**BUDGET DETAIL AND PAYMENT PROVISIONS**

1. **Budget Detail & Loan Terms**
2. Payments from Program funds shall be disbursed as a Loan for payment of eligible costs set forth in the Application and Project Report, approved by the Department in connection with the Work described in Exhibit A of this Agreement.
3. Principal Amount: The total of all payments shall not exceed the lesser of:
4. the amount set forth for that in Section 3 of the STD Form 213; or
5. the amount later approved by the Department as consistent with applicable Program Requirements and the actual cost of the Work.
6. Payment and Interest:
7. The initial term of the Loan shall commence on the date of recordation of the Regulatory Agreement, or if the Mobilehome Park is in Indian Country, recordation of the Covenant, and shall mature upon the thirty-fifth (35th) anniversary thereof.
8. Interest on the unpaid principal balance disbursed under the Loan Documents shall accrue from the date of such disbursement at the simple interest rate of one percent (1%) per annum.
9. Payment of principal and accumulated interest on the Loan shall be deferred during the term of the Loan except for a payment of 0.42 percent (0.42%) of the original principal loan balance (the “**Monitoring Fee**”) payable to the Department one year from the date of the final Loan disbursement, and on each anniversary date thereafter for the full term of the Loan. The Monitoring Fee shall continue to be payable for the full term of the Loan, notwithstanding any prepayment, in whole or in part, of the outstanding principal Loan amount.
10. Upon maturity of the Loan, the principal and accumulated interest will be forgiven by the Department if Recipient is not in default under the terms of this Agreement, the Regulatory Agreement, or the Covenant. Otherwise, the Loan shall be due and payable upon the earlier of (i) the maturity date of the Loan; or (ii) the date of acceleration of the Loan. The Loan may not be prepaid in whole or in part without the prior written consent of the Department.
11. **Invoicing and Disbursement**
12. All Loan proceeds shall be disbursed as construction period funding on a reimbursement basis or as advances, upon the Recipient’s submittal of the STD Form 204 (Payee Data Record) and a Request for Funds on a form provided by the Department, and upon Recipient’s demonstration to the Department’s satisfaction that it has met all preconditions to disbursement set forth in this Agreement, the Disbursement Agreement, and applicable Program Requirements. (See Exhibit D to this Agreement, for an overview of preconditions.)
13. The Department reserves the right to retain 10 percent (10%) of the approved Loan proceeds pending receipt and acceptance of the cost audit and any remaining checklist items required for the final disbursement.
14. Except for Loan proceeds which the Department approves for disbursement at the close of escrow on the Loan (“**Loan Closing**”), disbursements of Loan proceeds during the construction period will be made by the Department directly to the Recipient, and not through an escrow account. Recipient is advised to submit Requests for Funds early as the Department is required to obtain requested funds from the California State Controller’s Office and there are, at times, necessary delays in the process.
15. Where the Application and Project Report identify funds other than Program funds for payment of costs in connection with the Work, those funds must be expended and applied to costs as provided in the Application and Project Report. Recipient shall identify each source of funding and the planned use of the funds in a Sources and Uses schedule to be included in the Disbursement Agreement. The Recipient must provide evidence and assurance of the commitment and availability of such other sources of funding identified in the Sources and Uses schedule. Recipient agrees that it will use best efforts to ensure that such other funds are available for disbursement as needed for the timely completion of the Work. The terms and conditions of all construction financing to be used in conjunction with the Loan shall be subject to the Department’s review and approval.
16. Recipient shall expend Loan proceeds only on eligible costs set forth in the Application and the Project Report. The Department shall not authorize payment(s) unless it determines that the Program funds shall be expended in compliance with applicable Program Requirements.
17. All Loan proceeds must be disbursed no later than the deadline for disbursement set forth in Section 1, Provision B-1 of Exhibit E of this Agreement (the “**Disbursement Deadline**”). The final Request for Funds must be submitted to the Department not less than three (3) months prior to the Disbursement Deadline.
18. **Budget Contingency Clause**

It is mutually agreed that if funding is reduced or eliminated by the Budget Act for purposes of the Program, the Department shall have the option to either cancel this Agreement with no liability occurring to the State or offer an agreement amendment to Contractor reflecting a reduced amount.