

New Hope Community Development Corporation

BOARD OF DIRECTORS

Lisa A. Baker, Executive Director

147 W. Main Street
Woodland, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982

Duane Chamberlain
Marlene Ganes
Michael H. McGowan
Jim Provenza
Matt Rexroad
Helen M. Thomson
Bernita Toney

DATE: September 3, 2009
TO: New Hope CDC Board of Directors
FROM: Lisa A. Baker, Executive Director
By: Mark Stern, Finance Director
SUBJECT: **Adoption of Resolution Authorizing a Change in Terms of Loan Agreement #3035925 with First Northern Bank**

RECOMMENDED ACTIONS:

That the Board of Directors adopt a resolution authorizing a change in the terms of loan agreement #3035925 with First Northern Bank, and authorize Secretary Lisa A. Baker and Vice President Matt Rexroad to sign the change in terms agreement and the resolution on behalf of New Hope CDC.

BACKGROUND / DISCUSSION

New Hope CDC refinanced the Cottonwood Meadows Apartments in November, 2005 with a twenty-five year loan of \$1,900,000 requiring monthly payments of \$11,868. Since the refinancing, Cottonwood Meadows Apartments has had negative cash flow. Several steps have been taken to reduce operating expenses including elimination of the full time resident manager staff position. As a continuation of staff's effort to reduce expenses, staff and First Northern Bank have agreed to change the terms of the loan. The change the bank has approved is to amortize the loan over forty years without extending the maturity date. This will result in a reduced monthly payment of \$9,591 until the end of 2030 followed by a balloon payment due at that time. New Hope at that time may choose to pay the balloon payment or to refinance the property.

FISCAL IMPACT

A one time charge of \$4,800 will be incurred upon execution of the change in terms; thereafter, followed by an annual principal and interest savings of \$27,176 with a balloon payment due December 15, 2030 of \$1,099,893.

CONCLUSION:

Staff recommends that the Board adopt the resolution.

Attachment: Resolution
Change in Terms Agreement

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Principal \$1,754,266.00	Loan Date 09-03-2009	Maturity 12-15-2030	Loan No 3035925	Call / Coll	Account	Officer 312	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations							

Corporation: New Hope Community Development Corporation
147 West Main Street
Woodland, CA 95695

Lender: First Northern Bank of Dixon
Davis Branch
434 Second Street
Davis, CA 95616

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is New Hope Community Development Corporation ("Corporation"). The Corporation is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 147 West Main Street, Woodland, CA 95695. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on _____, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICERS. The following named persons are officers of New Hope Community Development Corporation:

<u>NAMES</u>	<u>TITLES</u>	<u>AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
Lisa Baker	Secretary	Y X	
Matt Rexroad	Vice President	Y X	

ACTIONS AUTHORIZED. Any two (2) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, any two (2) of such authorized persons are authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in their judgment should be borrowed, however, not exceeding at any one time the amount of **One Million Seven Hundred Fifty-four Thousand Two Hundred Sixty-six & 00/100 Dollars (\$1,754,266.00)** in addition to such sum or sums of money as may be currently borrowed by the Corporation from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations on Lender's terms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained, or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given, and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as the officers may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C)

**CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL
(Continued)**

change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officers named above are duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupy the positions set opposite their respective names. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signatures set opposite the names listed above are their genuine signatures.

We each have read all the provisions of this Resolution, and we each personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated September 3, 2009.

CERTIFIED TO AND ATTESTED BY:

X

Lisa Baker, Secretary of New Hope Community
Development Corporation

X

Matt Rexroad, Vice President of New Hope
Community Development Corporation

NOTE: If the officers signing this Resolution are designated by the foregoing document as one of the officers authorized to act for the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,754,266.00	09-03-2009	12-15-2030	3035925			312	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: New Hope Community Development Corporation
147 West Main Street
Woodland, CA 95695

Lender: First Northern Bank of Dixon
Davis Branch
434 Second Street
Davis, CA 95616

Principal Amount: \$1,754,266.00

Date of Agreement: September 3, 2009

DESCRIPTION OF EXISTING INDEBTEDNESS. RECITAL: Borrower is indebted to Lender, under the Promissory Note dated November 23, 2005, for the original or maximum principal sum of \$1,900,000.00 (the "Note"). The Note is held by the Lender and is identified on Lender records as Loan No. 3035925.

