

**CITY OF ANNAPOLIS
SPRINKLER ASSISTANCE REVOLVING FUND LOAN AGREEMENT**

THIS SPRINKLER ASSISTANCE REVOLVING FUND LOAN AGREEMENT (“Agreement”) is made this ____ day of _____, 20____ by and between the City of Annapolis, a municipal corporation of the State of Maryland (the “City”) and _____, a _____ (the “Borrower”).

WHEREAS, the City operates a Sprinkler Assistance Revolving Fund (the “Fund”) established in accordance with Section 17.20.160 of the Code of the City of Annapolis, as may be amended, for the purpose of providing low interest loans to property owners to finance the purchase and installation of sprinkler systems on their properties; and

WHEREAS, the Borrower is the owner of property located in the City at _____, as more particularly described in a deed dated _____, _____ and recorded among the Land Records of Anne Arundel County, Maryland, in liber _____, folio _____ (the “Property”); and

WHEREAS, the Borrower desires a loan from the Fund to finance the purchase and installation of a sprinkler system for the Property, which the City is willing to make under the terms set forth below; and

WHEREAS, the purpose of this Agreement is to set forth the rights and obligations of the Borrower arising from the acceptance of such a loan.

NOW THEREFORE, in consideration of these premises and the mutual covenants and promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which the parties, acknowledge the parties agree as follows:

1. The Loan.

a. The provisions of Section 17.20.160 of the Code of the City of Annapolis, as may be amended, are incorporated herein by reference and expressly made a part of this Agreement, and shall constitute, in addition to the terms stated below, the rights and obligations of the parties pursuant to the Borrower’s participation in and loan from the Fund.

b. The City hereby makes a loan to the Borrower from the Fund, and the Borrower hereby borrows from the Fund, the sum of _____ Dollars and _____ Cents (\$_____) (the “Loan”).

c. The Borrower hereby acknowledges and understands that the City relied upon the Borrower’s application (“Application”), attached hereto and incorporated herein as Attachment A, in offering the Loan to the Borrower. In the event of a conflict between the Application and this Agreement, the provisions of this Agreement (without the conflicting terms in the Application) shall prevail.

d. The Borrower shall repay the Loan in full to the City at a rate of _____ Dollars and _____ Cents (\$_____) per month, commencing on _____, _____, for a total of _____ (____) months until the Loan is repaid in full, with compound interest of one percent (1%) per annum on the principal amount of the Loan.

e. After the execution of this Agreement by both parties, the Loan shall be disbursed in accordance with Section 17.20.160 of the Code of the City of Annapolis, as may be amended, and as follows. Upon issuance of the building permit by the City Department of Planning and Zoning in connection with the Purpose (as defined below) and the Property, the City Finance Director will disburse ninety percent (90%) of the Loan to the Borrower. The Borrower must request disbursement of the Loan within one (1) year of notification of Loan approval unless the City Chief of the Fire Department and/or the City Director of Planning and Zoning find that the delay in the Borrower's request for disbursement is not due to factors under the Borrower's control. The City Finance Director will disburse the remaining ten percent (10%) of the Loan to the Borrower only after a final inspection is done and approved for the Property and the Purpose. Any issuance of funds pursuant to this Agreement shall be subject to appropriation by the City.

f. Upon completion of repayment of the Loan, this Agreement shall be of no further effect and shall be released.

g. The repayment period for the Loan may not exceed five (5) years from the date of initial disbursement.

2. Use of the Loan.

a. The Borrower shall use the Loan proceeds exclusively for the purpose of purchasing and installing a sprinkler system for the Property in accordance with all applicable laws, codes, ordinances, regulations and licensing requirements (collectively, the "Purpose").

b. The Borrower, upon the City's request and within fifteen (15) calendar days after such request, shall provide to the City's Director of Finance written documentation of the purchase and installation of the sprinkler system for the Property in a manner satisfactory to the City's Director of Finance.

c. If the Borrower fails to use the entire Loan exclusively for the Purpose, or is otherwise in default of this Agreement as defined in Paragraph 6, the Borrower shall repay the full amount of the Loan, including compound interest at one percent (1%) per annum on the principal amount of the Loan, within thirty (30) calendar days after written notice from the City.

3. Sale or Transfer of the Property.

a. If the Borrower sells or otherwise transfers the Property before the repayment of the Loan in full, and in accordance with this Agreement, the Borrower shall repay the balance due on the Loan within thirty (30) calendar days after the effective date of such sale or other transfer of the Property.

b. The Borrower shall not complete the sale or transfer of the Property without prior disclosure of the existence of this Agreement to the purchaser or transferee and to any agent conducting settlement, which disclosure shall be documented in writing and provided to the City prior to such sale or transfer.

