

LOAN AGREEMENT

This Loan Agreement ("Agreement") is made and entered into as of July 15, 2025, by and between:

Borrower:

[Borrower Entity Name]
[Borrower Entity Address]
("Borrower")

Lender:

City of Colusa
425 Webster Street
Colusa, CA 95932
("Lender")

RECITALS

WHEREAS, Borrower desires to obtain a loan to finance certain infrastructure improvements including new street lighting, road construction, and intersection development (the "Project"), and

WHEREAS, the City of Colusa shall be the sole owner of the completed streetlights, roads, and intersections; and

WHEREAS, the Lender holds a valid Letter of Interest on the subject property and shall be in **first position** on the deeds securing the property related to the Project;

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

1. Loan Amount and Disbursement

Lender agrees to loan Borrower the principal sum of **One Million Eight Hundred Thousand Dollars (\$1,800,000)** ("Loan"), which shall be disbursed solely for costs associated with the Project. Borrower shall provide sufficient documentation for all expenses prior to disbursement.

2. Term and Interest Rate

The Loan shall have a term of **four (4) years**, commencing on **July 15, 2025** and maturing on **July 2, 2029** ("Maturity Date"). Interest shall accrue on the unpaid principal balance at the rate of **ten percent (10%) per annum**, calculated on the basis of a 365-day year.

3. Payment Terms

- **Interest-Only Payments:** The first interest-only payment shall be due on **December 31, 2025**, with subsequent interest-only payments due on the **first day of each calendar quarter** thereafter (i.e., March 1, June 1, September 1, and December 1) until the Maturity Date.
 - **Final Payment:** On the Maturity Date, Borrower shall pay all outstanding principal and any remaining accrued interest in full.
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4. Security

As security for the Loan:

- The Lender shall be granted a **first deed of trust** on the property involved in the Project.
 - The City of Colusa shall remain in **first position** on all associated deeds until the Loan is repaid in full.
 - The City retains **ownership of the Letter of Interest** for the subject property and the right to enforce its terms.
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5. Use of Funds

Loan proceeds shall be used **exclusively** for expenses related to the construction and installation of new **street lights, roads, and intersections**, all of which shall become the sole property of the City of Colusa upon completion.

6. Covenants

Borrower agrees to:

- Complete the Project in accordance with applicable local, state, and federal laws.
 - Maintain adequate insurance on the Project until completion.
 - Not encumber the property with any additional liens without Lender's written consent.
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7. Default

A default shall occur if Borrower fails to:

- Make any payment within ten (10) days of its due date,

- Use funds for any unauthorized purpose,
- Complete the Project as agreed,
- Maintain the Lender's first position on the deeds.

Upon default, Lender may declare the entire unpaid balance of the Loan and accrued interest immediately due and payable.

8. Miscellaneous

- This Agreement shall be governed by the laws of the State of California.
- Any amendments must be in writing and signed by both parties.
- This Agreement constitutes the entire agreement between the parties and supersedes all prior negotiations.

IN WITNESS WHEREOF, the parties have executed this Loan Agreement as of the date first written above.

CITY OF COLUSA (Lender)

By: _____

Name: Jesse Cain

Title: City Manager

Date: _____

[BORROWER ENTITY NAME]

By: _____

Name:

Title:

Date: _____