

LOAN AGREEMENT

- RRH Loan to a Partnership Operating on a Profit Basis
- RRH Loan to a Limited Partnership Operating on a Profit Basis
- RRH Loan to a Partnership Operating on a Limited Profit Basis
- RRH Loan to a Limited Partnership Operating on a Limited Profit Basis
- Loan to a Limited Liability Company

1. Parties and Terms Defined. This agreement dated _____ between _____, a partnership, duly organized and operating under _____, ("Partnership"), whose address is _____, and the United States of America acting through the Rural Housing Service or a successor agency, United States Department of Agriculture ("Government"), is made in consideration of a loan, ("Loan"), to the Partnership in

the amount of \$ _____ made or insured, or to be made or insured, by the Government

pursuant to section 515(b) of the Housing Act of 1949 to build a _____ project. The loan may be sold and insured by the Government. The loan shall be used solely for the specific eligible purposes for which it is 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, facilities, and the land constituting the site are herein called "Housing". The indebtedness and other obligations of the Partnership under the note evidencing the loan, the related security instrument and any related agreement are herein called "Loan Obligations".

2. Execution of Loan Instruments. To evidence the Loan the Partnership shall issue a promissory note, ("Note"), signed by the Partnership, on behalf of the Partnership 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 Partnership is to execute a real estate security instrument giving a lien upon the Housing and upon such other real property of the Partnership 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 Partnership, and containing other terms and conditions prescribed by the Government. The Partnership is 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.

3. Equal Opportunity and Nondiscrimination Provisions. The General Partners are hereby authorized and directed to execute on behalf of the Partnership (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 hereof, and any other undertakings and agreements required by the Government pursuant to lawful authority.

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

5. Accounts for Housing Operations and Loan Servicing. The Partnership 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 funds are obtained, whichever occurs first, the Partnership shall provide cash from the Borrower's own funds in an amount totaling \$_____. 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 \$_____ 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. 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 \$_____ ..

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

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, such books and records audited at the end of each fiscal year (with a copy promptly sent to the Government), 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 required accounts, 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. Agree that if any provisions of its organizational documents or any verbal understandings conflict with the terms of this loan agreement, the terms of the loan agreement shall prevail and govern.

e. 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 change the membership by either the admission or withdrawal of any general partners nor permit general partners to maintain less than an aggregate of 5 percent, financial interest in the Partnership nor cause or permit voluntary dissolution of the Partnership 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 borrow any money, nor incur any liability which would have a detrimental effect on the Housing.

- f. Submit the reports required under 7 CFR part 3560 or any successor regulation to the Government for prior review.
- g. If required by the Government, modify and adjust any matters covered by clause (f) of this section.
- h. Comply with all its agreements and obligations in or under the Note, security instrument, and any related agreement executed by the Partnership in connection with the Loan.
 - i. Not alter, amend, or repeal without the Government's consent this agreement or the Partnership Agreement, which shall constitute parts of the total contract between the Partnership and the Government relating to the Loan Obligations.
 - j. Take other action as may be required by the Government in connection with the operation of the Housing, or with any of the Partnership's operations or affairs which may affect the Housing, the Loan Obligations, or the security.
 - k. If the return on investment for any year exceeds 8 percent annum of Partnership's initial investment of

\$_____, the Government may require that the Borrower reduce rents the following year or 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 Partnership 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 in this agreement or elsewhere may be exercised in the Government's 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 Partnership. If the Partnership 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 immediately paid, 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 deems necessary to enforce the provisions of this agreement.
- c. To the extent legally permitted any provisions of this agreement may be waived by the Government in its sole discretion, or changed by agreement between the Government and the Partnership.
- d. Any notice, consent, approval, waiver, amendment, or agreement must be in writing.
- e. This loan agreement shall be subject to the present and future laws and regulations of the Government.
- f. The Partnership 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. 360 *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 C.F.R. part 15b.
- g. This agreement may be cited in the security instrument and any other instruments as the "Loan Agreement"

of _____, 20_____.

PARTNERSHIP NAME

By:
