contractor* hereunder.

(5) All required certificates and policies shall provide that coverage thereunder shall not be canceled or modified without providing 30 days prior written notice to the City in a manner approved by the City Attorney.

B. Required Insurance Policies

Contractor, at its own cost, shall secure and maintain during the term of this Agreement, including all renewal terms, and until the *Work* thereunder is completed, the following minimum insurance coverage:

(1) **Worker's compensation and employer's liability insurance** sufficient to cover all of *Contractor's* employees pursuant to applicable state law. This requirement includes those who are doing business as an individual and/or sole proprietor as well as corporations, and partnerships. In the event any work is subcontracted, *Contractor* shall require its subcontractor(s) similarly to provide worker's compensation insurance for all of the latter's employees, unless a waiver of coverage is allowed and acquired pursuant to Utah law. The certificate and policy shall provide that coverage thereunder shall not be canceled or reduced without at least thirty (30) days prior written notice to the City. The *Contractor* shall not perform the *Work* until such time as the insurance coverage set forth hereunder is provided in the form of an insurance certificate satisfactory to the City.

(2) **Commercial general liability ("CGL") insurance** with the City as an additional insured, in the minimum amount of \$1,000,000 per occurrence with a \$2,000,000 general aggregate and \$2,000,000 products and completed operations aggregate. These limits can be covered either under a CGL insurance policy alone, or a combination of a CGL insurance policy and umbrella policy and/or a CGL insurance policy and an excess insurance policy. The policy shall protect the City, *Contractor*, and any subcontractor from claims for damages for personal injury, including accidental death, and from claims for property damage that may arise from *Contractor's* operations under this Agreement, whether performed by *Contractor* itself, any subcontractor, or anyone directly or indirectly employed by either of them. Such insurance shall provide coverage for premises operations, acts of independent contractors, products and completed operations. The minimum limits and coverage of liability insurance shall not limit *Contractor's* indemnification obligations hereunder. The certificate and policy shall provide that coverage thereunder shall not be canceled or modified without at least thirty (30) days prior written notice to the City. The *Contractor* shall not perform the *Work* until such time as the insurance coverage set forth hereunder is provided in the form of an insurance certificate satisfactory to the City.

(3) **Commercial automobile liability insurance** that provides coverage for owned, hired, and non-owned automobiles, in the minimum amount of a combined single limit of \$500,000 per person/\$1,000,000 per accident/\$250,000 property damage, or a single combined limit of \$1,000,000. These limits can be reached either with a commercial automobile liability insurance alone, or with a combination of a commercial automobile liability insurance policy and an umbrella insurance policy and/or a commercial automobile liability insurance policy and an excess insurance policy. The certificate and policy shall provide that coverage thereunder shall not be canceled or modified without a least thirty (30) days written notice to the City.

(4) If any insurance coverage required herein is written on a "claims made" form rather than an "occurrence" form, the policy shall (i) provide prior acts coverage or have a retroactive date effective before the date of this *Contract*, and (ii) be maintained for a period of three (3) years following the end of the term of this *Contract* or contain a comparable "extended discovery" clause for "tail coverage."

(5) The *Contractor* and all subcontractors permitted by the *Contractor* to perform *Work* on the *Premises* shall obtain and pay for all permits, payment and performance Bond as may be required by the Division, and license necessary for the completion and execution of the *Work* and labor to be performed.

C. **Negligence**

The *Contractor* shall be liable to the *Owner* and shall assume full responsibility for acts, negligence, or omissions of all its officers, partners, joint ventures, agents, representatives and employees relating to the *Work* as well as the officers, partners, joint ventures, agents, representatives and employees of all subcontractors and all other persons connected with the *Work* or which *Contractor* permits to perform *Work* on the *Owner's Premises*.

D. **Codes**

The *Contractor* shall perform all *Work* in conformance with the *Uniform Housing Code* as it applies in *Salt Lake City*, and all applicable *Federal*, *State* and *Local* laws, regulations, executive orders, codes, ordinances and requirements, (hereinafter referred to collectively as "building requirements",) whether or not covered by the specifications and drawings for the *Work*. If CONTRACT DOCUMENTS are at variance with the above said building requirements, the *Contractor* shall notify the *Owner* and the *Division* in writing immediately upon the discovery of such variance.

E. **Regulations**

In addition to the building requirements applicable to the *Work* described in PARAGRAPH 4 (C) above, the *Contractor* covenants and agrees to abide by the following specific *Federal* or *State* regulations applicable to the *Work*:

- (1) Applicable to Rehabilitation Contracts Greater Than \$10,000.00: *Federal* and *State Regulations* pertaining to *Equal Employment* as set forth in the TERMS AND CONDITIONS SECTION 8 (A)(1-7) and EXECUTIVE ORDERS 11246, 11375 and 11625 and 41 CFR PART 60-4. (*Exhibit A Attached*)
- (2) Applicable to Rehabilitation Contracts Less than \$10,000.00: SECTION III of the HOUSING AND URBAN DEVELOPMENT ACT OF 1968 (12 USC 170u) as amended, and HUD regulations at 24 CFR PART 135. (*Exhibit B Attached*)
- (3) FEDERAL LABOR STANDARDS PROVISIONS as set forth in HUD FORM 4010.
- (4) Lead-base paint regulations 24 CFR PART 35.
- (5) SECTION 114 of the CLEAN AIR ACT as amended, (42 USC 1857 C-8) and SECTION 308 of the FEDERAL WATER POLLUTION CONTROL ACT, as amended, 33 USC 1318, relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in said SECTION 114 and SECTION 308 and all regulations and guidelines issued thereunder.
- (6) SECTION 103 and 107 of the CONTRACT WORK HOURS AND SAFETY STANDARDS ACT (40 USC 327-330), as supplemented by DEPARTMENT OF LABOR regulations 29 CFR PART 5.
- (7) All other applicable *Federal*, *State*, or *Local* building requirements applicable to the *Work* as may be enacted or amended from time to time.
- (8) In the event that the *Contractor* determines that the *Premises* contains asbestos, the *Contractor* shall use the services of a licensed, bonded asbestos abatement contractor any time that asbestos is disturbed by the *Work* being performed by *Contractor* pursuant to SECTION 112 of the CLEAN AIR ACT as amended 42 USC 1857; 40 CFR PART 61;

SECTION 26-24-14 and 26-24-20 UTAH CODE ANNOTATED 1953, as amended; and HEALTH REGULATION NO. 24(ASBESTOS) of the SALT LAKE VALLEY BOARD OF HEALTH, ADOPTED JUNE 5, 1986, as amended.

- (9) Contractor will comply with the requirements of Utah SB 81 and Title 8, Chapter 14 of the U.S. Code and will use the U.S. federal government's "e-Verify" system to meet the federal and Utah state immigration verification requirements for employees and sub-contractors.

E. Conditions of Work Premises

The *Contractor* shall keep the *Premises* clean, orderly and safe during the course of the *Work* and remove all debris from the *Premises* at the completion of the *Work*. Materials and equipment that have been removed and replaced as part of the *Work* shall belong to the *Contractor*, unless otherwise specified in the *Contract*.

F. Assignments

The *Contractor* shall not assign this *Contract* without the prior written consent of the *Owner* and the *Division*. Requests for assignment and subcontracting shall be submitted in writing to the *Owner*, with a copy furnished to the *Division*.

G. Third Party Contract Provisions

All contracts or other agreements between the *Contractor* and its subcontractors shall conform to the provisions of this CONTRACT and the CONTRACT DOCUMENTS. All subcontract agreements between the *Contractor* and its subcontractors shall incorporate the relevant provisions of this *Contract*, including, but not limited to the specific provisions of PARAGRAPH 1, (General Conditions) and PARAGRAPH 5, (*Contractors* Obligations).

H. Guarantees

The *Contractor* guarantees to *Owner* all *Work* against defects of material and workmanship for a period of one year, except all roofing *Work* which shall be guaranteed for a period of two years, from the date of the *Owner's* final acceptance of all *Work* required to be performed by this *Contract*, unless otherwise specified. If any *Work* is found to be defective during this guarantee time period, *Contractor* shall, without cost to the *Owner*, and in accordance with the *Owner's* written instructions, correct such defective *Work* at *Contractors* sole expense and in a timely manner. If *Contractor* does not promptly comply with terms of this *Contract* provision or the *Owner's* reasonable instructions as to when the defective *Work* is to be corrected, the *Owner* may have the defective *Work* corrected, and the *Contractor* agrees to pay for all direct and indirect costs of such correction.

I. Warranties

The *Contractor* warrants that all *Work* shall be done in good workmanlike manner in accordance with good trade practices and using materials as specified. The *Contractor* shall provide the *Owner*, in care of the *Division*, with the original copies of all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under this *Contract*.

J. Supervision

The *Contractor*, in its absence from the *Owner's Premises*, shall provide a competent person to be on the job to supervise the *Work* during progress of the *Work*.

K. Inspection and Audit

The *Contractor* shall, at the request of the *Owner* or the *Division*, or its designee, examine and inspect the rehabilitation *Work*, furnish copies of all documents relating to the *Work* and copies of all subcontracts for services, labor and materials pertaining to the *Work*, and to audit all contract documents. The *Contractor* acknowledges that it has made a physical on-site inspection of the *Owner's Premises* in the company of either the *Owner* and/or a representative of the *Division* before submitting its Bid for the *Work*.

L. Indemnification

The *Contractor* agrees to indemnify, hold harmless and defend the *Owner*, the *Salt Lake City Corporation*, and their officers, agents and employees from and against all claims, damages, losses, and expenses, including court costs and attorney's fees, arising out of or resulting from the performance of the *Work* herein, or caused in whole or in part by *Contractor's* negligent act or omission, or that of its subcontractor, his officers, agents or employees, including anyone employed by them or for whose acts a *Contractor* or subcontractor may be liable.

6. Owner's Obligations

A. Utilities

The *Owner* shall permit the *Contractor* to use, at no cost or expense to the *Contractor*, the existing utility services on the *Owner's Premises* such as heat, power and water as may be necessary to the carrying out and completion of the *Work*.

B. Cooperation and Non-Interference

The *Owner* shall cooperate with the *Contractor* to facilitate the performance of the *Work*. Neither the *Owner* nor any member of the *Owner's* family, or pets, or other person lawfully occupying the *Work Premises* will hinder the *Contractor* in the *Work*.

C. Change Orders

Neither the *Owner* nor the *Contractor* shall permit or make any change, addition or deletion to the plans or specifications for the *Work* without the written approval of the other party and the *Division*. All approved changes shall be described in writing on a CHANGE AUTHORIZATION FORM provided by the *Division* and signed by the *Owner* and *Contractor*. All such *Work* shall be performed under the conditions and provisions of the CONTRACT DOCUMENTS. If any change order authorization causes an increase or decrease in the *Contract* price, or an extension or shortening of the *Contract* time period, an equitable adjustment shall be made to this *Contract* in writing by mutual consent of the *Owner* and *Contractor* and approved in writing by the *Division*.

The *Contractor* may submit a *Change Order* for additional costs when property conditions that could not have reasonably been expected to exist are discovered. The *Division* shall have the sole responsibility of determining when such a *Change Order* is justified and *Owner* and *Contractor* agree to accept the *Division's* determination in these cases.

D. Occupancy During Construction

The *Owner's Premises* where the *Work* is to be performed shall be occupied by the *Owner* during the course of the *Work* unless otherwise specified herein. The *Owner* and the *Contractor*, to the extent reasonably possible, shall accommodate the needs of each other in having the *Work* performed while the *Premises* are occupied by the *Owner*.

7. **Resolution of Disputes, Alternative Remedies and Arbitration Agreement**

In the event that a dispute arises between the *Owner* and the *Contractor* relative to provisions of this *Contract* which is not resolved to their mutual satisfaction, the *Owner* and the *Contractor* agree to resolve the dispute in one of the three following alternatives, including non-binding and binding arbitration:

A. **Alternative No. 1 (Non-Binding Arbitration)**

Upon the written request of either the *Owner* or the *Contractor* to the other party, with a copy, mailed or hand delivered, to the *Division*, the parties shall request that the *Division* attempt to resolve the dispute by allowing each party to submit its final position in writing to the *Division* and the other party. The *Division* may, at its option, agree to consider the dispute and recommend to each party a non-binding settlement which the *Division* believes is fair and equitable. If the parties fail to mutually accept the settlement recommendation of the *Division*, in writing, or if the *Division* declines to attempt to resolve the dispute, either side shall immediately pursue binding arbitration described in *Alternative No. 2*.

B. **Alternative No. 2 (Binding Arbitration)**

Upon the written request of either the *Owner* or the *Contractor* to the other party, with a copy mailed or hand delivered to the *American Arbitration Association* or the *Better Business Bureau of Salt Lake City* (hereinafter "*AAA*" or "*BBB*") and the *Division*, the parties hereby agree to retain the services of the *AAA* or *BBB* pursuant to the provisions of this paragraph which shall be deemed to be a written agreement to arbitrate wherein the parties agree to submit a future controversy to arbitration as provided by SECTION 78-31A-3, UTAH CODE ANNOTATED 1953, as amended. If the *AAA* or *BBB* agrees to accept the dispute, the *AAA* or *BBB* shall arbitrate all outstanding and unresolved issues between the *Owner* and the *Contractor* arising out of this *Contract*. Each party shall submit in writing a statement describing the facts, the issues in dispute, any pending offers to settle the dispute, and a recommended proposal for settlement. The *AAA* or *BBB* shall consider the information submitted regarding the dispute and recommend to the *Owner* and *Contractor* a settlement which the *AAA* or *BBB* believes is fair and equitable. The recommended settlement shall be binding. If the *AAA* or *BBB* declines to arbitrate the dispute for any reason, either side may pursue its legal remedies under *Alternative No. 3* hereinafter described. In the event that the matter is referred to the *AAA* or *BBB*, each party agrees to pay a reasonable fee as determined by the *AAA* or *BBB* to cover the *AAA*'s or *BBB*'s customary cost of considering and arbitrating the dispute. The *AAA* or *BBB* may, at its sole discretion, return all or a portion of the *AAA*'s or *BBB*'s fee to the party which the *AAA* or *BBB* determines to be the prevailing party. The *AAA* or *BBB* may determine that both parties prevailed and split the fee in a manner which they determine in their sole discretion is equitable. In the event the *AAA* or *BBB* arbitrates the dispute and recommends a settlement, the *Division* may act on that settlement and disburse funds from the escrow account without the signatures of either the *Owner* or *Contractor*.

C. **Alternative No. 3 (Litigation)**

In the event that the *AAA* or *BBB* for any reason declines to arbitrate the dispute, or does not render a decision between the *Owner* and the *Contractor* relative to the provisions of this *Contract* which is not resolved pursuant to *Alternative No. 2*, either party may pursue its legal remedies by filing suit against the other party.

D. **Disposition of Funds in Escrow Account**

The *Owner* and *Contractor* agree that, in the event of litigation under *Alternative No. 3*, the funds remaining in the *Owner's* escrow account held by the *Division* shall remain in the escrow account until the parties either: (a) settle their dispute in writing, providing an executed original copy of said settlement to the *Division*; or (b) until a final judgment ordering the disposition of the funds is presented to the *Division* and the time for any appeal period has expired. The parties agree to indemnify, defend

and hold harmless the *Salt Lake City Corporation* from all claims or causes of action, including costs and attorney's fees, resulting from the *Salt Lake City Corporation's* assistance to the *Owner* and *Contractor* rendered pursuant to this *Contract*. In the event of litigation between the parties under *Alternative No. 3*, the *Owner* and the *Contractor* agree that the *Division* shall have the right, at its sole option, of tendering into court the balance remaining in the *Owner's* escrow account, together with a statement showing the disbursement of funds made to date from the *Owner's* escrow account and a copy of the *Owner's Note* or obligation on the rehabilitation loan. Upon receiving a court order giving instructions for disbursement, the parties agree that the *Division* shall disburse the funds from the *Owner's* escrow account to the party or parties named in the Order without the authorization of the *Owner*. Any funds remaining in the *Division* escrow account or with the court which are not needed to resolve the dispute or to complete the rehabilitation *Work* on the *Owner's* property shall be applied against the unpaid balance of the *Owner's Note* with the *Salt Lake City Corporation*.

8. **Conflict of Interest**

The *Owner* and *Contractor* covenant and agree that no officer, employee, or agent of the *Division*, or no members of its governing body who exercise any function or responsibilities with respect to the *Division's* rehabilitation program during his tenure or for one year thereafter, shall have any interest, direct or indirect, in this *Contract* or any subcontract hereunder or the proceeds thereof, or for the *Work* to be performed in connection with this *Contract*.

The *Owner* and *Contractor* represents that it has not; (1) provided an illegal gift or payoff to a City officer or employee or former City officer or employee, or his or her relative or business entity; (2) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (3) knowingly breached any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code; or (4) knowingly influenced, and hereby promises that it will not knowingly influence, a City officer or employee or former City officer or employee to breach any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code.

9. **Self-Help Items by Owner**

In the event the *Owner* desires and is permitted by the *Division* to undertake a portion of the rehabilitation through the *Division's* Self-Help Program, the rehabilitation items to be completed by the *Owner* shall be clearly identified in the DESCRIPTION OF WORK AND PROPOSAL AND BID. All rehabilitation items to be performed by the *Owner* shall be marked N.I.C. (meaning that the rehabilitation *Work* to be performed by the *Owner* is *Not In Contract*, or to be performed as *Work* under the *Contract*, but is to be undertaken, performed and completed solely by the *Owner*). The N.I.C. items are not part of the *Work* nor the responsibility of the *Contractor*. All items identified as N.I.C. shall be the sole responsibility of the *Owner* to complete, and the *Owner* covenants with the *Contractor* that the N.I.C. items shall be done at the time and in a manner so as to not interfere with or jeopardize the *Contractor's Work*. The *Contractor* and *Owner* shall make their own arrangements on the timing of N.I.C. items so that the *Owner* may complete the items without causing any interference in the *Work* to be done by the *Contractor*.

The *Owner* covenants and agrees to satisfactorily complete all N.I.C. items on or before 120 days from the date of the ORDER TO PROCEED. **The N.I.C items shall be completed by the *Owner* at a price not to exceed the sum of: \$ ZERO AND NO/100 DOLLARS (\$0.00).**

Upon completion of the N.I.C. items, the *Owner* shall notify the *Division* in writing of their completion.

