

SILVERTON URBAN RENEWAL ADVISORY COMMITTEE MEETING AGENDA

Silverton Community Center – Council Chambers – 421 S. Water St., Silverton, OR

American with Disabilities Act – The City of Silverton intends to comply with the A.D.A. The meeting location is accessible to individuals needing special accommodations such as a sign language interpreter, headphones, or other special accommodations for the hearing impaired. To participate, please contact the City Clerk at 503-874-2216 at least 48 hours prior to the meeting.

A copy of the packet and materials, are available for review Monday through Friday 8:00 am to 5:00 pm in the City Manager's Office at the Silverton City Hall, located at 306 South Water Street. All documents will be available on our website at www.silverton.or.us.

Thursday, April 7, 2016, 8:00 AM

- I. **OPENING CEREMONIES: Call to Order, Pledge Of Allegiance & Roll Call**
- II. **PUBLIC COMMENT –** Items Not On The Agenda
- III. **APPROVAL OF MINUTES –** None presented
- IV. **DISCUSSION/ACTION –**
 - 4.1 **Larsen Flynn Insurance Amended Façade Improvement And Building Improvement Loan Request**
- V. **ADJOURNMENT**

City of Silverton
Community Development Department
306 South Water Street
Silverton, OR 97381
(503) 874-2207
Jgottgetreu@silverton.or.us



MEMO

DATE: April 5, 2016

FROM: Jason Gottgetreu, Community Development Director

TO: Silverton Urban Renewal Advisory Committee (SURAC)

RE: Larsen Flynn SURA Façade Improvement and Building Improvement Amended Request

The Silverton Urban Renewal Advisory Committee and Urban Renewal Agency reviewed and approved an Urban Renewal Grant Request for Larsen Flynn to make Façade and Building Improvements to 103 South Water Street. The Façade Grant was approved for up to \$20,000 and requires a 1:1 match. The façade project has an estimated cost of \$41,100 which allows the \$20,000 grant with the remaining \$21,100 to be match. The Building Improvement Grant was approved for up to \$50,000 and requires a 1:1 match. The building project has an estimated cost of \$147,100 which allows the \$50,000 grant with the remaining \$97,100 to be match.

Larsen Flynn would like to amend the request by requested an Urban Renewal Loan that would be used as a portion of the Match required for the approved grant. The loan would be up to \$100,000 and would be a 5 year loan at an interest rate of 2.5%. The loan would be secured as a lien on the property.

The Silverton Urban Renewal Agency reviewed the request but would like the Urban Renewal Advisory Committee to review the request as well.

Staff will be reviewing reimbursement requests and will be tracking the costs associated with the façade project and building improvement project. This is to ensure funds approved for the façade are not used in the building and vice versa. However, the loan to be used as match would be flexible for both projects. For instance, if a reimbursement request is submitted for the façade project in the amount of \$25,000, a grant payment of \$12,500 would be paid and the remaining \$12,500 could be paid and added to the loan balance. There would then be \$7,500 left available in grant funding provided there are costs of at least \$15,000 to finish the façade project to meet the 1:1 match requirement. If a reimbursement request is submitted for the building project in the amount of \$100,000, a grant payment of \$50,000 would be paid and the remaining \$50,000 could be paid and added to the loan balance. This would be the entirety of the grant. The loan balance would then be \$62,500. There would be an additional \$37,500 in loan funding available to finish the project. Loan payments will be required to start after the building receives an occupancy permit or is approved for occupancy. Interest shall not accrue during the construction period. When construction is completed, an amendment to the Loan Agreement including a Promissory Note will be required that establishes

the monthly payment amount and first months due date. Allowing one loan agreement and payment for the façade and building improvement projects is more efficient than having two agreements and payments. The two projects will be occurring at the same time and occupancy will only be granted when both projects are completed.

