

December 8, 2022
Item No. 8.10.
LULAC Oak Hill Supplementing Resolution 04-28-22-8.5

Sponsor: Debbie Eller, Director of Community Services

Reviewed By CBC: City Council

Agenda Caption: Presentation, discussion, and possible action adopting a resolution supplementing resolution 04-28-22-8.5, authorizing a promissory note in the principal amount of \$2,808,000, pursuant to a contract for Loan Guarantee Assistance Under Section 108 of the Housing Community Development Act of 1974, as amended.

Relationship to Strategic Goals:

Core Services & Infrastructure, Neighborhood Integrity

Recommendation(s):

Staff recommends adoption of a supplementing resolution 04-28-22-8.5 for the Section 108 Loan for the rehabilitation project at LULAC Oak Hill Apartments.

Summary:

Resolution 04-28-22-8.5 provided approval of all documents and authorizes the City Manager to execute the contracts following the approval by the Texas Attorney General. This supplementing resolution adds specific language required by the Texas Attorney General.

Background: At the April 22, 2021 meeting, City Council approved the application to the U. S. Department of Housing and Urban Development (HUD) for a Section 108 Loan to provide funding to L.U.L.A.C. Oak Hill, Inc. for the cost of construction and permanent financing for the rehabilitation of its property located at 1105 Anderson. The Section 108 program is a provision of the Community Development Block Grant (CDBG) program and allows Entitlement Communities to borrow up to five times their current annual grant amount. Future CDBG allocations guarantee the loan. Section 108 loans can be used as a source of financing for economic development, housing rehabilitation, public facilities, and infrastructure.

LULAC Oak Hill Apartments were developed originally through the Section 202 Supportive Housing for the Elderly program. Therefore, 100% of the residents are at or below 50% of the area median income. Residents must also be 62 years of age or older. Therefore, this activity meets the objective of assisting low-to-moderate income residents and the goal identified in the 2020 – 2024 Consolidated Plan of addressing Rental Housing – Rehabilitation for Special Needs populations.

LULAC Oak Hill Apartments is a 50-unit property constructed over 40 years ago to provide housing for low-income elderly residents and persons with disabilities. The property has never undergone a substantial rehabilitation and many of its components are well beyond their useful life and in poor condition. The work will include complete interior and exterior renovations that will increase the safety for the tenants and include energy efficient upgrades. As the property maintains 100% occupancy, temporary relocation will take place while each unit is being renovated. Relocation expenses will include housing, storage, and moving expenses for each tenant. This project will ensure safe, decent, affordable housing for the City's low-income elderly population for many years.

The application for \$2,808,000 was approved by HUD on August 17, 2021. The application indicated the amount loaned to L.U.L.A.C Oak Hill, Inc. would be in the form of a 0% interest loan and that interest payments and fees

required by the Section 108 loan would be paid out of the Community Development fund as a CDBG expense. The Guarantee Fee is 2.15%.

The Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C §5308 is attached. This contract provides funding to the City of College Station for the rehabilitation of 1105 Anderson.

The Section 108 Loan Agreement between L.U.L.A.C Oak Hill, Inc. and the City of College Station, along with the Note and Deed of Trust provides the funding from the City to L.U.L.A.C Oak Hill for cost of construction and permanent financing of the rehabilitation of its property located at 1105 Anderson.

Documents have been submitted to the Texas Attorney General for approval prior to execution of documents with L.U.L.A.C. Oak Hill, Inc. An updated General Certificate will be submitted to include the current Mayor and City Council information.

Budget & Financial Summary:

The approval of this loan will increase the Community Development/CDBG budget. The City will be required to maintain funds in designated account for Section 108 funds.

Attachments:

1. Resolution Supplementing Resolution 04-28-22-8.5
2. Exhibit A to Resolution
3. Exhibit B to Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF COLLEGE STATION, TEXAS, SUPPLEMENTING RESOLUTION 04-28-22-8.5, AUTHORIZING A PROMISSORY NOTE IN THE PRINCIPAL AMOUNT OF \$2,808,000 PURSUANT TO A CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER SECTION 108 OF THE HOUSING COMMUNITY DEVELOPMENT ACT OF 1974, AS AMENDED

WHEREAS, the City of College Station (“City”) has an established Community Development Program under Chapter 373 of the Texas Local Government Code;

WHEREAS, the City is authorized by Chapter 373 of the Texas Local Government Code to issue notes or other obligations guaranteed by the Secretary of Housing and Urban Development under Section 108, Housing and Community Development Act of 1974, as amended;

WHEREAS, the City has applied for and received approval for Section 108 Loan Guarantee Funds under Section 108 of the Housing and Community Development Act of 1974, as Amended, 42 U.S.C. §5308;

WHEREAS, on April 28, 2022, Resolution 04-28-22-8.5 was adopted by the College Station City Council authorizing and authorizing and approving the transactions which are the subject of this Resolution;

WHEREAS, the City desires to issue a promissory note, in the amount of \$2,808,000 (the “Note”), pursuant to a Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act (the “Section 108 Contract”) a copy of which is on file with the City Secretary and attached to Resolution 04-28-22-8.5; and

WHEREAS, the City deems it advisable to authorize, issue and sell the Note in a principal amount of \$2,808,000 pursuant to the Section 108 Contract and for the purposes stated therein and payable from the sources identified herein; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART A: The terms of the Section 108 Contract, attached hereto as Exhibit A, are incorporated into this Resolution. The terms of the Note, attached hereto as Exhibit B, are incorporated into this Resolution. The Note is hereby authorized to be delivered by the City.

PART B: (A) As security for the payment of interest on and principal of the Note, as such interest comes due and such principal matures, the City hereby pledges (1) all allocations or grants which have been made or for which the City may become eligible under Section 106 of The Housing and Community Development Act of 1974, as amended (the “Act”); (2) grants which are or may become available to the City pursuant to Section 108(q) of the Act; (3) certain program income (as defined at 24 CFR 570.500(a)) directly generated from the use of Guaranteed Loan Funds (as defined in the Section 108 Contract); (4) all proceeds (as described in the Section 108

Contract including insurance and condemnation proceeds) from the foregoing; and (6) all funds or investments in certain accounts established pursuant to the Section 108 Contract. The allocations and grants described in Part 2 (1) and (2) of this Resolution are referred to herein as “Grant Revenues”.

(B) Chapter 1208, Government Code, applies to the issuance of the Note and the pledge of Grant Revenues, program income, and proceeds, funds and investments granted by the City under this Section, and is therefore valid, effective, and perfected.

PART C: (A) A special interest and sinking fund (the “Interest and Sinking Fund”) is hereby created solely for the benefit of the Note, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City and shall be used only for paying the interest on and principal of the Note. The Interest and Sinking Fund shall constitute the Loan Repayment Account under the Section 108 Contract regarding the establishment of deposit and investment accounts, maintenance, use and investment of funds the Loan Repayment Account. Moneys deposited in the Interest and Sinking Fund may be invested by the City in investments authorized under Texas state law, including Chapter 2256, Texas Government Code. Any income received from such investments shall be retained in the Interest and Sinking Fund.

(B) Upon receipt of Grant Revenue or program income by the City, the City shall deposit to the Interest and Sinking Fund an amount sufficient, after accounting for the amounts then on deposit, to pay the interest on the Note as such interest becomes due, and to pay the principal of the Note as such principal matures.

PART D: Resolution 04-28-22-8.5 and the findings and recitals set forth in the recitals to this Resolution are hereby incorporated in and made a part of this Resolution.

PART E: The meeting at which Resolution 04-28-22-8.5 was approved and the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code 551.

