

UBRP LOAN AGREEMENT

This Loan Agreement (the "Agreement") is made as of the date set forth on the last page hereof (the "Effective Date") by and between the **CITY of TRENTON**, a municipal corporation of the State of New Jersey and having offices at City Hall, 319 East State Street, Trenton, New Jersey 08608 (the "City") and having designated **GREATER TRENTON, Inc.**, having offices at 102 Barrack Street, Trenton, New Jersey 08608, as its agent for the purposes set forth below (the "Borrower"), and the **NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY**, a body corporate and politic and an instrumentality exercising public and essential governmental functions of the State of New Jersey, having its principal office at 637 South Clinton Ave., Trenton, New Jersey 08650-2085 ("HMFA", the "Agency" or the "Lender").

WITNESSETH

WHEREAS, the Urban Blight Reduction Pilot Program (UBRP) is a forgivable loan program that was created by the HMFA in which up to \$11.5 million will be issued to finance the strategic demolition of vacant, unsafe and/or underutilized residential and limited commercial structures in the City, including the post-demolition removal of demolition debris and greening of the lots (hereinafter, the "Demolition Activities"); and

WHEREAS, the City has designated the Borrower as its agent for the purposes described below, and in accordance with the UBRP Program Guidelines; and

WHEREAS, the City represents that the Borrower is a qualified housing sponsor within the meaning of the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended, N.J.S.A. 55:14K-1, *et seq.*; and

WHEREAS, the City has represented that it is at risk of a recapture of \$1,107,437 in HUD 2017 Community Development Block Grant ("CDBG") funds and that in discussions with the U.S. Department of Housing and Urban Development ("HUD") and the City of Trenton, the Agency has learned that HUD will consider making the funds available to the City provided the City could find matching funds from a non-federal source. HMFA has therefore agreed to advance the said matching funds to Greater Trenton, in its capacity as the designated qualified housing sponsor of the City of Trenton, which matching funds would be immediately thereafter deposited into a HUD CDBG line of credit assigned to the City of Trenton for use by the City for CDBG purposes.

NOW THEREFORE, in consideration of the foregoing, as well as the receipt of good and valuable consideration, the receipt of which is hereby acknowledged, it is hereby acknowledged and agreed that the terms and conditions of this Agreement are as follows:

1. Lender hereby agrees to lend to the Borrower the sum of ONE MILLION, ONE HUNDRED AND SEVEN THOUSAND, FOUR HUNDRED AND THIRTY-SEVEN DOLLARS (\$1,107,437.00) (the "Loan Proceeds") and the Borrower

is obligated to transfer the Loan Proceeds to the City and the City is obligated to deposit the Loan Proceeds into the HUD CDBG line of credit assigned to the City of Trenton for use by the City and/or the Borrower for the Demolition Activities for vacant structures (the "Properties"). The said sum to be drawn down by the City or Greater Trenton solely under the terms and conditions of the CDBG regulations and UBRP guidelines.

2. The term of the loan shall be four (4) years commencing on the date the Loan Proceeds are disbursed for the Demolition Activities at each Property and the interest rate shall be *zero percent* per annum.
3. The Borrower and the City shall conduct the Demolition Activities in accordance with applicable law, regulations and permits. Except as may otherwise be permitted by HMFA for good cause, all Demolition Activities shall be performed in accordance with the UBRP Guidelines and with the documents submitted with the application of the City and the Borrower.
4. HMFA will set certain reasonable benchmarks to assure that the Demolition Activities are completed in a reasonable amount of time, including, but not limited to, requests for visual proof and documentation evidencing that the Demolition Activities are progressing as agreed until completion.
5. The City and/or Greater Trenton shall be entitled to draw down these funds only after receipt of documentation satisfactory to HUD and HMFA of costs incurred for the proper completion of the Demolition Activities at each Property. A copy of the certificate of approval issued by the City's construction official, along with any other documentation required by HUD CDBG regulations and UBRP Guidelines, shall be provided to HUD and to HMFA after completion of the Demolition Activities at each Property prior to disbursement of the Loan Proceeds pursuant to this Agreement.
6. If acceptable documentation of the costs incurred for the Demolition Activities at each of the Properties is not submitted to the HMFA within 12 months after the issuance of a commitment by HMFA, the Loan Proceeds may be deemed to have been forfeited and Borrower and the City shall be responsible for all costs incurred. The City and the Borrower may make application for extension of the commitment pursuant to UBRP Guidelines and such extension may be granted upon good cause shown.
7. Borrower and the City shall comply with all regulatory requirements concerning demolition, in particular with N.J.A.C. 5:7-3.3(a)(2), the terms of which are incorporated into this Agreement by reference.
8. Borrower and the City shall be liable to repay the Loan Proceeds for each Property pursuant to this Agreement in accordance with the repayment schedule set forth below. Borrower and the City shall take any and all official actions

