

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
RURAL HOUSING SERVICE

LOAN RESOLUTION

- 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**
- RCH Loan to a Nonprofit Cooperative**

LOAN RESOLUTION OF _____, _____ . RESOLUTION OF THE BOARD
OF DIRECTORS OF _____
PROVIDING FOR BORROWING \$ _____ TO FINANCE HOUSING AND
RELATED FACILITIES IN A RURAL AREA FOR _____ .
THE COLLECTION, HANDLING, AND DISPOSITION OF INCOME, THE ISSUANCE OF INSTALLMENT PROMISSORY
NOTE AND REAL ESTATE SECURITY INSTRUMENT, AND RELATED MATTERS.

Whereas _____ (herein referred to as the

“Corporation”) is a corporation duly organized and operating under _____, the
Board of Directors of the Corporation (herein referred to as “the board”) has decided to provide certain 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 shall apply for and obtain a loan (herein called “the loan”) of

\$ _____ from the United States of America acting through the Rural Housing Service, or a
successor agency, United States Department of Agriculture, (herein called “the Government”) pursuant to section 515 of the
Housing Act of 1949. The loan may be sold and insured by the Government. The loan shall be used solely for the specific purposes
for which it is approved by the Government, in order to provide housing and related facilities for eligible occupants, as defined by
the government in rural areas. Such housing, facilities, and the land constituting the site are herein called “the housing”.

2. Execution of Loan Instruments. To evidence the loan the Corporation shall issue a promissory note (herein referred to
as “the Note”), signed by its President and attested by its Secretary, with its corporate seal affixed thereto, for the amount of the loan,
payable in installments over a period of _____ years, bearing interest at a
rate, and containing other terms and conditions, prescribed by the Government. To secure the note 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 loan. The indebtedness and other obligation of the Corporation under the note, the related security
instrument, and any related agreements are herein called the “loan obligation”.

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 0575-0047. 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.

3. 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 VII 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)", and any other undertakings and agreements required by the Government pursuant to lawful authority.

4. Borrower Contribution. The amount of \$ _____ to be contributed by the Corporation from its own funds for the land purchase or development will be placed or deposited with the lender and dispersed prior to any disbursement of interim loan funds or ay loan funds of the Government.

5. 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 loan is closed or interim construction funds are obtained, whichever occurs first, the Corporation shall deposit cash from the Corporations' own funds in an amount totaling \$ _____, Use of deposited cash will be in accordance with 7 CFR part 1930, subpart C or ay successor regulation.

b. Reserve Account. Transfers at a rate not less than \$ _____ annually shall be made to the Reserve Account until the amount in the Reserve Account reaches the minimum sum of \$ _____ or such higher amount later agreed to by the Government and shall be resumed at any time when necessary, because of disbursements authorized by the Government from the Reserve Account to restore it to said sum. Withdrawal and use of funds deposited to this account will be in accordance with 7 CFR part 1930, subpart C or any successor regulation. With prior consent of the Government, funds in the Reserve Account may be used by the Corporation:

To pay dividends to the Borrower of up to 8 percent per annum of the borrower's initial investment of \$ _____ : Provided, that after such disbursement (a) the amount in the Reserve Account will be not less than that required by this section 5b to be accumulated by that time (less any disbursements authorized by the Government), and (b) the amount in the Reserve Account will likely not fall below that required to be accumulated during the next 12 months.

To pay dividends to the stockholder or for any other purpose desired by the Corporation, provided that after such disbursement (a) the amount in the Reserve Account will not be less than that required by this section 5b to be accumulated by that time (less any disbursements authorized by the Government), and (b) the amount in the Reserve Account will likely not fall below that required to be accumulated during the next 12 months.

6. Regulatory Covenants. So long as the loan obligations remain unsatisfied, the Corporation shall comply with all appropriate regulations of the Government and shall:

a. Impose and collect such fees, assessments, rents, occupancy charges, 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 account provided for herein.

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 encumbrance of title to the housing or any part thereof or interest therein, by sale, mortgage, lease, or otherwise.

(4) Not cause or permit the issue or transfer of stock, borrow any money, nor incur any liability which would have a detrimental effect on the housing.

e. Submit for the housing the required reports as per 7 CFR part 1930, subpart C or any successor regulation to the Government 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 loan.

g. Not alter, amend, or repeal without the Government's consent this agreement or the Corporation Agreement, 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.

i. If return on investment for any year exceeds 8 percent per annum of Borrower's initial investment of

\$ _____, 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.

7. General Provisions.

a. It is understood and agreed by the Corporation that any loan 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 by the Government in its sole discretion.

b. The provisions of this agreement are representations to the Government, to induce the Government, to make or insure a loan to the Corporation as aforesaid. If the Corporation should fail to comply with or perform any provision of this agreement or any requirement made by the Government pursuant to this agreement, 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, 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 action as it may deem reasonable to comply with the provisions of this resolution.

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

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

e. This Loan Agreement shall be subject to the present regulations of the Government and to its future regulations and provisions hereof.

f. 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 Americans with Disabilities Act of 1990, 42 U.S.C. 12101 et seq., and the implementing regulations of the Department of Agriculture, 7 CFR part 15b.

g. This resolution may be cited in the security instrument and any other instruments as the "Loan Resolution of _____ , _____."

CERTIFICATE

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

Date

(Secretary)