ADOPTED this ____ day of _____, 2022.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:

City Attorney

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308**

Date of Contract _____

This Contract for Loan Guarantee Assistance ("Contract") is entered into between College Station, Texas, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-20-MC-48-0007 [LULAC Oak Hill Apartments Project], in the Maximum Commitment Amount of \$2,808,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). This is the first Contract under the Funding Approval ("Commitment") of the same number, which was approved by the Secretary on August 17, 2021. The funds paid or credited to the account of the Borrower pursuant to the Note are referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in Section I.A. of the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee respectively are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- A. **The Note: Advances and Records.** The Note provides that Advances and Conversion Date Advances shall be made thereunder upon the written request of the Borrower and the approval of the Secretary, pursuant to this Contract and the Fiscal Agency Agreement. The Commitment Schedule attached to the Note represents the principal repayment schedule for the Maximum Commitment Amount of the Note. At all times, the total amount of all Advances and Conversion Date Advances under the Note for all Principal Due Dates shall

not exceed the Maximum Commitment Amount of the Note. Prior to the Conversion Date (as defined in the Note, Section I.A.), the total amount of Advances made by the Holder for each Principal Due Date under the Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth in the Commitment Schedule of the Note. Prior to the Conversion Date, the Borrower agrees that the Fiscal Agent pursuant to the Fiscal Agency Agreement shall record the date and amount of each payment and Advance under the Note and shall maintain the books and records of all Advances and Conversion Date Advances for each Principal Due Date, interest rates on Advances, payments, and Principal Amounts outstanding for each Principal Due Date. On and after the Conversion Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts (each as to be set forth on Schedule P&I to the Note). No advances of any kind may be made on the Note after its Conversion Date.

- B. **Borrower's Requests for Advances.** All requests for Advances or Conversion Date Advances by the Borrower under the Note shall: be in writing; specify the amount of the Advance requested; identify the Note by Borrower, number and Maximum Commitment Amount; be addressed to the Secretary at the address for notices specified in paragraph 12(f) of this Contract; be signed by an authorized official of the Borrower; and otherwise be in the form prescribed by the Secretary. Advances and Conversion Date Advances shall be requested and will only be approved and made in increments of not less than \$1,000 for any Principal Due Date. A request for an initial Advance under a Note, or a request for a Conversion Date Advance, shall be received by the Secretary at least ten Business Days prior to the Borrower's proposed Funding Date or Conversion Date, as applicable. All other requests for Advances shall be received by the Secretary not less than five Business Days prior to the proposed Funding Date. The Borrower may not deliver a Note or a request for an Advance or Conversion Date Advance to the Secretary more than two calendar months prior to the Borrower's proposed Funding Date. At least two Business Days prior to the proposed Funding Date or Conversion Date if the Borrower's request was timely received, or the next available Funding Date for which the request was timely received, the Secretary shall, except as otherwise provided in paragraph 11(c) or 12 hereof, deliver a corresponding

Authorization Order or Advance Order (as applicable) to the Fiscal Agent in accordance with Section 2.03 or 2.04 of the Fiscal Agency Agreement for the applicable Funding Date or Conversion Date. If the Borrower requests an Advance or Conversion Date Advance of less than the outstanding Maximum Commitment Amount under the Note, the Borrower may also specify in its written request the amount of the Advance or Conversion Date Advance to be allocated to each Commitment Amount or Principal Amount per Principal Due Date under the Note. If the Borrower does not specify how the Advance or Conversion Date Advance should be allocated among Commitment Amounts/Principal Due Dates, the Borrower hereby authorizes the Secretary to direct the Fiscal Agent to allocate the Advance to the respective Commitment Amounts or Principal Amounts in order of the earliest Principal Due Date(s).

- C. **Conversion; Public Offering.** On the Conversion Date (if any), trust certificates backed by the Note (and similar notes issued by other Section 108 borrowers) will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall govern the interest rate inserted on the Conversion Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity.
- D. **Guarantee Fee.** The Borrower shall pay to the Secretary a fee equal to 2.15% of each Advance to offset the credit subsidy cost of the guaranteed loan. This fee which was announced on August 26, 2020, 85 Fed. Reg. 52479, for Section 108 loan guarantee disbursements under loan guarantee commitments awarded in FY 2021 is due to the Secretary no later than the time of the disbursement of each Advance to the Borrower. The fee is payable from allocations or grants which have been made to Borrower under Section 106 of the Act (including program income derived therefrom) or from other sources, but is only payable from Guaranteed Loan Funds if the fee is deducted from the Advance.
- E. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust

certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements. If Advances have been made in the Maximum Commitment Amount of the Note not less than ten Business Days prior to the proposed Conversion Date, or if the Borrower requests a Conversion Date Advance, the Borrower authorizes the Secretary to deliver Schedule P&I to the Note completed in accordance herewith to the Fiscal Agent/Trustee on the Conversion Date in accordance with the Fiscal Agency/Trust Agreements, concurrent with delivery of the Secretary's Guarantee of the trust certificates at the closing on the Conversion Date, and thereafter the Note shall be enforceable in accordance with its terms including Schedule P&I. In addition, the Secretary reserves the right to notify the Borrower not less than one calendar month in advance of a specified Conversion Date that the Note will be sold to the Underwriters on such date, if the Secretary in his sole discretion determines that market conditions or program needs require the participation in the proposed public offering of all or substantially all Borrowers with outstanding Advances.

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PART II

1. Receipt, Deposit and Use of Guaranteed Loan Funds.

(a) Except for funds deducted on the Conversion Date pursuant to paragraph 4(b) and fees and charges deducted by the Fiscal Agent/Trustee pursuant to paragraph 4(a), the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Deposit Account"

(Attachment 1) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established, and an original of this Letter Agreement, signed by the Borrower and the financial institution, shall be submitted by the Borrower to the Secretary with this signed Contract.

The Borrower shall make withdrawals from said account only for payment of the costs of approved Section 108 activities, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after March 31, 2024 or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as

prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the Guaranteed Loan Funds in Government Obligations. Such Letter Agreement must be executed when the Guaranteed Loan Funds Investment Account is established and an original of this Letter Agreement, signed by the Borrower and the financial institution, shall be submitted to the Secretary within thirty days of its execution. All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by March 31, 2024. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with an electronic copy of a statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and an electronic copy of a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account. Borrower shall e-mail the electronic copies to 108reports@hud.gov.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

2. **Payments Due on Note; Final Payment and Discharge.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the

Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day (the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(e) of this Contract.
4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the fees of the Fiscal Agent as required by Exhibit G to the Fiscal Agency Agreement, and any additional amounts that may be due pursuant to Section 6.01 of the Fiscal Agency Agreement. If not paid by the Borrower by any other means prior thereto, the Borrower agrees that any such fees or additional amounts that have been incurred prior to an Advance or a Conversion Date Advance may be deducted by the Fiscal Agent/Trustee from the proceeds of the Advance or Conversion Date Advance, as applicable.

(b) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of

the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the public offering on the Conversion Date, such payment shall either be made by wire transfer to the Trustee on the day prior to the Conversion Date or shall be deducted from the Guaranteed Loan Funds on the Conversion Date.

(c) The Borrower shall submit to the Secretary not later than ten Business Days prior to the Funding Date for the initial Advance hereunder, or if not submitted earlier, prior to any Conversion Date or Public Offering Date applicable to the Note, this executed Contract, the executed Note, a request for an Advance or a Conversion Date Advance (as applicable) in proper form, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR 570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically required by this Contract (e.g., paragraph 5(c), or paragraph 15, et seq.), at the time required thereby.

