

RESOLUTION NO. 2168

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD
 AUTHORIZING THE EXECUTION OF A SECOND REVISION
 OF LOAN AGREEMENT WITH C. EDWARD TROUT
 AND AMENDING RESOLUTION NUMBERS
 1562 AND 1882

BE IT RESOLVED by the City Council of the City of Soledad, as follows:

Section 1. That the City Manager be, and he is hereby authorized and directed, for and in behalf of the City of Soledad, to execute with C. EDWARD TROUT, a Second Revision of Loan Agreement in the form of the document hereunto attached, marked "Exhibit No. 1," and by reference made a part hereof.

PASSED AND ADOPTED by the City Council of the City of Soledad at a regular meeting duly held on the 8th day of June, 1992, by the following vote:


AYES, and in favor thereof, Councilmembers: Fabian Barrera, Ben Jimenez, Jr., Mayor Pro Tem John Holguin, Mayor Joe Ledesma

NOES, Councilmembers: None

ABSENT, Councilmembers. Fred Ledesma


 MAYOR OF THE CITY OF SOLEDAD

ATTEST:


 CITY CLERK OF THE CITY OF SOLEDAD

SECOND REVISION OF LOAN AGREEMENT

THIS AGREEMENT is made by and between the CITY OF SOLEDAD, a municipal corporation of the State of California, hereinafter called "Lender," and C. EDWARD TROUT, hereinafter called "Borrower," as follows.

A. This second revision agreement refers to a loan from Lender to Borrower evidenced by the Promissory Note made payable to the order of Lender in the principal amount of Two Hundred Thousand Dollars (\$200,000 00) dated November 28, 1984, a copy of which is attached hereto, marked "Exhibit A," and incorporated herein by reference. Attached to said Note and incorporated therein by reference is a Loan Agreement which sets forth, in Paragraph 2 thereof, the terms of payment of principal and interest on said Note. Said Note is secured by a deed of trust, recorded December 28, 1984, on Reel 1799, at Page 4, Official Records of Monterey County, California

B. On or about October 11, 1988, Borrower requested Lender to revise the payment schedule of the above-referenced Note, deferring interest payments as well as the date of payment of the principal amount of the Note. Said revision, a copy of which is attached hereto as "Exhibit B," was agreed upon and executed on October 11, 1988

C. Borrower has once again requested Lender to revise the payment schedule of said Note contained in the "Revision of Loan Agreement" (hereafter "Revision"), in the manner hereinbelow

set forth, and Lender has agreed to do so, subject to all of the terms, provisions and conditions of this agreement.

AGREEMENT:

It is therefore mutually agreed by and between the said parties, as follows:

1. The schedule of interest payments to be made on said Note, as shown in Paragraph 1 of the Revision, is hereby revised and amended to read as follows:

June 15, 1988	\$ 5,000 00
December 15, 1988	0
June 15, 1989	0
December 15, 1989	7,500.00
June 15, 1990	8,301 00
December 15, 1990	9,102.00
June 15, 1991	9,903 00
December 15, 1991	0
June 15, 1992	0
December 15, 1992	12,500 00
June 15, 1993	13,277 00
December 15, 1993	14,054 00
June 15, 1994	14,831 00
December 15, 1994	15,608 00
June 15, 1995	16,385 00
December 15, 1995	17,162.00
June 15, 1996	17,939 00
December 15, 1996	18,708 00

2. The principal amount of said Note (\$200,000.00) shall be paid in full on December 15, 1996, together with the interest payment then due under the above revised schedule rather than on December 15, 1995, as provided in Paragraph 1 of the Revision

3 It is understood and agreed that by executing this Second Revision of the Loan Agreement the Lender is not waiving its right to require that principal and interest payments

hereafter becoming due on said Note under the Second revised schedule of payments be made promptly when due, time being of the essence.

4. This agreement is a revision only and not a novation; and except as herein provided all of the terms of said Note and of the original Loan Agreement (Exhibit A) shall remain in full force and effect

5. This agreement, and all of the provisions hereof, shall be binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the respective parties hereto

IN WITNESS WHEREOF, the said parties have executed this Agreement this 23rd day of June, 1992

LENDER

BORROWER

CITY OF SOLEDAD, a municipal corporation,

By: [Signature]
City Manager

[Signature]
C EDWARD TROUT

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RESOLUTION NO 1562

A RESOLUTION AUTHORIZING THE EXECUTION OF A
 LOAN AGREEMENT AND LOAN DOCUMENTS
 WITH C EDWARD TROUT

BE IT RESOLVED by the City Council of the City of
 Soledad, as follows

Section 1 That the City Manager be, and he is
 hereby, authorized and directed, for and in behalf of the City
 of Soledad, to execute with C. EDWARD TROUT a "Loan Agreement"
 providing for a loan of \$200,000 00 of Community Development
 Block Grant Funds to finance a portion of land acquisition and
 equipment costs for a motel and restaurant to be constructed
 in the City of Soledad, in the form of the document hereunto
 attached, marked "Exhibit A," and by reference made a part
 hereof.