Larsen Flynn submitted a Profit and Loss Statement for 2013, 2014, 2015 and 2016 through March 29, 2016. Each of the years shows a positive income. Each of the years also shows an increase in commission income. The contingency income, which is described as bonus income, varies from year to year. Expenses have remained fairly consistent from year to year. One of the expenses is contingency paid out, which is described as a bonus payment that is related to the contingency income. When rent is removed from the expenses and the loan repayment is added, there is still a net positive income. There will be another mortgage expense for the new location since Larsen Flynn will be purchasing the building. Given the net income, amount of contingency income and contingency paid out, it is determined that Larsen Flynn will be able to repay the \$100,000 loan request in 5 years.

	2013	2014	2015	2016 To Date
Commission Income	\$580,515	\$583,333	\$601,659	\$131,486
Contingency Income	\$86,309	\$41,206	\$29,891	\$10,748
Total Income	\$666,824	\$624,539	\$631,550	\$142,234
Expense	\$567,488	\$576,314	\$567,098	\$105,795
Contingency Paid Out	\$86,000	\$30,791	\$26,587	\$5,667
Total Expense	\$653,488	\$607,105	\$593,685	\$111,462
Net Income	\$13,336	\$17,434	\$37,865	\$30,772
Rent	\$14,940	\$13,695	\$22,400	\$5,235
Loan Repayment	\$21,297	\$21,297	\$21,297	\$21,297
New Net	\$6,979	\$9,832	\$38,968	\$14,710

Larsen-Flynn Insurance, Inc.
Profit & Loss
 January through December 2013

	Jan - Dec 13
Ordinary Income/Expense	
Income	
Agency Bill Commission	22,167.85
Contingency Income	86,309.29 -
DeVito Agency Bill Commission	4,456.59
DeVito Direct Bill Commission	144,396.72
Direct Bill Commission	409,417.30
Financing Fee Income	76.15
Total Income	666,823.90
Gross Profit	666,823.90
Expense	
Accounting & Legal Fees	2,850.00
Accumulated Amortization	-667.00
Advertising and Promotion	9,904.19
Agency Management System	6,806.11
Amortization	667.00
Automobile Expense	600.00
Bank Service Charges	326.00
Building Maintenance	3,331.91
Computer Maintenance	3,056.07
Consultant Fees	6,000.00
Contingency Paid Out	86,000.29 -
Contributions	345.00
Copier Lease	1,987.22
Depreciation Expense	1,017.00
Dues and Subscriptions	2,550.80
Education	1,651.42
Equipment Purchases-Section 179	19.99
Equity Draw	101,300.00 -
Executive Commission Exp	
Executive New Commission Exp	16,122.32 ~
Executive Commission Exp - Other	159,718.68 ~
Total Executive Commission Exp	175,841.00
Hiring Expenses	1,180.00
Insurance-Group L&D	1,210.95
Insurance-Group Medical	35,022.14
Insurance-P&C	8,530.60
Insurance-Work Comp	540.03
Interest Expense	5,483.07
Licenses & Permits	1,414.46
Marketing Expenses	5,871.82
Meals and Entertainment	1,034.18
Miscellaneous Expense	1,190.00
Office Equipment and Furniture	1,581.52
Office Salaries	130,126.47
Office Supplies & Printing	3,588.53
Parking Dues	1,300.00
Postage and Delivery	2,226.03
Producer Commission Exp	8,332.73
Rent Expense	14,940.00
Retirement Expense	2,634.49
Small Balances Waived	88.00
Taxes-Corporate State	150.00
Taxes-FICA Expense	8,766.25
Taxes-Medicare Expenses	2,050.14
Taxes-Oregon WBF	120.56
Taxes-State Unemployment	3,249.08
Taxes - FUTA	302.19
Telephone & FAX	4,966.26

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Accrual Basis

Larsen-Flynn Insurance, Inc.