(d) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because of any refusal, inability, or failure on the part of the Borrower timely to submit in acceptable form any document required by this Contract (including paragraph 4(c)), or because of any withdrawal by the Borrower from the public offering, after the Borrower has submitted a request for a Conversion Date Advance hereunder. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal

Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5 or 15 *et seq.* of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

- (a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).
- (b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.
- (c) Other security as described in paragraph 15, *et seq.*
- (d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.
- (e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

6. **Loan Repayment Account.**

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on receipt in a separate identifiable account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Deposit Account" (**Attachment 1**) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established and an original of this Letter Agreement, signed by the Borrower and the financial institution, shall be submitted by the Borrower to the Secretary within thirty days of its execution. Borrower shall make withdrawals from said account only for the

purpose of paying interest and principal due on the Note (including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, the balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established, and an original of this Letter Agreement, signed by the Borrower and the financial institution, shall be submitted to the Secretary within thirty days of its execution. All proceeds and income derived from such investments shall be returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with an electronic copy of a statement showing the balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and an electronic copy of a statement identifying the obligations and their assignments in the Loan Repayment Investment Account. Borrower shall email the electronic copies to 108reports@hud.gov.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

7. **Use of CDBG, EDI or BEDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI or BEDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.
8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are approved as grants, by limiting the Borrower's ability to

draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to such grants for purposes other than satisfaction of the pledge.

9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, after the Conversion Date the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (as defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Interest Due Date, or any other Business Day acceptable to both HUD and the Borrower. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. **Default.** (a) A Default under the Note and this Contract

shall occur upon failure by the Borrower to:

(i) pay when due an installment of principal or interest on the Note; or (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act.

Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, suspend approval of any further Advances or Conversion Date Advances under the Note, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. **Remedial Actions.** Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may: (i) continue to make payments due on the Note, (ii) make a prepayment under Section I.D. of the Note or make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided

in Section III of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract, (iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

(c) The Secretary may withhold approval of any or all further Advances or Conversion Date Advances under the Note (if applicable); direct the Borrower's financial institution to refuse to: honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) Until the Conversion Date, or with respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail,

upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street SW, Room 7282
Washington, DC 20410

Borrower:

City of College Station, Texas
Attention: Debbie Eller, Director
Community Development Division
PO Box 9960
College Station, TX 77840

13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements or this Contract shall be limited to the sources of security pledged in paragraph 5 or any Special Conditions of this Contract. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements.
14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on January 19, 2021 under the Funding Approval for grant number B-20-MC-48-0007 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.
15. **Special Conditions and Modifications:**
- (a) Paragraph 5(c) of the contract is amended by deleting the paragraph as written in its entirety and substituting therefor the following:

"(c) Other security described generally in paragraph 15,

including but not limited to, all rights in and to the Security Documents defined in paragraph 15(d) and to the Collateral (defined in paragraph 15(c)) described therein, and all rights in and to any other collateral approved by the Secretary and described in **Attachment 4.**"

(b) Guaranteed Loan Funds shall be used by the Borrower for the activities described in subparagraphs (i), (ii), and (iii), subject to the requirements in subparagraph (iv).

(i) Borrower shall use the Guaranteed Loan Funds to make a loan to LULAC Oak Hill, Inc. (the "Subrecipient"), a non-profit, to carry out housing rehabilitation activities under 24 CFR 570.202 pursuant to 24 CFR 570.703(h), in connection with the LULAC Oak Hill Apartments Project (the "Project").

(ii) Reserved.

(iii) Reserved.

(iv) **Requirements on the use of Guaranteed Loan Funds:**

(A) **Transfer of Guaranteed Loan Funds:**

The Borrower shall not grant, loan, or otherwise transfer Guaranteed Loan Funds to any entity other than the Subrecipient to carry out the activity described in paragraph 15(b)(i).

Borrower shall not transfer Guaranteed Loan Funds to the Subrecipient until Borrower has received written approval from HUD approving the form of the Subrecipient Note and Subrecipient Loan Agreement (as defined in paragraph 15(b)(iv)(B)) and all other Security Documents (as defined in paragraph 15(d)) related to the pledge of collateral by the Subrecipient to the Borrower as security for the Subrecipient Note (including the legal opinion described in paragraph 15(e)(vii)) and the pledge of collateral by the Borrower to HUD as security for repayment

of the Note, and such other charges as may be authorized in this Contract.

The requirements in 24 CFR 570.503 and other provisions of 24 CFR part 570 related to subrecipients apply to the Borrower's transfer of Guaranteed Loan Funds to the Subrecipient and the activity carried out through the Subrecipient.

(B) **Subrecipient Loan Terms**

Borrower's loan to the Subrecipient shall be evidenced by a promissory note (the "Subrecipient Note") and a loan agreement that includes the provisions required by 24 CFR 570.503 (the "Subrecipient Loan Agreement").

The Subrecipient Note and Subrecipient Loan Agreement shall be in a form acceptable to the Secretary, shall be in form and content consistent with this Contract (with such provisions as are necessary to ensure compliance with requirements applicable to the use of the Guaranteed Loan Funds), enforceable under state and local law, and shall contain such other provisions as a prudent lender would reasonably require..

The Subrecipient Loan Agreement shall, as a condition of the loan, obligate Subrecipient to pledge the collateral described in paragraph 15(c).

The Subrecipient Loan Agreement shall also prohibit Subrecipient from selling, conveying, transferring or further encumbering the Property (as defined in paragraph 15(c)(i)) or any part thereof or any interest therein (whether legal, equitable, or beneficial), whether voluntarily, by gift, bequest, operation of law, merger, or in any other manner, after granting the lien described in paragraph

15(c)(i) without HUD's prior written approval.

The Subrecipient Loan Agreement shall also include any provisions necessary or appropriate to ensure compliance with all requirements associated with the use of the Guaranteed Loan Funds contained in this Contract and 24 CFR part 570, and to ensure that in the event that HUD's requirements conflict with any other agreement governing the use of the funds, HUD's requirements on the use of Guaranteed Loan Funds shall control.

The amount of principal and/or interest payable under the Subrecipient Note during the twelve-month period beginning July 1 of each year and ending on June 30 of the next succeeding year shall be equal to or greater than the amount of principal and/or interest payable under the Note for the corresponding period. The Subrecipient Note shall not be subject to redemption or prepayment earlier than the earliest possible redemption date under the terms of the Note.

- (C) **Intercreditor and Other Agreements.** If HUD requirements made applicable by this Contract conflict with any other agreement governing the use of the Guaranteed Loan Funds, HUD's requirements on the use of Guaranteed Loan Funds shall control.

Without written approval by the Secretary, neither the Subrecipient or the Borrower shall enter or amend an intercreditor agreement, subordination agreement, or similar agreement that affects the Borrower's or HUD's rights under the Security Documents as defined in paragraph 15(d) or the collateral pledged to secure the Subrecipient's payment obligation under the Subrecipient Note or the rights assigned to HUD under the Security Documents pledged to

secure the Note, including HUD's rights under the lien described in paragraph 15(c) (i) (each individually, an "Intercreditor Agreement"). Intercreditor Agreements approved by the Secretary, including amendments, must be in a form acceptable to the Secretary.

(D) **New Markets Tax Credits.** Without prior written approval by HUD, the Borrower shall not use Guaranteed Loan Funds for an activity that is part of a project in which New Markets Tax Credits are part of the financing structure or in which Guaranteed Loan Funds will be used to leverage or generate New Markets Tax Credits pursuant to Section 45(D) of the Internal Revenue Code. At the discretion of the Secretary, HUD's approval and any related conditions may be provided in **Attachment 4**, as discussed below.

(E) **Alternative Collateral and Security Arrangements.** The Borrower shall not incur any obligations to be paid with Guaranteed Loan Funds which will be subject to the alternative collateral or security arrangements described in paragraph 15(c) (iv) prior to the approval and memorialization of the alternative collateral or security arrangements in **Attachment 4**.