Section 2 That the City Manager be, and he is
 hereby, authorized and directed for and in behalf of the City
 of Soledad to make, execute and deliver, and to approve and
 accept, any and all papers and documents necessary or
 convenient to carry out the terms of said "Loan Agreement"

Passed and adopted by the City Council of the City
 of Soledad at a regular meeting duly held on the 28th day of
 November, 1984, by the following vote

AYES, and in favor thereof, Councilmembers

Ledesma, Ramsey, Slagle and Mayor Stephens

NOES, Councilmembers None

ABSENT, Councilmembers Mills

Graig R. Stephens
 Mayor of the City of Soledad

ATTEST

Martha L. Medeiros
 City Clerk of the City of Soledad

Exhibit "A"

LOAN AGREEMENT

THIS AGREEMENT is made by and between the CITY OF SOLEDAD, a municipal corporation of the State of California, hereinafter called Lender, and C EDWARD TROUT, hereinafter called Borrower.

RECITALS

A Borrower is purchasing a parcel of land situated on Front Street in the City of Soledad, Monterey County, California, and proposes to construct thereon a 60-unit motel, a restaurant, and adjoining shops Said land is hereinafter sometimes referred to as the "subject property " A particular description of the same is hereunto attached marked "Exhibit A," and by reference made a part hereof

B For the purpose of financing said improvements to the subject property, Borrower has arranged for a \$2,000,000 00 interim construction loan, to be replaced with a \$2,000,000 00 permanent loan, from Provident Federal Savings of Boise, Idaho, said loans to be secured by a first deed of trust on the subject property

C Borrower is in need of additional financing to complete the purchase of said land and to purchase furniture, furnishings, equipment and trade fixtures for the motel premises

D Lender has applied for and expects to obtain \$200,000 00 in Community Development Block Grant (CDBG) funds to assist in financing said project By this Agreement Lender proposes to loan said sum of \$200,000 00 to Borrower for the purposes set forth in Recital C above

AGREEMENT

It is therefore mutually agreed by and between the parties hereto, as follows

1 Loan of CDBG funds Subject to the obtaining of authorization from the State Department of Housing and Community Development to drawdown the CDBG funds referred to in Recital D above, and subject to all of the terms and provisions of this Agreement, Lender agrees to lend to Borrower the sum of \$200,000 00 to help finance the purchase of the subject property and furniture, furnishings, equipment and trade fixtures for the motel ~~and restaurant~~ proposed to be constructed thereon

2 Terms of loan Said \$200,000 00 loan shall be for the term of ten (10) years from December 15, 1984, at a simple interest rate of 7½% per annum While the loan will accrue interest over the full ten-year term, interest payments will be deferred until years 4 through 10, during which time Borrower shall pay to Lender interest only in the following installments

June 15, 1988	\$ 5,000 00
December 15, 1988	5,800 00
June 15, 1989	6,759 00
December 15, 1989	7,638 00
June 15, 1990	8,517 00
December 15, 1990	9,396 00
June 15, 1991	10,275 00
December 15, 1991	11,154 00
June 15, 1992	12,033 00
December 15, 1992	12,912 00
June 15, 1993	13,791 00
December 15, 1993	14,670 00
June 15, 1994	15,549 00
December 15, 1994	16,429 00

At the expiration of said ten-year period (i e , on December 15, 1994), Borrower shall pay to Lender the principal sum of \$200,000 00, in addition to the interest payment due on the same date Borrower shall have the right, at his election, to

make prepayments of principal at any time, without penalty, in which event the installments of interest to be paid, as aforesaid, shall be adjusted to reflect such prepayments. Said loan shall be evidenced by a promissory note payable to the order of Lender containing the terms and provisions hereinabove in this paragraph set forth and, in addition thereto, a provision that the entire unpaid principal balance of said note and all interest accrued thereon shall, at the election of the Lender, immediately become due and payable upon the occurrence of any of the following events

(a) The nonpayment of any installment of interest, or of principal, when due;

(b) The failure of the Borrower to perform or comply with any covenant, condition, or restriction contained in this Agreement;

(c) Any default or delinquency by Borrower in the payment of any other loan or obligation secured by a mortgage or other lien or encumbrance on the subject property, specifically including but not limited to the loan to be made by Provident Federal Savings described in Recital B above;

(d) The sale, assignment, conveyance, transfer or other disposition of the subject property by Borrower, either voluntarily or involuntarily, by operation of law or otherwise (except by will, intestate succession or right of survivorship or by gift or sale to a spouse, child, spouse of a child, or grandchild), or the refinancing of the subject property, without the prior written consent of the Lender, which consent shall not be unreasonably refused;

(e) The filing by or against the Borrower of a petition in bankruptcy or insolvency, or for an arrangement or reorganization, or the making of an assignment for the benefit of creditors; or

(f) The subjection of any right or interest of the Borrower in the subject property to attachment, execution or other levy, or the appointment of a receiver to take control of the subject property, or any other seizure of said property under legal process