Profit & Loss

January through December 2013

	<u>Jan - Dec 13</u>
Travel Expense	222.60
Utilities	3,778.50
Total Expense	<u>653,487.60</u>
Net Ordinary Income	<u>13,336.30</u>
Net Income	<u><u>13,336.30</u></u>

Profit & Loss

January through December 2014

	Jan - Dec 14
Ordinary Income/Expense	
Income	
Agency Bill Commission	31,597.74
Contingency Income	41,206.00
DeVito Agency Bill Commission	22.56
Direct Bill Commission	
Life Commission	15.24
Direct Bill Commission - Other	550,404.96
Total Direct Bill Commission	550,420.20
Financing Fee Income	59.87
Other Income	1,232.24
Total Income	624,538.61
Gross Profit	624,538.61
Expense	
Accounting & Legal Fees	5,645.00
Advertising and Promotion	7,578.52
Agency Management System	4,420.00
Amortization	667.00
Bank Service Charges	43.00
Building Maintenance	2,217.44
Computer Maintenance	4,976.26
Consultant Fees	4,450.00
Contingency Paid Out	30,791.00
Copier Lease	1,828.76
Depreciation Expense	1,477.00
Dues and Subscriptions	4,441.17
Education	1,336.00
Equipment Purchases-Section 179	0.00
Executive Commission Exp	
Executive New Commission Exp	20,551.08
Executive Commission Exp - Other	166,339.00
Total Executive Commission Exp	186,890.08
Insurance-Group L&D	1,471.71
Insurance-Group Medical	34,642.91
Insurance-P&C	8,105.05
Insurance-Work Comp	468.73
Interest Expense	4,489.03
Licenses & Permits	732.17
Management Fee	133,400.00
Marketing Expenses	9,037.35
Meals and Entertainment	1,500.41
Miscellaneous Expense	1,119.27
Office Equipment and Furniture	1,021.79
Office Salaries	96,548.55
Office Supplies & Printing	3,540.65
Parking Dues	1,300.00
Payroll Expenses	10,729.75
Postage and Delivery	1,769.12
Producer Commission Exp	4,753.43
Professional Fees	2,407.50
Rent Expense	13,695.00
Retirement Expense	2,427.98
Taxes-Corporate State	150.00
Taxes-FICA Expense	2,351.48
Taxes-Medicare Expenses	444.27
Taxes-Oregon WBF	164.37
Taxes-State Unemployment	1,913.15
Telephone & FAX	6,654.62

Larsen-Flynn Insurance, Inc.

Profit & Loss

January through December 2014

	Jan - Dec 14
Travel Expense	505.84
Utilities	4,664.26
Total Expense	606,769.62
Net Ordinary Income	17,768.99
Other Income/Expense	
Other Expense	
MVR Charge	336.01
Total Other Expense	336.01
Net Other Income	-336.01
Net Income	<u>17,432.98</u>

Larsen-Flynn Insurance, Inc.

Profit & Loss

January through December 2015

	Jan - Dec 15
Ordinary Income/Expense	
Income	
Agency Bill Commission	36,644.14
Contingency Income	29,890.65
Direct Bill Commission	564,519.65
Other Income	95.11
Total Income	631,149.55
Gross Profit	631,149.55
Expense	
Accounting & Legal Fees	6,290.00
Advertising and Promotion	3,715.76
Agency Management System	4,380.00
Amortization	667.00
Bank Service Charges	103.00
Building Maintenance	3,706.48
Computer Maintenance	7,217.30
Consultant Fees	500.00
Contingency Paid Out	26,587.00
Contract Wages	1,558.20
Contributions	410.00
Copier Lease	1,607.23
Depreciation Expense	157.00
Dues and Subscriptions	5,160.97
Education	473.73
Equity Distribution	106,986.27
Executive Commission Exp	
Executive New Commission Exp	30,988.06
Executive Commission Exp - Other	160,264.56
Total Executive Commission Exp	191,252.62
Graber Direct Bill Commission	490.75
Hiring Expenses	19.95
Insurance-Group L&D	2,824.36
Insurance-Group Medical	29,647.41
Insurance-P&C	7,978.60
Interest Expense	3,433.67
Licenses & Permits	566.07
Management Fee	8,400.00
Marketing Expenses	7,148.08
Meals and Entertainment	1,920.14
Miscellaneous Expense	620.93
Office Equipment and Furniture	929.78
Office Salaries	105,313.30
Office Supplies & Printing	3,802.99
Parking Dues	1,440.00
Payroll Expenses	275.98
Postage and Delivery	1,964.10
Producer Commission Exp	7,660.38
Professional Fees	6,342.50
Rent Expense	22,440.00
Retirement Expense	3,159.41
Small Balances Waived	79.24
Software/IT Expenses	99.00
Taxes-Corporate State	157.83
Taxes-State Unemployment	3,315.26
Telephone & FAX	6,573.27
Travel Expense	97.70
Utilities	3,797.23
Total Expense	591,270.49
Net Ordinary Income	39,879.06