4. Lien on the Property.

a. The Loan shall be secured by a lien placed upon the Property in accordance with the Maryland Contract Lien Act, as set forth in the Annotated Code of Maryland, Real Property

Article, Section 14-201 *et seq.*, as may be amended from time to time (the "Act"), and such lien shall be collected and enforced in the same manner as real property taxes through a tax sale.

b. As permitted by the Act, such lien upon the Property shall secure the payment of: (1) damages incurred by the City for a breach of this Agreement; (2) costs of collection incurred by the City for a breach of this Agreement; (3) late charges as permitted by law; and (4) attorney's fees as awarded by a court for breach of this Agreement.

5. Records; Audits and Inspections.

a. The Borrower shall maintain records of all formal and informal actions taken, including, but not limited to, the expenditure of money, to achieve the Propose, all documentation for all Loan funds received and disbursed, all documentation to substantiate each draw, disbursement, transaction, invoice, contract, and voucher, and all other official documentation evidencing in full detail the nature and propriety of the expenses paid with Loan funds.

b. The Borrower shall retain all such records and documentation for a period of at least three (3) years after the City's receipt of the Borrower's final repayment of Loan funds pursuant to this Agreement.

c. Noncompliance by the Borrower with the record keeping and reporting requirements contained in this Agreement shall be grounds for recovery by the City of the full amount of this Loan and for termination of this Agreement pursuant to Paragraph 6 of this Agreement.

d. At any time during normal business hours and upon reasonable notice of the City to the Borrower, the Borrower shall make available to the City, its officials, officers, employees and agents, for inspection, copying and auditing, all of the records and documentation that the Borrower is required to maintain pursuant to this Agreement.

6. Default.

Any of the following events shall constitute a default of this Agreement, in which case the City, with notice to the Borrower, may declare this Agreement in default and the Borrower shall repay the full amount of the Loan, including compound interest at one percent (1%) per annum on the principal amount of the Loan, within thirty (30) calendar days after written notice from the City:

a. The Borrower's failure to repay the Loan in the manner and at the time when due;

b. The Borrower's failure to give timely notice to the City or comply with any other terms of this Agreement;

c. The Borrower's falsification in any material respect of any representations made to the City in order to secure the Loan;

d. The condemnation or other appropriation of the Property by a governmental unit;

or

e. The Borrower's filing of any petition for relief under the Bankruptcy Code, as amended from time to time, or any petition or pleading initiating any state or federal insolvency

proceeding, an assignment for the benefit of creditors, or an action seeking a judicial modification or alteration of the City's rights; or the entry of a court order appointing a trustee or receiver of or for the Property or a substantial portion of the Property or for the Borrower, or the Borrower's filing any proceedings for dissolution or liquidation, or, if applicable, the Borrower's failure to pay any corporate taxes or failure to maintain a certificate of authority to do business in the State of Maryland.

7. Insurance.

a. The Borrower shall maintain property and casualty insurance for all improvements, fixtures and other personal property on the Property, whether now or subsequently in existence, against damage or loss caused by fire and other hazards, casualties and other contingencies, and shall maintain flood insurance, if applicable, in a gross combination amount not less than the greater of one hundred percent (100%) of the Loan and/or one hundred percent (100%) of the fair market value of the Property and/or one hundred percent (100%) of the balance due on any prior recorded mortgage or deed of trust governing the Property.

b. The Borrower shall maintain liability insurance which shall have coverage for bodily injury and property damage.

c. The Borrower shall not allow or permit any insurance policies referenced above to be cancelled or to expire or to change in any manner without the prior written consent of the City.

d. The City shall not incur any expense required to maintain insurance policies required by this Agreement or to file claims.

e. The Borrower shall provide the City with documentation that insurance pursuant to the terms stated herein is in force before and as a condition for receiving the Loan for the duration that this Agreement is in effect.

f. Any breach of the insurance provisions of this Agreement shall constitute a default of the Agreement, in which case the City, with notice to the Borrower, may declare this Agreement in default in accordance with Paragraph 6.