10. **Contract Documents**

The *Contract* consists of the following documents, referred to as the CONTRACT DOCUMENTS, which are incorporated herein by reference:

- (1) COMMUNITY DEVELOPMENT REHABILITATION CONTRACT and EXHIBITS.
- (2) DESCRIPTION OF WORK, PROPOSAL AND BID, Pages 1 through .
- (3) Drawings, (if applicable), attached to the DESCRIPTION OF WORK, PROPOSAL AND BID.
- (4) GENERAL SPECIFICATIONS.
- (5) INSTRUCTIONS TO BIDDERS.
- (6) EQUAL OPPORTUNITY CLAUSE, attached as EXHIBIT A.
- (7) SECTION THREE CLAUSE, attached as EXHIBIT B.
- (8) SELF-HELP REHABILITATION AGREEMENT, if necessary.

11. **The Contract price is the sum of:**

_____ (\$).

The *Contract* price shall be paid as more fully described in PARAGRAPH 3.

Acceptance of Contractor

Acceptance by Owner

Contractor's Name

-

Signature of Contractor

Street Address

Street Address of Owner

Contractor's City, State and Zip Code

Applicant's City, State and Zip Code

Date of Proposal and Bid

Date of Acceptance

EXHIBIT: A: Equal Opportunity Clause

The following equal opportunity clause shall be applicable in contracts of \$10,000.00 and above:
During the performance of this *Contract*, the *Contractor* agrees as follows:

- (1) The *Contractor* will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. 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, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The *Contractor* agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
- (2) The *Contractor* will, in all solicitations or advertisements for employees placed by or on behalf of the *Contractor*, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (3) The *Contractor* will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice advising the labor union or workers' representative of the *Contractor's* commitments under SECTION 202 of EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The *Contractor* will comply with all provisions of EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and of the rules, regulations, and relevant orders of the *United States Secretary of Labor*.
- (5) The *Contractor* will furnish all information and reports required by EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and by the rules, regulations and orders of the *Secretary of Labor*, or pursuant thereto, and will permit access to its books, records, and accounts by the *United States Department of Labor* and the *Secretary of Labor* for the purposes of investigation to ascertain compliance with such rules, regulations and orders.
- (6) In the event of the *Contractor's* noncompliance with the nondiscrimination clauses of this *Contract* or with any of such rules, regulations, or orders, this *Contract* may be canceled, terminated or suspended in whole or in part and the *Contractor* may be declared ineligible for further Government contracts in accordance with procedures authorized in EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, or by rule, regulation, or order of the *Secretary of Labor*, or as otherwise provided by law.
- (7) The *Contractor* will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the *Secretary of Labor* issued pursuant to SECTION 204 of EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, so that each provision shall be binding upon each subcontractor or vendor. The *Contractor* will take such action with respect to any subcontract or purchase order at the *Department* may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event the *Contractor* becomes involved in or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the *Department*, the *Contractor* may request the *United States* to enter into such litigation to protect the interest of the *United States*.

EXHIBIT B: Section 3 Clause

The following Section 3 Clause shall be applicable:

- (1) The *Work* to be performed under this *Contract* is on a project assisted under a program providing direct Federal financial assistance from the *Department of Housing and Urban Development* and is subject to the requirements of SECTION 3 of the HOUSING AND URBAN DEVELOPMENT ACT OF 1968, as amended, 12 U.S.C. 170u. SECTION 2 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.
- (2) The parties to this *Contract* will comply with the provisions of said SECTION 3 and the regulations issued pursuant thereto by the *Secretary of Housing and Urban Development* set forth in 24 CFR, and all applicable rules and orders of the *Department* issued thereunder prior to the execution of this *Contract*. The parties to this *Contract* certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- (3) The *Contractor* will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of his commitments under this SECTION 3 CLAUSE and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- (4) The *Contractor* will include this SECTION 3 CLAUSE in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the *Secretary of Housing and Urban Development*, 24 CFR. The *Contractor* will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR, and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- (5) Compliance with the provisions of SECTION 3, the regulations set forth in 24 CFR, and all applicable rules and orders of the *Department* issued thereunder prior to the execution of the *Contract*, shall be a condition of the Federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors, and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal assistance is provided, and to such sanctions as are specified by 24 CFR 135

Exhibit 12

SALT LAKE CITY CORPORATION
PROMISSORY NOTE
PROPERTY IMPROVEMENT GRANT

AMOUNT: \$ _____

DATE: _____, 2018

PLACE: Salt Lake City, Utah

1. TERMS

FOR VALUE RECEIVED, the undersigned ("Borrower") jointly and severally promises to pay to the order of Salt Lake City Corporation (the "City"), or its successor, the sum of \$ _____.

(a) This Promissory Note (this "Note") evidences a loan made by the City to the Borrower (the "Loan"). The Borrower agrees that the proceeds of this Loan shall be used exclusively for improvements to the Borrower's real property located at _____ (the "Property").

(b) The Loan term (the "Term") shall be for 5 years, beginning on the date of this Note. Except as described below, upon expiration of the Term, Borrower shall pay to City the entire unpaid balance of the Loan, including all accrued interest, and any other amounts due City.

(c) During the Term, the Property shall be used as Borrower's primary residence. For each year Borrower has maintained the Property as its primary residence, City shall forgive repayment of 20% of the Loan amount, so that by the expiration of the Term the entire Loan amount shall be forgiven. If Borrower ceases to use the Property as Borrower's primary residence at any point during the Term, then the outstanding balance of the Loan shall become immediately due and payable. All payments shall be made promptly to the City at its address as City may designate in writing.

2. RIGHT TO PREPAY

The Borrower reserves the right to prepay at any time all or any part of the principal amount of the Note without the payment of penalties or premiums. All payments on this Note shall be applied first to late charges, if any, then to the principal due on the Note.

3. DEFAULT PROVISIONS

(a) Borrower covenants and agrees that, notwithstanding any other provision of this Note, the entire unpaid balance of this Note, shall become immediately due and payable on demand in one lump sum, at the option of the City upon written notice to Borrower to the Borrower if:

(i) Borrower sells, conveys, disposes, assigns, rents or leases any interest in the Property, or if Borrower shall make any intervivos transfer of said Property, or if the title thereof shall become vested in any other person or persons in any manner whatsoever, or if Borrower shall further encumber said property or any part thereof or any interest therein, or if the Borrower agrees to do any of the acts specified herein without the express written consent of the City being first obtained.

(b) Failure of the City to exercise any of the options described herein in the event of a default shall not constitute a waiver of such default.

4. PENALTY FOR LATE PAYMENT

Any unpaid balance of the maturity of this Note shall bear interest at the rate of twelve (12%) per annum, whether before or after judgment. If the principal and interest of this Note is not paid during the first 15 days of the calendar month which includes the due date, the Borrower shall pay to the City a late charge of five percent (5%) of the late amount per calendar month, or \$100.00 whichever is greater, as compensation for additional collection efforts.

5. COSTS AND ATTORNEY FEES

If suit is instituted by the City to recover on this Note, the Borrower agrees to pay to the holder hereof all costs of such collection including reasonable attorneys' fees and court costs in addition to all other sums due hereunder.

6. CERTIFICATION BY BORROWER OF TRUE AND CORRECT INFORMATION

The Borrower certifies that all information furnished to the City is true and correct and was given for the purpose of obtaining a loan of money from the City as evidenced by this Note. In the event the City learns that the information furnished to the City in support thereof is materially false or incorrect, the City shall have the right, at its sole option, to declare the unpaid principal amount of this Note, together with any accrued interest or late charges, due and payable without notice to the Borrower. Failure of the City to exercise such option shall not constitute a waiver.

7. SECURITY

This Promissory Note is secured by a Trust Deed, of even date herewith duly filed for record in the Office of the Recorder, Salt Lake County, Utah (the "Trust Deed"), on the Property, which property is more fully described as follows, to wit:

(See legal description of Exhibit "A" attached hereto.)

8. WAIVER OF DEMAND, PROTEST AND NOTICE

The Borrower and all endorsers, sureties and guarantors hereby jointly and severally waive presentment for payment, demand, protest, and notice of demand and protest and non-payment and of dishonor except to the extent specifically set forth herein, and consent to the extension of time, waivers or modification without notice and further consent to the release of any security or any part thereof. The Borrower hereby waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise apply to the debt evidenced to this Note.

IN WITNESS WHEREOF, this Note has been duly executed by the Borrower as of the date first above written.

Name: _____

Name: _____

STATE OF UTAH)
 :SS
COUNTY OF SALT LAKE)

The foregoing instrument was duly acknowledged before me this _____ day of _____, 2018, by _____.

NOTARY PUBLIC, residing in
Salt Lake County, Utah

STATE OF UTAH)
 :SS

COUNTY OF SALT LAKE)

The foregoing instrument was duly acknowledged before me this _____ day of
_____, 2018, by _____.

NOTARY PUBLIC, residing in
Salt Lake County, Utah

EXHIBIT "A"
Real Property Description

That certain real property located in Salt Lake County, State of Utah, and more particularly described as follows:

Parcel Id. No: _____

Also known as: _____

Exhibit 13

REHABILITATION CONTRACT

THIS CONTRACT AGREEMENT (hereinafter referred to as the "*Contract*"), entered into this day of _____, by and between _____ (hereinafter referred to as the "*Contractor*"), having an office for business at _____, UTAH, and _____ (hereinafter referred to as the "*Owner*"), and Salt Lake City Corporation (hereinafter referred to as the "*City*."

RECITALS

Whereas, the *Owner* desires to undertake certain construction and rehabilitation work on the *Owner's* Premises located in Salt Lake City, Utah (hereinafter referred to as "*Premises*") and described as follows: Also known as:

Whereas, the *Contractor* is a licensed independent contractor in the State of Utah and desires to contract with the *Owner* to undertake and perform construction and rehabilitation services on the *Premises* and the *Owner* is willing to pay the *Contractor* for labor and materials furnished using the *City's* funding provided by the special Ninth West Node Grant Program; and

Whereas, the *Owner* and the *Contractor* have requested that the Housing and Neighborhood Development Division of Salt Lake City (hereinafter referred to as the "*Division*") assist the *Owner* and *Contractor* in the accomplishment of the construction and rehabilitation of the *Premises*, including the furnishing of labor and materials by the *Contractor* (all of which shall hereinafter be referred to as the "*Work*"); and

Whereas, the *Owner* and the *Contractor* acknowledge that the *Division* is not the agent of either party to this *Contract*, but has been asked to assist and facilitate both the *Owner* and the *Contractor* in accomplishing the *Work* and to provide funding for the project.

NOW, THEREFORE, in consideration of the mutual agreements and promises, and promises made herein, of the respective undertaking of the parties, it is hereby agreed as follows:

1. General Conditions

A. Bid Submittal

The *Contractor's* BID AND PROPOSAL for the *Work*, a copy of which has been submitted to the *Owner* and the *Division*, Attention: _____ *Rehabilitation Specialist*, 451 South State Street, Room 425, P. O. Box 145487, Salt Lake City, Utah, 84114-5487, is attached hereto and incorporated herein by reference, not later than 9:00 A.M. on _____.

B. Acceptance

The *Owner* shall accept the BID AND PROPOSAL for the *Work* within thirty (30) calendar days from the date of its submittal. This *Contract* is conditional upon the issuance of an ORDER TO PROCEED by the *Owner*, and no *Work* shall be commenced by the *Contractor* on the *Premises* until the *Contractor* receives a written ORDER TO PROCEED.

C. Order to Proceed

The *Owner* shall issue a written ORDER TO PROCEED on the *Work* within sixty (60) calendar days from the date of submittal of the *Contractor's* BID AND PROPOSAL. If the ORDER TO PROCEED is not received by the *Contractor* within this time period, the *Contractor*, at its option, may withdraw its BID AND PROPOSAL.

D. Commencement of Work

The *Contractor* agrees to furnish all labor, materials, supervision and services necessary to complete the *Work* as hereinafter described located on the *Owner Premises* in accordance with this *Contract* and the CONTRACT DOCUMENTS as defined in paragraph 10 herein. The *Contractor* shall commence *Work* on the *Premises* within ten (10) calendar days of receipt of the ORDER TO PROCEED, providing that the *Contractor* has obtained the necessary building permits for the *Work*. Upon commencement of the *Work*, the *Contractor* shall continue to make usual, reasonable and customary progress towards the completion of the *Work* so that the *Work* may be completed within the time period specified in this *Contract*.

E. Completion

The *Contractor* shall satisfactorily complete all *Work* on the *Premises* within sixty (60) calendar days after the date of the issuance of the ORDER TO PROCEED, unless the time period specified in the *Contract* is extended as permitted by PARAGRAPH 1 (F).

F. Extensions

Time is of the essence. All dates and time periods stated in the *Contract* shall be strictly followed. If performance by *Contractor* is prevented or delayed as a direct result of riot, insurrection, fire, an act of God, labor disputes, prolonged transportation delays, injuries, or other causes beyond his control which justify a delay in the time periods stated in the *Contract*, the *Contractor* may request in writing an extension. One working day in the time period for completion on the *Work* may be allowed for each working day lost from such cause, provided, however, that the *Contractor*, within five (5) calendar days after the beginning of such delay, gives written notice to the *Owner* and the *Division* of such delay and the reason or reasons for the delay.

2. Access To Records

The *Owner* shall, at all reasonable times (including normal business hours), permit Salt Lake City Corporation, HUD, the Comptroller General of the United States, and their designees to have full and free access to his/her records with respect to the utilization of the Loan proceeds, and when applicable, to the income and expenses incurred through rental, and will permit Salt Lake City Corporation, HUD, the Comptroller General and their designees to audit, examine, and make copies, excerpts or transcripts from his/her records and to review, inspect, and make audits of all rehabilitation work financed in whole or in part by the Loan, and all records described above.

3. Payment(s)

The *Contractor* covenants and agrees to furnish all materials and perform all labor for the *Work* on the *Owner's Premises* described herein in accordance with the provisions of this *Contract*. The *Owner* covenants and agrees, in combination with the *City* to authorize payment to the *Contractor*, pursuant to the provisions of this *Contract*, the *Contract* price as shown in PARAGRAPH 11. The *Contract* price shall

be paid in one lump amount after the *Work* is satisfactorily completed, unless the *Contractor* requests progress payment(s) to be made as the *Work* progresses. Progress payments shall be limited to two payments. When progress payments are requested, the *Contractor* will submit to the *Division* a list of the *Work* for which payment is requested, the percentage of *Work* completed, and the dollar amount of the *Contract* price to be paid for the *Work* satisfactorily completed. (Progress payments shall not exceed 80% of the value of the *Work* satisfactorily completed, and, at least 40% of the total *Contract* amount must be completed before the first progress payment is requested.) Progress payments, as well as the final payment due the *Contractor*, shall be paid within twenty (20) calendar days after the *Division* receives the *Contractor's* request, a written release from the *Owner* that the *Work* for which payment is requested has been satisfactorily performed and completed, and all lien waivers or release of liens for the *Work* by *Contractor*, sub-contractors, laborers, and material suppliers have been submitted to the *Owner* with a copy to the *Division*.

Payments may be withheld if:

(1) In the opinion of the *Division* and/or the Salt Lake City Community and Neighborhoods Department, the *Contractor's Work* is found to be defective and is not timely remedied, or the *Work* is not progressing satisfactorily.

(2) The *Owner* or the *City* does not find the *Work* performed to be satisfactory in accordance with the *Contract*. In the event that the *Owner* and the *City* disagree on the satisfactory completion of the *Work*, the opinion of the *City* shall prevail.

4. **Termination of Contract**

A. **Termination by Owner**

The *Owner* and the *City* shall have the following specific rights and remedies under this *Contract*:

(1) If, for any reason other than those specified in PARAGRAPH 1 (F), the *Contractor* at any time fails to supply sufficient skilled workers or satisfactory materials to complete the *Work* in a timely manner, neglects to prosecute the *Work* properly or to a timely completion, or having commenced the *Work*, neglects or abandons the *Work*, then the *Owner* or the *City* may, in addition to other remedies granted herein, give written notice to the *Contractor* terminating the *Contract*.

(2) The following acts shall be a breach or default of the terms of this *Contract*: If the *Work* to be performed under the *Contract* is: (a) assigned by the *Contractor* without the expressed written consent of the *Owner*; or (b) if the *Contractor* should be adjudged bankrupt; or (c) if a general assignment of his assets be made for the benefit of his creditors; or (d) if a receiver should be appointed for the *Contractor* or any of his property; or (e) if at any time the *Division* shall certify in writing to the *Owner* that the performance of the *Work* under the *Contract* is, in the opinion of the *Division*, being unnecessarily delayed; or (f) if the *Contractor* is willfully violating any of the conditions, provisions, or covenants of the *Contract* or *Plans* or *Specifications*; or (g) if the *Contractor* is executing the *Work* in bad faith or otherwise not in accordance with the terms of the *Contract*; or (h) if the *Work* be not fully completed within the *Contract* time period or any extension of time made in accordance with the provisions of PARAGRAPH 1 (F); or (i) if the *Contractor* fails to obtain or maintain the required insurance coverage, then the *Owner* may give ten (10) calendar days written notice to the *Contractor* at its place of business to correct or remedy the breach or default. If the *Contractor* does not, within the time period set forth in such notice, correct the breach or default, the *Owner* or the *City* may declare the *Contract* terminated effective on the day following the date specified in such notice.

In the event of termination, the *Contractor* shall immediately discontinue all *Work* under the *Contract*, shall cease to have any right to go on the *Owners Premises*, and shall forfeit all rights in the *Contract*. Upon such termination, the *Owner* and/or the *City* may take possession of all such materials as may be on the *Owner's premises* and required or necessary for completion of the *Work*, and the *Owner* and/or the *City* may take over the *Work* and prosecute the same to completion for the account and at the expense of the *Contractor*. The *Contractor* shall be liable to the *City* for any and all costs and expenses

in excess of the *Contract* price or prices sustained by the *City* by reason of such prosecution and completion, including all administrative or legal costs and attorney fees in connection therewith.

B. Liquidated Damages

In the event of termination of this *Agreement* as a result of *Contractor's* breach or default, the *Contractor* shall be liable to the *Owner* and/or the *City*, as agreed upon liquidated damages and not as a penalty, in the amount of \$250.00 for each and every calendar day that the *Contractor* fails to substantially complete the *Work* in accordance with the *Contract* provisions. The *Owner* and/or the *City* shall give to the *Contractor*, with a copy to the *Division* if initiated by the *Owner*, written notice that the *Owner* and/or the *City* intends to invoke the provisions of liquidated damages if the *Work* is not substantially completed within ten (10) days from the date of receipt of the written notice. If the *Work* is not substantially completed within the ten (10) day notice period, the *Owner* and/or the *City* shall have the right to deduct the amount of liquidated damages from any amount due or that may become due to the *Contractor* under the *Contract*. In the event that a dispute arises between the *Owner* and/or the *City* and the *Contractor* relative to the amount of liquidated damages to be paid under this provision of this *Contract*, the *Division* will recommend both parties follow PARAGRAPH 7 for a resolution of the dispute.

C. Termination by Contractor

The *Contractor* shall have the following specific rights and remedies under this *Contract*

- (1) If the *Owner* breaches Paragraph 6.B. of this contract and said breach is not remedied within three business days, with the consent of the *Division*, the *Contractor* may, in addition to other remedies granted herein, give written notice to the *Owner* terminating the *Contract*.
- (2) If the *Owner's* behavior, as evidenced by either language or actions, is offensive, demeaning, or threatening to the *Contractor*, his employees or sub-contractors, with the consent of the *Division*, the *Contractor* may, in addition to other remedies granted herein, give written notice to the *Owner* terminating the *Contractor*.

5. Contractor's Obligations

The *Contractor* covenants and agrees as follows:

A. General Insurance Requirements For All Policies

(1) Any insurance coverage required herein that is written on a "claims made" form rather than on an "occurrence" form shall (i) provide full prior acts coverage or have a retroactive date effective before the date of this *Agreement*, and (ii) be maintained for a period of at least three (3) years following the end of the term of this *Agreement* or contain a comparable "extended discovery" clause. Evidence of current extended discovery coverage and the purchase options available upon policy termination shall be provided to the *City*.

(2) All policies of insurance shall be issued by insurance companies licensed to do business in the state of Utah and either:

- (a) Currently rated A- or better by A.M. Best Company;
- (a)(1) For construction contracts only, the insurer must also have an A.M. Best Company financial size category rating of not less than VII.

—OR—

(b) Listed in the United States Treasury Department's current *Listing of Approved Sureties (Department Circular 570)*, as amended.

(3) *Contractor* shall furnish certificates of insurance, acceptable to the City, verifying the foregoing matters concurrent with the execution hereof and thereafter as required.

(4) In the event any work is subcontracted, *Contractor* shall require its subcontractor, at no cost to the City, to secure and maintain all minimum insurance coverages required of *Contractor* hereunder.

(5) All required certificates and policies shall provide that coverage thereunder shall not be canceled or modified without providing 30 days prior written notice to the City in a manner approved by the City Attorney.

B. Required Insurance Policies

Contractor, at its own cost, shall secure and maintain during the term of this Agreement, including all renewal terms, and until the *Work* thereunder is completed, the following minimum insurance coverage:

(1) **Worker's compensation and employer's liability insurance** sufficient to cover all of *Contractor's* employees pursuant to applicable state law. This requirement includes those who are doing business as an individual and/or sole proprietor as well as corporations, and partnerships. In the event any work is subcontracted, *Contractor* shall require its subcontractor(s) similarly to provide worker's compensation insurance for all of the latter's employees, unless a waiver of coverage is allowed and acquired pursuant to Utah law. The certificate and policy shall provide that coverage thereunder shall not be canceled or reduced without at least thirty (30) days prior written notice to the City. The *Contractor* shall not perform the *Work* until such time as the insurance coverage set forth hereunder is provided in the form of an insurance certificate satisfactory to the City.

(2) **Commercial general liability ("CGL") insurance** with the City as an additional insured, in the minimum amount of \$1,000,000 per occurrence with a \$2,000,000 general aggregate and \$2,000,000 products and completed operations aggregate. These limits can be covered either under a CGL insurance policy alone, or a combination of a CGL insurance policy and umbrella policy and/or a CGL insurance policy and an excess insurance policy. The policy shall protect the City, *Contractor*, and any subcontractor from claims for damages for personal injury, including accidental death, and from claims for property damage that may arise from *Contractor's* operations under this Agreement, whether performed by *Contractor* itself, any subcontractor, or anyone directly or indirectly employed by either of them. Such insurance shall provide coverage for premises operations, acts of independent contractors, products and completed operations. The minimum limits and coverage of liability insurance shall not limit *Contractor's* indemnification obligations hereunder. The certificate and policy shall provide that coverage thereunder shall not be canceled or modified without at least thirty (30) days prior written notice to the City. The *Contractor* shall not perform the *Work* until such time as the insurance coverage set forth hereunder is provided in the form of an insurance certificate satisfactory to the City.

(3) **Commercial automobile liability insurance** that provides coverage for owned, hired, and non-owned automobiles, in the minimum amount of a combined single limit of \$500,000 per person/\$1,000,000 per accident/\$250,000 property damage, or a single combined limit of \$1,000,000. These limits can be reached either with a commercial automobile liability insurance alone, or with a combination of a commercial automobile liability insurance policy and an umbrella insurance policy and/or a commercial automobile liability insurance policy and an excess insurance policy. The certificate and policy shall provide that coverage thereunder shall not be canceled or modified without a least thirty (30) days written notice to the City.

(4) If any insurance coverage required herein is written on a "claims made" form rather than an "occurrence" form, the policy shall (i) provide prior acts coverage or have a retroactive date

effective before the date of this *Contract*, and (ii) be maintained for a period of three (3) years following the end of the term of this *Contract* or contain a comparable “extended discovery” clause for “tail coverage.”

(5) The *Contractor* and all subcontractors permitted by the *Contractor* to perform *Work* on the *Premises* shall obtain and pay for all permits, payment and performance Bond as may be required by the Division, and license necessary for the completion and execution of the *Work* and labor to be performed.

C. **Negligence**

The *Contractor* shall be liable to the *Owner* and shall assume full responsibility for acts, negligence, or omissions of all its officers, partners, joint ventures, agents, representatives and employees relating to the *Work* as well as the officers, partners, joint ventures, agents, representatives and employees of all subcontractors and all other persons connected with the *Work* or which *Contractor* permits to perform *Work* on the *Owner's Premises*.

D. **Codes**

The *Contractor* shall perform all *Work* in conformance with the *Uniform Housing Code* as it applies in *Salt Lake City*, and all applicable *Federal*, *State* and *Local* laws, regulations, executive orders, codes, ordinances and requirements, (hereinafter referred to collectively as "building requirements",) whether or not covered by the specifications and drawings for the *Work*. If CONTRACT DOCUMENTS are at variance with the above said building requirements, the *Contractor* shall notify the *Owner* and the *Division* in writing immediately upon the discovery of such variance.

E. **Regulations**

In addition to the building requirements applicable to the *Work* described in PARAGRAPH 4 (C) above, the *Contractor* covenants and agrees to abide by the following specific *Federal* or *State* regulations applicable to the *Work*:

- (1) Applicable to Rehabilitation Contracts Greater Than \$10,000.00: *Federal* and *State Regulations* pertaining to *Equal Employment* as set forth in the TERMS AND CONDITIONS SECTION 8 (A)(1-7) and EXECUTIVE ORDERS 11246, 11375 and 11625 and 41 CFR PART 60-4. (*Exhibit A Attached*)
- (2) Applicable to Rehabilitation Contracts Less than \$10,000.00: SECTION III of the HOUSING AND URBAN DEVELOPMENT ACT OF 1968 (12 USC 170u) as amended, and HUD regulations at 24 CFR PART 135. (*Exhibit B Attached*)
- (3) FEDERAL LABOR STANDARDS PROVISIONS as set forth in HUD FORM 4010.
- (4) Lead-base paint regulations 24 CFR PART 35.
- (5) SECTION 114 of the CLEAN AIR ACT as amended, (42 USC 1857 C-8) and SECTION 308 of the FEDERAL WATER POLLUTION CONTROL ACT, as amended, 33 USC 1318, relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in said SECTION 114 and SECTION 308 and all regulations and guidelines issued thereunder.
- (6) SECTION 103 and 107 of the CONTRACT WORK HOURS AND SAFETY STANDARDS ACT (40 USC 327-330), as supplemented by DEPARTMENT OF LABOR regulations 29 CFR PART 5.
- (7) All other applicable *Federal*, *State*, or *Local* building requirements applicable to the *Work* as may be enacted or amended from time to time.

- (8) In the event that the *Contractor* determines that the *Premises* contains asbestos, the *Contractor* shall use the services of a licensed, bonded asbestos abatement contractor any time that asbestos is disturbed by the *Work* being performed by *Contractor* pursuant to SECTION 112 of the CLEAN AIR ACT as amended 42 USC 1857; 40 CFR PART 61; SECTION 26-24-14 and 26-24-20 UTAH CODE ANNOTATED 1953, as amended; and HEALTH REGULATION NO. 24(ASBESTOS) of the SALT LAKE VALLEY BOARD OF HEALTH, ADOPTED JUNE 5, 1986, as amended.
- (9) Contractor will comply with the requirements of Utah SB 81 and Title 8, Chapter 14 of the U.S. Code and will use the U.S. federal government's "e-Verify" system to meet the federal and Utah state immigration verification requirements for employees and sub-contractors.

E. Conditions of Work Premises

The *Contractor* shall keep the *Premises* clean, orderly and safe during the course of the *Work* and remove all debris from the *Premises* at the completion of the *Work*. Materials and equipment that have been removed and replaced as part of the *Work* shall belong to the *Contractor*, unless otherwise specified in the *Contract*.

F. Assignments

The *Contractor* shall not assign this *Contract* without the prior written consent of the *Owner* and the *Division*. Requests for assignment and subcontracting shall be submitted in writing to the *Owner*, with a copy furnished to the *Division*.

G. Third Party Contract Provisions

All contracts or other agreements between the *Contractor* and its subcontractors shall conform to the provisions of this CONTRACT and the CONTRACT DOCUMENTS. All subcontract agreements between the *Contractor* and its subcontractors shall incorporate the relevant provisions of this *Contract*, including, but not limited to the specific provisions of PARAGRAPH 1, (General Conditions) and PARAGRAPH 5, (*Contractors* Obligations).

H. Guarantees

The *Contractor* guarantees to *Owner* and/or the *City* all *Work* against defects of material and workmanship for a period of one year, except all roofing *Work* which shall be guaranteed for a period of two years, from the date of the *Owner's* and/or the *City's* final acceptance of all *Work* required to be performed by this *Contract*, unless otherwise specified. If any *Work* is found to be defective during this guarantee time period, *Contractor* shall, without cost to the *Owner* and/or the *City*, and in accordance with the *Owner's* and/or the *City's* written instructions, correct such defective *Work* at *Contractors* sole expense and in a timely manner. If *Contractor* does not promptly comply with terms of this *Contract* provision or the *Owner's* reasonable instructions as to when the defective *Work* is to be corrected, the *Owner* and/or the *City* may have the defective *Work* corrected, and the *Contractor* agrees to pay for all direct and indirect costs of such correction.

I. Warranties

The *Contractor* warrants that all *Work* shall be done in good workmanlike manner in accordance with good trade practices and using materials as specified. The *Contractor* shall provide the *Owner*, in care of the *Division*, with the original copies of all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under this *Contract*.

J. Supervision

The *Contractor*, in its absence from the *Owner's Premises*, shall provide a competent person to be on the job to supervise the *Work* during progress of the *Work*.

K. Inspection and Audit

The *Contractor* shall, at the request of the *Owner* or the *Division*, or its designee, examine and inspect the rehabilitation *Work*, furnish copies of all documents relating to the *Work* and copies of all subcontracts for services, labor and materials pertaining to the *Work*, and to audit all contract documents. The *Contractor* acknowledges that it has made a physical on-site inspection of the *Owner's Premises* in the company of either the *Owner* and/or a representative of the *Division* before submitting its Bid for the *Work*.

L. Indemnification

The *Contractor* agrees to indemnify, hold harmless and defend the *Owner*, the *City*, and their officers, agents and employees from and against all claims, damages, losses, and expenses, including court costs and attorney's fees, arising out of or resulting from the performance of the *Work* herein, or caused in whole or in part by *Contractor's* negligent act or omission, or that of its subcontractor, his officers, agents or employees, including anyone employed by them or for whose acts a *Contractor* or subcontractor may be liable.

6. Owner's Obligations

A. Utilities

The *Owner* shall permit the *Contractor* to use, at no cost or expense to the *Contractor*, the existing utility services on the *Owner's Premises* such as heat, power and water as may be necessary to the carrying out and completion of the *Work*.

B. Cooperation and Non-Interference

The *Owner* shall cooperate with the *Contractor* to facilitate the performance of the *Work*. Neither the *Owner* nor any member of the *Owner's* family, or pets, or other person lawfully occupying the *Work Premises* will hinder the *Contractor* in the *Work*.

C. Change Orders

Neither the *Owner* nor the *Contractor* shall permit or make any change, addition or deletion to the plans or specifications for the *Work* without the written approval of the other party and the *City*. All approved changes shall be described in writing on a CHANGE AUTHORIZATION FORM provided by the *City* and signed by the *Owner* and *Contractor*. All such *Work* shall be performed under the conditions and provisions of the CONTRACT DOCUMENTS. If any change order authorization causes an increase or decrease in the *Contract* price, or an extension or shortening of the *Contract* time period, an equitable adjustment shall be made to this *Contract* in writing by mutual consent of the *Owner* and *Contractor* and approved in writing by the *City*.

The *Contractor* may submit a *Change Order* for additional costs when property conditions that could not have reasonably been expected to exist are discovered. The *City* shall have the sole responsibility of determining when such a *Change Order* is justified and *Owner* and *Contractor* agree to accept the *City's* determination in these cases.

D. Occupancy During Construction

The *Owner's Premises* where the *Work* is to be performed shall be occupied by the *Owner* during the course of the *Work* unless otherwise specified herein. The *Owner* and the *Contractor*, to the extent reasonably possible, shall accommodate the needs of each other in having the *Work* performed while the *Premises* are occupied by the *Owner*.

7. **Resolution of Disputes, Alternative Remedies and Arbitration Agreement**

In the event that a dispute arises between the *Owner* and the *Contractor* relative to provisions of this *Contract* which is not resolved to their mutual satisfaction, the *Owner* and the *Contractor* agree to resolve the dispute in one of the three following alternatives, including non-binding and binding arbitration:

A. **Alternative No. 1 (Non-Binding Arbitration)**

Upon the written request of either the *Owner* or the *Contractor* to the other party, with a copy, mailed or hand delivered, to the *Division*, the parties shall request that the *Division* attempt to resolve the dispute by allowing each party to submit its final position in writing to the *Division* and the other party. The *Division* may, at its option, agree to consider the dispute and recommend to each party a non-binding settlement which the *Division* believes is fair and equitable. If the parties fail to mutually accept the settlement recommendation of the *Division*, in writing, or if the *Division* declines to attempt to resolve the dispute, either side shall immediately pursue binding arbitration described in *Alternative No. 2*.

B. **Alternative No. 2 (Binding Arbitration)**

Upon the written request of either the *Owner* or the *Contractor* to the other party, with a copy mailed or hand delivered to the *American Arbitration Association* or the *Better Business Bureau of Salt Lake City* (hereinafter "*AAA*" or "*BBB*") and the *Division*, the parties hereby agree to retain the services of the *AAA* or *BBB* pursuant to the provisions of this paragraph which shall be deemed to be a written agreement to arbitrate wherein the parties agree to submit a future controversy to arbitration as provided by SECTION 78-31A-3, UTAH CODE ANNOTATED 1953, as amended. If the *AAA* or *BBB* agrees to accept the dispute, the *AAA* or *BBB* shall arbitrate all outstanding and unresolved issues between the *Owner* and the *Contractor* arising out of this *Contract*. Each party shall submit in writing a statement describing the facts, the issues in dispute, any pending offers to settle the dispute, and a recommended proposal for settlement. The *AAA* or *BBB* shall consider the information submitted regarding the dispute and recommend to the *Owner* and *Contractor* a settlement which the *AAA* or *BBB* believes is fair and equitable. The recommended settlement shall be binding. If the *AAA* or *BBB* declines to arbitrate the dispute for any reason, either side may pursue its legal remedies under *Alternative No. 3* hereinafter described. In the event that the matter is referred to the *AAA* or *BBB*, each party agrees to pay a reasonable fee as determined by the *AAA* or *BBB* to cover the *AAA's* or *BBB's* customary cost of considering and arbitrating the dispute. The *AAA* or *BBB* may, at its sole discretion, return all or a portion of the *AAA's* or *BBB's* fee to the party which the *AAA* or *BBB* determines to be the prevailing party. The *AAA* or *BBB* may determine that both parties prevailed and split the fee in a manner which they determine in their sole discretion is equitable. In the event the *AAA* or *BBB* arbitrates the dispute and recommends a settlement, the *Division* may act on that settlement and disburse funds from the escrow account without the signatures of either the *Owner* or *Contractor*.

C. **Alternative No. 3 (Litigation)**

In the event that the *AAA* or *BBB* for any reason declines to arbitrate the dispute, or does not render a decision between the *Owner* and the *Contractor* relative to the provisions of this *Contract* which is not resolved pursuant to *Alternative No. 2*, either party may pursue its legal remedies by filing suit against the other party.

