

**The BOARD of DIRECTORS**  
**Of the**  
**City of Douglas Community Housing Corporation**

**will meet**

**Thursday, April 23, 2020 at 9:30 a.m.**

**At the**  
**Rancho La Perilla Apartments**  
**Community Room**  
**1201 E. Fairway Drive**  
**Douglas AZ**

PURSUANT TO THE AMERICANS WITH DISABILITIES ACT (ADA), THE CITY OF DOUGLAS DOES NOT, BY REASON OF A DISABILITY, EXCLUDE FROM PARTICIPATION IN OR DENY BENEFITS OF SERVICES, PROGRAMS OR ACTIVITIES OR DISCRIMINATE AGAINST ANY QUALIFIED PERSON WITH A DISABILITY. INQUIRIES REGARDING COMPLIANCE WITH ADA PROVISIONS, ACCESSIBILITY OR ACCOMMODATION CAN BE DIRECTED TO ALMA ANDRADE WITHIN 72 HOURS AT (520) 417-7302, FAX (520) 364-7507, 425 10TH STREET, DOUGLAS, ARIZONA 85607.

## AGENDA

Board of Directors Regular Meeting  
City of Douglas Community Housing Corporation

Thursday, April 23, 2020 at 9:30 a.m.

Rancho La Perilla Apartments  
Community Room  
1201 E. Fairway Drive  
Douglas, AZ 85607

1. Call to Order.
2. Roll Call.
3. Persons wishing to address the committee in writing or verbally on any item not on the agenda.
4. Management Report and presentation of current Financial Reports for CHC and Facility.
5. Standing Report from management regarding ongoing marketing efforts and general results of these efforts for the CHC and Facility, to include possible Discussion/Decision on any related marketing concept, to include bill board on "A" Avenue and HWY 80.
6. Discussion/Decision on possible rate hikes for the Rancho La Perilla Apartment facility.
7. Discussion/Decision on preliminary approval to modify/refinance the CHC's loan currently held by Walker & Dunlop, LLC in the original principal amount of \$4,601,000.00, secured by a mortgage on the Rancho La Perilla Apartments, in order to reduce the existing interest rate, monthly principal and interest payment, and prepayment restrictions; and that Vicky Merritt, as President, is hereby authorized and directed to execute and deliver the following documentation on behalf of the CHC:

CHC to consider the approval of the following formal documents:

<b>A.</b>	THE ENGAGEMENT LETTER TO START THE INTEREST RATE REDUCTION LOAN MODIFICATION
<b>B.</b>	INCUMBENCY CERTIFICATE
<b>C.</b>	BORROWER'S NO CHANGE CERTIFICATE OF CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION
<b>D.</b>	CORPORATE RESOLUTION
<b>E.</b>	MORTGAGE MODIFICATION
<b>F.</b>	NOTE MODIFICATION
<b>G.</b>	BORROWER'S ATTORNEY OPINION
<b>H.</b>	RANCHO LA PERILLA FINANCIAL STATEMENT CERTIFICATION
<b>I.</b>	RANCHO LA PERILLA RENT ROLL CERTIFICATION

8. Scheduling and/or confirmation of next Meeting date(s), and suggestions for future agenda items.
9. Adjournment

Posted on Tuesday, April 21, 2020 @ 5:00 p.m. by:

Alma Andrade, Acting City Clerk

## INCUMBENCY CERTIFICATE

That undersigned Vicky Merritt, as President of the City of Douglas Community Housing Corporation an Arizona non-profit municipal property corporation (the "Company"), hereby certifies that: (a) the undersigned is authorized to execute and deliver this certificate on behalf of the Company; (b) the undersigned holds the office of Board President of the Company; (c) has access to and control over the Company's records, and is familiar with the matters certified herein; and (d) hereby further certifies as follows:

1. Attached hereto as Exhibit "A" is a true and correct copy of the resolutions duly adopted by the City of Douglas Community Housing Corporation by written consent with a formal meeting being held on 4/24/2020 in accordance with the laws of the State of Arizona (the "Resolutions"). The Resolutions have not been amended, modified, rescinded or revoked in any way and are in full force and effect on the effective date hereof.

2. Attached hereto as Exhibit "B" is a true and correct copy of the initial Articles of Organization and Bylaws of the Company, together with any amendments thereto. The foregoing has not been amended, modified, rescinded, or revoked except as shown and remain in full force and effect.

3. Attached hereto as Exhibit "C" is a true and correct copy of the operating agreement, partnership agreement, if any there may be of the Company, together with any amendments thereto. The foregoing has not been amended, modified, rescinded, or revoked except as shown and remains in full force and effect. It is understood the Company does not operate under these types of agreements.