Larsen-Flynn Insurance, Inc.

Profit & Loss

January through December 2015

	<u>Jan - Dec 15</u>
Other Income/Expense	
Other Income	
Interest Earned	401.90
Total Other Income	401.90
Other Expense	
MVR Charge	2,414.45
Total Other Expense	2,414.45
Net Other Income	-2,012.55
Net Income	<u>37,866.51</u>

Larsen-Flynn Insurance, Inc.
Profit & Loss
 January 1 through March 29, 2016

	<u>Jan 1 - Mar 29, 16</u>
Ordinary Income/Expense	
Income	
Agency Bill Commission	5,838.24
Contingency Income	10,747.57
Direct Bill Commission	125,648.02
Total Income	<u>142,233.83</u>
Gross Profit	142,233.83
Expense	
Accounting & Legal Fees	4,961.25
Acquisition Costs	5,000.00
Advertising and Promotion	500.00
Agency Management System	1,140.00
Building Maintenance	510.00
Charitable Contributions	100.00
Computer Maintenance	2,134.09
Contingency Paid Out	5,667.23
Copier Lease	250.60
Dues and Subscriptions	1,191.24
Education	27.95
Executive Commission Exp	
Executive New Commission Exp	4,894.41
Executive Commission Exp - Other	36,053.42
Total Executive Commission Exp	<u>40,947.83</u>
Insurance-Group L&D	706.09
Insurance-Group Medical	5,750.02
Insurance-P&C	3,325.16
Interest Expense	685.97
Licenses & Permits	200.00
Management Fee	2,000.00
Marketing Expenses	1,603.13
Meals and Entertainment	285.09
Miscellaneous Expense	101.30
Office Salaries	19,347.83
Office Supplies & Printing	567.28
Parking Dues	360.00
Payroll Expenses	3,195.30
Postage and Delivery	655.35
Producer Commission Exp	1,217.54
Professional Fees	523.75
Rent Expense	5,235.00
Retirement Expense	527.00
Small Balances Waived	24.00
Taxes-State Unemployment	672.39
Telephone & FAX	889.99
Utilities	1,159.49
Total Expense	<u>111,461.87</u>
Net Ordinary Income	30,771.96
Other Income/Expense	
Other Income	
Interest Earned	185.77
Total Other Income	<u>185.77</u>

Larsen-Flynn Insurance, Inc.
Profit & Loss
January 1 through March 29, 2016

	<u>Jan 1 - Mar 29, 16</u>
Other Expense	
MVR Charge	125.33
Total Other Expense	<u>125.33</u>
Net Other Income	<u>60.44</u>
Net Income	<u><u>30,832.40</u></u>

LOAN AGREEMENT

Up to \$ _____, 2015

FOR VALUE RECEIVED, _____ (“Borrower”) promise to pay to the order of the Silverton Urban Renewal Agency (“Agency”) the principal sum of up to \$_____ (“Loan”) on the dates and in the amounts specified in this Loan Agreement.