D. **Disposition of Funds in Escrow Account**

The *Owner* and *Contractor* agree that, in the event of litigation under *Alternative No. 3*, the funds remaining in the *Owner's* escrow account held by the *Division* shall remain in the escrow account until the parties either: (a) settle their dispute in writing, providing an executed original copy of said settlement to the *Division*; or (b) until a final judgment ordering the disposition of the funds is presented to the *Division* and the time for any appeal period has expired. The parties agree to indemnify, defend and hold harmless the *Salt Lake City Corporation* from all claims or causes of action, including costs and attorney's fees, resulting from the *Salt Lake City Corporation's* assistance to the *Owner* and *Contractor* rendered pursuant to this *Contract* and the funding of this *Contract*. In the event of litigation between the parties under *Alternative No. 3*, the *Owner* and the *Contractor* agree that the *City* shall have the right, at its sole option, of tendering into court the balance remaining in the *Owner's* escrow account, together with a statement showing the disbursement of funds made to date from the *Owner's* escrow account and a copy of the *Owner's Note* or obligation on the rehabilitation loan. Upon receiving a court order giving instructions for disbursement, the parties agree that the *Division* shall disburse the funds from the *Owner's* escrow account to the party or parties named in the Order without the authorization of the *Owner*. Any funds remaining in the *Division* escrow account or with the court which are not needed to resolve the dispute or to complete the rehabilitation *Work* on the *Owner's* property shall be applied against the unpaid balance of the *Owner's Note* with the *Salt Lake City Corporation*. To the extent that the *City* provides the funding for the project, any references to the *Owner's* escrow account shall be interpreted to refer to the *City's* account and any funding not actually expended on the project will be credited against the balance of the grant outstanding for which the *Owner* could potentially be liable for repayment.

8. **Conflict of Interest**

The *Owner* and *Contractor* covenant and agree that no officer, employee, or agent of the *Division*, or no members of its governing body who exercise any function or responsibilities with respect to the *Division's* rehabilitation program during his tenure or for one year thereafter, shall have any interest, direct or indirect, in this *Contract* or any subcontract hereunder or the proceeds thereof, or for the *Work* to be performed in connection with this *Contract*.

The *Owner* and *Contractor* represents that it has not; (1) provided an illegal gift or payoff to a *City* officer or employee or former *City* officer or employee, or his or her relative or business entity; (2) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (3) knowingly breached any of the ethical standards set forth in the *City's* conflict of interest ordinance, Chapter 2.44, *Salt Lake City Code*; or (4) knowingly influenced, and hereby promises that it will not knowingly influence, a *City* officer or employee or former *City* officer or employee to breach any of the ethical standards set forth in the *City's* conflict of interest ordinance, Chapter 2.44, *Salt Lake City Code*.

9. **Self-Help Items by Owner**

In the event the *Owner* desires and is permitted by the *Division* to undertake a portion of the rehabilitation through the *Division's* Self-Help Program, the rehabilitation items to be completed by the *Owner* shall be clearly identified in the DESCRIPTION OF WORK AND PROPOSAL AND BID. All rehabilitation items to be performed by the *Owner* shall be marked N.I.C. (meaning that the rehabilitation *Work* to be performed by the *Owner* is *Not In Contract*, or to be performed as *Work* under the *Contract*, but is to be undertaken, performed and completed solely by the *Owner*). The N.I.C. items are not part of the *Work* nor the responsibility of the *Contractor*. All items identified as N.I.C. shall be the sole responsibility of the *Owner* to complete, and the *Owner* covenants with the *Contractor* that the N.I.C. items shall be done at the time and in a manner so as to not interfere with or jeopardize the *Contractor's*

Work. The *Contractor* and *Owner* shall make their own arrangements on the timing of N.I.C. items so that the *Owner* may complete the items without causing any interference in the *Work* to be done by the *Contractor*.

The *Owner* covenants and agrees to satisfactorily complete all N.I.C. items on or before 120 days from the date of the ORDER TO PROCEED. **The N.I.C items shall be completed by the *Owner* at a price not to exceed the sum of: \$ ZERO AND NO/100 DOLLARS (\$0.00).**

Upon completion of the N.I.C. items, the *Owner* shall notify the *Division* in writing of their completion.

10. **Contract Documents**

The *Contract* consists of the following documents, referred to as the CONTRACT DOCUMENTS, which are incorporated herein by reference:

- (1) COMMUNITY DEVELOPMENT REHABILITATION CONTRACT and EXHIBITS.
- (2) DESCRIPTION OF WORK, PROPOSAL AND BID, Pages 1 through .
- (3) Drawings, (if applicable), attached to the DESCRIPTION OF WORK, PROPOSAL AND BID.
- (4) GENERAL SPECIFICATIONS.
- (5) INSTRUCTIONS TO BIDDERS.
- (6) EQUAL OPPORTUNITY CLAUSE, attached as EXHIBIT A.
- (7) SECTION THREE CLAUSE, attached as EXHIBIT B.
- (8) SELF-HELP REHABILITATION AGREEMENT, if necessary.

11. **The Contract price is the sum of:**

_____ (\$).

The *Contract* price shall be paid as more fully described in PARAGRAPH 3.

Acceptance of Contractor

Acceptance by Owner

Contractor's Name

-

Signature of Contractor

Street Address

Street Address of Owner

Contractor's City, State and Zip Code

Applicant's City, State and Zip Code

Date of Proposal and Bid

Date of Acceptance

Acceptance by City

Salt Lake City Corporation

Lani Eggertsen-Goff, Director
Division of Housing and Neighborhood Development

451 S. State Street, Room 445
P. O. Box 145487
Salt Lake City, UT 84114-5487

STATE OF UTAH)
 :SS
COUNTY OF SALT LAKE)

The foregoing instrument was duly acknowledged before me this _____ day of _____, 2019, by _____.

NOTARY PUBLIC, residing in
Salt Lake County, Utah

EXHIBIT: A: Equal Opportunity Clause

The following equal opportunity clause shall be applicable in contracts of \$10,000.00 and above: During the performance of this Contract, the Contractor agrees as follows:

- (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. 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, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
- (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice advising the labor union or workers' representative of the Contractor's commitments under SECTION 202 of EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Contractor will comply with all provisions of EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and of the rules, regulations, and relevant orders of the *United States Secretary of Labor*.
- (5) The Contractor will furnish all information and reports required by EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and by the rules, regulations and orders of the *Secretary of Labor*, or pursuant thereto, and will permit access to its books, records, and accounts by the *United States Department of Labor* and the *Secretary of Labor* for the purposes of investigation to ascertain compliance with such rules, regulations and orders.
- (6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, or by rule, regulation, or order of the *Secretary of Labor*, or as otherwise provided by law.
- (7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the *Secretary of Labor* issued pursuant to SECTION 204 of EXECUTIVE ORDER 11246 OF SEPTEMBER 24, 1965, so that each provision shall be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order at the Department may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event the Contractor becomes involved in or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Department, the Contractor may request the *United States* to enter into such litigation to protect the interest of the *United States*.

EXHIBIT B: Section 3 Clause

The following Section 3 Clause shall be applicable:

- (1) The *Work* to be performed under this *Contract* is on a project assisted under a program providing direct Federal financial assistance from the *Department of Housing and Urban Development* and is subject to the requirements of SECTION 3 of the HOUSING AND URBAN DEVELOPMENT ACT OF 1968, as amended, 12 U.S.C. 170u. SECTION 2 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.
- (2) The parties to this *Contract* will comply with the provisions of said SECTION 3 and the regulations issued pursuant thereto by the *Secretary of Housing and Urban Development* set forth in 24 CFR, and all applicable rules and orders of the *Department* issued thereunder prior to the execution of this *Contract*. The parties to this *Contract* certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- (3) The *Contractor* will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of his commitments under this SECTION 3 CLAUSE and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- (4) The *Contractor* will include this SECTION 3 CLAUSE in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the *Secretary of Housing and Urban Development*, 24 CFR. The *Contractor* will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR, and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- (5) Compliance with the provisions of SECTION 3, the regulations set forth in 24 CFR, and all applicable rules and orders of the *Department* issued thereunder prior to the execution of the *Contract*, shall be a condition of the Federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors, and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal assistance is provided, and to such sanctions as are specified by 24 CFR 135.

Exhibit 14

HOMEBUYER Promissory Note

With Special Acceleration Provisions,
Due On Sale, Transfer, Rental, Death Clauses

Amount: \$
Application Number:
Lake City, Utah

Date:
Place: **Salt**

Terms

1. For Value Received, the undersigned, (herein called BORROWER), jointly and severally promises to pay to the order of the **Salt Lake City Corporation**, or its successors or assigns, (herein called the CITY), the sum of , (\$), without interest on the unpaid principal amount of this NOTE, from the date hereof, until such time as the first mortgage has been paid in full. Upon payment in full of the first mortgage, the interest rate on the unpaid balance herein shall increase to per annum with payments of \$ until paid in full. If the property becomes encumbered according to PARAGRAPH 3, the amount of the unpaid principal shall be immediately due and payable in lawful money of the United States of America.

Right To Prepay Note At Any Time

2. The undersigned BORROWER reserves the right to prepay at any time all or part of the principal amount of this NOTE without the payment of penalties or premiums unless restricted by the First Time Homebuyer Agreement. All payments on this NOTE shall be applied first to the interest due on the NOTE, then to late fees and other charges, if any, and then to the principal due on the NOTE.

ACCELERATION PROVISIONS CHANGING THE NOTE FROM BEING A NON-INTEREST BEARING NOTE TO BEING AN INTEREST BEARING NOTE PAID IN ONE LUMP SUM ON DEMAND OF THE CITY AT A RATE OF 10% PER ANNUM, DUE TO SALE, TRANSFER, RENTAL, OR DEATH CLAUSE.

3. The undersigned covenants and agrees that in the event that:
- (1) The undersigned fails to comply with all the provisions of the First Time Homebuyer Agreement, or agrees to do any of the acts prohibited therein without the express written consent of the CITY being first obtained; or
 - (2) The undersigned fails to pay the principal amount of this NOTE when due, and if such failure be existing on the date the property becomes encumbered and this NOTE becomes due and payable,

then it is understood and agreed by the undersigned that, notwithstanding any other provision of this NOTE or the accompanying Trust Deed to secure this NOTE, the entire unpaid principal amount of this NOTE, together with accrued interest, shall become due and payable on demand in one lump sum at the option of the CITY, without notice to the undersigned.

It is further understood and agreed by the undersigned that this NOTE shall commence to draw interest at the rate of ten (10%) percent per annum from the date of commencement of any act, event, or occurrence described above in PARAGRAPH 3, (1), OR (2), which shall cause this NOTE to become due and payable on demand, and this NOTE shall automatically change from being a non-interest bearing NOTE to an interest bearing NOTE payable in one lump sum at any time upon

demand of the CITY and shall bear interest at a rate of ten (10%) percent per annum from the date of such act, event or occurrence described above in PARAGRAPH 3, (1), OR (2).

Failure of the CITY to exercise such option shall not constitute a waiver of such default.

4. If this NOTE be reduced to judgment, such judgment shall bear the statutory interest rate on judgements. All payments on this NOTE shall be applied first to the interest due on the NOTE, and then to late fees and other charges, if any, and then to the principal due on the NOTE.

Waiver Of Demand, Protest And Notice

5. Demand, protest and notice of demand and protest are hereby waived, and the undersigned BORROWER hereby waives, to the extent authorized by law, and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this NOTE.

Costs And Attorney Fees

6. If suit is instituted by the CITY to recover on this NOTE, the undersigned BORROWER agrees to pay all costs of such collection including reasonable attorney's fees and court costs.

Non-Interest Loan By Public Agency

7. It is understood and agreed by the undersigned that the loan or value received which the BORROWER received from the CITY, the receipt of which is hereby acknowledged, is a "non-interest loan" made by a public agency for purposes of rehabilitation of an existing residential structure as provided for in Section 57-15-6 Utah Code Annotated 1953, as amended.

Certification By Undersigned Borrower of True and Correct Information

8. The undersigned certifies that all information in the Loan Application or furnished to the CITY in support thereof is true and correct and was given for the purpose of obtaining a loan of money from the CITY as evidenced by this NOTE. In the event that the CITY learns that any of the information in the Loan Application or furnished in support thereof is false or incorrect, the CITY shall have the right, at its sole option, to declare the unpaid principal amount of this NOTE, together with accrued interest and late charges, due and payable without notice to the undersigned. Failure of the CITY to exercise such option shall not constitute a waiver.

Security

9. This PROMISSORY NOTE is secured by a Trust Deed of even date, duly filed for record in the Office of the Recorder of Salt Lake County, State of Utah, and more fully described as follows, to wit:

Also known as

In Witness Whereof, this NOTE has been duly executed by the undersigned, as of its date;

State Of Utah)

SS.

County Of Salt Lake)

The foregoing instrument was acknowledged before me, on this day of , by .

Utah

Notary Public, residing in Salt Lake City,

Exhibit 15

WHEN RECORDED, MAIL TO

Salt Lake City Corporation
Housing And Neighborhood Development
451 South State Street, Room 445
PO Box 145487
Salt Lake City, Utah 84114-5487

TRUST DEED

With Assignment of Rents

THIS TRUST DEED, made this day of between *** ***, as TRUSTOR, whose address is ,
KIMBERLY K. CHYTRAUS, Attorney-at-Law , as TRUSTEE,* and **Salt Lake City Corporation**, as BENEFICIARY, WITNESSETH: That Trustor CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in SALT LAKE County, State of Utah:

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits;

FOR THE PURPOSE OF SECURING (1) payment of the indebtedness evidenced by a promissory note of even date herewith, in the principal sum of \$ _____, made by Trustor, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

*NOTE: Trustee must be a member of the Utah State Bar, a bank, building and loan association or savings and loan association authorized to do such business in Utah; a corporation authorized to do a trust business in Utah; or a title insurance or abstract company authorized to do such business in Utah.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, zoning ordinances, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the

specific enumerations herein not excluding the general; and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees:

(a) To commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary, and

(b) To allow Beneficiary to inspect said property at all times during construction.

Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

2. To authorize the Beneficiary, at its sole option, to obtain insurance coverage to protect its interest in the property and to add the cost of the insurance premium and any premium finance charge to the loan account balance in the event that the insurance purchased by Trustor is canceled or terminated during the term of the loan. To further allow the Beneficiary to provide its insurer with the necessary information for verification of coverage. In the event insurance charges are added to the loan, the Trustor authorizes the Beneficiary to increase the amount of the loan and note and Trustor agrees to pay the amounts so added. The Trustor acknowledges that any insurance placed on the property by the Beneficiary is for the protection of the Beneficiary and is not intended to protect the Trustor's interest in the property. Any proceeds received from insurance coverage shall first be used to pay the indebtedness owed to the Beneficiary, and the balance, if any, shall be used to repair or restore the property.

3. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of eighteen per cent (18%) per annum until paid, and the repayment thereof shall be secured hereby.

8. *Not to sell, convey, dispose, assign, rent, lease, or make any inter vivos transfer of the premises or any part thereof or to vest the title thereto in any other person or persons in any manner whatsoever, or to encumber said property or any part thereof or any interest therein. In the event that the Trustor dies, becomes insolvent, bankrupt, either voluntary or involuntary, or makes a general assignment for the benefit of creditors, or if any proceeding for enforcement of a judgment or writ or order of attachment against the property of the Trustor or petition of relief or readjustment of indebtedness is filed by Trustor, such action shall constitute a default under the terms of this instrument and the Note it secures. In the event the Trustor defaults or undertakes any such act or agrees to undertake any act prohibited by this paragraph without written consent of the Beneficiary first obtained, such undertaking or agreement to undertake shall constitute a default under the terms of this instrument and the Note it secures, and the Beneficiary may cause the same to be foreclosed, and the premises sold, according to law and the provisions hereof. Any default by Trustor on that First Time Homebuyer Agreement between Trustor herein and Salt Lake City Corporation, dated ___, shall constitute a default hereunder.*

IT IS MUTUALLY AGREED THAT:

9. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiary or Trustee may require.

10. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Trust Deed and the note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance may be described as "the person or persons entitled thereto", and the recitals therein of any matters or facts shall be conclusive proof of truthfulness thereof. Trustor agrees to pay reasonable Trustee's fees for any of the services mentioned in this paragraph.

11. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option.

12. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security

for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

13. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

14. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

15. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

16. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at 18% per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

17. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

18. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall

succeed to all the powers, duties, authority and title of trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made in the manner provided by law.

19. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

20. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

21. This Trust Deed shall be construed according to the laws of the State of Utah.

22. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinbefore set forth.

Signature of Trustor

(If Trustor an Individual)

State of Utah

ss.

County Of SALT LAKE

The forgoing instrument was acknowledged before me on this day of , by .

Notary Public residing at Salt Lake City, Utah

Exhibit 16

WHEN RECORDED, MAIL TO:

Salt Lake City Corporation
c/o Housing and Neighborhood Development
451 South State Street, Room 445
PO Box 145487
Salt Lake City, Utah 84114-5487

RESTRICTIVE USE AGREEMENT

This Restrictive Use Agreement ("Agreement") is made and entered into as of _____, 2017, by and between Salt Lake City Corporation, a Utah municipal corporation ("City") and the undersigned owner ("Owner"). City and Owner may be referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. Pursuant to that certain Loan Agreement dated of even date herewith, City, as lender, has agreed to make a loan to Owner, as borrower, in the amount of _____ (\$_____) (the "Loan") for the purpose of financing the purchase of certain residential real property in Salt Lake City and described more particularly on Exhibit A attached hereto and incorporated herein (the "Property").

B. As a condition of the Loan and as set forth in that certain Home Buyer Agreement dated of even date herewith between the Parties and attached hereto as Exhibit B (the "Home Buyer Agreement"), Owner agrees to certain restrictive covenants governing the use of the Property as described herein. City would not have agreed to make the Loan if Owner had not agreed to enter into this Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledges, the Parties agree as follows:

1. Restrictive Conditions and Covenants: In consideration of the City making the Loan to Owner, Owner agrees for itself, its successors and assigns, to fully comply with the following restrictive conditions and covenants:

(a) Owner will occupy the dwelling constructed on the Property as Owner's principal residence for the Term (as defined below) of this Agreement, except with prior written approval by City.

(b) Owner will not permit any liens, deeds, judgments, or encumbrances of any kind to be recorded against the Property during the Term and until City issues to Owner a Certificate of Completion (as defined below except with prior written approval by City.

(c) Owner will permit annual inspections at reasonable times by City to determine compliance with these conditions and covenants.