(F) **Limitation on Tax-Exempt Bond Financing.** Without prior written approval by HUD, the Borrower shall not use Guaranteed Loan Funds for an activity or project that is financed in whole or in part with tax-exempt bonds. HUD will not unreasonably withhold approval if the use of Guaranteed Loan Funds complies with the requirements of 26 U.S.C. 149 and Circular No. A-129, Policies for Federal Credit Programs and Non-Tax Receivables, published by the White House Office of Management and Budget.

(c) To secure the payment and performance of the obligations of the Subrecipient to the Borrower in the Subrecipient Note and Subrecipient Loan Agreement, the Borrower shall obtain the collateral in subparagraphs (i) through (iii).

Alternatively, the Borrower may seek approval from HUD for alternative collateral or security arrangements, as described in subparagraph (iv) below.

The pledges and assignments required by (i) - (iii) and related security agreements, security documents, and financing statements required by (v) may be made in the instruments identified therein, or in a single instrument (individually or collectively, the "Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing"), which shall be signed by the Subrecipient, be in a form acceptable to the Secretary, and contain any provisions the Secretary deems necessary.

Collectively, the collateral described or identified in (i) - (iv) shall be referred to as the "Collateral", and shall be subject to the requirements in (v):

- (i) A sole first-priority lien on the real property described in **Attachment 3**, including all water rights, air rights, and other real property interests, together with any fixtures located on and any personal property affixed to, installed in, or attached to the real property, whether now owned or here-after acquired (the "Property"), established through an appropriate and properly recorded mortgage or deed of trust signed by the Subrecipient as mortgagor and securing repayment of the indebtedness evidenced by the Subrecipient Note, which shall contain such provisions as the Secretary deems necessary, and which must be in a form acceptable to the Secretary, including any subsequent amendments thereto.
- (ii) A first lien security interest in any and all rights, titles, and interests in and to any leases covering the Property and any rents derived from the Property. Such rights, titles, and interests shall be the subject of an appropriate and properly recorded collateral assignment of leases and rents, which shall be in a form acceptable to the Secretary, including any amendments thereto.
- (iii) A first lien security interest in any and all rights titles, and interests in and to any permits, licenses, agreements, and other intangible personal

property rights covering the Property, including but not limited to utility connection rights, or insurance policies held by the Subrecipient with respect to the Property, whether now owned or hereafter acquired, and which are used in connection with the maintenance, use, occupancy or enjoyment of the Property. Such rights, titles, and interests shall be the subject of a collateral assignment of interest in licenses, permits, and other agreements, which shall be in a form acceptable to the Secretary, including any amendments thereto.

- (iv) Such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing, which may include collateral pledged by the Subrecipient or directly by the Borrower. The alternative collateral shall be described in **Attachment 4** to this Contract, which may be updated from time to time to include all alternative collateral approved by the Secretary as security for the Note. The last dated **Attachment 4** that is agreed to and acknowledged by the signature of the parties identified in paragraph 12, their successors, or other authorized agents of the parties, is incorporated into this Contract and shall represent the agreement of the parties.
- (v) The Borrower shall take all steps necessary to attach, perfect, and maintain the perfection and priority of its security interests, and security interests granted to the Secretary, in the Collateral described in (i) through (iv), unless otherwise required by this paragraph or **Attachment 4**. Real property interests must be properly recorded. Personal property and fixtures pledged as Collateral shall be included in valid agreements necessary for attachment and perfection, for example, a security agreement that reasonably identifies the property, or in the case of a deposit account, a deposit account control agreement (together, the "Security Agreement or Other Security Documents"). As needed for attachment and perfection, the Security Agreement or Other Security Documents shall be referenced in appropriate Uniform Commercial Code ("UCC") Financing Statements filed

in accordance with applicable law and the UCC. The Security Agreement and Other Security Documents and related UCC Financing Statements shall contain such provisions as the Secretary deems necessary. UCC Financing Statements shall be refiled by the Borrower as necessary to remain current and effective.

- (d) Unless otherwise agreed to by the Secretary, the Borrower shall select a financial institution acceptable to the Secretary (the "Custodian") to act as custodian for the documents specified in 15(e) below (the "Security Documents"). The Borrower and the Custodian shall enter into a written agreement containing such provisions as the Secretary deems necessary. A fully signed original agreement shall be delivered to the Secretary contemporaneously with the delivery of this Contract and the Note. At the request of the Secretary, Borrower shall deliver electronic copies of all Security Documents to the office identified in paragraph 12, or upon the request of the Secretary, electronic copies to an address to be identified by the Secretary.
- (e) Not later than five business days after receipt by the Borrower of the Guaranteed Loan Funds, or at such other time as may be required by the Secretary, the Borrower shall deliver to the Custodian the following:
 - (i) The Subrecipient Note, endorsed in blank and without recourse.
 - (ii) The original Subrecipient Loan Agreement and a collateral assignment thereof to the Secretary, of which both shall be in a form acceptable to the Secretary .
 - (iii) The original recorded Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing (which may consist of one or more instruments that contain the mortgage and assignments from the Subrecipient to the Secretary required by 15(c) (i), (ii), and (iii)), and the related Security Agreement or Other Security Documents and UCC Financing Statements required by 15(c) (v)), together with assignments thereof from the Borrower to the Secretary, in a recordable form but unrecorded, all of which shall be in a form acceptable to the

Secretary.

The original Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing shall be accompanied by copies of all UCC Financing Statement filings and re-filings made by the Borrower or Subrecipient pursuant to 15(c)(v).

- (iv) A mortgagee title policy covering the Property, issued by a company acceptable to the Secretary and in a form acceptable to the Secretary, naming the Borrower as the insured party. The policy must either include in the definition of the "insured" each successor in ownership of the indebtedness secured by the Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing or be accompanied by an endorsement of the policy to the Secretary. The policy shall indicate that the Borrower has the security interest indicated in 15(c)(i).
- (v) An appraisal of the ownership interest in the Property specifying an estimate of the "as completed" fair market value of not less than 125 percent (125%) of the principal balance of the Note plus 125 percent (125%) of any outstanding balance on other indebtedness secured by a mortgage lien of senior or equal priority on the Property, if agreed to by the Secretary.

The appraisal shall be completed by an appraiser who is certified by the state and has a professional designation (such as "SRA" or "MAI"), and it shall conform to the standards of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").

- (vi) A certified survey of the Property with a legal description conforming to the title policy and the Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing.
- (vii) An opinion of the Borrower's counsel on its letterhead, addressed and satisfactory to the Secretary, that:

- (A) The Subrecipient is duly organized and validly existing as a **[corporation, partnership, etc.]** under the laws of the State of Texas is **[existing, qualified to do business, in good standing, as applicable]** in and under the laws of the State of Texas;
- (B) The Subrecipient Note has been duly executed and delivered by a party authorized by the Subrecipient to take such action and is a valid and binding obligation of the Subrecipient, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally; and
- (C) The security instruments specified in (ii) and (iii) above, including assignments to the Secretary, are valid and legally binding obligations, enforceable in accordance with their respective terms.

To the extent that the foregoing opinion deals with matters customarily within the due diligence of counsel to the Subrecipient, Borrower's counsel may attach and expressly rely on an opinion of Subrecipient's counsel satisfactory to the Secretary.

- (viii) Any instruments, documents, agreements, and legal opinions required pursuant to paragraph 15(c), or **Attachment 4**, including an opinion of the Borrower's counsel that the instruments, documents, and agreements are valid and legally binding obligations, enforceable in accordance with their respective terms. These instruments shall include any Security Agreement or Other Security Documents required by paragraph 15(c)(v), and an assignment thereof to the Secretary, which shall be in a form acceptable to the Secretary. The Security Agreement or Other Security Documents shall be accompanied by copies of all UCC Financing Statement filings and re-filings required by paragraph 15(c)(v).
- (f) Borrower shall not amend, modify, supplement, terminate, or perform any act that might affect the Security Documents without the prior written approval of HUD.