3 Security for loan Said \$200,000 00 loan shall be secured by

(a) A second deed of trust on the subject property, prior to all other liens and encumbrances thereon except for (1) the first deed of trust to be held by Provident Federal Savings, as set forth in Recital B above, (2) current taxes and assessments, a lien but not yet due or payable, and (3) easements, right of way, reservations and restrictions now of record and acceptable to Lender

(b) A security agreement and financing statement, conforming to the requirements of the California Uniform Commercial Code and constituting a first lien on the motel furniture, furnishings, equipment and trade fixtures referred to in Recital C above which are purchased with loan funds provided under this agreement Said financing statement shall be filed with the Recorder of Monterey County and with the Secretary of State of the State of California, in accordance with the provisions of Sections 9401(1)(c), 9401(7), 9402(5) and 9313(1)(b)

of the California Uniform Commercial Code

4 Equity participation by Lender In addition to the payments to be made to Lender on the promissory note described in Paragraph 2 above, Borrower will share with Lender those profits that significantly exceed projections during the first three years of operation of the subject property and improvements, if any. The method for calculating Borrower's payment shall be as follows: the number of rooms occupied during the first three years in excess of 70% of full occupancy, multiplied by the average room rate, reduced by operating costs, and multiplied by the ratio of this loan to the total financing provided by both Lender and by Provident Federal Savings. For the purpose of this calculation the following factors have been agreed on: the sum of \$36.00 will be used for the average room rate during the first three years; operating costs will be set at 52% of gross room receipts; and the ratio of this loan (\$200,000.00) to other applicable financing (for purposes of this paragraph \$1,400,000.00) will be 1/7. Said three-years' period will begin on the first day a room is rented. Payment will be made by Borrower within 60 days after completion of the third year of operation. An example of this calculation is as follows:

Total motel rooms are 60; the first room is rented on July 1, 1985; total rooms rented between July 1, 1985, and June 30, 1988, are 47,676. The amount due to Lender would be $([47,676 - (60 \times 1096 \times 70\%)] \times \$36.00) \times 48\% \times 1428571$, or \$4,058.33. Payment would be due by August 29, 1988.

5 Compliance with CDBG requirements Borrower shall comply with all applicable terms, conditions, provisions, and assurances set forth and contained in that certain "Grant Agreement" between the State of California Department of Housing and Community Development, as Grantor, and the City

of Soledad, as Grantee, dated October 1, 1984, a copy of which is hereunto attached, marked "Exhibit B," and by reference made a part hereof

6 Conditions precedent to drawdown of loan funds.

Prior to the drawdown of the loan funds covered by this Agreement, and as a condition precedent to the obligation of Lender to disburse said funds, Borrower shall

(a) Provide Lender with a complete set of plans and specifications for the motel improvements to be constructed on the subject property, and obtain Lender's approval of the same

(b) Submit documentation that financing in the amount of \$400,000 00 for purchase of the subject property, and financing in the amount of \$2,000,000 00 from Provident Federal Savings, has been approved and firmly committed to the project

(c) Submit documentation that this secondary financing and the terms of this Agreement have been approved and consented to by the primary lender, Provident Federal Savings Said documentation shall specifically refer to the provisions of subparagraph (b) of Paragraph 3 above, relating to security on furniture, fixtures, equipment and trade fixtures

(d) Submit a letter of interest from Best Western International, Inc for staff review

(e) Submit a third party cost estimate or bids covering the proposed improvements to the subject property for staff review

(f) Submit a copy of the MAI appraisal of the subject property and improvements for staff review

7 Fire insurance Borrower shall, at Borrower's

sole expense, keep or cause to be kept insured for the mutual benefit of the Borrower, the primary lender (i e , Provident Federal Savings), and Lender, as their respective interests may appear at the time of any loss covered by said insurance, all buildings, structures and improvements located on or appurtenant to the subject property and all personal property contained therein, against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief The amount of such insurance shall be enough to prevent the Borrower or any lender from becoming a co-insurer under the provisions of the policy or policies, but in no event shall the amount be less than 90% of the then actual replacement cost, excluding the cost of replacing excavations and foundations but without deduction for depreciation (herein called full insurable value) If any dispute as to whether or not the amount of insurance carried by Borrower complies with the foregoing provisions of this paragraph cannot be resolved by agreement of the parties, Lender may, not more often than once each calendar year, require the carrier of the insurance then in force to determine the full insurable value as defined in this provision, and the resulting determination shall be conclusive between the parties for the purposes of this paragraph All insurance proceeds shall be held in trust by the recipient and shall be used only for the purpose of repairing, restoring and reconstructing the improvements on the premises and putting the same in as good condition as they were prior to such loss; provided, that any insurance proceeds remaining after completing said restoration of the premises shall belong solely to the Borrower If Borrower fails to or refuses to

procure or to maintain insurance as required by this paragraph, Lender shall have the right, at Lender's election and without notice, to procure and maintain such insurance and the premiums paid shall constitute a debt from Borrower to Lender, payable on demand

8. Financial statements Copies of annual statements and operating statements of the motel and restaurant business to be operated on the subject property, as required by the Borrower's loan agreement with the primary lender, Provident Federal Savings, shall be furnished to Lender when and as they are issued. Borrower shall also furnish to Lender, upon request, current financial and other supporting data as required by Lender