2. Default and Remedies. In the event of a default of any of Owner's obligations under this Agreement, Owner shall have thirty (30) days to cure such default following written notice of the default by City to Owner. Owner agrees that an uncured default under this Agreement is also an uncured default of the Loan Agreement. Following an uncured default, City shall be entitled to exercise any and all rights available at law or in equity, **including, without limitation, the remedy of specific performance to require the Property to be used and operated as required hereunder.** Additionally, City shall be entitled to recover from Owner any and all costs and expenses incurred by City in enforcing the terms and conditions of this Agreement, including City's reasonable attorneys' fees.

3. Term and Termination of this Agreement; Completion Certificate.

(a) The term of this Agreement shall be for fifteen (15) consecutive years from the date of recordation hereof in the official real property records of Salt Lake County, Utah Agreement (the "Term"). At the expiration of the Term, City will issue to Owner a "Completion Certificate."

(b) The Completion Certificate will be a conclusive determination of satisfaction and termination of the Home Buyer Agreement and this Agreement. It will be in a recordable form. If City fails to prove the Certificate in a timely manner, then following a written request by Owner, shall provide a written statement indicating which covenants and conditions of this Agreement or the Home Buyer Agreement are not in compliance and how Owner can come into compliance in order to obtain the Certificate.

4. Runs with the Land. This Agreement and the covenants and restrictions herein are binding and run with the land during the Term, **such that any subsequent owners of fee title or other third parties holding an interest in and to all or some portion of the Property shall be deemed to have acquired such interest with notice and knowledge of this Agreement such that the Property shall remain subject to the terms, conditions, restrictions and provisions set forth herein.** In keeping with the foregoing, the term "Owner", as used herein, shall be construed to mean and include any successors in interest to fee ownership of all or any portion of the Property and/or Owner Improvements and any other holders of interests in and to any portion of the Property and/or Owner Improvements. City shall be deemed a beneficiary of such Agreement, covenants, and restrictions, and in the event of any uncured default, shall have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such default to which beneficiaries of such covenants may be entitled.

5. General Provisions.

(a) Governing Law. This Agreement is intended to be performed in the State of Utah, and the laws of Utah shall govern the validity, construction, enforcement, and interpretation of this Agreement, unless otherwise specified herein.

(b) Entirety and Amendments. This Agreement, together with the Loan Agreement and other Loan Documents (as defined in the Loan Agreement), embodies the entire agreement between the Parties and supersedes any prior agreements and understandings, if any, relating to the Property or any portion thereof and may be amended or supplemented only by an instrument in writing executed by both City and Owner.

(c) Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

(d) Further Acts. In addition to the acts and deeds recited herein and contemplated to be performed, executed and delivered by City and Owner, City and Owner agree to perform, execute and deliver or cause to be performed, executed, and delivered any and all such further acts, deeds and assurances as may be necessary to consummate the transactions contemplated hereby.

(e) No Presumption. This Agreement shall be interpreted and construed only by the contents hereof and there shall be no presumption or standard of construction in favor of or against either Party.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all such counterparts shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as the date set forth above.

Owner:

Name: _____

Name: _____

State of Utah :

SS

County of Salt Lake County:

The foregoing instrument was acknowledged before me on this _____ by
_____ as _____ of Salt Lake City Corporation.

NOTARY PUBLIC

Residing at: _____

My Commission Expires: _____

“EXHIBIT A”

PROPERTY DESCRIPTION

[INSERT LEGAL DESCRIPTION HERE.]

TAX PARCEL NO. [insert here]

Also known as: [Insert address]

“EXHIBIT B”

HOME BUYER AGREEMENT

THIS HOME BUYER AGREEMENT (the “**Agreement**”), made and entered into this day of _____, 20__, by and between Salt Lake City Corporation, a Utah municipal corporation (“**City**”), and the undersigned home buyer (“**Home Buyer**”), whose address is included with the signature block.

RECITALS

A. City’s Housing and Neighborhood Development Division has been designated by City to carry out the City’s Home Buyer Program (the “**Program**”).

B. Pursuant to the terms of the Program, City may lend money to eligible purchasers for the purchase of affordable housing from the City or other seller.

C. Home Buyer is an eligible purchaser under the HOME Regulations (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), 24 C.F.R. Part 92), and is ready, willing and able to meet the conditions associated with the Program.

D. Home Buyer has agreed to enter into this Agreement as a condition to obtaining a loan from City.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties agree as follows:

1. **PROPERTY.** Subject to the terms and conditions of this Agreement and pursuant to that certain Promissory Note and Deed of Trust dated concurrent with this Agreement, City has extended a loan (the “**Loan**”) to Home Buyer for the purchase of the real property located in Salt Lake City, Utah (the “**Property**”), described on Exhibit A attached hereto and incorporated herein. This Agreement, along with a Restrictive Use Agreement, are required as conditions of the Loan.

2. **TRAINING AND COUNSELING.** Home Buyer will attend “Home Buyer Education” or “Homeowner Counseling” sessions provided by City or other provider approved by City.
3. **REPRESENTATIONS.** Home Buyer represents and agrees that his (or her) purchase of the Property, and his (or her) other undertakings pursuant to this Agreement are, and shall be used, for the purpose of home ownership and rehabilitation of the Property by the Home Buyer and not for speculation in land holding.
4. **PROPERTY MAINTENANCE.** Home Buyer shall be responsible for all maintenance and repair responsibilities of the Property following the date hereof. Home Buyer agrees to keep the Property, including all improvements, secure and in good condition and repair as per the “Home Buyer Scope of Services” attached to this Agreement as Exhibit C and incorporated herein.
5. **PROPERTY INSPECTIONS.** The Home Buyer shall permit the City to make at least annual reasonable inspections of the Property, at reasonable times, in order to determine compliance with the terms of this Agreement. Should conditions exist that do not meet such requirements, additional visits shall be scheduled with a “Home Maintenance Counselor” provided by the City or other entity approved by City.
6. **CONSTRUCTION PLANS AND CONTRACTS.** During the Restriction Period (as defined below), any plans, contracts, and specifications for the rehabilitation or new construction of the Property shall conform to Program rules and regulations administered by City, this Agreement, and all applicable Federal, State, and local laws and regulations. All construction contracts and rehabilitation work shall be approved in advance, in writing, by City.
7. **LEAD-BASED PAINT HAZARDS.** The occupancy of the Property under this Agreement is subject to HUD Lead-Based Paint Regulations, 24 CFR Part 35, which among other things prohibits the use of lead-based paint on all applicable surfaces. Any contracts made or work undertaken by Home Buyer for the rehabilitation of the Property shall be made or done subject to provisions for the inspection and elimination of lead-based paint hazards under Sub-part B of said regulation. Home Buyer shall be responsible for the inspections and certifications required under 24 CFR Section 35.14(f).
8. **INSURANCE.** Home Buyer shall immediately obtain “All Risks Coverage” insurance, covering among other things liability for injury or death and damage to persons and property, in an amount (as to property damage) at least equal to the appraised value of the Property. This insurance shall be maintained in force until this Agreement is terminated and the principal balance of the “Loan” referred to in Paragraph 1 of this agreement is paid in full. The City shall be included as an “additional insured” on any insurance

policy required in this Section. The City shall collect an amount monthly to pay the annual insurance billing which shall be deposited in the Home Buyer's escrow account.

9. RESTRICTIONS UPON USE OF THE PROPERTY.

a. Home Buyer agrees to occupy the Property as his (or her) principal residence for not less than fifteen (15) consecutive years from the date of this Agreement (the "**Restriction Period**"). If the property is sold before the Restriction Period ends, the Home Buyer shall participate in a Net proceeds sharing agreement with the City. The Home Buyer is eligible to receive 1/15th of the Property's Net Proceeds for each year that the Property is occupied as the Home Buyer's Principal Residence. If the Home Buyer is no longer occupying the Property as their primary residence at any point during the Restriction Period, the Loan will be deemed to be in default and called due.

b. City retains the first right to purchase the Property from the Home Buyer. If Home Buyer desires to sell the Property, Home Buyer shall provide written notice to City. If City desires to purchase the Property, City will obtain an appraisal and may purchase the Property from Home Buyer for the fair market value of the Property, less the amount required to bring the Property up to then-existing building code.

c. Home Buyer agrees for himself, and his heirs, successors and assigns, and covenants that Home Buyer and his heirs, successors and assigns shall not discriminate upon the basis of race, color, creed, age, handicap, sex or national origin in sale, lease or rental (when permitted) or in the use or occupancy of Property or any improvements erected now or in the future thereon. It is the intent of Home Buyer and City that this restriction and covenant shall be a covenant running with the land forever, and that it shall be binding, to the fullest extent permitted by law and in equity, for the benefit and in favor of, and enforceable by City. This provision shall survive an expiration or termination of this Agreement and any transfer of title to the Property.

10. PROHIBITION AGAINST TRANSFER OF PROPERTY AND ASSIGNMENT OF AGREEMENT. During the Restriction Period, Home Buyer shall not make or suffer to be made any sale, conveyance, lease or transfer of this Agreement or the Property for any reason, including death or disability of Home Buyer, without the prior written approval of City.

11. LIMITATION ON LIENS OR ENCUMBRANCES OF PROPERTY. During the Restriction Period, Home Buyer shall not engage in any financing or any other

transaction creating any mortgage or other encumbrance upon the Property, nor shall Home Buyer suffer any levy or attachment to be made, or any mechanics lien, or any other unauthorized encumbrances or lien not approved by City in writing.

12. TAXES. Home Buyer agrees to pay when due, all taxes and assessments which shall become due and payable on the Property.

13 SURVIVAL. The terms and conditions of this Agreement shall survive recordation of the Deed and shall continue until recordation of a Completion Certificate as provided here.

14. DEFAULT; REMEDIES.

a. Any of the following shall constitute a default under this Agreement by Home Buyer:

i. Any breach of this Agreement, which breach is not timely cured or remedied; or

ii. Any default on the Loan and any other financing secured by the Property; or

iii. Any misrepresentation by Home Buyer made to City which affects Home Buyer's eligibility for the Program.

b. In the event of any breach of this Agreement by Home Buyer, Home Buyer shall, upon written notice from City, proceed immediately to cure or remedy such breach within thirty (30) days after receipt of such notice. If Home Buyer does not cure or remedy the breach within said thirty (30) days, then City shall have all remedies available to it, under law and in equity, including but not limited to the right to institute proceedings to compel specific performance by Home Buyer.

c. Home Buyer agrees that (1) an uncured default under this Agreement shall be an uncured default under the Loan, and (2) a default under any loan document evidencing any City loan obtained to finance the rehabilitation and acquisition of the Property shall constitute a default under this Agreement, entitling the City to enforce any and all remedies available for a default under this Agreement and all remedies for a default under the Loan.

15. COMPLETION CERTIFICATE.

a. After completion or satisfaction of all the terms, conditions, covenants and agreements of this Agreement by the Home Buyer, including without limitation the

occupancy of the premises by the Home Buyer as his/her principle residence for fifteen (15) consecutive years as provided herein, the City shall furnish the Home Buyer with a “**Completion Certificate**” certifying such completion. The certification by the City shall be a conclusive determination of completion and satisfaction of all the terms, conditions, covenants and agreements in the Agreement with respect to the obligations of the Home Buyer.

b. The Completion Certificate shall be in such form as shall enable it to be recorded in the Salt Lake County Recorder’s Office. City shall pay the recording fees for such certification. If the City fails to provide such certification within thirty (30) days after written request by Home Buyer, City shall alternatively provide Home Buyer with a written statement indicating in detail in what respects Home Buyer has failed to satisfy the provisions of this Agreement, or is otherwise in breach, and what remedial measures, if any, Home Buyer must take in order to obtain such certification.

c. Once the Completion Certificate is recorded, the conditions, contained in this Agreement and in the Deed shall cease to have any force or effect except for the restriction against non-discrimination contained in the Deed, which restriction shall continue forever as a covenant running with the land.

16. NOTICE. Any notice or other instrument or document, or payment, required or desired to be given or made under or pursuant to this Agreement shall be deemed given and effective when in writing and personally delivered to the other party or when deposited in the United States mail, postage prepaid, sent certified mail, return receipt requested, or by overnight courier, to the address set forth below. Any party may, at any time, change its address by notifying the other party of the address change in writing.

17. MISCELLANEOUS.

a. All covenants, conditions, agreements and terms of this Agreement shall bind and inure to the benefit of the parties hereto, and their respective heirs, successors and assigns as permitted in this Agreement, the terms “Home Buyer” and “City” as used herein shall include their respective heirs, successors and assigns.

b. Time is of the essence in this Agreement.

c. In the event that any court or administrative body of competent jurisdiction determines that any part, term or provision of this Agreement is unenforceable, illegal or in conflict with any federal, state or local law or regulation, the parties shall petition (or shall hereby be deemed to have petitioned) such court or administrative body to reform such part, term or provision in such a way as to carry out the intent of the parties hereto to the extent permissible under such law or regulation. If however, the court or

administrative body declines to so act, then such part, term or provision shall be considered severable from the rest of this Agreement and the remaining provisions of this Agreement shall not be thereby affected, and this Agreement shall be construed and enforced as if this Agreement did not contain such part, term or provision.

d. This Agreement contains the entire agreement of the parties, and there are no other conditions, agreements, representations, warranties or understandings express or implied, except as set forth in the Deed or the Restrictive Use Agreement, each of even date herewith from the City to the Home Buyer. The separation of this Agreement into sections and the use of captions are solely for convenience of reference and shall not be used in interpretation of this Agreement.

e. The parties agree that they shall execute such other instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent, purposes, provisions, terms, covenants and agreements of this Agreement.

f. No waiver of or failure to act on any breach of this Agreement shall constitute a waiver or otherwise preclude assertion of rights hereunder with respect to any later or other breach. Any waiver shall be made in writing.

g. This Agreement and the rights and obligations of the parties shall be governed by the laws of the State of Utah and the federal law of the United States of America. In the event of any suit instituted by City against Home Buyer, City shall be entitled to recover all attorneys' fees and costs incurred in connection with such suit.

h. If there is more than one owner of the Property, they are collectively referred to as the Home Buyer and have joint and several liability under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

HOME BUYER:

Name: _____

Name: _____

Home Buyer Address:

“EXHIBIT C”

HOME BUYER SCOPE OF SERVICES

Home Buyer understands and agrees to the following:

- 1. Property must be occupied for 15 years to meet requirements in the Home Buyer Agreement.**
 - a. A Completion Certificate will be recorded by Salt Lake City Corporation upon completion of the 15 years.
- 2. Home Buyer is responsible for all home maintenance and repairs.**
 - a. Maintenance must be provided by the Home Buyer without financial assistance from the division.
 - b. Application can be made through the housing rehabilitation program for major repairs such as furnace, roof replacements, and sewer lines. Approval is subject to program guidelines and restrictions.
- 3. To allow annual inspection of the property to ensure that the property is being maintained to prevent deterioration of improvements and a safe, clean sanitary manner exists. If the property fails the annual inspection the Home Buyer may be required to do the following:**
 - a. A 6 month probation period to allow for improvement.
 - b. Attend Homeowner classes and/or counseling through an approved agency.
 - c. Allow Salt Lake City Housing and Neighborhood Development staff to access the property.
 - d. Quarterly property inspections until satisfactory improvement has been accomplished.
- 4. As part of the Home Buyer Program, the Owner shall have the right to:**
 - a. Receive a copy of all financial documents.
 - b. Receive all warranties or guarantees furnished by the Contractor (if applicable.)
- 5. In assisting the Home Buyer, the Division WILL:**
 - a. Provide information concerning City purchase of the home, should the Home Buyer decide to sell the property prior to receiving the Completion Certificate.
- 6. In assisting the Home Buyer, the Division WILL NOT:**
 - a. Pay for future alterations or emergency repairs. However, a rehab loan could be applied for.

Exhibit 17

COMMUNITY LAND TRUST GROUND LEASE

SALT LAKE CITY CORPORATION

AND

[INSERT HOMEBUYER NAME]

**SALT LAKE CITY
COMMUNITY LAND TRUST GROUND LEASE
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Exhibit ZONING

Exhibit RESTRICTIONS

Exhibit INITIAL APPRAISAL

APPENDIX: Alternative versions of Article 10

SALT LAKE CITY COMMUNITY LAND TRUST GROUND LEASE

THIS SALT LAKE CITY COMMUNITY LAND TRUST GROUND LEASE (this “Lease”) entered into as of the “Effective Date” (as defined herein), between SALT LAKE CITY CORPORATION, in connection with its Community Land Trust program (“City”) and the individual(s) listed on Schedule 1 attached hereto and incorporated herein (“Homeowner”).

RECITALS

- A.** City has created a Salt Lake City Community Land Trust program (“CLT”) for the purpose of providing homeownership opportunities for low and moderate income people who would otherwise be unable to afford homeownership.
- B.** A goal of the CLT is to preserve affordable homeownership opportunities through the long-term leasing of land under owner-occupied homes.
- C.** The Leased Land described in this Lease is being leased by the City in furtherance of this goal.
- D.** The Homeowner shares the purposes of the CLT and has agreed to enter into this Lease not only to obtain the benefits of homeownership, but also to further the charitable purposes of the CLT.
- E.** Homeowner and City recognize the special nature of the terms of this Lease, and each of them accepts these terms, including those terms that affect the marketing and resale price of the property now being purchased by the Homeowner.
- F.** Homeowner and City agree that the terms of this Lease further their shared goals over an extended period of time and through a succession of owners.

NOW THEREFORE, Homeowner and City agree on all of the terms and conditions of this Lease as set forth below.

DEFINITIONS: Homeowner and City agree on the following definitions of key terms used in this Lease.

Deed: the recorded Special Warranty Deed executed by City in favor of Homeowner concurrent with this Lease and recorded with the Salt Lake County Recorder’s Office, transferring title to the Home.

Effective Date: the date on which both parties have executed this Lease and it has been recorded with the Salt Lake City Recorder’s Office.

Leased Land: the parcel of land, described in Exhibit LEASED LAND that is leased to the Homeowner. The Leased Land is located at the address specified on Schedule 1.

Home: the residential structure and other permanent improvements located on the Leased Land and owned by the Homeowner, including both the original Home described in Deed, and all permanent improvements added thereafter by Homeowner at Homeowner’s expense.