- (g) Notwithstanding paragraph 15(e), if the original Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing has not been returned from the appropriate office(s) in which they must be recorded within five (5) business days of receipt by the Borrower of the Guaranteed Loan Funds, the Borrower shall deliver an electronic copy of the relevant instrument together with a recordation receipt or other evidence of recordation to the Custodian within the timeframe prescribed in 15(e) instead, and shall subsequently deliver the original Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing and assignment thereof to the Custodian within five (5) business days after receipt from local recordation office, but not later than 45 days after disbursement of Guaranteed Loan Funds.
- (h) Borrower shall deliver to the Custodian all recorded re-filings of financing statements or filings of continuation statements filed by Subrecipient or Borrower to continue the effectiveness of the financing statements made pursuant to this Contract within five business days of such filings.
- (i) Paragraph 12 is amended by adding at the end thereof the following language:
 - "(g) The Secretary may record the assignments referred to in paragraph 15(e), or take any other measures to effectuate the transfer of the documents referenced and underlying indebtedness from the Borrower to the Secretary or the Secretary's assignee.
 - (h) The Secretary may exercise or enforce any and all other rights or remedies available by law or agreement, including any and all rights and remedies available to a secured party under the Uniform Commercial Code or in any of the Security Documents (as defined in paragraph 15(d)), against the Collateral, against the Borrower, against the Subrecipient, or against any other person or property (including the Property)."
- (j) The Borrower agrees that it shall promptly notify the Secretary in writing upon the occurrence of any event which constitutes a default (an "Event of Default") under (and as defined in) any of the Security Documents, as

defined in paragraph 15(d). Notification of an Event of Default shall be delivered to the Secretary as directed in paragraph 12(f) above. Upon the occurrence of an Event of Default, the Secretary may (without prior notice or hearing, which Borrower hereby expressly waives), in addition to (and not in lieu of) exercising any and all remedies that may be available under the Security Documents, declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph shall not affect the right of the Secretary to declare the Note in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

(k) Additional Grounds for Default. Notice of Default. Restriction of Pledged Grants. Availability of Other Remedial Actions.

- (i) The Borrower acknowledges and agrees that the Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2021 to: (A) pay when due the payments to become due on the Note, or (B) defease (or, if permitted, prepay) the full amount outstanding on the Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs (ii) and (iii) below (without notice or hearing, which the Borrower expressly waives).
- (ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f) above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding amounts at the time a Pledged Grant is

approved or by disapproving payment requests (drawdowns) submitted with respect to Pledged Grants.

- (iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above, the Secretary may declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph (iii) shall not affect the right of the Secretary to declare the Note and/or this Contract in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.
- (iv) All notices and submissions provided for hereunder above shall be submitted as directed in paragraph 12(f).
- (1) Notwithstanding any other provision of the Note or this Contract, the following provisions to assure compliance with Texas law shall govern:
 - (i) The Secretary shall not require the Note to be converted to a fixed-rate Note pursuant to Sections II and III thereof at an interest rate on any Principal Amount on Schedule P&I thereof that exceeds the maximum rate payable by the Borrower thereon under generally applicable Texas law, including Chapter 1204 of the Texas Government Code, as amended. This limitation on the interest rate on the principal of the Note also applies if the Note bears interest at a variable rate prior to a conversion to a fixed rate. In addition, the accrual of interest on unpaid interest shall be limited to the extent permissible under Texas law.
 - (ii) Part I, paragraph C, of the Contract is amended to delete the last sentence thereof, and to insert the following two new sentences at the end:

"The Borrower agrees that the interest rate at which the trust certificate corresponding to a

specified Principal Due Date on Schedule P&I of the Note is sold to the Underwriters shall be the interest rate inserted on the Conversion Date in Schedule P&I for the Principal Amount corresponding to such Principal Due Date. Such interest rate for each trust certificate shall be that rate which the Underwriters determine will enable them to sell under then-prevailing market conditions such certificate, or interests therein, for 100% of the Principal Amount of such certificate."

- (iii) Paragraph 4(e) of the Contract is amended by deleting the paragraph as written in its entirety and substituting therefor the following:

"(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses or any indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5(a) and (b) of this Contract."

- (iv) The provisions of the Fiscal Agency/Trust Agreements (including any future amendments thereto or any new fiscal agency or trust agreements in the future) relating to indemnification, standard of care, choice of law and disposition of unclaimed property as they concern the Borrower are subject to the limitations of this Contract and will be enforceable against the Borrower only to the extent permitted by Texas law. The Secretary further agrees that he will require the Fiscal Agent and Trustee to maintain the registration books referred to in section 5.01 of the Amended and Restated Master Fiscal Agency Agreement and in section 5.03 of the Trust Agreement in a form that can be converted to a writing and a copy of which can be provided to the Borrower in Texas within a reasonable time after request.
- (v) To the extent that a pledge of ad valorem tax is securing payment of all or a portion of the principal of and interest on the Note,

acceleration of the maturity date of that portion of the Note shall not be available as a remedy in the event of a default by the Borrower under the Note or this Contract.

- (m) If any one or more of the covenants, agreements, provisions, or terms of this Contract shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Contract and shall in no way affect the validity or enforceability of the other provisions of this Contract or of the Note or the rights of the Holder thereof.

[Rest of Page Intentionally Left Blank]

THE UNDERSIGNED, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Secretary.

City of College Station, Texas
BORROWER

BY: 
(Signature)

Bryan C. Woods
(Name)

City Mgr
(Title)

6/15/22
(Date)

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

Digitally signed by Kevin
Bush
Date: 2022.04.04 10:04:33
-04'00'

BY: Kevin Bush
(Signature)

Kevin J. Bush
(Name)

Deputy Assistant Secretary
for Grant Programs
(Title)

(Date)

Note No. B-20-MC-48-0007

Attachment 1

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
DEPOSIT ACCOUNT**

Name of Institution (and Branch)

Street

City, State, Zip Code

☐ This account is established for funds received by the Borrower under Note(s) guaranteed by the United States Department of Housing and Urban Development (HUD) under the Section 108 Loan Guarantee Program **(Guaranteed Loan Funds Account)**.

☐ This account is established for repayment of the Note(s) guaranteed by HUD under the Section 108 Loan Guarantee Program **(Loan Repayment Account)**.

☐ This account is established as a debt service reserve under the Section 108 Loan Guarantee Program **(Debt Service Reserve Account)**.

You are hereby authorized and requested to establish a deposit account to be specifically designated:

"The City of College Station, Texas, as Trustee of United States Department of Housing and Urban Development." All deposits made into such account shall be subject to withdrawal therefrom by the Borrower named below, unless and until HUD provides you with a notice that it is assuming control over the account. Thereafter withdrawals may not be made by the Borrower. Within a reasonable period of time, not to exceed two business days, after your receipt of such notice from HUD, you shall so prevent such Borrower withdrawals and, if requested by HUD in writing, shall thereafter forward monthly to HUD, to an account it specifies in its notice, the collected and available balance in such account.

You are further authorized, after receipt of the notice from HUD, to refuse to honor any instrument drawn upon or withdrawals from such account by parties other than HUD. In no instance shall the funds in the deposit account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by you. You are permitted, however, to debit from

the account your customary fees and charges for maintaining the account and the amount of any deposits that are made to the account and returned unpaid for any reason.

Such account shall also be subject to your standard agreement and documents relating to the opening and maintenance of bank accounts with you. In the event of any conflict between this Letter Agreement and such agreements and documents, this Letter Agreement shall control.