1. Terms for Reimbursement. After this Loan Agreement has both been executed and taken effect, reimbursement requests will be paid to the Tenant or Contractor upon completion of each of the individual Project Elements listed below.

2. Interest Rates.

a. **Interest Rate.** The unpaid principal balance will bear interest at an annual rate of two and ½ percent (2.50%).

b. **Default Interest Rate.** Notwithstanding any other provision of this Loan Agreement to the contrary, upon an Event of Default or at any time during the continuation thereof (including failure to pay upon maturity), the Agency may at its option increase the interest rate on this Loan Agreement to a rate of seven and ½ percent (7.50%) per annum. Notwithstanding the foregoing and subject to applicable law, upon the occurrence of a default by the Borrower involving bankruptcy, insolvency or receivership proceedings, the interest rate on this Loan Agreement automatically increases to a rate of seven and ½ per cent (7.50%) per annum.

c. **Maximum Rate.** In no event will the interest rate hereunder exceed the legal interest rate established by ORS 82.010. If any interest or other charge is determined by a court of competent jurisdiction to exceed the maximum lawful amount, the interest or charge shall be reduced to the maximum permitted by law and the Agency shall credit any excess amount previously collected against the balance due or refund the excess amount to Borrower.

d. **Calculation of Interest.** Interest will be computed on a monthly basis.

e. **Past Due Amounts.** Amounts past due, whether by late payment, maturity, acceleration or otherwise bear interest at the Default Interest Rate noted in 2.a above.

3. Payment Schedule.

a. Principal and interest are payable monthly for a period of five years (60 months). Payments will be required to start after the building receives an occupancy permit or is approved for occupancy. Interest shall not accrue during the construction period. Payments are required to be paid monthly on or before the last day of each month until the agreement is paid in full. Any payment not paid by the last day of the month will be considered late and a \$15.00 late fee will be charged to the account. The payments will consist of a fixed payment in an amount to be determined after project completion. An amendment to the Loan Agreement including a Promissory Note will be required that establishes the monthly payment amount and first months due date upon project completion, when an occupancy permit is issued, or is approved for occupancy. Interest will begin accruing upon project completion, when an occupancy permit is

issued, or is approved for occupancy.

b. This Loan Agreement may be prepaid in full or in part at any time without penalty by paying Agency the portion of the outstanding balance that is to be prepaid, plus accrued interest on that amount to the date of prepayment. Prepayments of less than all the outstanding principal amount of this Loan Agreement shall first be applied to outstanding interest and then to principal.

4. Additional Terms.

a. **Use of Proceeds.** The Borrower shall use the funds pursuant to this Loan Agreement to purchase and have installed under permit to construct an outdoor masonry patio (Exhibit B) to the property located at _____, Silverton, OR 97381. The premises consist _____ (Marion County Assessor's Map and Taxlot _____) (also known as _____) as depicted in Exhibit A. Reimbursement requests will be paid to the Tenant or Contractor upon completion of each of the individual Project Elements listed above.

b. **LIEN.** It is hereby acknowledged that this agreement is and shall be recorded as a lien upon said property herein described or other such property sufficient to collateralize the loan. The property is currently owned by _____ ("Owner").

c. **Borrower's Obligations.** Borrower's obligations to make payments on amounts owing and perform and observe the other covenants and agreements contained herein are and shall remain absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense for any reason, including (without limitation) any defects, malfunctions, breakdowns or infirmities in the Property (or any portion thereof) or any accident, condemnation of unforeseen circumstance.

d. **Provisions Relating to Payments.** Payments due under this Loan Agreement will be made in lawful money of the United States. All payments may be applied by the Agency to principal, interest and other amounts due in any order Agency elects. All payments and (any) prepayments of principal and interest on the Loan by Borrower to Agency shall be made to:

Silverton Urban Renewal Agency
% Accounts Receivable
306 S. Water Street.
Silverton, OR 97381

or at such other address as Agency may specify in writing.