9 Review of loan documents by City Attorney All loan documents to be executed by Lender pursuant to this Agreement shall be subject to examination and approval by the City Attorney of the City of Soledad

10 Indemnification Borrower will indemnify Lender against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including fee of counsel) of whatever kind or nature which may be imposed on, incurred by or asserted at any time against Lender in any way relating to or arising in connection with, the construction of the improvements, the offer or sale of any unit, and/or the use, occupation or operation of any of the properties to be encumbered by the Deed of Trust

11 Job creation Borrower agrees that he will create at least 25 new jobs at the motel and restaurant to be constructed on the subject property within the first year following the opening of said motel. At least 20 of said jobs shall be for low and moderate income persons, as defined by

the Lender

12 Hiring plan Borrower shall adopt a hiring plan giving special emphasis to recruiting and hiring residents of the Soledad area, minorities and women

13 Patronage of small business vendors and suppliers In the operation of said motel and restaurant, Borrower shall emphasize the use of vendors and suppliers who operate small businesses, particularly in the Soledad area, and businesses that are women and minority owned and operated

14 Equal opportunity policy In the operation of said motel and restaurant, Borrower shall be an equal opportunity employer and shall comply with all state and federal law, rules and regulations relating to civil rights

15 Waiver No waiver by Lender of any default of Borrower under the terms of this Agreement shall be construed or held to be a waiver of any succeeding or preceding default hereunder

16. Survival of Covenants All covenants and agreements herein contained shall survive the closing of the loan transaction contemplated by this Agreement and shall remain in full force and effect

17 Time of the essence Time and specific performance are of the essence of this agreement, and of every provision hereof

18 Successors and assigns Subject to the restriction on assignment hereinabove set forth, this Agreement and all of the provisions hereof shall inure to the benefit of, and shall be binding upon, the heirs, legal representatives, successors and assigns of the respective parties hereto.

19 Attorneys' fees In case either party shall

bring suit against the other to compel the performance of, or to recover for the breach of, any covenant, agreement or condition therein written, the prevailing party shall be entitled to a reasonable attorneys' fee, to be fixed by the court and made a part of any judgment entered therein

20 Notices Any notice to be given hereunder will be sufficiently served if given personally to the party to be served, or if deposited in the United States mail, registered or certified, addressed to the party to be served at the address shown below that party's signature hereto, or at such other address as said party hereafter may designate for the service of notices hereunder

IN WITNESS WHEREOF, the said parties have executed this Agreement this 28th day of November, 1984

LENDER

BORROWER

CITY OF SOLEDAD, a municipal corporation

By [Signature]
City Manager

Pursuant to Resolution 1562

[Signature]
C Edward Trout

Maureen X Magallon

Xoan [unclear] 17

57

[unclear]

[unclear]

156



FOUNDERS TITLE COMPANY
406595

ORDER NO

EXHIBIT "A"

All that real property situate in and being a portion of the Rancho San Vicente, County of Monterey State of California, described as follows

BEING a part of that certain 166.02 acre tract conveyed by Stephen Joseph Field to James Vanoli, by deed dated September 27, 1944, recorded October 5, 1944 in Volume 843 of Deeds at Page 234, records of Monterey County, California, and being particularly described as follows, to-wit

COMMENCING at a 4 x 4 survey post, marked P standing at the southwest corner of that certain 2 acre tract conveyed by Stephen Joseph Field to John B. Pura, by deed recorded in Volume 513 of Official Records at Page 157 therein, Monterey County Records, California, and on the east side of the California State Highway, known as U S Highway 101, (100 feet wide), as conveyed by Stephen Joseph Field to State of California by deed recorded in Volume 507 of Deeds at Page 143, and running thence along the east side of said State Highway,

(1) S. 14° 57' E , 329.15 feet to an iron pipe, leave east side of State Highway, and running

(2) N 74° 57' E , at 465 61 feet an iron pipe standing on the southwest side of the old California State Highway, (60 feet wide), 497.4 feet to station, in the center line of the same, thence along the center line of said old State Highway,

(3) N. 34° 28' W , 349.35 feet to station, on the northerly line of the said Vanoli 166 02 acre tract, thence along the northerly line of said 166.02 acre tract,

(4) S 74° 55' W , at 31.79 feet a 4 x 4 survey post marked P, standing at the southeast corner of the said Pura 2 acre tract, on the southwest side of said Old Highway, (60 feet wide), 379 59 feet to the place of beginning

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RESOLUTION NO 1882

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD AUTHORIZING THE EXECUTION OF A REVISION OF LOAN AGREEMENT WITH C EDWARD TROUT AND AMENDING RESOLUTION NO 1562

BE IT RESOLVED by the City Council of the City of Soledad, as follows

Section 1 That the City Manager be, and he is hereby, authorized and directed, for and in behalf of the City of Soledad, to execute with C EDWARD TROUT A Revision of Loan Agreement in the form of the document hereunto attached, marked "Exhibit No 1", and by reference made a part hereof