This letter is submitted to you in duplicate. Please execute the duplicate copy of the certificate below, acknowledging the existence of such account, so that we may present the copy signed by you to HUD.

Name of Borrower: College Station, Texas

By: _____ Date: _____
[Signature]

Name and Title: _____

The undersigned institution certifies to the United States Department of Housing and Urban Development (HUD) that the account identified is in existence in this institution under account number: _____, and agrees with the Borrower named above and HUD to promptly comply with HUD's notice in the manner provided in the above letter, but in no event to exceed two business days. The undersigned institution further agrees, after receipt of the HUD notice as set forth above, to refuse to honor any instruments drawn upon or withdrawals from such account by parties other than HUD. In no instance shall the funds in the deposit account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the institution, except as set forth above. Deposits in this institution are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration up to statutory limits.

Name of Institution: _____

By: _____ Date: _____
(Signature)

Name and Title: _____

8-28-08

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
INVESTMENT ACCOUNT

Name of Institution (and Branch)

Street

City, State, Zip Code

☐ This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Guaranteed Loan Funds Account (**Guaranteed Loan Funds Investment Account**).

☐ This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Loan Repayment Account (**Loan Repayment Investment Account**).

☐ This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Debt Service Reserve Account (**Debt Service Reserve Investment Account**).

You are hereby authorized and requested to hold obligations and assignments of those obligations in trust for the United States Department of Housing and Urban Development (HUD) in an account specifically designated:

"The City of College, Texas, as Trustee of United States Department of Housing and Urban Development." All obligations and assignments shall be subject to release to the Borrower named below, unless and until HUD provides you with a notice that it is assuming control over the account. Thereafter, releases may not be made by the Borrower. Within a reasonable period of time, not to exceed two business days, after your receipt of such notice from HUD, you shall so prevent such Borrower releases and, if requested by HUD in writing, shall thereafter forward monthly to HUD, to an account it specifies in its notice, the collected and available balance in such account.

You are further authorized, after receipt of the notice from HUD, to refuse to honor any request for release of the obligations and assignments from such account by parties other than HUD. In no instance shall the obligations in this account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by you. You are permitted, however, to debit from the account your customary fees and charges for maintaining the account and the amount of any deposits that are made to the account and returned unpaid for any reason.

Such account shall also be subject to your standard agreement and documents relating to the opening and maintenance of bank accounts with you. In the event of any conflict between this Letter Agreement and such agreements and documents, this Letter Agreement shall control.

This letter is submitted to you in duplicate. Please execute the duplicate copy of the certificate below, acknowledging the existence of such account, so that we may present the copy signed by you to HUD.

Name of Borrower: College Station, Texas

By: _____ Date: _____
[Signature]

Name and Title: _____

The undersigned institution certifies to the United States Department of Housing and Urban Development (HUD) that the account identified is in existence in this institution under account number: _____, and agrees with the Borrower named above and HUD to promptly comply with HUD's notice in the manner provided in the above letter, but in no event to exceed two business days. The undersigned institution further agrees, after receipt of the HUD notice as set forth above, to refuse to honor any request for release of the obligations and assignments from such account by parties other than HUD. In no instance shall the obligations in the account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the financial institution, except as set forth above. Deposits in this institution are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration up to the statutory limits.

Name of Institution: _____

By: _____ Date: _____
(Signature)

Name and Title: _____

8-28-08

ATTACHMENT 3

[Description of Real Property]

EXHIBIT "A"

Being all that certain tract or parcel of land, lying and being situated in the C. Burnett League, Brazos County, Texas, and being a part of that 14.412 acres of land conveyed to O. C. Cooper by Sweetbriar Nursing Home, Inc., by deed dated December 7, 1976 and recorded in Volume 364, Page 101 of the Deed Records of Brazos County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING: at an iron rod found at a fence corner marking the most easterly corner of the said 14.412 acre tract;

THENCE: S 48° 46' 00" W - 281.48 feet along the southeast line of said 14.412 acre tract to an iron rod found for corner;

THENCE: N 41° 14' 00" W - 337.99 feet along the south line of the said 14.412 acre tract to an iron rod set for corner;

THENCE: S 48° 46' 02" W - 421.41 feet continuing along the south line of the said 14.412 acre tract to an iron rod set in the northeast right-of-way line of Anderson Street as dedicated to the public in the plat of the Dobrovosky Subdivision recorded in Volume 318, Page 227;

THENCE: N 61° 31' 04" W - 65.34 feet along the said northeast line of Anderson Street to an iron rod set at the point of curvature of a curve to the right;

THENCE: 91.26 feet in a northwesterly direction along the arc of said curve having a central angle of 8° 21' 32", a radius of 625.53 feet, a tangent of 45.71 feet and a long chord bearing N 57° 20' 18" W - 91.18 feet to an iron rod set for corner; said iron rod also marking the south corner of Lot 2, Block 3 of Anderson Ridge Subdivision Section Two as recorded in Volume 392, Page 789;

THENCE: N 45° 03' 42" E - 804.41 feet along the southeast line of said subdivision to an iron rod set in the northeast line of said 14.412 acre tract for corner;

THENCE: S 35° 44' 00" E - 541.36 feet to the PLACE OF BEGINNING and containing 5.414 acres of land, more or less.

NOTE: The Company is prohibited from insuring the area or quantity of land described herein. Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made only for informational and/or identification purposes and does not override Item 2 of Schedule B hereof.

ATTACHMENT 4

HUD-Approved Alternative Collateral or Security Arrangements

Date: _____

This attachment may be updated from time to time as anticipated by paragraph 15(c)(iv). The last dated Attachment 4 that is signed by the parties identified in paragraph 12, or their successors or other authorized agents of the parties, is incorporated into the Contract for Loan Guarantee Assistance (the Contract) and shall represent the agreement of the parties.

The last dated Attachment 4 shall include a list of all previously approved alternative collateral or security arrangements that secure either the Note or the Subrecipient Note, as those terms are defined in the Contract, and any newly approved alternative collateral or security arrangement.

Date Approved by HUD: _____

Note Number: _____

Maximum Commitment Amount: _____

Subrecipient: _____

These alternative collateral and security arrangements are agreed to by the Secretary and the Borrower pursuant to paragraph 15(c)(iv), and describe the obligations related to the HUD-guaranteed promissory note executed by Borrower on _____, numbered _____, in the Maximum Commitment Amount of \$ _____ (the "Project Note").

The Secretary and Borrower agree to the following:

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM**

VARIABLE/FIXED RATE NOTE

NOTE NUMBER: **B-20-MC-48-0007**

DATE OF NOTE: June 15, 2022

BORROWER: **City of College Station,
Texas**

[LULAC Oak Hill Apartments Project]

PRINCIPAL DUE DATES AND PRINCIPAL AMOUNT: Before the Conversion Date, the aggregate of Advances made for each applicable Principal Due Date specified in the Commitment Schedule to this Note; on or after the Conversion Date, the Principal Amount (if any) listed for each Principal Due Date in Schedule P & I hereto.

MAXIMUM COMMITMENT
AMOUNT: **\$2,808,000**

COMMITMENT AMOUNTS: See
Commitment Schedule attached hereto.