5. Defaults. "Event of Default" means the occurrence of any of the following:

a. A failure to pay when due any principal, interest or any other amount required to be paid under this Loan Agreement;

b. A failure by the Borrower to comply with any of its obligations or to perform any of its duties under this Loan Agreement or other Loan Documents which continues and is not cured for a period of 60 days or more after Agency has made written demand on Borrower to cure such failure;

c. A material misrepresentation by Borrower in or relating to this Loan Agreement;

- d. Borrower ceases to exist;
- e. Any bankruptcy, insolvency or receivership proceedings being commenced under any federal or state law by or against Borrower;
- f. Borrower defaults under any other loan and fails to cure such default within any applicable cure period set forth in the documents relating to that loan;
- g. The personal guarantor repudiates or breaches any of her obligations under the personal guarantee relating to the Loan; or
- h. Borrower fails to replace a personal guarantor should such person becomes subject of voluntary or involuntary proceedings within 90 days following commencement of such proceedings with a replacement reasonably satisfactory to Agency.

Borrower further agrees to immediately notify Agency in writing when Borrower obtains actual knowledge of the occurrence of any event which (following any required notice and the passage of time) that may constitute a default specified in (a) through (h) above.

6. Default Remedies. Upon the occurrence of any Event of Default, Agency may exercise any remedy available at law or in equity. All rights, powers and remedies of Agency may be exercised at any time after the occurrence of an Event of Default are cumulative, not exclusive, and in addition to any other rights, powers or remedies provided by law or equity. Agency may waive any Event of Default but no such waiver shall extend to a subsequent Event of Default. So long as an Event of Default has occurred and is continuing, the unpaid principal balance shall bear interest at the Default Rate.

7. Additional Agency Rights. Without affecting Borrower's liability or any endorser, surety or accommodation party, Agency may (without notice) renew or extend the time for payment, accept partial payments or agree not to sue any party liable on it.

8. Borrower's Representations and Warranties.

a. **Status.** Borrower is a for profit entity duly organized, validly existing and in good standing under the laws of the State of Oregon and will timely take such actions required by law to be and remain so.

b. **No Violations or Default.** Borrower is not in default under or in violation of any indenture or agreement to Borrower is a party or by which either is bound or any order, regulation ruling or requirement of a court or other public body or authority. No creditor has given Borrower notice or threatened to give notice of default under any material agreement.

c. **Litigation.** No action, suit, investigation or proceeding is pending against Borrower before any court or administrative agency, the outcome of which (by itself or taken together) with other such litigation might have a material adverse effect on the business, assets, operations or financial condition of Borrower.

d. **Tax Returns and Taxes.** All federal, state and other tax returns of Borrower which are required by law to be filed have been filed and all taxes applicable to Borrower (if any) are current.

e. **Compliance with Laws.** Borrower is in material compliance with all

federal, state or local laws rules, regulations, ordinances and orders applicable to it and its operations including without limitation applicable health, safety environmental and land use laws.

f. **Additional Warranties.** In addition to the Representations and Warranties above, Borrower makes the following additional Representations and Warranties:

- i. This Loan Agreement is a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms subject to:
 - A. Bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally;
 - B. The application of equitable principles and the exercise of judicial discretion in appropriate cases;
 - C. Common law and statutes affecting the enforceability of contractual obligations generally.
- ii. The execution, delivery and performance of this Loan Agreement
 - A. Is within the Borrower's power;
 - B. Has been duly authorized by all appropriate actions of Borrower's Board of Directors and is executed by a person authorized to do so;
 - C. Does not require the approval of any other individual, entity or body; and
 - D. Will not violate any law, agreement or restriction by which the Borrower is bound.