PASSED AND ADOPTED by the City Council of the City of Soledad at a regular meeting duly held on the 11th day of October, 1988, by the following vote

AYES, and in favor thereof, Councilmembers Campos, Ledesma, Mayor Pro Tem Slagle, Mayor Ortiz
NOES, Councilmembers None
ABSENT, Councilmembers Untalon

Richard Cortez
MAYOR OF THE CITY OF SOLEDAD

ATTEST
[Signature]
CITY CLERK OF THE CITY OF SOLEDAD

Exhibit "B"

REVISION OF LOAN AGREEMENT

THIS AGREEMENT is made by and between the CITY OF SOLEDAD, a municipal corporation of the State of California, hereinafter called "Lender", and C EDWARD TROUT, hereinafter called "Borrower", as follows

RECITALS

A This revision agreement refers to a loan from Lender to Borrower evidenced by a promissory note made payable to the order of Lender in the principal amount of Two Hundred Thousand Dollars (\$200,000 00) dated November 28, 1984, a copy of which is attached hereto, marked "Exhibit A," and incorporated herein by reference Attached to said note and incorporated therein by reference is a Loan Agreement of even date, setting forth in Paragraph 2 thereof the terms of payment of principal and interest on said note Said note is secured by a deed of trust of even date, recorded

December 28, 1984, on Reel 1799, at Page 4,
Official Records of Monterey County, California

B Borrower has requested Lender to revise the payment schedule of said note contained in Paragraph 2 of the Loan Agreement, in the manner hereinbelow set forth, and Lender has agreed to do so, subject to all of the terms, provisions and conditions of this agreement

No 1

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AGREEMENT

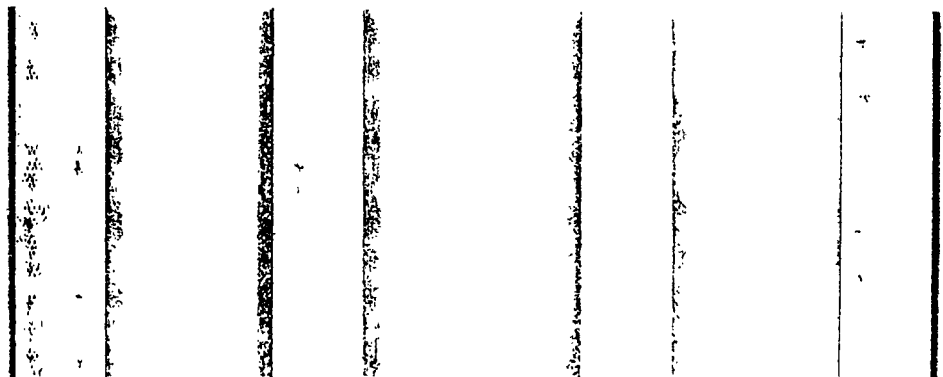
It is therefore mutually agreed by and between the said parties, as follows

1 The schedule of interest payments to be made on said note, as shown in Paragraph 2 of said Loan Agreement, is hereby revised and amended to read as follows

June 15, 1988	\$ 5,000 00
December 15, 1988	0
June 15, 1989	0
December 15, 1989	7,500 00
June 15, 1990	8,301 00
December 15, 1990	9,102 00
June 15, 1991	9,903 00
December 15, 1991	10,704 00
June 15, 1992	11,505 00
December 15, 1992	12,306 00
June 15, 1993	13,107 00
December 15, 1993	13,908 00
June 15, 1994	14,709 00
December 15, 1994	15,510 00
June 15, 1995	16,311 00
December 15, 1995	17,134 00

2 The principal amount of said note (\$200,000 00) shall be paid in full on December 15, 1995, together with the interest payment then due under the above revised schedule rather than on December 15, 1994, as provided in Paragraph 2 of the Loan Agreement

3 It is understood and agreed that by executing this Revision of Loan Agreement the Lender is not waiving its right to require that principal and interest payments hereafter becoming due on said note under the revised schedule of payments be made promptly when due, time being of the essence



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4 This agreement is a revision only and not a novation; and except as herein provided all of the terms of said note and of said Loan Agreement shall remain in full force and effect

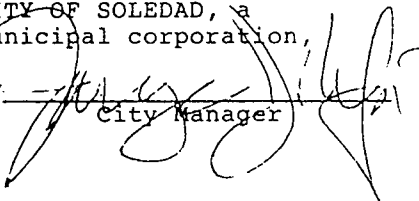
5 This agreement, and all of the provisions hereof, shall be binding upon and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the respective parties hereto

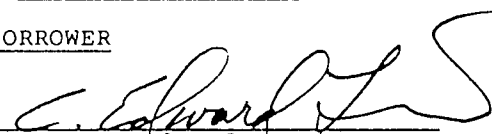
IN WITNESS WHEREOF, the said parties have executed this agreement this 11th day of October, 1988

LENDER

BORROWER

CITY OF SOLEDAD, a municipal corporation,

By:  City Manager


C Edward Trout

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Escrow No. 406595 dz

DO NOT DESTROY THIS NOTE. When paid, this note, with Deed of Trust securing same, must be surrendered to Trustee for cancellation before reconveyance will be made.