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER: Daedalus & Co
As Nominee for
Federated Hermes Money Market Obligations Trust
on behalf of its Federated Hermes Government
Obligations Fund

I. Terms Applicable Before the Conversion Date

A. Advances

For value received, the undersigned, the City of College Station (the "Borrower"), which term includes any successors and assigns, a public entity organized and existing under the laws of the State (or Commonwealth as applicable) of Texas, promises to pay to the Registered Holder (the "Holder," which term includes any successors or assigns), at the time, in the manner, and with

interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the Holder for disbursement to, or on behalf of, the Borrower (individually, an "Advance", and collectively, "Advances"). The Holder shall make Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract for Loan Guarantee Assistance (as further defined in Section IV.A. of this Note, the "Contract"), and the Amended and Restated Master Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of May 17, 2000, between The Bank of New York Mellon (successor to The Chase Manhattan Bank and JPMorgan Chase Bank, N.A.), as Fiscal Agent (the "Fiscal Agent"), and the Secretary. The total amount of Advances made for each Principal Due Date under this Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth on the Commitment Schedule attached hereto. The aggregate of all Advances under this Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount specified on the attached Commitment Schedule. The Fiscal Agent shall record the date and amount of all payments and Advances on this Note and maintain the books and records of all such Advances and Commitment Amounts for each corresponding Principal Due Date, and all payments. No Advances shall be made on this Note after its Conversion Date.

As used herein, "Conversion Date" means the date (if any) upon which this Note is (i) delivered by the Holder to the Fiscal Agent against payment therefore by the purchasers selected by the Secretary to make such payment; and (ii) assigned to Bank of New York Mellon (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement between the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented (the "Trust Agreement"). Upon the occurrence of both (i) and (ii) in the previous sentence, Section III of this Note applies, thereby converting this Note to a fixed rate obligation.

B. Variable Rate of Interest

From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable interest rate (as set forth below) on the unpaid principal balance of each Advance on the first day of each February, May, August and November (each, an "Interim Payment Date"), commencing on the first Interim Payment Date after the initial Advance is made under this Note. Interest also shall be paid on each applicable Conversion Date, Prepayment Date or Principal Due Date. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date following each Advance that is not made on an Interim Payment Date, the period from and including the date of such Advance to but excluding the first Interim Payment Date following such Advance. The amount of interest payable on this Note's Conversion Date, Prepayment Date, or on any Principal Due Date that precedes such Conversion Date will represent interest accrued during the period from the last Interim Payment Date to such Conversion Date, Prepayment Date, or Principal Due Date, respectively.

The initial variable interest rate for each Advance will be set on the date of such Advance and will be equal to the Applicable Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to the Applicable Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If Secretary and Holder agree to a Subsequent Rate (as hereinafter defined) and Subsequent Variable Interest Rate (as hereinafter defined) pursuant to paragraph IV.H. of this Note, the Secretary shall notify the Fiscal Agent in writing of any Subsequent Rate and Subsequent Variable Interest Rate within two Business Days of the determination thereof. If the Conversion Date for this Note has not occurred by the March 1 following the initial Advance under this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the Conversion Date.

"3-Month T-Bill Rate" for any given Business Day means, except in the case of manifest error, the High Rate announced in the most recent Treasury Auction Results release corresponding to the 13-Week Bill auction with an auction date on a day preceding the initial Advance, or for subsequent Advances, the most recent Reset Date (but not with respect to an auction published on any Reset Date), as published on TreasuryDirect or any successor publication, published by the U.S. Department of the Treasury Bureau of the Fiscal Service, under the "Financial Institutions" heading (or any successor heading), in the section titled "Announcements, Data & Results" (or any successor section) and under the subsection "Bills – Security Term: 13-Week" (or any successor caption). If, as of any Reset Date, such rate was not published on TreasuryDirect or any successor publication any day since the immediately preceding Reset Date, for each interest period, the 3-Month T-Bill Rate shall be the yield on Treasury Bills (secondary market) with 3-month maturity, as reported in Federal Reserve Statistical Release H. 15, Selected Interest Rates of the Board of Governors of the Federal Reserve System (or any successor publication).

Prior to the effective date of a Subsequent Rate and Subsequent Variable Interest Rate established by an amendment to this Note pursuant to paragraph IV.H. of this Note, "Applicable Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, 35 basis points (0.35%) above the 3-Month T-Bill Rate one New York Banking Day before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, 35 basis points (0.35%) above the 3-Month T-Bill Rate one New York Banking Day before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, 35 basis points (0.35%) above the 3-Month T-Bill Rate one New York Banking Day before such Reset Date.

Upon the effective date of a Subsequent Rate and Subsequent Variable Interest Rate established by an amendment to this Note pursuant to paragraph IV.H. of this Note, "Applicable Rate" means the Subsequent Variable Interest Rate.

"New York Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the New York interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

"Subsequent Rate" means the rate, as agreed upon by Secretary and Holder, that shall be used in lieu of the 3-Month T-Bill Rate to establish the Applicable Rate, upon agreement between the Secretary and Holder. The Subsequent Rate shall be a rate that is publicly available daily.

"Subsequent Variable Interest Rate" means the interest rate for each Advance that will be set on the date of such Advance and will be equal to a specific amount of basis points above or below the Subsequent Rate, and thereafter will be adjusted monthly on the Reset Date to an interest rate equal to a specific amount of basis points above or below the Subsequent Rate, all as agreed upon by the Secretary and Holder pursuant to paragraph IV.H. of this Note.

C. Principal Amount

Prior to the Conversion Date, the aggregate amount of Advances under this Note for each specified Principal Due Date shall be the Principal Amount paid by the Borrower on such Principal Due Date (as assigned to such Advances by the Secretary's instructions to the Fiscal Agent in accordance with the Contract and the Fiscal Agency Agreement), except to the extent such Principal Amount shall have been reduced by redemption before such Principal Due Date as provided below.

D. Redemption before Conversion Date

At any time on or before the Conversion Date, the Borrower, with the consent of the Secretary, may redeem this Note, in whole or in part, upon fourteen calendar days notice to the Fiscal Agent and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid Principal Amount to be redeemed, plus accrued interest thereon to the date of redemption. Partial redemptions shall be credited against the applicable Principal Amount(s). The related Commitment Amounts and the Maximum Commitment Amount shall be adjusted concurrently with any such redemptions in accordance with the Secretary's instructions to the Fiscal Agent pursuant to the Contract and the Fiscal Agency Agreement.

II. Conversion

The following events shall occur on the Conversion Date:

A. Schedule P&I

On the Conversion Date all Advances owed by the Borrower under this Note with the same Principal Due Date shall be aggregated into a single Principal Amount which will accrue interest at the fixed rate applicable to such Principal Due Date. Such Principal Amount may be adjusted by the Fiscal Agent in accordance with the following paragraph or paragraph IV.H, as applicable. Whether or not adjusted, each Principal Amount, the fixed rate applicable to each Principal Amount, and the applicable Principal Due Date, shall be listed by the Secretary in Schedule P&I. Schedule P&I will be provided by the Secretary to the Fiscal Agent and attached to this Note by the Fiscal Agent upon the Fiscal Agent's receipt of this Note on the Conversion Date.

B. Conversion Date Advances

If, on or prior to the Conversion Date, the Borrower has not utilized the entire Commitment Amount indicated on the Commitment Schedule attached hereto for a given Principal Due Date, the Borrower may, in accordance with the Fiscal Agency Agreement and the Contract, and with the approval of the Secretary, utilize such Commitment Amount on the Conversion Date to obtain a Conversion Date Advance. A "Conversion Date Advance" shall mean any amount by which the Secretary instructs the Fiscal Agent to increase a Principal Amount on Schedule P&I for a given Principal Due Date, effective as of the Conversion Date of this Note. Conversion Date Advances shall be funded by the sale of this Note to the purchaser selected by the Secretary. The proceeds of a Conversion Date Advance (net of any applicable fees) shall be distributed to or on behalf of the Borrower on the Conversion Date. The total amount of Conversion Date Advances hereunder shall not exceed the sum of any unused Commitment Amounts for all Principal Due Dates.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is canceled, or matured and paid in full:

Commencing on the Conversion Date, the Borrower promises to pay to the Holder on the applicable Principal Due Date each Principal Amount set forth on the attached Schedule P&I, together with interest on each such Principal Amount at the rate applicable thereto specified on the Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below.