9. Borrower's Affirmative Covenants. At all times during the term of this Loan Agreement and until all amounts and obligations owing hereunder and under any other Loan Document shall have been paid and performed, Borrower covenants and agrees as follows:

a. **Performance of Obligations.** Borrower will pay the principal and interest on the Loan consistent with the Note and this Loan Agreement, will pay when due all other amounts payable by Borrower hereunder or under any Loan Document.

b. **Compliance with Laws and Use Restrictions.** Borrower will comply with all laws, ordinances, statutes, rules, regulations, orders, injunctions, or decrees of any government agency or instrumentality applicable to Borrower, the Property, the operation(s), occupancies and use(s) thereof, including all applicable health and safety, environmental and land use laws.

c. **Other Obligations.** Borrower will pay and discharge (before the same become delinquent) all taxes, indebtedness and other obligations for which it/they are liable or to which its/their income or property is subject and all claims for labor and materials or supplies which (if unpaid) might become by law a lien except the validity or amount of any lien being contested in good faith by Borrower in appropriate proceedings with adequate provision being made consistent with generally accepted accounting principles for the payment thereof if the contest is determined adverse to Borrower. If Borrower fails to discharge any such claim or lien, Agency may in its sole discretion and without waiving the default, pay the same which payment shall (at Agency's option) be added to the amount

If to Borrower:

14. Expenses and Attorney Fees. If either party incurs any expenses in connection with enforcing this Loan Agreement or if the Agency takes collection action under this Loan Agreement, the losing party shall pay the prevailing party (on demand) the prevailing party's reasonable costs and reasonable attorney fees incurred before or after commencement of litigation or at trial, on appeal or in any other proceeding or incurred in any bankruptcy proceeding or incurred as costs of collection before and after judgment. To the extent of third party challenge(s) to the validity or enforceability of this Loan Agreement, Borrower shall be responsible for all legal costs and expenses with respect to such challenges including court costs and legal fees incurred by it or Agency.

15. Applicable Law/Jurisdiction; Interpretation; Joint Liability; Severability. Borrower and Agency hereby consent to the exclusive jurisdiction of the Marion County Circuit Court and waive any objection (regardless of basis) with regard to any actions, claims, disputes or proceedings relating to this Loan Agreement or any transactions arising therefrom or enforcement and/or interpretation of any of the foregoing. Nothing herein affects Agency's rights to serve process in any manner permitted by law. This Loan Agreement and any amendments hereto (regardless of when executed) will be deemed effective and accepted only upon the Agency's receipt of the executed originals thereof. Invalidity of any provision of this Loan Agreement shall not affect validity of any other provisions.

16. Successors. This Loan Agreement may not be assigned except as permitted by this Section 21. The rights, options, powers and remedies granted in this Loan Agreement are binding upon Borrower and Agency as well as their respective successors and assigns and inure to the benefit of Borrower and Agency.

- a. Upon assignment, Agency shall provide Borrower notice allowing it to make the remainder of any payments due under this Loan Agreement to the assignee.
- b. Borrower's rights and obligations under this Loan Agreement are not assignable or otherwise transferable without Agency's prior written consent.
- c. Agency may assign its rights or obligations under this Loan Agreement to the City of Silverton at any time and without restrictions of any kind.

16. Copies; Entire Agreement. The Borrower hereby acknowledges the receipt of a copy of this Loan Agreement. This Loan Agreement is a "transferable record" as defined in applicable law relating to electronic transactions. Therefore, the holder of this Loan Agreement may, on behalf of Borrower, create a microfilm or optical disk or other electronic image of this Loan Agreement that is deemed an authoritative copy as defined in such law. The holder of this Loan Agreement may store the authoritative copy of such Loan Agreement in its electronic form and destroy the paper original as part of the holder's normal business practices. The holder, on its own behalf, may

control and transfer such authoritative copy as permitted by such law.

17. Modification and Waiver. No amendment or modification of this Loan Agreement shall be binding on either Borrower or Agency unless it is in writing and signed by authorized representatives of both. No waiver of any right arising out of a breach of any covenant, term or condition contained herein shall be a waiver of any right arising out of any other or subsequent breach of the same or any other covenant, term or condition or a waiver of the covenant, term or condition itself.