4. The Company is duly organized and validly existing under the laws of the State of Arizona. Attached hereto as Exhibit "D" is a Certificate of Good Standing for the Company issued by the Arizona Secretary of State.

5. The undersigned Vicky Merritt, as President of the Company has been duly elected to and holds the office of President and the signature appearing opposite her name below is his genuine signature. The Resolutions authorize, empower and direct said officer to execute and deliver, in the name and on behalf of the Company, any documents necessary to effectuate a rate modification in connection with the outstanding financing covering the real property commonly known as Rancho La Perilla Apartments project as insured by the Secretary of Housing of Urban Development.

<u>Name/Title</u>	<u>Term of Office</u>	
Vicky Merritt President	Yearly term, elected on 2/13/2020	

This certificate is delivered to each of the U.S. Department of Housing and Urban Development, Walker & Dunlop, LLC, and Kennerly, Montgomery & Finley, P.C. Each of the foregoing, their respective members, managers, successors and assigns are entitled to rely on this certificate until canceled or amended by delivery to such entity of a further certificate of the Company.

Effective as of the \_\_\_ day of \_\_\_\_\_, 2020.

---

**Vicky Merritt**  
**President**

EXHIBIT A  
Actions by Written Consent

**ACTIONS BY WRITTEN CONSENT OF THE [INSERT GOVERNING BODY]  
OF  
[INSERT BORROWER NAME]**

The undersigned, being all the [directors, members, etc.] of [insert borrower name], a [insert type of entity] (the “Company”) executes this action by written consent pursuant to the laws of the State of [insert state of organization], and hereby authorizes, approves, and consents to this written consent on the matters set forth below, and hereby authorizes, approves, adopts and votes in favor of the following resolutions:

RESOLVED, that the Company is hereby authorized to modify the following loan to reduce the existing interest rate, monthly principal and interest payment, and prepayment restrictions: loan currently held by Walker & Dunlop, LLC (“Lender”) in the original principal amount of \$ \_\_\_\_\_, secured by a mortgage on the [insert project name] project and insured by the Secretary of Housing of Urban Development (“HUD”) (the “Loan Modification”);

FURTHER RESOLVED, that [insert name], [insert title] of the Company (the “Authorized Representative”), acting alone, is hereby authorized and directed to negotiate, execute, deliver and perform on behalf of the Company any and all documents, instruments and agreements required by the Lender or HUD in connection with the Loan Modification, in such form and substance as approved by Authorized Representative, including, without limitation, any and all loan modification commitments, allonges and modification of promissory notes, mortgage modifications, affidavits, certificates, and closing statements;

FURTHER RESOLVED, the Authorized Representative, acting alone, is hereby authorized to take any and all actions which such officer, in his discretion, may deem necessary, appropriate and/or desirable to carry out the Loan Modification and the foregoing resolutions;

FURTHER RESOLVED, that the taking of each and every action pursuant to the foregoing resolutions shall be binding upon the Company; and

FURTHER RESOLVED, that any and all other actions heretofore taken by the Authorized Representative, whether prior to or after the date hereof, which are in conformity with the purposes and intents of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

IN WITNESS WHEREOF, the undersigned has executed these Resolutions as of this \_\_\_\_ day of \_\_\_\_\_, 2015.

---

EXHIBIT "B"

[insert title of formation documents]

Exhibit “C”

[insert operating agreement, partnership agreement, etc.]

Exhibit "D"  
Certificate of Good Standing

**NO CHANGE CERTIFICATE  
OF  
CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION**

The undersigned, Vicky Merritt, being the President of City of Douglas Community Housing Corporation, an Arizona non-profit municipal property corporation (the "Company"), hereby certifies as follows:

1. The organizational documents of the Company have not been amended, modified or otherwise changed from the organizational documents last delivered to Oppenheimer Multifamily Housing & Healthcare Finance, Inc., as lender, and the U.S. Department of Housing and Urban Development on March 19, 2012, in connection with the closing of the loan transaction regarding Rancho La Perilla Apartments (FHA Project No. 123-35482).
2. Attached hereto as Exhibit A is a true copy of the resolutions of the Company (the "Resolutions"), and such Resolutions have not been modified or rescinded, are in full force and effect, and are the only resolutions adopted relating to the subject matter thereof.
3. Attached hereto as Exhibit B is a Good Standing Certificate for the Company issued by the Arizona Secretary of State.

IN WITNESS WHEREOF, the undersigned has executed this No Change Certificate as of the day and year below, and delivers it to each of the U.S. Department of Housing and Urban Development, Walker & Dunlop, LLC, and Kennerly, Montgomery & Finley, P.C. Each of the foregoing, their respective members, managers, successors and assigns are entitled to rely on this certificate until canceled or amended by delivery to such entity of a further certificate of the Company.

CITY OF DOUGLAS COMMUNITY HOUSING  
CORPORATION, an Arizona non-profit municipal  
property corporation

By: \_\_\_\_\_  
Vicky Merritt, President

Dated as of \_\_\_\_\_, 2020.



**EXHIBIT A**

**ACTIONS BY WRITTEN CONSENT OF THE DIRECTORS  
OF  
CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION**

The undersigned, being all the directors of City of Douglas Community Housing Corporation, an Arizona non-profit municipal property corporation (the "Company") executes this action by written consent pursuant to the laws of the State of Arizona, and hereby authorizes, approves, and consents to this written consent on the matters set forth below, and hereby authorizes, approves, adopts and votes in favor of the following resolutions:

RESOLVED, that the Company is hereby authorized to modify the following loan to reduce the existing interest rate, monthly principal and interest payment, and prepayment restrictions: loan currently held by Walker & Dunlop, LLC ("Lender") in the original principal amount of \$4,601,000.00, secured by a mortgage on the Rancho La Perilla Apartments project and insured by the Secretary of Housing of Urban Development ("HUD") (the "Loan Modification");

FURTHER RESOLVED, that Vicky Merritt, as President of the Company (the "Authorized Representative"), acting alone, is hereby authorized and directed to negotiate, execute, deliver and perform on behalf of the Company any and all documents, instruments and agreements required by the Lender or HUD in connection with the Loan Modification, in such form and substance as approved by Authorized Representative, including, without limitation, any and all loan modification commitments, allonges and modification of promissory notes, mortgage modifications, affidavits, certificates, and closing statements; all such documents in substantial final and approve the entire list of corporate and any related documents necessary to consummate the financial transaction contemplated herein as in full compliance with the corporate intent expressed herein;

FURTHER RESOLVED, the Authorized Representative, acting alone, is hereby authorized to take any and all actions which such officer, in his discretion, may deem necessary, appropriate and/or desirable to carry out the Loan Modification and the foregoing resolutions;

FURTHER RESOLVED, that the taking of each and every action pursuant to the foregoing resolutions shall be binding upon the Company; and

FURTHER RESOLVED, that any and all other actions heretofore taken by the Authorized Representative, whether prior to or after the date hereof, which are in conformity with the purposes and intents of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

IN WITNESS WHEREOF, the undersigned have executed these Resolutions as of this \_\_\_\_  
day of \_\_\_\_\_, 2020.

---

---

---

---

**EXHIBIT B**

Recording prepared by and after recording return to:  
Jonathan H. Peyton, Esq.  
Kennerly, Montgomery & Finley, P.C.  
P.O. Box 442  
Knoxville, TN 37901

Rancho La Perilla Apartments  
FHA Project No.: 123-35482

**MODIFICATION OF MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF LEASES  
AND RENTS AND SECURITY AGREEMENT**

By and between

**CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION**

an Arizona non-profit municipal property corporation (“**Borrower**”)

and

**WALKER & DUNLOP, LLC**  
a Delaware limited liability company

(“**Lender**”)

Dated as of \_\_\_\_\_, 2020

**THIS MODIFICATION OF MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT** (the “Agreement”) dated as of the \_\_\_\_ day of \_\_\_\_\_, 2020, is made by and between **CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION**, an Arizona non-profit municipal property corporation (the “Borrower”) and **WALKER & DUNLOP, LLC**, a Delaware limited liability company (the “Lender”).

**WITNESSETH:**

**WHEREAS**, the Borrower is the owner of certain real property located in the City of Douglas, County of Cochise, State of Arizona, on which is constructed a certain apartment project known as “Rancho La Perilla Apartments,” FHA Project No. 123-35482 (the “Project”);

**WHEREAS**, the Borrower previously executed that certain Note, dated March 19, 2012, in the original principal amount of \$4,601,000.00, payable to WALKER & DUNLOP, LLC (the “Note”). The Note is secured, among other instruments, by that certain Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement that encumbers the real property described in **Exhibit A** of this Agreement, dated as of March 19, 2012, recorded as Instrument No. 2012-05955 in the Records of Cochise County, Arizona, as assigned from Oppenheimer Multifamily Housing & Healthcare Finance, Inc. to Lender by that certain Assignment dated \_\_\_\_\_ and recorded as Instrument No. \_\_\_\_\_ in the Records of Cochise County, Arizona (the “Mortgage”); and

**WHEREAS**, the Note and the indebtedness evidenced thereby (the “Loan”) is insured by Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner (“HUD”) under Section 221(d)(4) pursuant to Section 223(a)(7) of the National Housing Act, as amended, which contract of insurance is evidenced by the endorsement of the Note by an Authorized Agent of HUD on March 19, 2012;

**WHEREAS**, the Borrower and HUD previously executed that certain Regulatory Agreement for Multifamily Projects dated as of March 19, 2012, which is incorporated by reference into and made a part of the Mortgage (the “Regulatory Agreement”);

**WHEREAS**, in conjunction with that certain Allonge and Modification of Note of even date herewith (the “Modification of Note”), the Borrower and Lender have agreed to modify the terms of the Mortgage to: (i) reflect a revision of the interest rate in the Note from Four and 05/100 percent (4.05%) to \_\_\_\_\_ percent (\_\_\_\_\_%), and (ii) amend the Mortgage in certain other respects as herein described. The parties hereto now desire to modify the Mortgage to conform to the revised terms of the Note as reflected in the Modification of Note, and to modify and amend the Mortgage in certain other respects as hereinafter described; and

**WHEREAS**, the outstanding principal amount of the Loan evidenced by the Note (after the application of the \_\_\_\_\_, 2020 principal and interest payment) is \_\_\_\_\_ and 00/100 Dollars (\$\_\_\_\_\_ .00).

**NOW, THEREFORE**, for and in consideration of the above premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, and in further consideration of the agreements, covenants and stipulations hereinafter set forth, the parties for themselves and for their respective successors and assigns, do hereby agree and covenant as follows:

1. The foregoing recitals are hereby incorporated by reference as if set forth fully herein. All capitalized terms not otherwise defined in this Agreement shall have the same meanings ascribed in the Mortgage.

2. The Mortgage is hereby amended to reflect that the Note bears interest at the reduced rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum commencing \_\_\_\_\_, 2020.

3. The Mortgage is hereby amended as necessary to reflect the modification of the obligation of Borrower to make payments of principal and/or interest under the Loan as set forth in the Note, as amended by the Modification of Note.

4. All references contained in the Mortgage to the “Note” shall hereafter be deemed to refer to the Note, as amended by the Modification of Note.

5. Nothing in this Agreement shall waive, compromise, impair or prejudice any right the Lender or HUD may have to seek judicial recourse for any breach of the Mortgage and/or the Regulatory Agreement that may have occurred prior to or that may occur subsequent to the date of this Agreement. In the event that HUD initiates an action for breach of said Mortgage or Regulatory Agreement and recovers funds, either on HUD’s own behalf or on behalf of the Project or Borrower, those funds may be applied, at the discretion of HUD, to payment of the delinquent amounts due on the Note or the Mortgage or as a partial prepayment of the Note.

6. Nothing herein contained shall in any way impair the Note, as amended by the Modification of Note, or the security now held for the indebtedness evidenced by the Note, as amended by the Modification of Note, or alter, waive, annul, vary or affect any provision, covenant or condition of the Mortgage or the Regulatory Agreement, except as specifically modified and amended herein, nor affect or impair any rights, powers or remedies of the Lender under the Note, as amended by the Modification of Note, the Mortgage, as amended by this Agreement, or the Regulatory Agreement, nor create a novation or new agreement by and between the parties thereto, it being the intent of the parties to this Agreement that all of the terms, covenants, conditions and agreements of the Note, as amended by the Modification of Note, the Mortgage, as amended by this Agreement, and the Regulatory Agreement are expressly approved, ratified and confirmed, shall continue and remain in full force and effect except as modified hereby and that the lien of the Mortgage and the Regulatory Agreement and the priority thereof shall be unchanged.

7. Borrower hereby acknowledges and affirms to Lender that as of the effective date of this Agreement, there are no counter-claims, defenses or set-offs, whether legal or equitable, to Borrower’s obligations under either the Mortgage or the Note as so amended, and Borrower hereby waives the right to raise or assert any such defenses, set-offs or counter-claims, as well as

any and all other claims, which Borrower has, had or may have had against Lender with respect to any matter or claim based upon any act, event, occurrence or omission occurring or arising prior to the date hereof.

8. Notwithstanding anything herein contained, if any one or more of the provisions of this Agreement shall for any reason whatsoever be held to be illegal, invalid, or unenforceable in any respect, such illegality, invalidity, or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

9. The Mortgage, as amended by this Agreement, may not be further modified except by an instrument in writing executed by each of the parties hereto.

10. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns.

11. This Agreement may be executed in any number of counterparts and all counterparts shall be construed together and shall constitute but one Agreement.

12. Borrower and Lender acknowledge and agree that the terms of this Agreement are subject to the approval of HUD, which approval shall be evidenced by the written consent of HUD affixed to this Agreement. The Borrower and Lender further acknowledge and agree that the terms of this Agreement and the transaction evidenced by this Agreement shall not be deemed effective unless and until HUD executes the consent as aforesaid.

[SIGNATURES APPEAR ON FOLLOWING PAGES]





**CONSENT TO MODIFICATION OF MULTIFAMILY DEED OF TRUST,  
ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT**

The undersigned hereby consents to and approves the foregoing Modification of Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement.

**HUD:**

**SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT**, acting by and through the  
FEDERAL HOUSING COMMISSIONER

By: \_\_\_\_\_(SEAL)

Name: \_\_\_\_\_

Title: Authorized Agent

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, a notary public, of the state and county aforesaid, personally appeared \_\_\_\_\_, to me personally known and known to be the duly appointed authorized agent of the Secretary of Housing and Urban Development, and the person who executed the foregoing instrument by virtue of the authority vested in him pursuant to Federal Regulations, and acknowledged that he executed the foregoing instrument for and on behalf of the Secretary of Housing and Urban Development as the within named bargainor, and that he as such authorized agent, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this the \_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

## EXHIBIT A

A portion of the West half of Section 6, Township 24 South, Range 28 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6;

thence South 00°03'44" West along the West Section line of said Section 6, a distance of 2353.42 feet;

thence North 87°30'27" East along the Southerly right-of-way line of Fairway Drive, a distance of 372.69 feet to the POINT OF BEGINNING;

thence continuing North 87°30'27" East along said Fairway Drive right-of-way, a distance of 542.03 feet to a 408.23 foot radius curve to the left;

thence 188.14 feet along the arc of said curve, through a central angle of 26°24'21", to the point of a reverse curve to the right, having a 25.00 foot radius;

thence 36.09 feet along the arc of said curve, through a central angle of 82°42'44", to a point on the Southwesterly right-of-way line of Camino Perilla;

thence South 35°50'40" East, along said right-of-way of Camino Perilla, a distance of 450.00 feet;

thence South 54°09'20" West, 110.48 feet;

thence North 63°34'37" West, 233.50 feet;

thence North 33°00'31" West, 102.00 feet;

thence North 79°02'49" West, 81.58 feet;

thence South 13°25'45" East, 58.42 feet;

thence North 79°58'30" West, 600.51 feet;

thence North 02°27'27" West, 110.02 feet to a point on the South right-of-way line of Fairway Drive and the POINT OF BEGINNING.

**ALLONGE AND  
MODIFICATION OF  
NOTE**

made by

**CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION,**

an Arizona non-profit municipal property corporation

**payable to**

**OPPENHEIMER MULTIFAMILY HOUSING & HEALTHCARE FINANCE, INC.**

a Pennsylvania corporation

**or order**

**DATED MARCH 19, 2012**

**IN THE ORIGINAL PRINCIPAL SUM OF \$4,601,000.00**

**THIS ALLONGE AND MODIFICATION OF NOTE** (the “Modification of Note”) dated as of the \_\_\_\_ day of \_\_\_\_\_, 2020, is made by and between **CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION**, an Arizona non-profit municipal property corporation (the “Borrower”), and **WALKER & DUNLOP, LLC**, a Delaware limited liability company (the “Lender”).

**WITNESSETH:**

**WHEREAS**, the Borrower is the owner of certain real property located in the City of Douglas, County of Cochise, State of Arizona, on which is constructed a certain apartment project known as “Rancho La Perilla Apartments,” FHA Project No. 123-35482 (the “Project”); and

**WHEREAS**, the Borrower previously executed that certain Note, dated March 19, 2012, in the original principal amount of \$4,601,000.00, payable to Lender (the “Note”). The Note is secured, among other instruments, by that certain Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 19, 2012, recorded as Instrument No. 2012-05955 in the Records of Cochise County, Arizona, as assigned from Oppenheimer Multifamily Housing & Healthcare Finance, Inc. to Lender by that certain Assignment dated \_\_\_\_\_ and recorded as Instrument No. \_\_\_\_\_ in the Records of Cochise County, Arizona (the “Mortgage”); and

**WHEREAS**, the Note is insured by Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner (“HUD”) under Section 221(d)(4) pursuant to 223(a)(7) of the National Housing Act, as amended, which contract of insurance (the “Contract of

Insurance”) is evidenced by the endorsement of the Note by an Authorized Agent of HUD on March 19, 2012; and

**WHEREAS**, the Borrower and Lender have agreed to modify the terms of the Note to: (i) reduce the interest rate from Four and 05/100 percent (4.05%) per annum to \_\_\_\_\_ percent (\_\_\_\_\_% ) per annum, (ii) revise the prepayment provisions, and (iii) make certain other changes as herein described; and

**WHEREAS**, the outstanding principal balance of the Note (after the application of the \_\_\_\_\_, 2020 principal and interest payment contemplated herein) is \_\_\_\_\_ and 00/100 Dollars (\$\_\_\_\_\_ .00).

**NOW, THEREFORE**, for and in consideration of the above premises, the sum of Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties, for themselves and for their respective successors and assigns, do hereby agree that the terms of the Note to which this Modification of Note is appended are hereby amended as follows:

1. The foregoing recitals are hereby incorporated by reference as if set forth fully herein. All capitalized terms not defined in this Modification of Note shall have the same meanings ascribed thereto in the Note.
2. The Note is amended by deleting the second sentence in its entirety and inserting the following in lieu thereof:

As used herein, “Interest Rate” means (a) the annual rate of Four and 05/100 per centum (4.05%) from March 19, 2012 through and including \_\_\_\_\_, 2020 and (b) the annual rate of \_\_\_\_\_ per centum (\_\_\_\_\_% ) from \_\_\_\_\_, 2020 and thereafter.

3. The Note is further amended by deleting Section 3(a) in its entirety and inserting the following in lieu thereof:

Interest only, calculated at the rate of Four and 05/100 per centum (4.9005%) per annum (the “Initial Rate”), on the principal outstanding for the period beginning on the date of disbursement and ending on and including the last day of the month in which such disbursement is made shall be prepaid upon delivery of this Note. Commencing on the first day of May, 2012, monthly installments of principal and interest (calculated at the Initial Rate) shall be due and payable in the sum of Nineteen Thousand Three Hundred Seventy Two and 67/100 Dollars (\$19,372.67) each, such payments to continue monthly thereafter on the first day of each month, up to and including \_\_\_\_\_, 2020.

The Initial Rate shall be reduced to \_\_\_\_\_ per centum (\_\_\_\_%) per annum (the “Reduced Rate”) effective on \_\_\_\_\_, 2020.

Commencing on \_\_\_\_\_, 2020, monthly installments of principal and interest (calculated at the Reduced Rate) shall be due and payable in the sum of \_\_\_\_\_ and \_\_\_/100 Dollars (\$\_\_\_\_\_) each, such payments to continue monthly on the 1st day of each month thereafter, until the entire indebtedness has been paid in full.

In any event, the balance of the principal (if any) remaining unpaid, plus accrued interest, shall be due and payable on April 1, 2052 or on any earlier date on which the unpaid principal balance of the Note becomes due and payable, by acceleration or otherwise (the “Maturity Date”).

4. Rider 1 attached to the Note is amended as follows:

(a) Paragraph 2 of Rider 1 to the Note is amended and restated in its entirety to hereafter read as follows:

2. Except as hereinafter set forth, Borrower shall not have the right to prepay the indebtedness evidenced hereby, in whole or in part, at any time. Borrower shall have the right, on or after \_\_\_\_\_, 2020 (the “Lockout Termination Date”), to prepay the indebtedness evidenced hereby, in whole or in part on the last business day of any calendar month, upon at least thirty (30) days prior written notice to the Lender, which notice shall specify the date on which the prepayment is to be made, the principal amount of such prepayment and the total amount to be paid. In the event of any prepayment of principal at any time on or after the Lockout Termination Date, the Borrower shall concurrently pay to the Lender (i) interest on the amount prepaid through and including the last day of the month in which a prepayment is made and (ii) the prepayment premium equal to the following designated percentages of the amount of the principal of this Note to be so prepaid with respect to any prepayment which occurs during the following indicated time periods:

<u>Time of Prepayment</u>	<u>Prepayment Premium</u>
_____, 2020 through _____, 2021	10%
_____, 2021 through _____, 2022	9%
_____, 2022 through _____, 2023	8%
_____, 2023 through _____, 2024	7%
_____, 2024 through _____, 2025	6%
_____, 2025 through _____, 2026	5%
_____, 2026 through _____, 2027	4%
_____, 2027 through _____, 2028	3%
_____, 2028 through _____, 2029	2%

\_\_\_\_\_, 2029 through \_\_\_\_\_, 2030 1%  
\_\_\_\_\_, 2030 and thereafter None

Notwithstanding any partial payment of principal made pursuant to the privilege of prepayment set forth in this Note, without the prior written consent of the Lender (which consent such Lender shall have no obligation to give), the Borrower shall not be relieved of its obligations to make scheduled monthly installments of principal and interest as and when such payments are due and payable under this Note.

(b) Paragraph 3 of Rider 1 to the Note is amended and restated in its entirety to hereafter read as follows:

Notwithstanding any prepayment prohibition imposed and/or premium required by this Note with respect to prepayments made prior to \_\_\_\_\_, 2029, the indebtedness evidenced by this Note may be prepaid in whole or in part on the last business day of any calendar month without the consent of the Lender and without prepayment premium if HUD determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interest of the Federal Government.

5. Borrower acknowledges and affirms to the Lender that, as of the date of this Modification of Note, there are no defenses, set-offs or counter-claims, whether legal or equitable, to Borrower's obligations under the Note, and Borrower hereby waives the right to raise or assert any such defenses, set-offs or counter-claims, as well as any and all other claims, which Borrower has, had or may have had against Lender with respect to any matter or claim based upon any act, event, occurrence or omission occurring or arising prior to the date hereof.

6. Borrower and Lender acknowledge and agree that the terms of this Modification of Note are subject to the approval thereof by HUD, which approval shall be evidenced by the written consent of HUD affixed to this Modification of Note where indicated below. Borrower and Lender further acknowledge and agree that the terms of this Modification of Note and the transaction evidenced by this Modification of Note shall not be deemed effective unless and until HUD executes the consent as aforesaid.

7. Notwithstanding any provision of this Modification of Note to the contrary, Borrower and Lender hereby acknowledge and agree that HUD and the Lender retain all rights and remedies arising under the Contract of Insurance.

8. From and after the date hereof, the Note and this Modification of Note shall be taken and read together as one single and continuing instrument evidencing a single debt owed by the Borrower to the Lender in the amount set forth hereinabove, as may be unpaid from time to time. Nothing contained herein shall be taken or construed to create a novation or new agreement by and between the Borrower and the Lender; it being the intention of the parties solely (a) to reduce the interest rate due and payable under the Note; (b) to reduce the monthly installments of principal and interest payable thereunder as a result of such reduction in the interest rate; (c) to revise the prepayment provisions of the Note; and (d) to revise certain other provisions of the Note as set forth herein, and for no other purpose. Furthermore, nothing herein contained shall in any way impair the Note, the Mortgage, or the security now held for such indebtedness, or alter, waive,

annul, vary or affect any provision, condition, or covenant therein except as herein provided, nor affect or impair any rights, powers or remedies of the Lender under the Note, or the Mortgage, it being the intent of the parties that the terms and provisions of the Note shall continue in full force and effect except as modified hereby.

9. Nothing in this Modification of Note shall waive, compromise, impair or prejudice any right the Lender or HUD may have to seek judicial recourse for any breach of the Mortgage and/or the Regulatory Agreement that may have occurred prior to or that may occur subsequent to the date of this Modification of Note. In the event that HUD initiates an action for breach of said Mortgage or Regulatory Agreement and recovers funds, either on HUD's own behalf or on behalf of the Project or Borrower, those funds may be applied, at the discretion of HUD, to payment of the delinquent amounts due on the Note or the Mortgage or as a partial prepayment of the Note.

10. Notwithstanding anything herein contained, if any one or more of the provisions of this Modification of Note shall for any reason whatsoever be held to be illegal, invalid, or unenforceable in any respect, such illegality, invalidity, or unenforceability shall not affect any other provision of this Modification of Note, but this Modification of Note shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

11. From and after the date hereof, all references contained in the Note, or in this Modification of Note, to the Mortgage shall hereafter be deemed to refer to and include the Mortgage as amended and modified by the Modification of Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement which the parties are concurrently executing to modify and amend the Mortgage to conform to the terms of the Note as modified by this Modification of Note.

12. The Note, as amended by this Modification of Note, may not be further amended except by an instrument in writing executed by each of the parties hereto.

13. This Modification of Note shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

14. This Modification of Note may be executed in any number of counterparts and all counterparts shall be construed together and shall constitute but one agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be executed as of the day and year first above written.

**BORROWER:**

**CITY OF DOUGLAS COMMUNITY  
HOUSING CORPORATION**, an Arizona non-  
profit municipal property corporation

By: \_\_\_\_\_  
Vicky Merritt, President

[SIGNATURES CONTINUE ON THE NEXT PAGE]

**LENDER:**

**WALKER & DUNLOP, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Kristin G. Layden, Vice President

[CONSENT APPEARS ON THE NEXT PAGE]

**Rancho La Perilla Apartments  
FHA Project No.: 123-35482**

**CONSENT TO  
MODIFICATION OF MORTGAGE NOTE:**

The undersigned hereby consents to and approves the foregoing Modification of Mortgage Note.

**SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT**, acting by and through the  
Federal Housing Commissioner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Authorized Agent



April 23, 2020

Re: Project Name: \_\_\_\_\_  
FHA Project No. \_\_\_\_\_  
Location: \_\_\_\_\_  
Mortgagor: \_\_\_\_\_

Walker & Dunlop, LLC  
7501 Wisconsin Avenue, Suite 1200E  
Bethesda, Maryland 20814

Jonathan H. Peyton, Esquire  
Kennerly, Montgomery & Finley, P.C.  
550 Main Street, 4th Floor  
Bank of America Center  
Knoxville, Tennessee 37902

Ladies and Gentlemen:

I am special counsel to City of Douglas Community Housing Corporation, (the "Mortgagor"), an Arizona non-profit municipal property corporation (the "Organizational Jurisdiction"), in connection with the modification of that certain mortgage loan in the original principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Loan") made by Walker & Dunlop, LLC ("Original Lender") to the Mortgagor. The Loan is evidenced by a Deed of Trust Note dated as of \_\_\_\_\_, executed by Mortgagor in favor of Original Lender and is secured, *inter alia*, by a Multifamily Deed of Trust, Assignment of Leases and Rents, and Security Agreement dated as of \_\_\_\_\_, executed by Mortgagor in favor of Walker & Dunlop, LLC (the "Mortgage"). It is our understanding that the Note is now held by Walker & Dunlop, LLC ("Mortgagee"), and that Mortgagee is now the secured party under the Mortgage and related documents.

