

Form RD 3560-35A
(02-05)

Position 5
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0189

CONSOLIDATED LOAN RESOLUTION

- (1) RRH Loan to a Broadly Based Nonprofit Corporation
- RRH Loan to a Profit Type Corporation
- RRH Loan to a Profit Type Corporation Operating on a Limited Profit Basis
- RRH Loan to a Limited Liability Company

CONSOLIDATED LOAN RESOLUTION OF _____ (2), 20____, RESOLUTION OF THE
 BOARD OF DIRECTORS OF _____ (3)
 PROVIDING FOR CONSOLIDATION OF LOAN RESOLUTIONS TOTALING \$ _____ (4)
 TO FINANCE RENTAL HOUSING AND RELATED FACILITIES IN A RURAL AREA FOR _____ (5).

Whereas _____ (3)

Corporation is a corporation duly organized and operating under the laws of the State of _____ (6),
 the Board of Directors of the Corporation (Board) has decided to provide certain rental housing and related facilities for
 eligible occupants in rural areas. The Board has determined that the Corporation is unable to provide such housing and
 facilities with its own resources or to obtain from other sources for such purpose sufficient credit upon terms and
 conditions which the Corporation could reasonably be expected to fulfill.

BE IT RESOLVED:

1. Application for Loan. The Corporation has applied for and obtained loans (Loans) totaling
 \$ _____ (4) from the United States of America acting through the Rural
 Housing Service or a successor agency, United States Department of Agriculture, (Government) pursuant to section 515 of
 the Housing Act of 1949. The Loans may be sold and insured by the Government. The Loans shall be used solely for the
 specific eligible purposes for which they are approved by the Government, in order to provide rental housing and related
 facilities for eligible occupants, as defined by the Government in rural areas. Such housing and facilities and the land
 constituting the site are herein called "Housing."

2. The following projects are consolidated which involve _____ (7) loans: _____ (8)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The borrower executes the Loan Resolution at loan closing. The Loan Resolution sets forth the terms of the Agency financing and is the instrument that becomes their legal obligation to comply with all Agency program requirements.

(see reverse)

PROCEDURE FOR PREPARATION : 7 CFR part 3560, HB-1-3560, HB-2-3560, and HB-3-3560.

PREPARED BY : Servicing Official.

NUMBER OF COPIES : Original and one copy.

SIGNATURE REQUIRED : Original signed by the Borrower and Approval Official.

DISTRIBUTION OF COPIES : Original retained in Area Office.
Copy to Borrower.

INSTRUCTIONS FOR PREPARATION

- (1) Check the appropriate type loan.
- (2) Insert the date the resolution is signed.
- (3) Type the names of the borrower as it appears on the promissory notes.
- (4) Insert the total original amounts for all loans being consolidated.
- (5) Insert if the loan is to serve senior citizens, persons with disabilities, congregate housing, or households of low and moderate incomes as appropriate.
- (6) Insert authorizing state statute under which corporation is organized.
- (7) Insert the number of loans being consolidated.
- (8) Insert the project name, case number, and original principal amount for each loan being consolidated.
- (9) Insert "as described in the promissory notes or assumption agreements."
- (10) Insert the total amount of the borrower's contribution shown on the loan resolutions being consolidated.
- (11) Insert the total amount shown on loan resolutions being consolidated of not less than two percent of the total development cost of the project for profit type corporations.
- (12) Insert, in most cases, no less than one-tenth of the aggregate sum specified in (13).
- (13) Insert the total shown on all loan resolutions being consolidated.
- (14) Include for a profit type corporation operating on a limited profit basis. Paragraph should be deleted for profit and/or nonprofit corporations.
- (15) This paragraph should be revised as necessary if all or part of the projects are only allowed a 6% return. Otherwise it will show the total initial investment shown on all loan resolutions being consolidated.
- (16) Include for a profit type corporation operating on a profit basis. Paragraph should be deleted for nonprofit corporations and profit corporations operating on a limited profit basis.
- (17) Insert the same date as in (2).
- (18) Insert dates loan resolutions being consolidated were signed.
- (19) Insert dates and amounts of all promissory notes, assumption agreements, and reamortizations being affected.
- (20) The signature of the President and at least one other member of the Board of Directors sign the resolution.
- (21) Insert the name of the Secretary of the Corporation.
- (22) Insert the same date as in (2) and (17).
- (23) Insert the same date as in (2), (17), and (22) or date certified.
- (24) Signature of the Secretary of the Corporation.
- (25) Insert date of approval of the consolidation.
- (26) Insert approval official's signature.