8. Miscellaneous.

a. The City is entitled to make reasonable entries upon the Property and inspect the Property upon notice to the Borrower specifying reasonable cause for such inspection related to the City's interest in the Property.

b. The Borrower shall indemnify, defend and hold harmless the City, its elected officials, appointees, directors, employees, agents, contractors and representatives from any and all liabilities, claims, suits, or demands including attorneys' fees which may be incurred or made against the City, its elected officials, appointees, directors, employees, agents, contractors and representatives resulting from any act or omission committed in the performance of the duties imposed by and performed under the terms of this Agreement by the Borrower. The Borrower shall not be responsible for acts of gross negligence or willful misconduct committed by the City.

c. Nothing contained in this Agreement shall be construed in a manner to create any relationship between the Borrower and the City other than expressly specified herein, and the Borrower and the City shall not be considered partners or co-venturers for any purpose on account of this Agreement.

d. The Borrower shall not assign its rights or obligations under this Agreement without the express prior written consent of the City.

e. This lien of this Agreement shall run with the Property and be binding on and enforceable against the parties and their respective heirs, personal representatives, successors and assigns.

f. In the event any one or more of the provisions of this Agreement shall for any reason be held by a court or other lawful authority to be invalid, illegal or unenforceable, in whole or in part or in any other respect, the remaining provisions hereof shall not be affected thereby, and the Agreement shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

g. This Agreement and its interpretation shall be governed by Maryland law. The venue for all actions pursuant to this Agreement shall be the Courts of Anne Arundel County, Maryland. The parties waive trial by jury in all actions brought pursuant to this Agreement.

h. The captions and headings contained in this Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to limit or enlarge the terms hereof.

i. This Agreement is the final and entire agreement of the parties with respect to their rights and obligations regarding the Borrower's participation in the City's Sprinkler Assistance Revolving Loan Fund program and all obligations arising there from, and there are no oral or written understandings with respect thereto other than as stated herein. None of the terms or provisions of this Agreement may be changed, waived, or modified exempt by written instrument executed by both parties hereto, duly notarized and recorded among the Land Records of Anne Arundel County, Maryland at the expense of the City.

j. The Borrower acknowledges that he or she has read this Agreement and understands it completely, that he or she is entering into this Agreement freely, voluntary and knowingly, and that he or she is entitled to and has been given an opportunity to review this Agreement, before signing it, with an attorney of his or her own selection to consider its meaning, consequences and fairness.

k. Except for any notice required to be given by certified mail in accordance with the Act, the parties shall give notice to each other with respect to any matters having to do with this Agreement by sending such notice by regular mail, first class, postage prepaid, or delivering it in person to the City's Office of Finance at 160 Duke of Gloucester Street, and to the Borrower at _____, or such other address as each may in writing designate to the other.

l. This Agreement shall be recorded among the Land Records of Anne Arundel County, Maryland, at the expense of the Borrower.

m. Time is of the essence in connection with all provisions of this Agreement.

IN WITNESS WHEREOF, the Borrower and the City have caused this Agreement to be executed under Seal as of the day and year written above.

BORROWER:

Witness

Name: (Seal)

Witness

Name: (Seal)

State of Maryland, Anne Arundel County:

I Hereby Certify that on the ____ of _____, 20____, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, known to me or satisfactorily proven to be the person whose signature appears above, and he/she has signed this Agreement in my presence and acknowledged that it is his/her free and voluntary act for the purposes stated therein.

Witness my signature and notarial seal.

NOTARY PUBLIC

My Commission expires: _____

State of Maryland, Anne Arundel County:

I Hereby Certify that on the ____ of _____, 20____, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, known to me or satisfactorily proven to be the person whose signature appears above, and he/she has signed this Agreement in my presence and acknowledged that it is his/her free and voluntary act for the purposes stated therein.

Witness my signature and notarial seal.

NOTARY PUBLIC

My Commission expires: _____

Attest and Acknowledgement:

CITY OF ANNAPOLIS

Regina Watkins-Eldridge MMC City Clerk

By: _____
Gavin Buckley, Mayor

State of Maryland, Anne Arundel County:

I hereby certify that on this ____ of _____, 20____, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared Gavin Buckley, Mayor of the City of Annapolis, known to me or satisfactorily proven to be the person whose signature appears above, and he/she has signed this Agreement in my presence and acknowledged its acceptance by the City of Annapolis.

NOTARY PUBLIC

My Commission expires: _____

CERTIFIED FOR SUFFICIENT APPROPRIATIONS
AND AVAILABILITY OF FUNDS:

Director, Finance Department

APPROVED FOR FORM AND LEGAL SUFFICIENCY:

OFFICE OF THE CITY ATTORNEY

I hereby certify, pursuant to Annotated Code of Maryland, Real Property Article, Section 3-104, that the foregoing Agreement has been prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

Assistant City Attorney

Return to:
City Attorney
City of Annapolis Office of Law
160 Duke of Gloucester Street, Annapolis, MD 21401

**ATTACHMENT A
APPLICATION**

(See attached pages.)