Base Price: the total price that is paid for the Home by the Homeowner (including the amount provided by a first mortgage loan but not including subsidy in the form of deferred loans to the Homeowner).

Purchase Option Price: the maximum price the Homeowner is allowed to receive for the sale of the Home and the Homeowner's right to possess, occupy and use the Leased Land, as defined in Article 10 of this Lease.

Lease Fee: The monthly fee that the Homeowner pays to the City for the continuing use of the Leased Land and any additional amounts that the City charges to the Homeowner for reasons permitted by this Lease.

Permitted Mortgage: A mortgage or deed of trust on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with the City's Permission. The Homeowner may not mortgage the City's interest in the Leased Land, and may not grant any mortgage or deed of trust without City's Permission.

Event of Default: Any violation of the terms of the Lease unless it has been corrected ("cured") by Homeowner or the holder of a Permitted Mortgage in the specified period of time after a written Notice of Default has been given by City.

ARTICLE 1: Homeowner's Letter of Agreement and Attorney's Letter of Acknowledgment or Homeowner's Waiver

Attached as Exhibit HOMEOWNER'S LETTER OF AGREEMENT and Exhibit ATTORNEY'S LETTER OF ACKNOWLEDGMENT OR HOMEOWNER'S WAIVER and made part of this Lease by reference is form of a Letter of Agreement from the Homeowner, describing the Homeowner's understanding and acceptance of this Lease (including the parts of the Lease that affect the resale of the Home).

Homeowner understands and acknowledges that Homeowner has had the opportunity to have an attorney review this Lease, the Homeowner's Letter of Agreement, the Deed, and any other materials provided by the City, and advise Homeowner regarding Homeowner's rights and obligations under these documents, and the present and foreseeable risks and legal consequences of the transaction. Homeowner further acknowledges that Homeowner is entering into this transaction in reliance on Homeowner's own judgment and upon Homeowner's investigation of the facts. If Homeowner elects to consult with an attorney, the attorney shall provide an Attorney's Letter of Acknowledgement to be attached as an Exhibit to this Lease. Alternatively, if Homeowner does not consult with an attorney, Homeowner will provide a Homeowner's Waiver to be attached as an Exhibit to this Lease.

ARTICLE 2: Leasing of Rights to the Land

2.1 CITY LEASES THE LAND TO HOMEOWNER: The City hereby leases to the Homeowner, and Homeowner hereby accepts, the right to possess, occupy and use the Leased Land (described in the attached Exhibit LEASED LAND) in accordance with the terms of this Lease. City has furnished to Homeowner a copy of the most current title report, if any, obtained by City for the Leased Land, and Homeowner accepts title to the Leased Land in its condition "as is" as of the signing of this Lease.

2.2 MINERAL RIGHTS NOT LEASED TO HOMEOWNER: City does not lease to Homeowner the right to remove from the Leased Land any minerals lying beneath the Leased Land's surface. Ownership of such minerals remains with the City, but the City shall not remove any such minerals from the Leased Land without the Homeowner's written permission.

ARTICLE 3: Term of Lease, Change of Land Owner

3.1 TERM OF LEASE IS 99 YEARS: This Lease shall remain in effect for 99 years, beginning on the Effective Date and ending on the date shown on Schedule 1, unless ended sooner or renewed as provided below.

3.2 HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS: Homeowner may renew this Lease for one additional period of 99 years. The City may change the terms of the Lease for the renewal period prior to the beginning of the renewal period but only if these changes do not materially and adversely interfere with the rights possessed by Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the first 99-year period, City shall give Homeowner a written notice that states the date of the expiration of the first 99-year period and the conditions for renewal as set forth in the following paragraph (the "Expiration Notice"). The Expiration Notice shall also describe any changes that City intends to make in the Lease for the renewal period as permitted above.

The Homeowner shall then have the right to renew the Lease only if the following conditions are met: (a) within 60 days of receipt of the Expiration Notice, the Homeowner shall give the City written notice stating the Homeowner's desire to renew (the "Renewal Notice"); (b) this Lease shall be in effect on the last day of the original 99-year term, and (c) the Homeowner shall not be in default under this Lease or under any Permitted Mortgage on the last day of the original 99-year term.

When Homeowner has exercised the option to renew, Homeowner and the City shall sign a memorandum stating that the option has been exercised. The memorandum shall comply with the requirements for a notice of lease as stated in Section 14.12 below. The City shall record this memorandum in accordance with the requirements of law promptly after the beginning of the renewal period.

3.3 WHAT HAPPENS IF THE CITY DECIDES TO SELL THE LEASED LAND: If ownership of the Leased Land is ever transferred by the City (whether voluntarily or involuntarily) to any other person or institution, this Lease shall not cease, but shall remain binding on the new land-owner as well as the Homeowner. If the City agrees to transfer the Leased Land to any person or institution other than a non-profit corporation, charitable trust, government agency or other similar institution sharing the goals described in the Recitals above, the Homeowner shall have a right of first refusal to purchase the Leased Land. The details of this right shall be as stated in the attached Exhibit FIRST REFUSAL. Any sale or other transfer contrary to this Section 3.3 shall be null and void.

ARTICLE 4: Use of Leased Land

4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL AND RELATED PURPOSES: Homeowner shall use, and allow others to use, the Home and

Leased Land only for residential purposes and any activities related to residential use that are permitted by local zoning law.

4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW: Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Leased Land in safe, sound and habitable condition, in full compliance with all laws and regulations, and in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease.

4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS: Homeowner shall be responsible for the use of the Home and Leased Land by all residents and visitors and anyone else using the Leased Land with Homeowner's permission and shall make all such people aware of the restrictions on use set forth in this Lease.

4.4 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST TEN (10) MONTHS EACH YEAR: Homeowner shall occupy the Home for at least 10 months of each year of this Lease, unless otherwise agreed by City. Occupancy by Homeowner's child, spouse, domestic partner or other persons approved by City shall be considered occupancy by Homeowner. Neither compliance with the occupancy requirement nor City's permission for an extended period of non-occupancy constitutes permission to sublease the Leased Land and Home, which is addressed in Section 4.5 below.

4.5 LEASED LAND MAY NOT BE SUBLEASED WITHOUT CITY'S PERMISSION. Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease, for any period of time, without the written permission of City. Homeowner agrees that City shall have the right to withhold such consent in order to further the purposes of this Lease.

If permission for subleasing is granted, the sublease shall be subject to the following conditions.

- a) Any sublease shall be subject to all of the terms of this Lease.
- b) The rental or occupancy fee charged the sub-lessee shall not be more than the amount of the Lease Fee charged the Homeowner by the City, plus an amount approved by City to cover Homeowner's costs in owning the Home, including but not limited to the cost of the homeowner's mortgage payment including principal, interest taxes, insurance and homeowner or condominium association dues, if applicable.

4.6 CITY HAS A RIGHT TO INSPECT THE LEASED LAND: The City may inspect any part of the Leased Land at any reasonable time, after notifying the Homeowner at least 24 hours before the planned inspection. No more than one regular inspection may be carried out in a single year, except in the case of an emergency. In an emergency, the City may inspect any part of the Leased Land and Home, after making reasonable efforts to inform the Homeowner before the inspection. Should deficiencies be identified during the course of an inspection, the City reserves the right to re-inspect the property to ensure they were remedied.

In addition, if the City has received an Intent-To-Sell Notice (as described in Section 10.4 below), then the City has the right to inspect the interiors of all fully enclosed buildings to

determine their condition prior to the sale. The City must notify the Homeowner at least 24 hours before carrying out such inspection.

4.7 **HOMEOWNER HAS A RIGHT TO QUIET ENJOYMENT:** Homeowner has the right to quiet enjoyment of the Leased Land. The City has no desire or intention to interfere with the personal lives, associations, expressions, or actions of the Homeowner in any way not permitted by this Lease.

ARTICLE 5: Lease Fee

5.1 **AMOUNT OF LEASE FEE:** The Homeowner shall pay a monthly Lease Fee in an amount equal to the sum of (a) a Land Use Fee of \$50 to be paid in return for the continuing right to possess, occupy and use the Leased Land, plus (b) a Repair and Replacement Reserve Fee of \$35 to be held by the City and used for the purpose of preserving the physical quality of the Home for the long term in accordance with Section 7.6 below.

5.2 **WHEN THE LEASE FEE IS TO BE PAID:** The Lease Fee shall be payable to the City on the first day of each month for as long as this Lease remains in effect, unless the Lease Fee is to be escrowed and paid by a Permitted Mortgagee, in which case payment shall be made as directed by that Mortgagee.

5.3 **HOW THE AMOUNT OF THE LAND USE FEE HAS BEEN DETERMINED:** The amount of the Land Use Fee stated in Section 5.1 above has been determined as follows. First, the approximate monthly fair rental value of the Leased Land has been established, as of the beginning of the Lease term, recognizing that the fair rental value is reduced by certain restrictions imposed by the Lease on the use of the Land. Then the affordability of this monthly amount, plus the amount of the Repair Reserve Fee, for the Homeowner has been analyzed and, if necessary, the Land Use has been reduced to an amount considered to be affordable for Homeowner.

5.4 **CITY MAY REDUCE OR SUSPEND THE LEASE FEE TO IMPROVE AFFORDABILITY:** City may reduce or suspend the total amount of the Lease Fee for a period of time for the purpose of improving the affordability of the Homeowner's monthly housing costs. Any such reduction or suspension must be in writing and signed by City.

5.5 **FEES MAY BE INCREASED FROM TIME TO TIME:** The City may increase the amount of the Land Use Fee and/or the Repair Reserve Fee from time to time, but not more often than once every 2 years. Each time such amounts are increased, the total percentage of increase since the date this Lease was signed shall not be greater than the percentage of increase, over the same period of time, in the Consumer Price Index for urban wage earners and clerical workers for the urban area in which the Leased Land is located.

5.6 **LAND USE FEE WILL BE INCREASED IF RESTRICTIONS ARE REMOVED:** If, for any reason, the provisions of Article 10 regarding transfers of the Home or Sections 4.4 and 4.5 regarding occupancy and subleasing are suspended or invalidated for any period of time, then during that time the Land Use Fee shall be increased to an amount calculated by City to equal the fair rental value of the Leased Land for use not restricted by the suspended provisions, but initially an amount not exceeding the amount listed on Schedule 1. Such increase shall become effective upon City's written notice to Homeowner. Thereafter, for so long as these restrictions are not reinstated in the Lease, the City may, from time to time,

further increase the amount of such Land Use Fee, provided that the amount of the Land Use Fee does not exceed the fair rental value of the property, and provided that such increases do not occur more often than once in every 2 years.

5.7 IF PAYMENT IS LATE, INTEREST CAN BE CHARGED: If the City has not received any monthly installment of the Lease Fee on or before the date on which the such installment first becomes payable under this Lease (the “Due Date”), the City may require Homeowner to pay interest on the unpaid amount from the Due Date through and including the date such payment or installment is received by City, at a rate not to exceed 4%. Such interest shall be deemed additional Lease Fee and shall be paid by Homeowner to City upon demand; provided, however, that City shall waive any such interest that would otherwise be payable to City if such payment of the Lease Fee is received by City on or before the thirtieth (30th) day after the Due Date.

5.8 CITY CAN COLLECT UNPAID FEES WHEN HOME IS SOLD: In the event that any amount of payable Lease Fee remains unpaid when the Home is sold, the outstanding amount of payable Lease Fee, including any interest as provided above, shall be paid to City out of any proceeds from the sale that would otherwise be due to Homeowner. The City shall have, and the Homeowner hereby consents to, a lien upon the Home for any unpaid Lease Fee. Such lien shall be prior to all other liens and encumbrances on the Home except (a) liens and encumbrances recorded before the recording of this Lease, (b) Permitted Mortgages as defined in section 8.1 below; and (c) liens for real property taxes and other governmental assessments or charges against the Home.

ARTICLE 6: Taxes and Assessments

6.1 HOMEOWNER IS RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS: Homeowner shall pay directly; when due, all taxes and governmental assessments that relate to the Home and the Leased Land (including any taxes relating to the City’s interest in the Leased Land).

6.2 CITY WILL PASS ON ANY TAX BILLS IT RECEIVES TO HOMEOWNER: In the event that the local taxing authority bills City for any portion of the taxes on the Home or Leased Land, City shall pass the bill to Homeowner and Homeowner shall promptly pay this bill.

6.3 HOMEOWNER HAS A RIGHT TO CONTEST TAXES: Homeowner shall have the right to contest the amount or validity of any taxes relating to the Home and Leased Land. Upon receiving a reasonable request from Homeowner for assistance in this matter, City shall join in contesting such taxes. All costs of such proceedings shall be paid by Homeowner.

6.4 IF HOMEOWNER FAILS TO PAY TAXES, CITY MAY INCREASE LEASE FEE: In the event that Homeowner fails to pay the taxes or other charges described in Section 6.1 above, City may increase Homeowner’s Lease Fee to offset the amount of taxes and other charges owed by Homeowner. Upon collecting any such amount, City shall pay the amount collected to the taxing authority in a timely manner.

6.5 PARTY THAT PAYS TAXES MUST SHOW PROOF: When either party pays taxes relating to the Home or Leased Land, that party shall furnish satisfactory

evidence of the payment to the other party. A photocopy of a receipt shall be the usual method of furnishing such evidence.

ARTICLE 7: The Home

7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND: All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Homeowner on any part of the Leased Land at any time during the term of this Lease (collectively, the “Home”) shall be property of the Homeowner. Title to the Home shall be and remain vested in the Homeowner. However, Homeowner’s rights of ownership are limited by certain provisions of this Lease, including provisions regarding the sale or leasing of the Home by the Homeowner and the City’s option to purchase the Home. In addition, Homeowner shall not remove any part of the Home from the Leased Land without City’s prior written consent.

7.2 HOMEOWNER PURCHASES HOME WHEN SIGNING LEASE: Upon the signing of this Lease, Homeowner is simultaneously purchasing the Home located at that time on the Leased Land, as described in the Deed, the form of which is attached to this Lease as Exhibit DEED.

7.3 CONSTRUCTION CARRIED OUT BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS: Any construction in connection with the Home is permitted only if the following requirements are met: (a) all costs shall be paid for by the Homeowner; (b) all construction shall be performed in a professional manner and shall comply with all applicable laws and regulations; (c) all changes in the Home shall be consistent with the permitted uses described in Article 4; (d) the footprint, square-footage, or height of the house shall not be increased and new structures shall not be built or installed on the Leased Land without the prior written consent of City.

For any construction requiring City’s prior written consent, Homeowner shall submit a written request to the City. Such request shall include:

- a) a written statement of the reasons for undertaking the construction;
- b) a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
- c) a list of the necessary materials, with quantities needed;
- d) a statement of who will do the work;
- e) before construction can begin, Homeowner shall provide City with copies of all necessary building permits, if not previously provided.

If the City finds it needs additional information it shall request such information from Homeowner within two weeks of receipt of Homeowner’s request. The City then, within two weeks of receiving all necessary information (including any additional information it may have requested) shall give Homeowner either its written consent or a written statement of its reasons for not consenting. Before construction can begin, Homeowner shall provide City with copies of all necessary building permits, if not previously provided.

7.4 HOMEOWNER MAY NOT ALLOW STATUTORY LIENS TO REMAIN AGAINST LEASED LAND OR HOME: No lien of any type shall attach to the City’s title to the Leased Land. Homeowner shall not permit any statutory or similar lien to be filed against

the Leased Land or the Home which remains more than 60 days after it has been filed. Homeowner shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If Homeowner fails to discharge such lien within the 60-day period, then Homeowner shall immediately notify City of such failure. City shall have the right to discharge the lien by paying the amount in question. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, provided Homeowner has furnished a bond or other acceptable surety in an amount sufficient to release the Leased Land from such lien. Any amounts paid by City to discharge such liens shall be treated as an additional Lease Fee payable by Homeowner upon demand.

7.5 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS: Homeowner hereby assumes responsibility for furnishing all services or facilities on the Leased Land, including but not limited to heat, electricity, air conditioning and water. City shall not be required to furnish any services or facilities or to make any repairs to the Home. Homeowner shall maintain the Home and Leased Land as required by Section 4.2 above and shall see that all necessary repairs and replacements are accomplished when needed.

7.6 A REPAIR AND REPLACEMENT RESERVE FUND IS ESTABLISHED TO SUPPORT FUTURE REPAIRS: In order to encourage homeowner success as well as protect the City's asset, a repair reserve will be established to help finance the repair and replacement of critical components of the Home such as the roof, siding, windows, HVAC and hot water heater. The repair and replacement reserve fee will be included in the homeowner's monthly mortgage payment in the amount of \$35 per month. Given the nominal amount of the monthly reserve, it is not anticipated that there will be adequate funds in the reserve to pay for the full replacement of any of the eligible components, and the Homeowner remains solely responsible for the full cost of such repairs and replacements. The City will maintain the repair and replacement reserve, and the funds are accessible by the Homeowner only for City approved repairs and replacements. When the Homeowner sells the property, the balance of the repair reserve will remain with the City and can be used by future homeowners.

7.7 WHEN LEASE ENDS, OWNERSHIP REVERTS TO CITY, WHICH SHALL REIMBURSE HOMEOWNER: Upon the expiration or termination of this Lease, ownership of the Home shall revert to the City. Upon thus assuming title to the Home, the City shall promptly pay an amount equal to the Purchase Option Price to the Homeowner and Permitted Mortgagee(s), as follows:

FIRST, City shall pay any Permitted Mortgagee(s) the full amount owed to such mortgagee(s) by Homeowner in so far as the amount does not exceed the Purchase Option Price. In no event shall the total amount that the City is required to pay Permitted Mortgages be greater than the Purchase Option Price;

SECOND, City shall pay the Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the City under the terms of this Lease. The Homeowner shall be responsible for any costs necessary to clear any

additional liens or other charges related to the Home which may be assessed against the Home. If the Homeowner fails to clear such liens or charges, the balance due the Homeowner shall also be reduced by the amount necessary to release such liens or charges, including reasonable attorneys' fees incurred by the City.

ARTICLE 8: Financing

8.1 HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT CITY'S PERMISSION: The Homeowner may mortgage the Home only with the written permission of City. Any mortgage or deed of trust permitted in writing by the City is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust is defined as a Permitted Mortgagee.