necessary to authorize execution of this Agreement and to make provision for repayment of the Loan Proceeds, if required, being provided pursuant thereto in accordance with the schedule of payments set forth in this Agreement.

9. If Borrower and the City comply with all of the terms of CDBG regulations and UBRP Guidelines, any approvals issued thereunder and with this Agreement, and also continue to hold title to the Property, the balance of the Loan Proceeds due with respect to each Property identified in the City's application shall be reduced as follows: a. one year after the date of disbursement, Twenty-Five Percent (25%) of the original principal balance shall be deemed satisfied; b. two years after the date of disbursement, Fifty Percent (50%) of the original principal balance shall be deemed satisfied; c. three years after the date of disbursement, Seventy-Five Percent (75%) of the original principal balance shall be deemed satisfied; d. four years after the date of disbursement, the entire principal balance shall be deemed satisfied. All re-payments required pursuant to this Agreement, the CDBG program or UBRP Guidelines shall be made to HMFA at the address indicated above.
10. Borrower and the City represent that the City is the title owner of each Property. Upon the sale or transfer of any interest in any Property, all Loan Proceeds provided by Lender to the Borrower associated with the Property actually sold or otherwise transferred shall be repaid to the Lender, subject to the schedule of principal reduction set forth above. The City and the Borrower may make application to the Lender for a waiver of any remaining obligation for repayment of the Loan Proceeds in the event that transfer of title to one or more of the properties will result in the further development or use of the Property for housing. Lender will consider waivers on a case-by-case basis, taking into account contiguity of the properties, proposed uses and amounts or terms of compensation to be received by the City or by the Borrower. Lender, in its sole discretion, may elect to deny such waiver application. The obligation of repayment owing to a sale or transfer of any Property shall cease upon full satisfaction of the principal balance of the Loan Proceeds associated with the Property sold or otherwise transferred.
11. HMFA, Greater Trenton and the City acknowledge the existence of a Memorandum of Understanding (the "MOU") dated October 3, 2017 by and among the City, HMFA and the Borrower and any further MOU as may be agreed with respect to any advances made by HMFA to the City and/or Greater Trenton in connection with the HUD CDBG line of credit and further that Borrower's obligations for the payment of any and all costs associated with this Agreement shall be conditioned upon, and subject to, Borrower's prior actual receipt of funds from the City for said costs.
12. The terms and conditions of this Loan Agreement can only be changed by a further written agreement between the parties hereto.

The parties, having expressed their consent hereto, do sign this Loan Agreement, intending to be bound thereby.

CITY OF TRENTON

Date:

By:


W. Reed Gusciara, Mayor

GREATER TRENTON, INC.

Date:

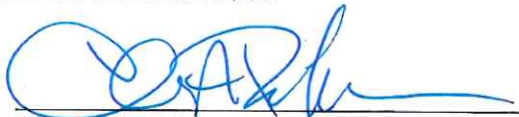
By:


George Sowa, CEO

**NEW JERSEY HOUSING AND MORTGAGE
FINANCE AGENCY**

Date: Feb. 21, 2019

By:


Charles A. Richman, Executive Director