



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

The Honorable Jill Boudreau
Mayor of City of Mount Vernon
910 Cleveland Avenue
Mount Vernon, WA 98273

Dear Mayor Boudreau:

Congratulations! I am pleased to inform you that the City of Mount Vernon's (hereafter, the "City") request for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, has been approved. Such assistance is to consist of the guarantee of notes or other obligations in the principal amount of \$1,700,000, plus interest thereon, which shall be issued to finance activities described in the City's application (B-21-MC-53-0020) for the Mount Vernon Library Commons project.

This offer of commitment ("Commitment") is subject, however, to the conditions specified in Item 8 of the Funding Approval (Form HUD-7082).

The first condition provides that in the event the City fails to submit notes or other obligations for inspection and guarantee by the Secretary of Housing and Urban Development (HUD) before August 31, 2023, the Commitment will expire as of such date.

The second condition provides that the repayment schedule for the indebtedness evidenced by the notes or other obligations (the "Guaranteed Loan") must be acceptable to HUD.

The third condition provides that the City shall provide additional security for the Guaranteed Loan and such additional security must be acceptable to HUD. The additional security shall be identified in the Contract for Loan Guarantee Assistance ("Contract"), specified by 24 CFR 570.705(b)(1), which will be executed at the time the guaranteed obligations are issued. The City's application and other supporting material identify the City's pledge of its full faith and credit as additional security.

In addition, the Contract shall provide that HUD may use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future Community Development Block Grant ("CDBG") funds is insufficient to assure payment of amounts due thereunder. HUD reserves the right to require further security upon evaluation of the foregoing security arrangements and the City may substitute other collateral security for such arrangements, subject to HUD's approval of such substitution.

The fourth condition provides that prior to submitting notes or other obligations for inspection and guarantee by HUD, the City shall submit information required under Section 102(b) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545). This information shall be submitted on Form HUD-2880 to HUD's Seattle, Washington Office. A copy of Form HUD-2880 is enclosed for this purpose.

The fifth condition provides that the City must pay a fee of 2.0% of the principal amount of the loan guaranteed under this Commitment to cover the related credit subsidy costs, as announced in the Federal Register on October 27, 2021 (86 FR 59302). This fee applies to all Section 108 guaranteed loan commitments issued in Fiscal Year 2022. The fee is applied only at the time of loan disbursements. The amount to be paid at that time is equal to 2.0% of the principal amount of the requested Guaranteed Loan advance. The fee may be paid directly by the City or, alternatively, it may be deducted from the Guaranteed Loan advance(s). If the fee is paid directly by the City, it may be paid with CDBG grant funds drawn down under the CDBG line of credit or with another source.

In addition to the special conditions cited above, the release of funds for the project to be carried out with loan guarantee assistance is conditioned upon compliance by the City with all applicable provisions of the HUD Environmental Review Procedures (24 CFR Part 58). The City is reminded that these Procedures include limitations on the commitment of HUD and non-HUD funds on an activity or project prior to HUD's approval of the request for release of funds and related certification of compliance with environmental requirements. Please refer to 24 CFR 58.22 for a description of the limitations and the entities to whom they apply.

Please give us, at the address specified below, your timetable for execution of the activities described in your application. These activities will be financed through a public offering of Section 108 obligations. If you need funds prior to the next public offering, please let HUD know at the address below and instructions for obtaining interim financing will be provided.

Please execute the enclosed Funding Approval (Form HUD-7082) and return two copies to the Department of Housing and Urban Development, Financial Management Division, Room 7282, 451 Seventh Street, S.W., Washington, D.C. 20410. One copy should be kept for your files. The Funding Approval amends the Grant Agreement authorized by HUD on August 25, 2021, under the Funding Approval for grant number B-21-MC-53-0020 to include loan guarantee assistance. The Grant Agreement thereby incorporates this Funding Approval, the loan guarantee application, and Subpart M of the block grant regulations governing loan guarantees, as well as such agreements, schedules, and other documentation needed for submission or execution in connection therewith.

Please do not hesitate to reach out if we can support you in the use of your Section 108 funds. Please contact Paul D. Webster, Director, Financial Management Division at (202) 402-4563 if you need assistance.

Sincerely,

Jessie Handforth Kome
Director, Office of Block Grant Assistance

Enclosures