

Form RD 1942-57
(00-00)

Loan Resolution Security Agreement
(Re-lender Association or Organization)

A RESOLUTION OF THE _____ OF THE

AUTHORIZING AND PROVIDING FOR THE
INCURRENCE OF INDEBTEDNESS IN THE PRINCIPAL AMOUNT OF \$ _____
FOR THE PURPOSE OF RE-LENDING TO ELIGIBLE APPLICANTS FOR ELIGIBLE PROJECTS UNDER THE
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA), RURAL HOUSING SERVICE, COMMUNITY
FACILITY (CF) PROGRAM, 7 CFR 1942, SUBPART A, PROVIDING FOR THE COLLECTION, HANDLING, AND
DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTES,
SECURITY INSTRUMENTS, AND PLEDGES OF ASSETS TO SECURE THE PAYMENT OF SAID INDEBTEDNESS
AND FOR RELATED PURPOSES.

WHEREAS, the _____, (hereinafter referred to as
"Re-lender"), was organized under _____ for the purpose of
_____; and

WHEREAS, the proposed indebtedness as listed above, the _____
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the
name of the Re-lender, to incur such debt to the United States of America, through the United States
Department of Agriculture, (hereinafter referred to as the "Government"), for financial assistance; to
cause the execution and delivery of an installment promissory note or other evidence of indebtedness
(hereinafter referred to as the "Note"), and appropriate security instruments to secure any loan made
by the Government; to comply with requirements, terms or conditions prescribed by the Government or
by Government regulations; and to execute contracts or enter into agreements and, without limitation,
to take any and all other action as may be necessary incidental or appropriate to incur the indebtedness
on behalf of the Re-lender.

NOW THEREFORE, it is hereby resolved by the Board as follows:

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not 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-NEW. The time required to complete this information collection is estimated to average .5 hours 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.

Loan Resolution Security Agreement
(Re-lender Association or Organization)

Section 1. Term of Loan

That the Re-lender borrow \$_____ and issue as evidence thereof Note in the form prescribed by the Government for the full principal amount of the loan. The Note shall be signed by the President, attested by the Secretary and if necessary, have the corporate seal of the Re-lender affixed thereto, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed _____ percent per annum; and the principal and interest shall be paid over a period of _____ years in accordance with the payment schedule set forth in the Note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable _____ years from the date of the Note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Re-lender.

Section 2. Pledge of Assets

That the Re-lender hereby pledge to adequately secure the Government by granting the following secured interest as described below which will be:

COLLATERAL DESCRIPTION

--

The Re-lender hereby authorizes the Government to file such financing statements describing the collateral as may be necessary to perfect its security interest under the Uniform Commercial Code. As used herein, the term "Loan Instruments" shall mean the Promissory Note, the Re-Lender's Agreement,

Loan Resolution Security Agreement
(Re-lender Association or Organization)

this Security Agreement, and any other documents evidencing or securing the Loan including, without limitation, any financing statements, continuation statements and control agreements.

This Pledge of Collateral shall secure (i) payment of the Note in accordance with its terms, including any extension or renewals thereof, whenever the Note is held by either the Government or by an uninsured holder; (ii) repayment, with interest, of any payments, advances and expenditures made by the Government pursuant to the terms of any of the Loan Instruments; (iii) performance of every covenant and agreement of the Re-lender contained in any of the Loan Instruments: and (iv) all future advances, whether obligatory, protective, or voluntary, made to the Re-lender by the Government from time to time.

For purposes of the Uniform Commercial Code, this Security Agreement, the Re-lender's Agreement, and any other documents that it may have given in respect of the Loan, collectively constitute one security agreement between the Government and the Re-Lender.

The Re-lender agrees to provide additional security and execute any additional lien instruments as the Government may require at any time during the term of the loan if, after review and monitoring, an assessment indicates the need for such security.

Notwithstanding the pledge of collateral contained in this Section, it is understood and agreed that Re-lender has permission, authority and responsibility to collect on all notes given to it, and to service all loans it makes.

The Re-lender's obligations under 7 CFR Part 1942 and any applicable annual Notice published in the Federal Register, the Re-lender's Agreement and any other documents that it may have given in respect of the Loan are hereby incorporated by reference.

Loan Resolution Security Agreement
(Re-lender Association or Organization)

Section 3. Protection and Disposition of Funds

That the _____ of the Re-lender be the custodian of all funds of the Re-lender. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered revenues of the Re-lender.

Section 4. Other Covenants and Agreements of the Re-lender

That the Re-lender covenant and agree that so long as the indebtedness hereby authorized remains unpaid:

- (a) It will indemnify the Government for any payments made or losses suffered by the Government.
- (b) It will comply with applicable Federal and state laws and regulations.
- (c) It will impose and collect such fees, interest and principal on Applicant loans that gross revenues will be sufficient at all times to provide for the payment of its operations and installment payments on the Note.
- (d) If, for any reason, gross revenues are insufficient, Re-lender will immediately notify the Government with a plan to meet installment payments on the Note as the same become due.
- (e) It will (i) establish and maintain such books and records relating to the re-lending of the Note and its financial affairs, (ii) will provide for the annual audit thereof in such a manner as may be required by the Government, (iii) will provide the Government without its request a copy of each audit, and (iv) will make and forward to the Government such additional information and reports as it may from time to time require.
- (f) It will provide the Government, at all reasonable times, access to its books and records so that the Government may ascertain that the Re-lender is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.
- (g) It will maintain at least such insurance and fidelity bond or employee dishonesty coverage as may be required by the Government.
- (h) It will not cause or permit any voluntary dissolution of the Re-lender or merge or consolidate with another organization, without obtaining prior written consent of the Government.
- (i) It will not modify or amend its organizational documents, including any articles of incorporation or bylaws without the written consent of the Government.

Loan Resolution Security Agreement
(Re-lender Association or Organization)

- (j) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the Re-lender's loans using Government loan funds are pledged as security for the Government loan.
- (k) It will meet all other requirements set out in the Re-lender Agreement, the applicable Federal regulations, and annual Federal Register notice for the Community Facilities Program relending.

Section 5. Security Instruments

That in order to adequately secure the payments of the principal and interest of the Note, the President and Secretary of the Re-lender are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, including an assignment and pledge of revenues associated with loans made with Government loan funds and such other instruments as may be prescribed by the Government. The Re-lender is further authorized to obtain and provide to the Government an Irrevocable Letter of Credit (or similar instrument such as a Performance Guarantee) in the minimum amount equal to the principal and interest installments due during the first five (5) years of the Government loan.

Section 6. Equal Employment Opportunity under Construction Contracts and Nondiscrimination

That the President and the Secretary be directed and are authorized to execute for and on behalf of Re-lender, Form RD 400-1, "Equal Opportunity Agreement", and Form FD 400-4, "Assurance Agreement" and execute all other Government required forms for the Loan described herein.

Section 7. Resolution of Contract

That the provisions hereof and the provisions of all instruments incident to the making or the insuring of the Government loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Re-lender and the Government or assignee so long as the Note hereby authorized remains unpaid.

Section 8. Effective Date

This resolution shall take effect and be in force from and after the _____ day of _____, _____, being the date of its enactment.

[PLACE APPROPRIATE SIGNATURE LINES BELOW]