STRAIGHT NOTE
(Balloon Payment — Due on Sale Clause)

\$ 200,000 00

Monterey, California

November 28, 1984

On or before December 15, 1994 after date, for value received we, or either of us, promise to pay in lawful money of the United States of America, to

THE CITY OF SOLEDAD, a municipal corporation

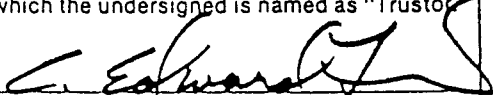
or order, at place designated by payee, the principal sum of TWO HUNDRED THOUSAND AND NO/100s with interest in like lawful money ~~from~~ as set forth in the attached loan / agreement, until paid at the rate of seven and one-half (7½) percent per annum payable as set forth in the attached loan agreement executed by and between Payor and Payee of even date herewith

The Deed of Trust securing the within note contains the following provisions.

"In the event the herein described property or any part thereof or any interest therein is sold, agreed to be sold, conveyed, alienated by the Trustor, or by the operation of law or otherwise all obligations secured by this instrument, irrespective of the maturity dates expressed therein, at the option of the holder hereof and without demand or notice shall immediately become due and payable.

This note is subject to Section 2966 of the Civil Code which provides that the holder of this note shall give written notice to the Trustor, or his successor in interest, of prescribed information at least 90 and not more than 150 days before any balloon payment is due.

Principal and interest payable in lawful money of the United States of America. Should default be made in payment of interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note. If action be instituted on this note I promise to pay such sum as the Court may fix as attorney's fees. This note is secured by a Deed of Trust in which the undersigned is named as "Trustor"


C. Edward Trout

LOAN AGREEMENT

THIS AGREEMENT is made by and between the CITY OF SOLEDAD, a municipal corporation of the State of California, hereinafter called Lender, and C EDWARD TROUT, hereinafter called Borrower

RECITALS

A Borrower is purchasing a parcel of land situated on Front Street in the City of Soledad, Monterey County, California, and proposes to construct thereon a 60-unit motel, a restaurant, and adjoining shops Said land is hereinafter sometimes referred to as the "subject property " A particular description of the same is hereunto attached marked "Exhibit A," and by reference made a part hereof

B For the purpose of financing said improvements to the subject property, Borrower has arranged for a \$2,000,000 00 interim construction loan, to be replaced with a \$2,000,000 00 permanent loan, from Provident Federal Savings of Boise, Idaho, said loans to be secured by a first deed of trust on the subject property

C Borrower is in need of additional financing to complete the purchase of said land and to purchase furniture, furnishings, equipment and trade fixtures for the motel premises

D Lender has applied for and expects to obtain \$200,000 00 in Community Development Block Grant (CDBG) funds to assist in financing said project By this Agreement Lender proposes to loan said sum of \$200,000 00 to Borrower for the purposes set forth in Recital C above

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AGREEMENT

It is therefore mutually agreed by and between the parties hereto, as follows

1 Loan of CDBG funds Subject to the obtaining of authorization from the State Department of Housing and Community Development to drawdown the CDBG funds referred to in Recital D above, and subject to all of the terms and provisions of this Agreement, Lender agrees to lend to Borrower the sum of \$200,000 00 to help finance the purchase of the subject property and furniture, furnishings, equipment and trade fixtures for the motel ~~and restaurant~~ proposed to be constructed thereon

2 Terms of loan Said \$200,000 00 loan shall be for the term of ten (10) years from December 15, 1984, at a simple interest rate of 7½% per annum While the loan will accrue interest over the full ten-year term, interest payments will be deferred until years 4 through 10, during which time Borrower shall pay to Lender interest only in the following installments

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At the expiration of said ten-year period (i e , on December 15, 1994), Borrower shall pay to Lender the principal sum of \$200,000 00, in addition to the interest payment due on the same date Borrower shall have the right, at his election, to

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make prepayments of principal at any time, without penalty, in which event the installments of interest to be paid, as aforesaid, shall be adjusted to reflect such prepayments. Said loan shall be evidenced by a promissory note payable to the order of Lender containing the terms and provisions hereinabove in this paragraph set forth and, in addition thereto, a provision that the entire unpaid principal balance of said note and all interest accrued thereon shall, at the election of the Lender, immediately become due and payable upon the occurrence of any of the following events

- (a) The nonpayment of any installment of interest, or of principal, when due;
- (b) The failure of the Borrower to perform or comply with any covenant, condition, or restriction contained in this Agreement;
- (c) Any default or delinquency by Borrower in the payment of any other loan or obligation secured by a mortgage or other lien or encumbrance on the subject property, specifically including but not limited to the loan to be made by Provident Federal Savings described in Recital B above;
- (d) The sale, assignment, conveyance, transfer or other disposition of the subject property by Borrower, either voluntarily or involuntarily, by operation of law or otherwise (except by will, intestate succession or right of survivorship or by gift or sale to a spouse, child, spouse of a child, or grandchild), or the refinancing of the subject property, without the prior written consent of the Lender, which consent shall not be unreasonably refused;

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(e) The filing by or against the Borrower of a petition in bankruptcy or insolvency, or for an arrangement or reorganization, or the making of an assignment for the benefit of creditors; or

(f) The subjection of any right or interest of the Borrower in the subject property to attachment, execution or other levy, or the appointment of a receiver to take control of the subject property, or any other seizure of said property under legal process

3 Security for loan Said \$200,000.00 loan shall be secured by

(a) A second deed of trust on the subject property, prior to all other liens and encumbrances thereon except for (1) the first deed of trust to be held by Provident Federal Savings, as set forth in Recital B above, (2) current taxes and assessments, a lien but not yet due or payable, and (3) easements, right of way, reservations and restrictions now of record and acceptable to Lender

(b) A security agreement and financing statement, conforming to the requirements of the California Uniform Commercial Code and constituting a first lien on the motel furniture, furnishings, equipment and trade fixtures referred to in Recital C above which are purchased with loan funds provided under this agreement Said financing statement shall be filed with the Recorder of Monterey County and with the Secretary of State of the State of California, in accordance with the provisions of Sections 9401(1)(c), 9401(7), 9402(5) and 9313(1)(b)

of the California Uniform Commercial Code

4 Equity participation by Lender In addition to the payments to be made to Lender on the promissory note described in Paragraph 2 above, Borrower will share with Lender those profits that significantly exceed projections during the first three years of operation of the subject property and improvements, if any. The method for calculating Borrower's payment shall be as follows: the number of rooms occupied during the first three years in excess of 70% of full occupancy, multiplied by the average room rate, reduced by operating costs, and multiplied by the ratio of this loan to the total financing provided by both Lender and by Provident Federal Savings. For the purpose of this calculation the following factors have been agreed on: the sum of \$36.00 will be used for the average room rate during the first three years; operating costs will be set at 52% of gross room receipts; and the ratio of this loan (\$200,000.00) to other applicable financing (for purposes of this paragraph \$1,400,000.00) will be 1/7. Said three-years' period will begin on the first day a room is rented. Payment will be made by Borrower within 60 days after completion of the third year of operation. An example of this calculation is as follows:

Total motel rooms are 60; the first room is rented on July 1, 1985; total rooms rented between July 1, 1985, and June 30, 1988, are 47,676. The amount due to Lender would be $([47,676 - (60 \times 1096 \times 70\%)] \times \$36.00) \times 48\% \times 1428571$, or \$4,058.33. Payment would be due by August 29, 1988.

5 Compliance with CDBG requirements Borrower shall comply with all applicable terms, conditions, provisions, and assurances set forth and contained in that certain "Grant Agreement" between the State of California Department of Housing and Community Development, as Grantor, and the City

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of Soledad, as Grantee, dated October 1, 1984, a copy of which is hereunto attached, marked "Exhibit B," and by reference made a part hereof

6 Conditions precedent to drawdown of loan funds

Prior to the drawdown of the loan funds covered by this Agreement, and as a condition precedent to the obligation of Lender to disburse said funds, Borrower shall

(a) Provide Lender with a complete set of plans and specifications for the motel improvements to be constructed on the subject property, and obtain Lender's approval of the same

(b) Submit documentation that financing in the amount of \$400,000 00 for purchase of the subject property, and financing in the amount of \$2,000,000 00 from Provident Federal Savings, has been approved and firmly committed to the project

(c) Submit documentation that this secondary financing and the terms of this Agreement have been approved and consented to by the primary lender, Provident Federal Savings Said documentation shall specifically refer to the provisions of subparagraph (b) of Paragraph 3 above, relating to security on furniture, fixtures, equipment and trade fixtures

(d) Submit a letter of interest from Best Western International, Inc for staff review

(e) Submit a third party cost estimate or bids covering the proposed improvements to the subject property for staff review

(f) Submit a copy of the MAI appraisal of the subject property and improvements for staff review

7 Fire insurance Borrower shall, at Borrower's

sole expense, keep or cause to be kept insured for the mutual benefit of the Borrower, the primary lender (i e , Provident Federal Savings), and Lender, as their respective interests may appear at the time of any loss covered by said insurance, all buildings, structures and improvements located on or appurtenant to the subject property and all personal property contained therein, against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief The amount of such insurance shall be enough to prevent the Borrower or any lender from becoming a co-insurer under the provisions of the policy or policies, but in no event shall the amount be less than 90% of the then actual replacement cost, excluding the cost of replacing excavations and foundations but without deduction for depreciation (herein called full insurable value.) If any dispute as to whether or not the amount of insurance carried by Borrower complies with the foregoing provisions of this paragraph cannot be resolved by agreement of the parties, Lender may, not more often than once each calendar year, require the carrier of the insurance then in force to determine the full insurable value as defined in this provision, and the resulting determination shall be conclusive between the parties for the purposes of this paragraph All insurance proceeds shall be held in trust by the recipient and shall be used only for the purpose of repairing, restoring and reconstructing the improvements on the premises and putting the same in as good condition as they were prior to such loss; provided, that any insurance proceeds remaining after completing said restoration of the premises shall belong solely to the Borrower If Borrower fails to or refuses to

