

RESOLUTION

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF HIGH POINT, PROVIDING CONSENT TO AMENDING AND EXTENDING THE TERM OF THE SECTION 108 LOAN FROM THE FEDERAL GOVERNMENT'S HOUSING AND URBAN DEVELOPMENT (HUD) DEPARTMENT IN THE AMOUNT OF \$694,000.00; APPROVING AND PROVIDING SECURITY FOR THAT CERTAIN HUD SECTION 108 LOAN IN THE AMOUNT OF \$694,000.00; AND THE EXPENDITURE OF SAID FUNDS FOR THE DEVELOPMENT OF A LOW INCOME TAX CREDIT DEVELOPMENT KNOWN AS HARTLEY RIDGE

Whereas, the City receives an annual allocation of Community Development Block Grant (CDBG) funding from the U. S. Department of Housing and Urban Development (HUD) to use for a variety of eligible projects defined through federal regulations, and as a participant in this program, the City is eligible to apply for Section 108 Loan Guarantee funding; and

Whereas, Section 108 is a part of HUD's Community Development Block Grant (CDBG) program and provides communities with a source of financing for activities such as economic development projects and public improvements, making it an important public investment tool offered by HUD to local governments; and

Whereas, the City used its Section 108 Loan Authorization in the amount of \$694,000.00 to acquire property located at 700 W. Hartley Drive and described as Lot A, Plat Book 151, Page 81, Guilford County Registry, and to provide for the construction of public improvements thereon that will facilitate the development of a Low Income Housing Tax Credit development known as Hartley Ridge, which improvements will be constructed by Hartley Ridge, LLC ("Hartley") and Wynnefield Properties, Inc.; and

Whereas, Hartley executed a Promissory Note dated September 13, 2017, in the amount of \$694,000.00 ("Hartley Note") in favor of the City that was secured by that certain Deed of Trust, Security Agreement and Fixture Filing dated September 13, 2017, recorded at Deed Book 7974, Page 212, Guilford County Registry ("Hartley Deed") that matured on August 1, 2039 ("Hartley Maturity Date");

Whereas, Hartley is entering into a senior loan with Merchants Capital Corp. in the amount of \$1,897,500.00 that will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("Senior Deed of Trust") that will terminate twenty years after the date of the Deed of Trust ("Senior Maturity Date");

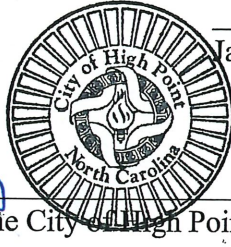
Whereas, Hartley has requested and the City and HUD have agreed to extend the Hartley Maturity Date to terminate six months after the Senior Maturity Date ("Extended Hartley Maturity Date");

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of High Point, North Carolina, as follows:

That the Hartley Maturity Date is hereby amended to mature on the Extended Hartley Maturity Date.

That the City Manager and his appropriate designee(s) are hereby authorized and directed to execute any and all documents on behalf of the City as may be necessary to effectuate the completion of the loan process, including, but not limited to, the amended loan documents with Hartley Ridge, LLC, and any modification or subordination requested by HUD or as necessary to effectuate the extension and modification.

Witness my hand and official seal, this 4th day of February, 2020.



Jay W. Wagner
Jay W. Wagner, Mayor, City of High Point

WITNESS:

Lisa B. Vierling
Lisa B. Vierling, Clerk of the City of High Point