

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**RURAL HOUSING SERVICE**  
**NATIVE COMMUNITY DEVELOPMENT RELENDING DEMONSTRATION PROGRAM**  
**LOAN AGREEMENT**

This agreement dated as of "month" XX, 20xx is between the United States of America, acting through the Rural Housing Service, U.S. Department of Agriculture ("USDA") and \_\_\_\_\_, a corporation organized and existing under the laws of \_\_\_\_\_ (hereinafter called "NCDFI"). In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Loan Term

- 1.1 USDA agrees to Loan the principal sum of  \${Loan amount}  (hereinafter referred to as "Loan"), to be disbursed as hereinafter provided, bearing interest at the fixed rate of 1 percent per annum from the date funds are advanced as more specifically set forth in paragraph 2 below. The term of the Loan is for  33  years from {month and year}.
- 1.2 This Loan is evidenced by a Promissory Note of even date herewith made payable to the USDA. NCDFI agrees to use the Loan and its proceeds solely for activities as set forth in its NCDFI Relending Demonstration Program Application including the "work plan" submitted to USDA (including any supplements or modifications thereof agreed to by both parties) and in accordance with the Loan terms and conditions, the terms and conditions of this Loan Agreement, the Letter of Conditions dated \_\_\_\_\_, and the applicable rules and regulations, including without limitation those set forth in the Notice of Funding Availability and regulations referenced therein.

2. Repayment

Repayment of this Loan shall be made as follows:

- 2.1 Principal and interest payments shall be deferred for three (3) years. The interest accrued to December 31, 20\_\_ shall be due and payable on that date.
- 2.2 Principal and later accrued interest shall be due and payable in thirty (30) substantially equal annual installments due on January 1 of each year.
- 2.3 The NCDFI agrees to pay principal and interest installments as indicated in the Promissory Note dated \_\_\_\_\_, 20\_\_. Any remaining balance shall be due and payable on the date that is thirty-three (33) years from the date of the Promissory Note.

3. Organization

The NCDFI shall not change its articles of incorporation, charter, by-laws, or other organizational documents without the prior written consent of USDA.

4. Disbursement Procedure

4.1 Disbursement shall take place after this Loan Agreement and the Promissory Note are executed, and any other conditions precedent to disbursement of funds under this award are fully satisfied. The NCDFI may not make a Loan commitment from USDA NCDFI Relending Demonstration Loan funds to a project without first receiving USDA's written concurrence in the proposed use of Loan funds.

4.2 The NCDFI shall maintain a separate ledger and segregated bookkeeping and bank accounts for NCDFI Relending Demonstration funds to include matching funds of \$#####.

5. Reporting Requirements

The NCDFI shall provide USDA with the following reports, plus any other report as USDA shall from time to time require. The NCDFI shall comply with all reporting requirements set forth in this Loan Agreement, the Notice of Funding Availability, and the Letter of Conditions, as applicable:

5.1 Annual audit: dates of audit report period need not necessarily coincide with other reports on the NCDFI Relending Demonstration program. Audits must cover all the NCDFI's activities, including those not involving USDA funds, and shall be due 120 days following the NCDFI Fiscal Year end.

5.2 Quarterly reports (submitted 30 days after the end of each quarter, following Loan closing) will include information on the NCDFI's lending activity, income and expenses, and financial condition and a summary of names and characteristics of the ultimate recipients the NCDFI has financed.

5.3 An annual budget for the following year.

5.4 These reports shall contain information on the Native CDFI Relending Demonstration Program Loan funds as well as the NCDFI matching funds and any other funds used in ultimate recipient Loans. The Native CDFI Relending Demonstration Loan program portion shall be segregated from the others.

6. Relending

6.1 Before the first relending of USDA funds, the NCDFI must obtain written USDA approval of:

- A. All forms to be used for relending purposes, including application forms, Loan agreements, promissory notes, and security instruments; and
- B. The NCDFI's binding policy with regard to the amount and form of security to be required.

- 6.2 Before the first relending of USDA funds, the NCDFI must demonstrate matching funds are available.
- 6.3 The NCDFI must obtain USDA approval before making any changes in forms or policy, including its work plan.
- 6.4 It is the responsibility of the NCDFI to make and service Loans to ultimate recipients in such a manner that will fully protect the interests of the NCDFI and the USDA. The NCDFI must follow the Loan origination and servicing requirements in 7 CFR part 3550, subparts B, D, E, and F, as well as other applicable laws, including but not limited to those established by the Consumer Financial Protection Bureau, unless otherwise determined by USDA.
- 6.5 The NCDFI will strive to use the proceeds of this Loan promptly in accordance with the work plan submitted to USDA with the Loan application. If any part of the Loan has not been disbursed within three years from the date of this agreement, USDA may cancel the approval of any funds not yet delivered to the NCDFI and demand the return as an extra payment on the Loan of any funds delivered to the NCDFI that have not been used by the NCDFI in accordance with the work plan.