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procure or to maintain insurance as required by this paragraph, Lender shall have the right, at Lender's election and without notice, to procure and maintain such insurance and the premiums paid shall constitute a debt from Borrower to Lender, payable on demand

8 Financial statements Copies of annual statements and operating statements of the motel and restaurant business to be operated on the subject property, as required by the Borrower's loan agreement with the primary lender, Provident Federal Savings, shall be furnished to Lender when and as they are issued Borrower shall also furnish to Lender, upon request, current financial and other supporting data as required by Lender

9 Review of loan documents by City Attorney All loan documents to be executed by Lender pursuant to this Agreement shall be subject to examination and approval by the City Attorney of the City of Soledad

10 Indemnification Borrower will indemnify Lender against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including fee of counsel) of whatever kind or nature which may be imposed on, incurred by or asserted at any time against Lender in any way relating to or arising in connection with, the construction of the improvements, the offer or sale of any unit, and/or the use, occupation or operation of any of the properties to be encumbered by the Deed of Trust

11 Job creation Borrower agrees that he will create at least 25 new jobs at the motel and restaurant to be constructed on the subject property within the first year following the opening of said motel At least 20 of said jobs shall be for low and moderate income persons, as defined by

the Lender

12 Hiring plan Borrower shall adopt a hiring plan giving special emphasis to recruiting and hiring residents of the Soledad area, minorities and women

13 Patronage of small business vendors and suppliers In the operation of said motel and restaurant, Borrower shall emphasize the use of vendors and suppliers who operate small businesses, particularly in the Soledad area, and businesses that are women and minority owned and operated

14 Equal opportunity policy In the operation of said motel and restaurant, Borrower shall be an equal opportunity employer and shall comply with all state and federal law, rules and regulations relating to civil rights

15 Waiver No waiver by Lender of any default of Borrower under the terms of this Agreement shall be construed or held to be a waiver of any succeeding or preceding default hereunder.

16 Survival of Covenants All covenants and agreements herein contained shall survive the closing of the loan transaction contemplated by this Agreement and shall remain in full force and effect

17 Time of the essence Time and specific performance are of the essence of this agreement, and of every provision hereof.

18 Successors and assigns Subject to the restriction on assignment hereinabove set forth, this Agreement and all of the provisions hereof shall inure to the benefit of, and shall be binding upon, the heirs, legal representatives, successors and assigns of the respective parties hereto.

19 Attorneys' fees In case either party shall

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bring suit against the other to compel the performance of, or to recover for the breach of, any covenant, agreement or condition therein written, the prevailing party shall be entitled to a reasonable attorneys' fee, to be fixed by the court and made a part of any judgment entered therein

20 Notices Any notice to be given hereunder will be sufficiently served if given personally to the party to be served, or if deposited in the United States mail, registered or certified, addressed to the party to be served at the address shown below that party's signature hereto, or at such other address as said party hereafter may designate for the service of notices hereunder

IN WITNESS WHEREOF, the said parties have executed this Agreement this 28th day of November, 1984

LENDER

BORROWER

CITY OF SOLEDAD, a municipal corporation

By [Signature]
City Manager

[Signature]
C Edward Trout

Pursuant to Resolution 1562

Martín X. Mayolá

Loan Agreement

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11/28/84

Martín X. Mayolá

FOUNDERS TITLE COMPANY
406595
ORDER NO

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EXHIBIT "A"

All that real property situate in and being a portion of the Rancho San Vicente, County of Monterey State of California, described as follows

BEING a part of that certain 166.02 acre tract conveyed by Stephen Joseph Field to James Vanoli, by deed dated September 27, 1944, recorded October 5, 1944 in Volume 843 of Deeds at Page 234, records of Monterey County, California, and being particularly described as follows, to-wit:

COMMENCING at a 4 x 4 survey post, marked P standing at the southwest corner of that certain 2 acre tract conveyed by Stephen Joseph Field to John B. Pura, by deed recorded in Volume 513 of Official Records at Page 157 therein, Monterey County Records, California, and on the east side of the California State Highway, known as U S Highway 101, (100 feet wide), as conveyed by Stephen Joseph Field to State of California by deed recorded in Volume 507 of Deeds at Page 143, and running thence along the east side of said State Highway, _____

(1) S. 14° 57' E , 329 15 feet to an iron pipe, leave east side of State Highway, and running

(2) N. 74° 57' E , at 465.61 feet an iron pipe standing on the southwest side of the old California State Highway, (60 feet wide), 497.4 feet to station, in the center line of the same, thence along the center line of said old State Highway,

(3) N 34° 28' W , 349 35 feet to station, on the northerly line of the said Vanoli 166 02 acre tract, thence along the northerly line of said 166.02 acre tract,

(4) S. 74° 55' W , at 31.79 feet a 4 x 4 survey post marked P, standing at the southeast corner of the said Pura 2 acre tract, on the southwest side of said Old Highway, (60 feet wide), 379 59 feet to the place of beginning