

First Amendment to the
COUNTY HEAP LOAN AGREEMENT
Between
THE COUNTY OF SANTA BARBARA
AND
FIGHTING BACK SANTA MARIA VALLEY

This First Amendment to the County HEAP Loan Agreement (“AGREEMENT”) is entered into by and between the County of Santa Barbara, political subdivision of the State of California (“LENDER”), and Fighting Back Santa Maria Valley, a California Nonprofit Organization (“BORROWER”).

Effective Date: This Amendment shall take effect on the date it is executed by LENDER (“Effective Date”).

RECITALS

WHEREAS, on June 4, 2019, the Board of Supervisors of the County of Santa Barbara executed a County Heap Loan Agreement (“AGREEMENT”) to provide Borrower with \$481,500 in Homeless Emergency Aid Program (“HEAP”) funds to utilize the existing four bedroom house located at 424 East Park Avenue in Santa Maria, California (“Property”) for permanent housing for four Transition Age Youth in private bedroom units (“Project”); and

WHEREAS, BORROWER has acquired the Property and commenced work thereon for the Project; and

WHEREAS, in the course of construction for the Project the scope of work has broadened to include rehabilitation of kitchen, yard, garage door, water heating system and upgrades to the plumbing and electrical systems, resulting in a deficiency of \$60,958 from the funds previously awarded for the Project; and

WHEREAS, BORROWER has requested a modification to the AGREEMENT, increasing the total amount of HEAP funds specified for the Project by the \$60,958 deficiency; and

WHEREAS, LENDER and BORROWER entered into a Subrecipient Agreement on June 4, 2019, providing \$900,000 to the LENDER for the Project and street outreach, shelter diversion, and housing navigation services; and

WHEREAS, there are surplus HEAP funds from street outreach, shelter diversion, and housing navigation services provided for in the Subrecipient Agreement; and

WHEREAS, Section 9.18 of the AGREEMENT states that “any amendments or modifications to the County HEAP Loan Documents must be in writing, and shall be made only if executed by both Borrower and Lender.”; and

WHEREAS, the parties agree to amend the AGREEMENT to include the additional \$60,958 from the Subrecipient Agreement to fund completion of the Project; and

WHEREAS, Section 2.2 of the AGREEMENT, titled “Amount” states that “The principal amount of the County HEAP Loan shall be an amount not to exceed Four Hundred Eighty-One Thousand, Five Hundred Dollars (\$481,500)”;

WHEREAS, Exhibit B to the AGREEMENT, titled “Budget” states that the Lender shall expend \$481,500 in HEAP funds for capital related to the Project; and

WHEREAS, the parties will evidence the increased HEAP Loan amount by substituting the original promissory note in the amount of \$481,500 with a promissory note in the amount of \$542,458. The parties intend for this substitution of promissory notes to be a novation as defined at California Civil Code Sections 1530-1533.

NOW THEREFORE, the parties mutually agree to amend the AGREEMENT as follows:

1. Section 1.7 of the AGREEMENT is hereby amended as follows:
“**COUNTY HEAP LOAN**’ means the loan of HEAP funds in the amount of Five Hundred Forty-Two Thousand, Four Hundred Fifty-Eight Dollars (\$542,458) ~~Four Hundred Eighty One Thousand, Five Hundred Dollars (\$481,500)~~ as provided in this County HEAP Loan Agreement to finance the costs of the Project.”; and
2. Section 1.11 of the AGREEMENT is hereby amended as follows:
“**COUNTY HEAP LOAN NOTE**’ means the promissory note executed by the Borrower in favor of Lender in the amount of Five Hundred Forty-Two Thousand, Four Hundred Fifty-Eight Dollars (\$542,458) ~~Four Hundred Eighty One Thousand, Five Hundred Dollars (\$481,500)~~, to evidence the County HEAP Loan as well as any amendments to, modifications of, or restatements of said promissory note, substantially in the form attached hereto as Exhibit D, which is attached hereto and hereby incorporated into this County HEAP Loan Agreement by this reference.
3. Section 2.2 of the AGREEMENT is hereby amended and replaced with the following:
“**AMOUNT.**’ The principal amount of the County HEAP Loan shall be an amount not to exceed Five Hundred Forty-Two Thousand, Four Hundred Fifty-Eight Dollars (\$542,458) and shall be evidenced by the County HEAP Loan Note as defined herein. The County HEAP Loan Note evidencing the County HEAP Loan shall replace and supersede the original note in the amount of \$481,500 described in the Agreement executed on June 4, 2019 prior to this Amendment; all references to the County HEAP Loan Note herein shall refer to the promissory note in the amount of \$542,458. The Parties agree this substitution shall constitute a novation pursuant to California Civil Sections 1530-1533. In the event Lender is unable to secure HEAP Funds for this County HEAP Loan Agreement for any reason at any time during the course of