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3. Execution of Loan Instruments. To evidence the Loans the Corporation has issued promissory notes (Notes), signed by its President and attested by its Secretary, with its corporate seal affixed thereto, for the amount of the Loans, payable in installments over a period of (9), bearing interest at rates and containing other terms and conditions, prescribed by the Government. To secure the Notes or any indemnity or other agreement required by the Government, the President and the Secretary are hereby authorized to execute a real estate security instrument giving a lien upon the Housing and upon such other real property of the Corporation as the Government shall require, including an assignment of the rents, subsidies, revenues and profits as collateral security to be enforced in the event of any default by the Corporation, and containing other terms and conditions prescribed by the Government. The President and Secretary are further authorized to execute any other security instruments and other instruments and documents required by the Government in connection with the making or insuring of the Loans. The indebtedness and other obligations of the Corporation under the Notes, the related security instrument, and any related agreement are herein called "Loan Obligations."

4. Equal Opportunity and Nondiscrimination Provisions. The President and the Secretary are hereby authorized and directed to execute on behalf of the Corporation: (a) any undertakings and agreements required by the Government pursuant to Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Amendments Act of 1988 related to Fair Housing regarding nondiscrimination in the use and occupancy of housing; (b) Form RD 400-1, entitled "Equal Opportunity Agreement" including an "Equal Opportunity Clause" to be incorporated in or attached as a rider to each construction contract the amount of which exceeds \$10,000 and any part of which is paid for with funds from the loan, and (c) Form RD 400-4, entitled "Assurance Agreement (under Title VI Civil Rights Act of 1964)" a copy of which is attached hereto and made a part thereof and any other undertakings and agreements required by the Government pursuant to lawful authority.

5. Borrower Equity Contribution. The amount of \$ (10) was contributed from the Corporation's own funds for the land purchase or development.

6. Accounts for Housing Operations and Loan Servicing. The Corporation shall establish on its books the following accounts, which shall be maintained so long as the Loan Obligations remain unsatisfied: a General Operating Account, a Tenant Security Deposit Account and a Reserve Account.

a. General Operating Account. By the time the Government Loans are closed or interim construction funds are obtained, whichever occurs first, the Corporation shall deposit cash from the Corporation's own funds an amount totaling \$ (11) consisting of the individual amounts listed in the loan resolutions being consolidated. Use of deposited cash will be in accordance with 7 CFR part 3560 or any successor regulation.

b. Reserve Account. Transfers at a rate not less than \$ (12) annually shall be made to the Reserve Account until the amount in the Reserve Account reaches the minimum sum of \$ (13) or such higher amount later agreed to by the Government. Restoration of disbursed funds shall be made on a schedule approved by the Government. Withdrawal and use of funds deposited to this account will be in accordance with 7 CFR part 3560 or any successor regulation. With prior consent of the Government, funds in the Reserve Account may be used by the Partnership for any purpose including paying a dividend up to 8 percent per annum of the Borrower's initial investment of \$ (15).

7. Regulatory Covenants. So long as the Loan Obligations remain unsatisfied, the Corporation shall comply with all appropriate regulations of the Government and shall:

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a. Impose and collect such fees, assessments, rents, and charges that the income of the Housing will be sufficient at all times for operation and maintenance of the Housing, payments on the Loan Obligations, and maintenance of the accounts.

b. Establish and maintain complete books and records relating to the Housing's financial affairs, cause such books and records to be audited at the end of each fiscal year, promptly furnish the Government without request a copy of each audit report, and permit the Government or its representative to inspect such books and records at all reasonable times.

c. If required or permitted by the Government, revise the accounts herein provided for, or establish new accounts, to cover handling and disposition of income from and payment of expenses attributable to the Housing or to any other property securing the Loan Obligations, and submit regular and special reports concerning the Housing or financial affairs.

d. Unless the Government gives prior consent:

1) Not use the Housing for any purpose other than as rental housing and related facilities for eligible occupants.