Interest on each scheduled Principal Amount of this Note due as of a given date specified on Schedule P&I hereto shall accrue at the related per annum rate specified on Schedule P&I from (and including) the Conversion Date to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. Each interest amount accrued on each unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each such February 1 and August 1, an "Interest Due Date") commencing on the first such date after the Conversion Date, until each Principal Amount listed on Schedule P&I to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Certain Principal Amounts that are indicated as being eligible for Optional Redemption on Schedule P&I may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of such a Principal Amount, the Borrower shall give notice of its intention to prepay a Principal Amount to the Trustee and the Secretary not less than 60 days and not more than 90 days prior to the Interest Due Date as of which the Borrower intends to prepay the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on Schedule P&I may not be prepaid.

IV. General Terms

A. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York City are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, among the Secretary and the Borrower, the designated public entity named therein (if applicable), and the State named therein (if applicable), that refers to and incorporates this Note by the number hereof.

"Principal Amount" shall mean: (i) before the Conversion Date for this Note, the aggregate amount of Advances made for each Principal Due Date specified in the Commitment Schedule attached to this Note, less the amount of any redemptions pursuant to Section I.D. hereof, and any principal repayment; and (ii) on or after the Conversion Date, the principal amount (if any) stated for each Principal Due Date in Schedule P&I attached hereto, less the amount of any principal repayment and any Optional Redemptions made pursuant to Section III hereof and the Trust Agreement.

B. Timely Payment to Fiscal Agent or Trustee

Notwithstanding anything contained in Section I, Section II, or Section III, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payment, directly to the Fiscal Agent or the Trustee (as applicable) on the seventh Business Day prior to the appropriate Interim Payment Date, Interest Due Date, Principal Due Date, Prepayment Date, or date of Optional Redemption, as applicable.

C. Interest on Late Payments

If a payment of principal or interest herein provided for shall not be made by either (i) 2:30 p.m. on an Interest Due Date or Principal Due Date; or (ii) 2:30 p.m. on the second Business Day (as herein defined) next succeeding an Interim Payment Date, then interest shall accrue on the amount of such payment at the then applicable interest rate or rates payable on this Note, from the relevant due date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

D. Applicability of Fiscal Agency Agreement or Trust Agreement

Prior to the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the terms of the Fiscal Agency Agreement and are subject to such agreement. On or after the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the Trust Agreement and are subject to such agreement. The terms and provisions of the Fiscal Agency Agreement or the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. The Borrower hereby agrees to be bound by all obligations of the Borrower to the Fiscal Agent set forth in the Fiscal Agency Agreement. Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Fiscal Agency Agreement or Trust Agreement, as applicable. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including the duties of (i) paying agent and calculation agent for this Note until its Conversion Date, and (ii) registrar for this Note until this Note is canceled or a new registrar appointed, each in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of collection agent for this Note after its Conversion Date until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and Trustee each shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its respective corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

E. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and interest on the applicable Interim Payment Dates or Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

F. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due hereunder. If a Borrower defaults on the payment of any interest or Principal Amounts when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph of this Section IV.F, the Secretary may, but is not obligated to, make on any date on or prior to the Conversion Date with fourteen calendar days prior notice to the Fiscal Agent, or on the seventh Business Day preceding any Interest Due Date on or after the first permissible Optional Redemption date with seven Business Days prior notice to the Trustee, an acceleration payment to the Fiscal Agent or the Trustee, as applicable, equal to the unpaid Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such acceleration payment date or Interest Due Date, as applicable. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

G. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility

of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

H. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder, Fiscal Agent or Trustee, including Guarantee Payments; provided that prior to the Conversion Date, the Commitment Amounts on the Commitment Schedule attached hereto, and the Principal Amounts due on the corresponding Principal Due Dates may be rescheduled pursuant to written instructions given to the Fiscal Agent by the Secretary based upon a written request by the Borrower absent the consent of the Holder.

Notwithstanding the foregoing, Borrower agrees that Note may be amended without consent of the Borrower to establish a Subsequent Rate and a Subsequent Variable Interest Rate for purposes of determining the Applicable Rate, if the Secretary, in his or her sole discretion, determines that an Applicable Rate based upon the 3-Month T-Bill Rate no longer represents a reasonable rate, and the Secretary and Holder agree on a reasonable Subsequent Rate and Subsequent Variable Interest Rate. Any amendment establishing a Subsequent Rate and Subsequent Variable Interest Rate shall be appended to and become part of this Note as of the effective date of such amendment. Borrower shall be given 30 days-notice prior to the effective date of an amendment establishing a Subsequent Rate and Subsequent Variable Interest Rate.

I. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

J. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

V. Borrower-Specific Provisions


[This space intentionally left blank]

THE UNDERSIGNED, as an authorized official of the Borrower, has executed and delivered this Note.

City of College Station, Texas

BORROWER

By:


(Signature)

Bryan C. Woods

(Name)

CITY MANAGER

(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

(Name and Address of Assignee)

(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints _____
attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of
substitution.

Dated: _____

Note: The signature to this assignment
must correspond with the name as written on
the face of the Note without alteration or
enlargement or other change.

Signature Guaranteed:

Qualified Financial Institution

By: _____
Authorized Signature

[This page to be completed by the Fiscal Agent for transfer of the Note by the Holder as of the
Conversion Date pursuant to the last paragraph of Section I.A. of this Note.]

APPENDIX A

Special Pre-Conversion Interest Rates.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing within two Business Days following such dates of the determination of the Holder Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.
- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.

COMMITMENT SCHEDULE

Note No. B-20-MC-48-0007

<u>Principal Due Date</u>	<u>Commitment Amount</u>
August 1, 2022	\$104,000
August 1, 2023	107,000
August 1, 2024	110,000
August 1, 2025	114,000
August 1, 2026	117,000
August 1, 2027	121,000
August 1, 2028	125,000
August 1, 2029	128,000
August 1, 2030	132,000
August 1, 2031	136,000
August 1, 2032	140,000
August 1, 2033	145,000
August 1, 2034	149,000
August 1, 2035	154,000
August 1, 2036	158,000
August 1, 2037	163,000
August 1, 2038	168,000
August 1, 2039	173,000
August 1, 2040	179,000
August 1, 2041	185,000
Maximum Commitment Amount =	\$2,808,000

SCHEDULE P&I*Note No. B-20-MC-48-0007

Principal Amount	Principal Due Date	Interest Rate**	Optional Redemption Available	
			YES	NO
	August 1, 2022			X
	August 1, 2023			X
	August 1, 2024			X
	August 1, 2025			X
	August 1, 2026			X
	August 1, 2027			X
	August 1, 2028			X
	August 1, 2029			X
	August 1, 2030			X
	August 1, 2031			X
	August 1, 2032		X	
	August 1, 2033		X	
	August 1, 2034		X	
	August 1, 2035		X	
	August 1, 2036		X	
	August 1, 2037		X	
	August 1, 2038		X	
	August 1, 2039		X	
	August 1, 2040		X	
	August 1, 2041		X	

\$_____ = Aggregate Principal Amount

Principal Amounts due on or after August 1, 2032, may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2031.

*This schedule will not be completed when initially executed and delivered by the Borrower for Guarantee for interim, variable-rate financing. It will be completed when assigned by the Holder at the request of the Borrower for conversion to Fixed Rates on the Conversion Date. The first date shown above on which Optional Redemption is available is expected to be the same when this schedule is completed, if the Borrower participates in the initial Section 108 public offering after receiving an interim financing Advance hereunder. If the Borrower participates in a later public offering, the first date on which Optional Redemption is available is expected to be correspondingly later.

** The fixed rate applicable to each Principal Amount shall be listed by the Secretary.