18. Survival. All agreements, representations, and warranties shall survive the execution and delivery of this Loan Agreement, any investigation at any time made by Lender or on its behalf, the making of the Loan, and the delivery of the Note.

19. Counterparts. This Loan Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

20. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, BORROWER AND AGENCY HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS LOAN AGREEMENT, THE OBLIGATIONS HEREUNDER OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. THE BORROWER AND AGENCY EACH REPRESENT TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY, AND VOLUNTARILY GIVEN.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING, EXPRESSING CONSIDERATION AND SIGNED BY THE PARTIES ARE ENFORCEABLE. NO OTHER TERM OR ORAL PROMISE NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. THE TERMS OF THIS AGREEMENT MAY ONLY BE CHANGED BY ANOTHER WRITTEN AGREEMENT. DISCLOSURE: BY OREGON STATUTE (ORS 41.580), THE FOLLOWING DISCLOSURE IS REQUIRED: UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS CONCERNING LOANS AND OTHER CREDIT EXTENSIONS NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY THE LENDER TO BE ENFORCEABLE.

BORROWER

By:

Name: _____

Title: _____

Address:

Telephone Number: _____

PROPERTY OWNER

By:

Name: _____

Title: _____

Address:

Telephone Number: _____

Exhibit "A"

Property Description

Exhibit "B"

Project Description

PROMISSORY NOTE

Principal amount: \$ _____

FOR VALUE RECEIVED, I, _____ and _____, (collectively and separately referred to as Payor) promise to pay to the order of the City of Silverton, Oregon (“City”) acting by and through the Silverton Urban Renewal Agency (“SURA”), both of which are duly organized and existing Oregon municipal corporations, the principal sum of \$ _____ in lawful United States money with interest thereon at the rate of two and ½ percent (2.50 %) per annum according to the following schedule:

Principal and interest payable each month for a period of sixty (60) months (i.e., 5 years) commencing with an initial payment of \$ _____ on or before the last day of the month following either a Certificate of Occupancy or approval for occupancy (whichever first occurs) from the City as a result of the installation of building improvements at _____, Silverton, OR 97381.

Payments after the initial payment are due not later than the last day of each succeeding month thereafter. Payments are deemed paid only upon City’s receipt of cash or negotiable instrument. Any payment tendered but not honored by the applicable financial institution upon presentation will be deemed not paid. Any payment not paid by the last day of the month will be considered late and a \$15.00 late fee will be charged to the account.

Time is of the essence under this note; should Payor fail to timely make each monthly payment, SURA in its sole discretion may then declare Payor in default of its loan and accelerate payment thereof by demanding Payor immediately pay the full outstanding unpaid principal balance and interest, which interest will then be charged at a default rate of seven and ½ per cent (7.50%).

Provided Payor is not in default under the terms of the Loan Agreement, any of the unpaid principal balance plus accrued interest may be prepaid without prepayment penalty at any time up to and including the date on which all sums payable under the terms of this note are due and payable.

If this note is placed in the hands of an attorney or agent for collection, PAYOR will pay all reasonable attorney fees and collection costs SURA incurs.

This note is personally guaranteed by _____ which guarantee is attached to this note as Exhibit C and incorporated into this note by reference. An amortization schedule is attached to this note as Exhibit D and is incorporated into this note by reference.

Payor represents to SURA that she is authorized to sign this promissory note on behalf of Payor.

PAYOR MAY NOT ASSIGN, DELEGATE OR REPLACE THIS NOTE WITHOUT SURA's PRIOR WRITTEN CONSENT, WHICH SURA MAY WITHHOLD IN ITS SOLE DISCRETION.

as representative for

Date: _____, 2015

ACCEPTED BY:
Silverton Urban Renewal Agency (SURA)

By: Bob Willoughby
Manager
Silverton Urban renewal Agency

Date: _____, 2015