construction, Lender shall not be obligated to make payments to Borrower until HEAP Funds become available to Lender, and Borrower shall hold Lender harmless”; and

4. Section 2.3 of the AGREEMENT is hereby amended as follows:

“**INTEREST.**’ The County HEAP Loan Note shall bear simple interest at a rate of three percent (3%) per annum from the date of the January 28, 2020 first disbursement under the County HEAP Loan Note. Interest is not compounding. The foregoing notwithstanding, if Borrower remains compliant with the terms of the Regulatory Agreement, as determined by the County through periodic inspections of the Project and tenant files documenting occupancy by Qualified tenants, and as indicated with monitoring close-out letters from Lender to Borrower indicating compliance with the Regulatory Agreement, for the fifteen (15) year term described therein, then the interest of the loan shall be forgiven.”

5. Section 3.2 of the AGREEMENT is hereby amended as follows:

“**DISBURSEMENT OF HEAP FUNDS.**’ Lender shall provide HEAP Funds to borrower on a reimbursement basis for approved Project costs incurred by Borrower and approved by Lender in accordance with the Budget (Exhibit B) and only after Project costs which are to be paid have been incurred and paid by the Borrower, as evidenced by invoices and proof of payment. Disbursement of HEAP Funds shall not exceed a total of Five Hundred Forty-Two Thousand, Four Hundred Fifty-Eight Dollars (\$542,458) ~~Four Hundred Eighty One Thousand, Five Hundred Dollars (\$481,500)~~”; and

6. EXHIBIT B Scope of Work is hereby amended and replaced with the following:

Expense	Original Program Budget	Revised Total Program Budget	HEAP Program			Other	Difference +/-
			Services	Rental Assistance or subsidies	Capital Improvements		
Salaries, Benefits, and Payroll Taxes - Provide detail for all program staff. Add lines as needed.							
Client Services and Direct Assistance							
Acquisition - Escrow closing estimated 5% of purchase	\$ 17,500	\$ 17,500			\$ 17,500		\$ -
Structures	\$ 350,000	\$ 350,000	\$ -		\$ 350,000		\$ -
Facility, Utilities, and Maintenance	\$ 90,000	\$ 146,705			\$ 146,705		\$ 56,705
Contingency	\$ -	\$ 4,253			\$ 4,253		\$ 4,253
Furnishings	\$ 22,500	\$ 22,500			\$ 22,500		\$ -
Appraisal	\$ 1,500	\$ 1,500			\$ 1,500		\$ -
	\$ -		\$ -				\$ -
Total Expenses	\$ 481,500		\$ -	\$ -	\$ 542,458	\$ -	\$ 60,958
			TOTAL HEAP Portion:		\$ 542,458		

Except as set forth herein, this First Amendment shall not modify or change any of the provisions of the AGREEMENT, and the parties to the AGREEMENT are bound by its provisions, as amended herein.

IN WITNESS WHEREOF, LENDER and BORROWER have caused this Agreement to be executed by their respective duly authorized officers.

[Signatures on Following Pages]

COUNTY OF SANTA BARBARA

By: _____
Gregg Hart, Chair
Board of Supervisors

Date: _____

ATTEST
MONA MIYASATO
COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

By: _____
Deputy Clerk

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By:  _____
Scott Greenwood
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
BETSY SCHAFFER, CPA CPFO
AUDITOR-CONTROLLER

By:  _____
Deputy Auditor-Controller

APPROVED AS TO FORM:
RAY AROMATORIO, ARM, AIC
RISK MANAGEMENT

By:  _____
Risk Manager

BORROWER
FIGHTING BACK SANTA MARIA VALLEY,
a California Nonprofit Organization

By:  _____
President, Board of Directors

By:  _____
Edwin Weaver, Executive Director