## 7. Default

On the occurrence of any event of default, USDA may declare all or any portion of the debt and interest created to be immediately due and payable and may proceed to enforce under this Loan Agreement or any other instruments or relating to this Loan and in accordance with the law and regulations applicable hereto.

Any of the following may be regarded as an "event of default" in the sole discretion of the USDA:

- (A) Failure, inability or unwillingness of the NCDFI to carry out or comply with the specific activities in its Loan application as approved by USDA, this Loan Agreement, the Letter of Conditions, or any applicable Federal or State laws, or with such USDA regulations as may become generally applicable at any time.
- (B) Failure of the NCDFI to pay any installment of principal or interest on its Promissory Note to USDA when due as specified in paragraph 2 above.
- (C) The occurrence of: (1) the NCDFI's becoming insolvent, or ceasing, being unable, or admitting in writing its inability, to pay its debts as they mature, or making a general assignment for the benefit of creditors or entering into any composition or arrangement with creditors; (2) proceedings for the appointment of a receiver, trustee or liquidator of the NCDFI, or of a substantial part of its assets, being authorized or instituted by or against it.

- (D) Submission or making of any report, statement, warranty, or representation by the NCDFI or agent on its behalf to USDA in connection with the financial assistance awarded hereunder which is false, incomplete, or incorrect in any material respect.
- (E) Failure of the NCDFI to remedy any material adverse change in its financial or other condition (such as the representational character of its board of directors or policymaking body) arising since the date of USDA's award of assistance hereunder, which condition was an inducement to USDA's original award.

## 8. Collateral

- 8.1 The Intermediary shall pledge as collateral its portfolio of investments derived from the proceeds of this Loan award. It shall also pledge real and personal property, and other rights and interests USDA may require. The NCDFI shall execute any instruments, deliver any documents, and take any action necessary or convenient to perfect a security interest in such collateral.
- 8.2 If USDA determines the NCDFI's financial condition has deteriorated or the NCDFI takes or fails to take action required of a prudent lender or fails to meet any requirement applicable to the NCDFI Relending Demonstration program, the NCDFI shall provide additional security, execute any additional documents, and undertake any reasonable acts as USDA may request to protect USDA's interest or to perfect a security interest in any assets, including physical delivery of assets and specific assignments. All debt instruments and collateral documents used by the NCDFI in conjunction with Loans to ultimate recipients will be assignable in the event the above determination is made.

## 9. Other Parties

This Loan Agreement is not for the benefit of third parties, USDA shall not be under any obligation to any such parties, whether directly or indirectly interested in the Loan Agreement, to pay any charges or expenses incident to compliance by the NCDFI with any of the duties or obligations imposed hereby.

## 10. Successors and Assigns

The Loan Agreement shall be binding upon the NCDFI and its successors and assigns and upon USDA and its successors and assigns and shall survive the closing of the Loan and disbursement of proceeds.

## 11. Insurance Requirements

- 11.1 The NCDFI will require each ultimate recipient to provide homeowners insurance with a standard mortgage clause naming the NCDFI as beneficiary in an amount that is at least the lesser of the depreciated replacement value of the property being insured or the amount of the Loan. Required hazard insurance includes fire, windstorm, lightning, hail, business interruption, explosion, riot, civil commotion, aircraft, vehicle, marine, smoke, builder's risk,

public liability, property damage, flood or mudslide, or any other hazard insurance that may be required to protect the security. The NCDFI's interest in the insurance will be assigned to the USDA upon USDA's request, in the event of default under this Agreement by the NCDFI.

11.2 The NCDFI will require and maintain such insurance coverage, including fidelity bonds, as may be required by USDA.

12. Applicable Laws

Interpretation of this Loan Agreement shall be governed and enforced in accordance with Federal Law.

IN WITNESS WHEREOF, USDA and the NDCFI have executed this Agreement as of the date first above-mentioned

NCDFI

USDA

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name typed or printed*

\_\_\_\_\_  
*Name typed or printed*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Title*

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*Date*

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*Date*