8.2 BY SIGNING LEASE, CITY GIVES PERMISSION FOR ORIGINAL MORTGAGE. By signing this Lease, City gives written permission for any mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the Home.

8.3 HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES. If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform City, in writing, of the proposed terms and conditions of such mortgage loan at least 15 business days prior to the expected closing of the loan. The information to be provided to the City must include:

- a. the name of the proposed lender;
- b. Homeowner's reason for requesting the loan;
- c. the principal amount of the proposed loan and the total mortgage debt that will result from the combination of the loan and existing mortgage debt, if any;
- d. expected closing costs;
- e. the rate of interest;
- f. the repayment schedule;
- g. a copy of the appraisal commissioned in connection with the loan request.

City may also require Homeowner to submit additional information. City will not permit such a mortgage loan if the loan increases Homeowner's total mortgage debt to an amount greater than 80% of the then current Purchase Option Price, calculated in accordance with Article 10 below, or if the terms of the transaction otherwise threaten the interests of either the Homeowner or the City.

8.4 THE CITY IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE." The City shall be required to permit any mortgage for which the mortgagee has signed a "Standard Permitted Mortgage Agreement" as set forth in Exhibit PERMITTED MORTGAGES (Part C), and for which the loan secured thereby does not increase Homeowner's total mortgage debt to an amount greater than the lesser of (a) 105% of the then current Purchase Option Price, calculated in accordance with Article 10 below, or (b) the total of the acquisition cost, plus closing costs from the City, plus the first year hazard insurance premium, plus prepaid amounts for the escrow account, plus the cost of the appraisal, less the required homeowner contribution.

8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE. Any Permitted Mortgagee shall be bound by each of the requirements stated in Exhibit PERMITTED MORTGAGES (Part A, Obligations of Permitted Mortgagee), which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and the City to modify the terms of the Lease during the term of the Permitted Mortgage.

8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE. Any Permitted Mortgagee shall have all of the rights and protections stated in Exhibit PERMITTED MORTGAGES (Part B, Rights of Permitted Mortgagee), which is made a part of this Lease by reference.

8.7 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO THE CITY. Homeowner and City recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to City all net proceeds of sale of the Home that would otherwise have been payable to Homeowner and that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to City. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to City.

ARTICLE 9: Liability, Insurance, Damage and Destruction, Eminent Domain

9.1 HOMEOWNER ASSUMES ALL LIABILITY. Homeowner assumes all responsibility and liability related to Homeowner's possession, occupancy and use of the Leased Land.

9.2 HOMEOWNER MUST DEFEND CITY AGAINST ALL CLAIMS OF LIABILITY. Homeowner shall defend, indemnify and hold City harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against City for injury or damage on or about the Leased Land. However, City shall remain liable for injury or damage due to the grossly negligent or intentional acts or omissions of City or City's agents or employees.

9.3 HOMEOWNER MUST REIMBURSE CITY. In the event the City shall be required to pay any sum that is the Homeowner's responsibility or liability, the Homeowner shall reimburse the City for such payment and for reasonable expenses caused thereby.

9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND. Homeowner shall, at Homeowner's expense, keep the Home continuously insured against "all risks" of physical loss, using Insurance Services Office (ISO) Form HO 00 03, or its equivalent, for the full replacement value of the Home, and in any event in an amount that will not incur a coinsurance penalty. The amount of such insured replacement value must be approved by the

City prior to the commencement of the Lease. Thereafter, if the City determines that the replacement value to be insured should be increased, the City shall inform the Homeowner of such required increase at least 30 days prior to the next date on which the insurance policy is to be renewed, and the Homeowner shall assure that the renewal includes such change. If Homeowner wishes to decrease the amount of replacement value to be insured, Homeowner shall inform the City of the proposed change at least 30 days prior to the time such change would take effect. The change shall not take effect without City's approval.

Should the Home lie in a flood hazard zone as defined by the National Flood Insurance Plan, the Homeowner shall keep in full force and effect flood insurance in the maximum amount available.

The Homeowner shall also, at its sole expense, maintain in full force and effect public liability insurance using ISO Form HO 00 03 or its equivalent in the amount of \$500,000 per occurrence and in the aggregate. The City shall be named as Salt Lake City Corporation as an additional insured using ISO Form HO 04 41 or its equivalent, and certificates of insurance shall be delivered to the City prior to the commencement of the Lease and at each anniversary date thereof.

The dollar amounts of such coverage may be increased from time to time at the City's request but not more often than once in any one-year period. City shall inform the Homeowner of such required increase in coverage at least 30 days prior to the next date on which the insurance policy is to be renewed, and the Homeowner shall assure that the renewal includes such change. The amount of such increase in coverage shall be based on current trends in homeowner's liability insurance coverage in the area in which the Home is located.

9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED. Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner, based on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify City of this problem, and City may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and City.

If Homeowner and City cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds, then Homeowner may give City written notice of intent to terminate the Lease. The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows.

FIRST, to the expenses of their collection;

SECOND, to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s);

THIRD, to the expenses of enclosing or razing the remains of the Home and clearing debris;

FOURTH, to the City for any amounts owed under this Lease;

FIFTH, to the Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;

SIXTH, the balance, if any, to the City.

9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE. If all of the Leased Land is taken by eminent domain or otherwise for public purposes, or if so much of the Leased Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Leased Land. Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Leased Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to City.

In the event of a taking of a portion of the Leased Land that results in damage to the Home only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, then the damage shall be treated as damage is treated in Section 9.5 above, and monetary compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.

9.7 IF PART OF THE LAND IS TAKEN, THE LEASE FEE MAY BE REDUCED. In the event of any taking that reduces the size of the Leased Land but does not result in the termination of the Lease, City shall reassess the fair rental value of the remaining Land and shall adjust the Lease Fee if necessary to assure that the monthly fee does not exceed the monthly fair rental value of the Land for use as restricted by the Lease.

9.8 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, CITY MAY TRY TO HELP HOMEOWNER BUY ANOTHER CLT HOME. If this Lease is terminated as a result of damage, destruction or taking, except if arising from or in connection with an act or omission by Homeowner or Homeowner's invitee, City shall take reasonable steps to allow Homeowner to purchase another home on another parcel of leased land owned by City as part of the CLT if such home can reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against City if such a home is not made available.

ARTICLE 10: Transfer of the Home

10.1 INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY: Homeowner and City agree that the provisions of this Article 10 are intended to preserve the affordability

of the Home for lower income households and expand access to homeownership opportunities for such households.

10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO CITY OR QUALIFIED PERSONS: Homeowner may transfer the Home only to the City or an Income-Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers are to be completed only in strict compliance with this Article 10. Any purported transfer that does not follow the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

“Income-Qualified Person” shall mean a person or group of persons whose household income does not exceed eighty percent (80%) of the median household income for the applicable Standard Metropolitan Statistical Area or County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor.

10.3 THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER: If Homeowner dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of Homeowner’s estate shall notify City within ninety (90) days of the date of the death. Upon receiving such notice City shall consent to a transfer of the Home and Homeowner’s rights to the Leased Land to one or more of the possible heirs of Homeowner listed below as “a,” “b,” or “c,” provided that a Letter of Agreement and a Letter of Attorney’s Acknowledgment (as described in Article 1 above) are submitted to City to be attached to the Lease when it is transferred to the heirs.

- a) the spouse of the Homeowner; or
- b) the child or children of the Homeowner; or
- c) member(s) of the Homeowner’s household who have resided in the Home for at least one year immediately prior to Homeowner’s death.

Any other heirs, legatees or devisees of Homeowner, in addition to submitting Letters of Agreement and Attorney’s Acknowledgment as provided above, must demonstrate to City’s satisfaction that they are Income-Qualified Persons as defined above. If they cannot demonstrate that they are Income-Qualified Persons, they shall not be entitled to possession of the Home but must transfer the Home in accordance with the provisions of this Article.

10.4 HOMEOWNER MUST GIVE NOTICE OF INTENT TO SELL: In the event that Homeowner wishes to sell Homeowner’s Property, Homeowner shall notify City, in writing, of such wish (the Intent-to-Sell Notice). This Notice shall include a statement as to whether Homeowner wishes to recommend a prospective buyer as of the date of the Notice.

10.5 UPON RECEIVING NOTICE, CITY HAS AN OPTION TO PURCHASE THE HOME. Upon receipt of an Intent-to-Sell Notice from Homeowner, City shall have the option to purchase the Home at the Purchase Option Price calculated as set forth below. The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Income-Qualified Persons while taking fair account of the investment by the Homeowner.

If City elects to purchase the Home, City shall exercise the Purchase Option by notifying Homeowner, in writing, of such election (the Notice of Exercise of Option) within forty-five (45) days of the receipt of the Intent-to-Sell Notice, or the Option shall expire. Having given such notice, City may either proceed to purchase the Home directly or may assign the Purchase Option to an Income-Qualified Person.

The purchase (by City or City's assignee) must be completed within sixty (60) days of City's Notice of Exercise of Option, or Homeowner may sell the Home and Homeowner's rights to the Leased Land as provided in Section 10.7 below. The time permitted for the completion of the purchase may be extended by mutual agreement of City and Homeowner.

10.6 IF PURCHASE OPTION EXPIRES, HOMEOWNER MAY SELL ON CERTAIN TERMS: If the Purchase Option has expired or if City has failed to complete the purchase within the sixty-day period allowed by Section 10.5 above, Homeowner may sell the Home to any Income-Qualified Person for not more than the then applicable Purchase Option Price. If Homeowner has made diligent efforts to sell the Home for at least six months after the expiration of the Purchase Option (or six months after the expiration of such sixty-day period) and the Home still has not been sold, the City once again retains the right to exercise its Purchase Option as outline in section 10.5 above. If the City fails to exercise that right and the Home remains unsold, the Homeowner may then sell the Home, for a price no greater than the then applicable Purchase Option Price, to any party regardless of whether that party is an Income-Qualified Person.

10.7 AFTER ONE YEAR CITY SHALL HAVE POWER OF ATTORNEY TO CONDUCT SALE: If City does not exercise its option and complete the purchase of Homeowner's Property as described above, and if Homeowner (a) is not then residing in the Home and (b) continues to hold Homeowner's Property out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one year of the date of the Intent to Sell Notice, Homeowner does hereby appoint City its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Lease, sell the property, and pay to the Homeowner the proceeds of sale, minus City's costs of sale and any other sums owed City by Homeowner.

10.8 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OF HOMEOWNER'S OWNERSHIP INTEREST OR FORMULA PRICE: In no event may the Home be sold for a price that exceeds the Purchase Option Price. The Purchase Option Price shall be the lesser of (a) the Appraised Value of Homeowner's Ownership Interest at Resale calculated in accordance with Section 10.9 below or (b) the Formula Price calculated in accordance with Section 10.10 below. If City does not choose to commission an appraisal to determine the appraised value of Homeowner's Ownership Interest, then the Purchase Option Price shall be the Formula Price.

10.9 HOW THE VALUE OF HOMEOWNER'S OWNERSHIP INTEREST IS DETERMINED: If City believes that the value of Homeowner's Ownership Interest at

Resale may be less than the Formula Price, City may, within 15 days of receiving Homeowner's Notice of Intent to Sell, commission a market valuation of the Leased Land and the Home to be performed by a duly licensed appraiser acceptable to City. City shall pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease on the use, occupancy and transfer of the property. Copies of the Appraisal are to be provided to both City and Homeowner.

City and Homeowner agree that, at the time when Homeowner purchased the Home and executed the Lease with the City, the appraised market value of the Home and Leased Land was the amount listed on Schedule 1 (the "Initial Value"), as documented by the appraiser's report attached to this Lease as Exhibit INITIAL APPRAISAL. City and Homeowner further agree that Homeowner's Base Price was the amount listed on Schedule 1, and that this amount equals the percentage of the Initial Value listed on Schedule 1 (the "Ratio of Base Price to Initial Value").

The Value of Homeowner's Ownership Interest at Resale then equals the appraised value of the Home and Leased Land at resale multiplied by the Ratio of Base Price to Initial Value.

10.10 HOW THE FORMULA PRICE IS CALCULATED: The Formula Price shall be equal to the amount of Homeowner's Base Price listed on Schedule 1 plus 1.75% per year, simple interest. An example calculation is shown on Schedule 1.

10.11 QUALIFIED PURCHASER SHALL RECEIVE NEW LEASE: The City shall issue a new lease to any person who purchases the Home in accordance with the terms of this Article 10. The terms of such lease shall be the same as those of new leases issued to homebuyers at that time for land not previously leased by the City.

10.12 HOMEOWNER AND PURCHASER PAY LEASE TERMINATION FEE. When the Homeowner sells the home, the Homeowner will pay a Lease Termination Fee of 3% to the City, out of the proceeds of the sale of the home. In addition, the price to be paid by the Purchaser shall include, in addition to the Purchase Option Price, at the discretion of the City, an increase of up to 3% to pay for the Purchaser's portion of the lease termination fee. The purpose of the Lease Termination Fee is to compensate the City for carrying out its responsibilities with regard to the transaction.

10.13 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER: The Homeowner is required to make necessary repairs when Homebuyer voluntarily transfers the Home as follows:

- a) The person purchasing the Home ("Buyer") shall, prior to purchasing the Home, hire at Buyer's sole expense a certified and licensed (if a license is required by the State of Utah) home inspector with a current Home Inspector certification and license to assess the condition of the Home and prepare a written report of the condition ("Inspection Report"). The Homeowner shall cooperate fully with the inspection.

- b) The Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), the Homeowner, and the City within 10 days after receiving the Inspection Report.
- c) Homeowner shall repair specific reported defects or conditions necessary to bring the Home into full compliance with Sections 4.2 and 7.5 above prior to transferring the Home.
- d) Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner's written request, the City may allow the Homeowner to pay all or a portion of the repair costs after transfer, from Homeowner's proceeds of sale, if Homeowner cannot afford to pay such costs prior to the transfer. In such event, either (i) 150% of the unpaid estimated cost of repairs or (ii) 100% of the unpaid cost of completed repairs shall be withheld from Homeowner's proceeds of sale in a City-approved escrow account. Also, upon Homeowner's written request, City may, at its discretion, agree to release funds from the Repair Reserve Fund to cover some or all of the cost of such repairs, provided that such use of the Reserve is in full compliance with Section 7.6 above.
- e) Homeowner shall allow City, Buyer, and Buyer's building inspector and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.
- f) Upon sale or other transfer, Homeowner shall either (i) transfer the Home with all originally purchased appliances or replacements in the Home in good working order or (ii) reduce the Purchase Option Price by the market value of any such appliances that are not left with the Home in good working order.

ARTICLE 11: Reserved

ARTICLE 12: Default

12.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO THE CITY THAT ARE REQUIRED BY THE LEASE: It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by City to Homeowner and Permitted Mortgagee. However, if Homeowner makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the 30-day cure period, then the cure period shall be extended by an additional 30 days.

12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NONMONETARY) TERMS OF THE LEASE: It shall be an event of default if Homeowner fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by City to Homeowner and Permitted Mortgagee. However, if Homeowner or Permitted Mortgagee has begun to cure such default within the 60-day cure period and is continuing such cure with due diligence but cannot complete the cure within the 60-day cure period, the cure period shall be extended for as much additional time as may be reasonably required to complete the cure.

12.3 WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS: It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of the Home or Homeowner's interest in the Leased Land by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

12.4 A DEFAULT GIVES CITY THE RIGHT TO TERMINATE THE LEASE OR EXERCISE ITS PURCHASE OPTION:

a) **TERMINATION:** In the case of any of the events of default (uncured violation) described above, City may terminate this lease and initiate summary proceedings under applicable law against Homeowner, and City shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, City shall have such additional rights and remedies to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by City pursuant to an Event of Default, then, as provided in Section 7.7 above, upon thus assuming title to the Home, City shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.9 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the City under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by City in pursuit of its remedies under this Lease.

If City elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above and the attached Exhibit PERMITTED MORTGAGES) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Homeowner's interest in the Home and the Leased Land by foreclosure of its mortgage or otherwise.

b) **EXERCISE OF OPTION:** In the case of any of the events of default described above, Homeowner hereby grants to the City (or its assignee) the option to purchase the Home for the Purchase Option Price as such price is defined in Article 10 above. Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, City shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after the City gives notice to the Homeowner of the City's intent to exercise its option under this Section 12.4(a), the City or its assignee shall purchase the Home for the Purchase Option Price.

12.5 WHAT HAPPENS IF CITY DEFAULTS: City shall in no event be in default in

the performance of any of its obligations under the Lease unless and until the City has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to City properly specifying City's failure to perform any such obligation.

ARTICLE 13: Mediation and Arbitration

13.1 If a dispute arises between City and Homeowner, either party may initiate the dispute resolution process by delivering to the other party a written notice of the issue(s) and a proposal to settle the dispute. The recipient shall respond to the proposed solution within 10 days, and shall either agree to the proposed solution or propose an alternative solution. The parties shall continue to correspond until a settlement has been reached or the parties realize that the correspondence will not settle the dispute. The parties agree to make a good faith effort to settle the dispute. If the initial correspondence does not settle the dispute, the parties or their representatives shall meet on at least one occasion to attempt to resolve the dispute. The time and place, within 14 days of the second party's response, shall be mutually agreeable to both parties. If the meeting does not produce a resolution, then any and all disputes arising out of or related to this Lease shall be submitted to non-binding mediation before a mutually acceptable mediator prior to initiating any other resolution process. The mediator shall have expertise in real estate and leases. The parties will be bound to the terms of any mutually agreed upon settlement agreement, which is enforceable in a court of competent jurisdiction.

13.2 Homeowner and City shall each pay one half (50%) of any costs incurred in carrying out mediation or arbitration in which the parties have agreed to engage, and shall pay their own personal attorneys.

ARTICLE 14: GENERAL PROVISIONS

14.1 Reserved.

14.2 NOTICES: Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person, by overnight courier, or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

If to City:

Salt Lake City Corporation
c/o Director, Housing and Neighborhood Development
451 South State Street, Room 425
P.O. Box 145487
Salt Lake City, Utah 84114-5487

Homeowner's notice information is set forth on Schedule 1.