DESCRIPTION OF COLLATERAL. RECITAL: The Note is secured by A Deed of Trust dated November 23, 2005, executed by Borrower, as Trustor in favor of Lender, as Beneficiary, which Deed of Trust was recorded on December 22, 2005 identified as Instrument No. 2005 0063287-00 in the Official Records of the County Recorder of the County of Yolo, State of California.

A Commercial Security Agreement dated November 23, 2005, executed by Grantor, in Favor of Lender.

Borrower and Lender mutually desire, and it would be to their mutual benefit, to modify certain terms and conditions of the Note subject to the terms and conditions of this Agreement.

DESCRIPTION OF CHANGE IN TERMS. In view of the Recitals and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower and Lender hereby agree as follows:

1. Borrower and Lender confirm that as of the date of this Agreement, the outstanding balance of the Note is \$1,759,439.86 of which \$1,754,266.00 is unpaid principal, \$5,148.86 is accrued interest, and \$25.00 is an unpaid late charge. Borrower disclaims or waives any existing claims, defenses to payment, setoffs or credits as to Borrower's obligations to pay the amounts outstanding on the Note or as to the validity or enforceability of any Deed of Trust or Security Agreement securing those obligations.

2. Upon the last to occur of (i) Lender's receipt of a modification fee of \$4,800.00, documentation fee of \$0.00, accrued interest of \$0.00 and \$0.00 for principal reduction, (ii) Lender's receipt and acceptance of this Agreement after its execution by Borrower and its acknowledgment by any Guarantor of Borrower's obligations under the Note and (iii) the Note will be modified as follows:

CHANGE IN PAYMENT SCHEDULE: Current Principal Balance of Note Re-Amortized over 35 years. Maturity date and all other terms remain unchanged. Refer to PAYMENT paragraph below.

PAYMENT. Borrower will pay this loan in 255 regular payments of \$9,590.72 each and one irregular last payment estimated at \$1,099,892.98. Borrower's first payment is due September 15, 2009, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on December 15, 2030, and will be for all principal and all accrued interest not yet paid.

VARIABLE INTEREST RATE. The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the Weekly Average Yield on United States Treasury Securities, Adjusted to a Constant Maturity of (5) Years. Information on this Index is published by the Federal Reserve Board in Statistical Release H 15 (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each five (5) years. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 4.460% per annum.** Interest on the unpaid principal balance of this loan will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.100 percentage points over the Index, resulting in an initial rate of 5.560%. **NOTICE:** Under no circumstances will the interest rate on this loan be more than (except for any higher default rate shown below) the lesser of 7.000% per annum or the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s) including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

ADDITIONAL CHANGES IN TERMS. Notwithstanding any different or contrary provisions contained in the Promissory Note or any other agreement related to the indebtedness referenced above, the following provisions shall apply to such Note or related agreement:

Expenses. If Lender institutes any suit or action to enforce any of the terms of the Note or any related agreement, Lender shall be entitled to recover such sum as the court may adjudge reasonable. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the loan payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's expenses for bankruptcy proceedings (including costs to modify or vacate any automatic stay or injunction), and appeals, to the extent permitted by law. Borrower will also pay any court costs, in addition to all other sums provided by law.

Attorneys' Fees. In any action arising from or relating to the Note or any related agreement and subject to any limits under applicable law, the prevailing party shall be entitled to reasonable attorneys' fees in accordance with California Civil Code Section 1717. Whether or not an action is