2) Not enter into any contract or agreement for improvements or extensions to the Housing or other property securing the Loan Obligations.

3) Not cause or permit voluntary dissolution of the Corporation nor merge or consolidate with any other organization, nor cause or permit any transfer or encumbrances of title to the Housing or any part thereof or interest therein, by sale, mortgage, lease, or otherwise.

4) Not cause or permit the issuing or transferring of stock, borrowing of any money, or incurring of any liability aside from current expenses as defined in section 7 that would have a detrimental effect on Housing.

e. Submit the reports required by 7 CFR part 3560 or any successor regulation to the Government for prior review.

f. Comply with all its agreements and obligations in or under the Note, security instrument, and any related agreement executed by the Corporation in connection with the Loans.

g. Not alter, amend, or repeal without the Government's consent this resolution or the bylaws or articles of incorporation of the Corporation, which shall constitute parts of the total contract between the Corporation and the Government relating to the Loan Obligations.

h. Take other action as may be required by the Government in connection with the operation of the Housing, or with any of the Corporation's operations or affairs which may affect the Housing, the Loan Obligations, or the security.

(14) i. If the return on investment for any year exceeds 8 percent annum of Borrower's initial investment of \$ (15) , the Government may require that the Borrower reduce rents the following year, refund the excess return on the investment to the tenants, or use said excess in a manner that will best benefit the tenants.

8. General Provisions.

a. It is understood and agreed by the Corporation that any Loans made or insured will be administered subject to the limitations of the authorizing act of Congress and related regulations, and that any rights granted to the Government herein or elsewhere may be exercised in its sole discretion.

b. The provisions of this resolution are representations to the Government, to induce the Government, to consolidate the loan resolutions of the Corporation. If the Corporation should fail to comply with or perform any provision of this resolution or any requirement made by the Government pursuant to this resolution, such failure shall constitute default as fully as default in payment of amounts due on the Loan Obligations. In the event of such failure, the Government at its option may require specific performance or declare the entire amount of the Loan Obligations immediately due and payable and, if such entire amount is not paid forthwith, may take possession of and operate the Housing and proceed to foreclose its security and enforce all other available remedies or take such other actions as it deems reasonable.

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c. Any provisions of this resolution may be waived by the Government in its sole discretion to any extent such provisions could have been foregone in amended form initially.

d. Any notice, consent, approval, waiver or agreement must be in writing.

e. The Corporation agrees that no person with a disability will be subjected to discrimination in employment or denied the benefits of the Housing because of such disability. It will comply with the requirements of the Fair Housing Act, 42 U.S.C. 3601 et seq., the Fair Housing Amendments Act of 1988, the Rehabilitation Act of 1973, 29 U.S.C. 794, the American with Disabilities Act of 1990, 42 U.S.C. 12101 et seq., and the implementing regulations of the Department of Agriculture, 7 CFR part 15(b).

f. This Consolidated Loan Resolution shall be subject to the present regulations of the Government and to its future regulations and provisions.

g. This Resolution may be cited in the security instrument and any other instruments as the "Consolidated Loan Resolution of (17) _____, 20____."

h. Borrower previously entered into Loan Resolutions with the Government having the following dates:

(18)

All such previous loan resolutions are consolidated into this Consolidated Loan Resolution and the multifamily housing units covered by such previous loan resolutions shall be operated as a single project under the terms and conditions of this Consolidated Loan Resolution. Violation of this Consolidated Loan Resolution shall constitute an event of default under the security instruments which may be described in such previous loan resolutions.

Borrower has delivered to Government several evidences of debt which provided for payments on various days of each month. To provide for orderly administration of the indebtedness, Borrower agrees to change the scheduled payment date on the following promissory notes, assumption agreements, or reamortization agreements to the first day of each following month until the debt evidenced by each instrument described is paid in full:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
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(19)

i. This Consolidated Loan Resolution shall be effective on the date it is approved by Government.

(20)

CERTIFICATE

The undersigned, (21) _____, the Secretary of the Corporation identified in the foregoing Consolidated Loan Resolution, hereby certifies that the foregoing is a true copy of a resolution duly adopted by the board of directors on (22) _____, 20____, which has not been altered, amended, or repealed.

(23)

(Date)

(24)

(Secretary)

(25)

(Approval Date)

(26)

(Approval Official)