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

14.3 **NO BROKERAGE:** Homeowner warrants that it has not dealt with any real estate broker other than the broker listed on Schedule 1 in connection with the purchase of the Home. If any claim is made against City regarding dealings with brokers other than the broker listed on Schedule 1, Homeowner shall defend City against such claim with counsel of City's selection and shall reimburse City for any loss, cost or damage which may result from such claim.

14.4 **SEVERABILITY AND DURATION OF LEASE:** If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or City against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that City's option to purchase and all other rights of both parties under this Lease shall continue in effect for the full term of this Lease and any renewal thereof, and shall be considered to be coupled with an interest.

14.5 **RIGHT OF FIRST REFUSAL IN LIEU OF OPTION:** If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, City shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in Exhibit FIRST REFUSAL. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

14.6 **WAIVER:** The waiver by City at any time of any requirement or restriction in this Lease, or the failure of City to take action with respect to any breach of any such requirement or restriction, shall not be deemed to be a waiver of such requirement or restriction with regard to any subsequent breach of such requirement or restriction, or of any other requirement or restriction in the Lease. City may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by City before being effective.

The subsequent acceptance of Lease Fee payments by City shall not be deemed to be a waiver of any preceding breach by Homeowner of any requirement or restriction in this Lease, other than the failure of the Homeowner to pay the particular Lease Fee so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such Lease Fee payment.

14.7 **CITY'S RIGHT TO PROSECUTE OR DEFEND:** City shall have the right, but shall have no obligation, to prosecute or defend, in its own or the Homeowner's name, any actions or proceedings appropriate to the protection of its own or Homeowner's interest in the Leased Land. Whenever requested by City, Homeowner shall give City all reasonable aid in any such action or proceeding.

14.8 **CONSTRUCTION:** Whenever in this Lease a pronoun is used it shall be construed to represent the singular or the plural, masculine or feminine, as the case shall demand.

14.9 **HEADINGS AND TABLE OF CONTENTS:** The headings, subheadings and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms or conditions of this Lease.

14.10 **PARTIES BOUND:** This Lease sets forth the entire agreement between City and Homeowner with respect to the leasing of the Land; it is binding upon and inures to the

benefit of these parties and, in accordance with the provisions of this Lease, their respective successors in interest. This Lease may be altered or amended only by written notice executed by City and Homeowner or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

14.11 GOVERNING LAW: This Lease shall be interpreted in accordance with and governed by the laws of Utah. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against City or Homeowner. Any action shall be brought in Salt Lake City, Utah.

14.12 RECORDING: The parties agree, as an alternative to the recording of this Lease, to execute a so-called Notice of Lease or Short Form Lease in form recordable and complying with applicable law and reasonably satisfactory to City's attorneys. In no event shall such document state the rent or other charges payable by Homeowner under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

[Signatures on following pages.]

IN WITNESS WHEREOF, the parties have executed this Lease to be effective as of the Effective Date.

City:

Salt Lake City Corporation, a Utah
municipal corporation

By _____

Melissa Jensen, Director of Housing
and Neighborhood Division

ATTEST:

Approved as to Form
Salt Lake City Attorney's Office

City Recorder

By _____

Kimberly K. Chytraus

Date: _____

City Signature Page

IN WITNESS WHEREOF, the parties have executed this Lease to be effective as of the Effective Date.

Homeowner:

[Insert name]

[Insert name]

Homeowner Signature Page

SCHEDULE 1

SPECIFIC LEASE TERMS

Section

Homeowner: [Insert homeowner name(s)]

Leased Land Address: [Insert address]

3.1 Term The term shall end on _____, 20____, unless ended sooner or renewed as provided below.

5.6 Initial Land Use Fee \$ _____

10.9 Initial Value \$ _____

Homeowner's Base Price: \$ _____

Ratio of Base Price to Initial Value: _____%

As an example, assume the Homeowner paid \$170,000 for his or her interest in the Home. Then the resale price would be:

	Year	Value	Appreciation
Purchase Year	2018		
Resale Year	2023		
Resale Year	2028		
Resale Year	2033		

14.2 Homeowner's notice information: _____

Email: _____
Phone: _____

14.3 Homeowner's Broker: [Insert broker name or say not applicable]

SCHEDULE 1 – Lease Terms

Sample

Letter of Agreement

To Salt Lake City Corporation (the “City”), in connection with the Community Land Trust program (the “CLT”)

Date: _____

This letter is given to the City to become an exhibit to a Ground Lease between the City and me (the “Lease”). I will be leasing a parcel of land from the City through the CLT and will be buying the home that sits on that parcel of land. I will therefore become what is described in the Lease as the “Homeowner.”

I have had the opportunity to consult with legal counsel to explain to me the terms and conditions of this transaction. I may choose to waive the right to consult with legal counsel. I understand the terms and conditions of this transaction will affect my rights as a CLT homeowner, now and in the future.

In particular I understand and agree with the following points.

One of the goals of the CLT is to keep CLT homes affordable for lower income households from one CLT homeowner to the next. I support this goal as a CLT homeowner.

The terms and conditions of my Lease will keep my home affordable for future “income-qualified persons” (as defined in the Lease). If and when I want to sell my home, the Lease requires that I sell it either to the City or to another income-qualified person. The terms and conditions of the lease also limit the price for which I can sell the home, in order to keep it affordable for such income-qualified persons. I understand that this means that the amount of equity I can realize in a sale of my home is limited.

It is also a goal of the CLT to promote resident ownership of CLT homes. For this reason, my Lease requires that, if I and my family move out of our home permanently, we must sell it. We cannot continue to own it as absentee owners.

I understand that I can leave my home to my child or children or other members of my household and that, after my death, they can own the home for as long as they want to live in it and abide by the terms of the Lease, or they can sell it on the terms permitted by the Lease.

As a CLT homeowner, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to me and others.

Sincerely

Exhibit LETTER OF AGREEMENT

[Insert homeowner name]

Exhibit LETTER OF AGREEMENT

Exhibit ATTORNEY'S LETTER OF ACKNOWLEDGMENT

OR

HOMEOWNER'S WAIVER

Sample

Letter of Attorney's Letter of Acknowledgment Or Homeowner's Waiver

Option A: Attorney's Letter

I, _____, have been independently employed by _____ (hereinafter the "Client") who intends to purchase a house and other improvements (the "Home") on land to be leased from Salt Lake City Corporation through its Community Land Trust program. The house and land are located at _____.

In connection with the contemplated purchase of the Home and the leasing of the land, I reviewed with the Client the following documents:

- a) this Letter of Attorney's Acknowledgment and a Letter of Agreement from the Client;
- b) a proposed Deed conveying the Home to the Client;
- c) a proposed Ground Lease conveying the "Leased Land" to the Client;
- d) other written materials provided by the City.

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. In my review of these documents my purpose has been to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering the aforesaid transaction in reliance on her/his own judgment and upon her/his investigation of the facts. The advice and information provided by me was an integral element of such investigation.

Name Date

Title

Firm/Address

Exhibit ATTORNEY'S LETTER OF ACKNOWLEDGMENT OR HOMEOWNER'S WAIVER

Option B: Homeowner's Waiver

I [We], _____, understand and acknowledge that I have had the opportunity to have an attorney review this Lease, the Homeowner's Letter of Agreement, the Deed, and any other materials provided the City, and advise me regarding my rights and obligations under these documents, and the present and foreseeable risks and legal consequences of the transaction. I further acknowledges that I am entering into this transaction in reliance on my own judgment and upon my investigation of the facts. I acknowledge that I have read and understand the paragraph above:

Initials: _____

I have waived my rights to consult with an attorney regarding this transaction:

Initials: _____

[Insert homeowner name]

Date: _____

[Insert homeowner name]

Date: _____

Exhibit ATTORNEY'S LETTER OF ACKNOWLEDGMENT OR HOMEOWNER'S WAIVER

Exhibit LEASED LAND

[Insert correct legal description of area of Leased Land and appurtenant title rights and obligations.]

Exhibit LEASED LAND

Exhibit DEED

WHEN RECORDED, RETURN TO:
Salt Lake City Corporation
Housing and Neighborhood Development
451 South State Street, Room 425
P.O. Box 145487
Salt Lake City, Utah 84114-5487

Tax Parcel No. _____

FORM OF Special Warranty Deed

SALT LAKE CITY CORPORATION, a Utah municipal corporation (Grantor), having its principal offices at _____, _____, _____,

hereby conveys and warrants against all who claim by, through, or under the Grantor to

JOHN AND MARY DOE (Grantees), residing at _____,
_____, _____

for the sum of one dollar, the following described real property located in Salt Lake County, Utah:

THE BUILDINGS AND OTHER IMPROVEMENTS ONLY, as presently erected on the Land described in Schedule "A" attached hereto and made a part hereof.

It is the intention of the parties that the real property underlying the buildings and other improvements conveyed herein remain vested in Grantor and that this special warranty deed convey only such buildings and other improvements as are presently erected upon the subject Land. The Land is ground leased to Grantee pursuant to a separate ground lease dated of even date herewith.

Witness the hand of said Grantor, as authorized agent of Grantor, this _____ day of _____, 20__.

Grantor:

Salt Lake City Corporation, a Utah
municipal corporation

Exhibit DEED

By _____
Melissa Jensen, Director of
Housing and Neighborhood Division

ATTEST:

Approved as to Form
Salt Lake City Attorney's Office

City Recorder

By _____
Kimberly K. Chytraus
Date: _____

STATE OF UTAH)
 :ss
COUNTY OF SALT LAKE)

The foregoing instrument was duly acknowledged before me this _____ day
of _____, 201__, by _____, _____ of Salt Lake City
Corporation, a Utah municipal corporation.

NOTARY PUBLIC, residing in
Salt Lake County, Utah

Schedule "A"
[Insert correct legal description]

Exhibit DEED

Exhibit PERMITTED MORTGAGES

The rights and provisions set forth in this Exhibit shall be understood to be provisions of Section 8.2 of the Lease. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

A. OBLIGATIONS OF PERMITTED MORTGAGEE. Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and the City to modify the terms of the Lease during the term of the Permitted Mortgage.

1. If Permitted Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Mortgage, the Permitted Mortgagee shall, at the same time, send a copy of that notice to the City. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the “cure period”), the City shall have the right to cure the default on the Homeowner’s behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Permitted Mortgagee.

2. If, after the cure period has expired, the Permitted Mortgagee intends to accelerate the note secured by the Permitted Mortgage or begin foreclosure proceedings under the Permitted Mortgage, the Permitted Mortgagee shall first notify City of its intention to do so, and City shall then have the right, upon notifying the Permitted Mortgagee within thirty (30) days of receipt of such notice, to acquire the Permitted Mortgage by paying off the debt secured by the Permitted Mortgage.

3. If the Permitted Mortgagee acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Mortgagee shall give City written notice of such acquisition and City shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, City must give written notice to the Permitted Mortgagee of City’s intent to purchase the Home within thirty (30) days following City’s receipt of the Permitted Mortgagee’s notice. City must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If City does not complete the purchase within this 60-day period, the Permitted Mortgagee shall be free to sell the Home to another person.

4. Nothing in the Permitted Mortgage or related documents shall be construed as giving Permitted Mortgagee a claim on City’s interest in the Leased Land, or as assigning any form of liability to the City with regard to the Leased Land, the Home, or the Permitted Mortgage.

5. Nothing in the Permitted Mortgage or related documents shall be construed as rendering City or any subsequent Mortgagee of City’s interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.

6. The Permitted Mortgagee shall not look to City or City’s interest in the Leased Land, but will look solely to Homeowner, Homeowner’s interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the

Exhibit PERMITTED MORTGAGES

parties hereto that City's consent to such the Permitted Mortgage shall be without any liability on the part of City for any deficiency judgment.)

7. In the event any part of the Home is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Mortgagee in accordance with the provisions of ARTICLE 9 hereof.

8. City shall not be obligated to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

B. RIGHTS OF PERMITTED MORTGAGEE. The rights of a Permitted Mortgagee as referenced under Section 8.6 of the Lease to which this Exhibit is attached shall be as set forth below.

1. Any Permitted Mortgagee shall, without further consent by City, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.

2. A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.

3. In the event that title to the estates of both City and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Home or in a Permitted Mortgage.

4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, City shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to City's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to City for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be

- a) *Salt Lake City Corporation (the “City”) and Homeowner have entered, or are entering, into a ground lease (the “Lease”), conveying to Homeowner a leasehold interest in the Land located at _____ (the “Leased Land”); and Homeowner has purchased, or is purchasing, the Home located on the Leased Land (the “Home”).*
- b) *The Mortgagee has been asked to provide certain financing to the Homeowner, and is being granted concurrently herewith a mortgage and security interest (the “Mortgage”) in the Leased Land and Home, all as more particularly set forth in the Mortgage, attached hereto as Schedule A.*
- c) *The Ground Lease states that the Homeowner may mortgage the Leased Land*

only with the written consent of City. The Ground Lease further provides that City is required to give such consent only if the Mortgagee signs this Standard Permitted Mortgage Agreement and thereby agrees to certain conditions that are stipulated herein (the "Stipulated Conditions").

Now, therefore, the Homeowner/Mortgagor and the Mortgagee hereby agree that the terms and conditions of the Mortgage shall include the Stipulated Conditions stated below.

Stipulated Conditions:

1) If Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Mortgage, the Mortgagee shall, at the same time, send a copy of that notice to the City. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the "cure period"), the City shall have the right to cure the default on the Homeowner's behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Mortgagee.

2) If, after such cure period, the Mortgagee intends to accelerate the note secured by the Mortgage or initiate foreclosure proceedings under the Mortgage, in accordance with the provisions of the Lease, the Mortgagee shall first notify City of its intention to do so and City shall have the right, but not the obligation, upon notifying the Mortgagee within thirty (30) days of receipt of said notice, to purchase the Mortgagee loans and to take assignment of the Mortgage.

3) If the Mortgagee acquires title to the Home and Homeowner's interest in the Leased Land through foreclosure or acceptance of a deed in lieu of foreclosure, the Mortgagee shall give the City written notice of such acquisition and the City shall have an option to purchase the Home and Homeowner's interest in the Leased Land from the Mortgagee for the full amount owing to the Mortgagee; provided, however, that the City notifies the Mortgagee in writing of the City's intent to make such purchase within thirty (30) days following the City's receipt of the Mortgagee's notice of such acquisition of the Home and Homeowner's interest in the Leased Land; further provided that City shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if the City does not complete the purchase within such period, the Mortgagee shall be free to sell the Home and Homeowner's interest in the Leased Land to another person;

4) Nothing in the Mortgage or related documents shall be construed as giving the Mortgagee a claim on City's interest in the Leased Land, or as assigning any form of liability to the City with regard to the Leased Land, the Home, or the Mortgage.

5) Nothing in the Mortgage shall be construed as rendering City or any subsequent holder of the City's interest in and to the Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Mortgage or any part thereof.

6) The Mortgagee shall not look to City or City's interest in the Leased Land, but will look solely to Homeowner and Homeowner's interest in the Leased Land and the Home for the payment of the debt secured by the Mortgage. (It is the intention of the

parties hereto that City's consent to the Mortgage shall be without any liability on the part of City for any deficiency judgment.)

7) In the event that any part of the Leased Land is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Mortgagee in accordance with the provisions of Article 9 of the Lease.

8) Nothing in the Mortgage shall obligate City to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

By:

_____ *for Mortgagee* *Date:* _____

_____ *for Homeowner/Mortgagor* *Date:*

Exhibit FIRST REFUSAL

Whenever any party under the Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale ("Offering Party") shall within the term of the Lease receive a bona fide third party offer to purchase the property which such Offering Party is willing to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

- a) Offering Party shall give written notice of such offer (the "Notice of Offer") to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer (the "Election Period") within which to exercise the right of first refusal by giving notice of intent to purchase the property (the "Notice of Intent to Purchase") for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.
- b) Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.
- c) Should Holder fail to exercise the right of first refusal within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the Lease) to go forward with the sale which the Offering Party desires to accept, and to sell the property within one (1) year following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice. If the sale is not consummated within such one-year period, the Offering Party's right so to sell shall end, and all of the foregoing provisions of this section shall be applied again to any future offer, all as aforesaid. If a sale is consummated within such one-year period, the purchaser shall purchase subject to the Holder having a renewed right of first refusal in said property.

Exhibit FIRST REFUSAL

Other Exhibits to be attached as Appropriate

Exhibit 18

WHEN RECORDED, RETURN TO:
Salt Lake City Corporation
Housing and Neighborhood Development
451 South State Street, Room 425
P.O. Box 145487
Salt Lake City, Utah 84114-5487

Tax Parcel No. _____

Special Warranty Deed

SALT LAKE CITY CORPORATION, a Utah municipal corporation (Grantor), having its principal offices at 451 South State Street, Room 425, Salt Lake City, Utah 84111.

hereby conveys and warrants against all who claim by, through, or under the Grantor to

_____(Grantees), residing at _____,
_____, _____

for the sum of one dollar, the following described real property located in Salt Lake County, Utah:

THE BUILDINGS AND OTHER IMPROVEMENTS ONLY, as presently erected on the Land described in Schedule "A" attached hereto and made a part hereof.

It is the intention of the parties that the real property underlying the buildings and other improvements conveyed herein remain vested in Grantor and that this special warranty deed convey only such buildings and other improvements as are presently erected upon the subject Land. The Land is ground leased to Grantee pursuant to a separate ground lease dated of even date herewith.

[Signatures on following page.]

Witness the hand of said Grantor, as authorized agent of Grantor, this _____ day of _____, 20__.

GRANTOR:

Salt Lake City Corporation, a Utah
municipal corporation

By _____

Lani Eggertsen-Goff, Director of
Housing and Neighborhood Division

ATTEST:

Approved as to Form
Salt Lake City Attorney's Office

City Recorder

By _____

Kimberly K. Chytraus

Date: _____

STATE OF UTAH)
 :SS
COUNTY OF SALT LAKE)

The foregoing instrument was duly acknowledged before me this _____ day of _____, 201__, by _____, _____ of Salt Lake City Corporation, a Utah municipal corporation.

NOTARY PUBLIC, residing in
Salt Lake County, Utah

Schedule “A”

[Insert legal description]