The proceeds of the Loan were used to construct that certain project (the "Project"), commonly known as Rancho La Perilla Apartments (FHA Project No. 123-35482) and located in Cochise County, Arizona (said State to be referred to hereinafter as the "Property Jurisdiction") on the property described in Exhibit A (together with all improvements and fixtures thereon) (the "Property"). The Loan is insured by the Federal Housing Administration (FHA), an organizational unit of the United States Department of Housing and Urban Development ("HUD"). The Mortgagor has requested that we deliver this opinion and has consented to reliance by Mortgagee's counsel in its representation of Mortgagee and to reliance by Mortgagee in agreeing to the modification of the Loan, and has waived any privity between Mortgagor and me in order to permit said reliance by Mortgagee and counsel to Mortgagee. I consent to reliance on this opinion by Mortgagee and counsel to Mortgagee.

In my capacity as counsel to the Mortgagor, I have prepared or reviewed the following:

- A. The following documents (collectively, the "Organizational Documents"): (i) the Articles of Incorporation and Bylaws (and list any amendments)] of the Mortgagor all on file with the Secretary of State of Arizona; (ii) the certificate of existence or good standing with respect to the Mortgagor, dated \_\_\_\_\_, 202\_\_, issued by the Secretary of State of the State of Arizona (the "Mortgagor's Status Certificate"); and (iii) a certificate from the President of Mortgagor, certifying as to true and correct copies of the foregoing documents and the incumbency of the individual(s) authorized to execute and deliver Loan Documents (as hereinafter defined) on behalf of Mortgagor;
- B. The Note;
- C. The Mortgage;
- D. The Regulatory Agreement between the Mortgagor and the Secretary of HUD, dated as of even date with the Note and Mortgage (the "Regulatory Agreement").
- E. The Modification of Note by and between the Mortgagor and the Mortgagee, approved by HUD, dated as of \_\_\_\_\_, 2020, amending the Note (the "Modification of Note");
- F. The Modification of Deed of Trust by and among the Mortgagor and the Mortgagee, dated as of \_\_\_\_\_, 2020, amending the Mortgage (the "Modification Agreement");
- G. The Certification of Mortgagor, pertaining to factual matters relied on by us in rendering this opinion, executed by Mortgagor, dated \_\_\_\_\_, 2020, a copy of which is attached hereto as Exhibit B (Certification of Mortgagor);
- H. The pro forma form of endorsement to be issued by \_\_\_\_\_, to be dated the date of recording of the Modification Agreement, amending the title insurance policy insuring the Mortgagee and HUD in connection with the Mortgage.

The documents listed in B through F above are referred to collectively as the "Loan Documents." The documents listed in E and F above are referred to as the "Modification Documents." The documents listed in A through H, other than the Loan Documents, are referred to collectively as the "Supporting Documents." The documents listed in A through H are referred to collectively as the "Documents."

In basing the several opinions set forth in this document on "my knowledge," the words "my knowledge" signify that, in the course of my representation of the Mortgagor, no facts have come to my attention that would give me actual knowledge or actual notice that any such opinions or other matters are not accurate. Except as otherwise stated in this opinion, I have

undertaken no investigation or verification of such matters. Further, the words "my knowledge" as used in this opinion are intended to be limited to my actual knowledge as I have been involved in representing the Mortgagor in any capacity including, but not limited to, in connection with modification of the Loan. I have no reason to believe that any of the documents on which I have relied contain matters which, or the assumptions contained herein, are untrue, contrary to known facts, or unreasonable.

In reaching the opinions set forth below, I have assumed, and to my knowledge there are no facts inconsistent with, the following:

(a) Each of the parties to the Documents, other than the Mortgagor (and any person executing any of the Documents on behalf of the Mortgagor), has duly and validly executed and delivered each such instrument, document, and agreement executed in connection with the Loan or to be executed in connection with the modification of the Loan to which such party is a signatory, and such party's obligations set forth in the Documents are its legal, valid, and binding obligations, enforceable in accordance with their respective terms.

(b) Each person executing any of the Documents, other than the Mortgagor (and any person executing any of the Documents on behalf of the Mortgagor), whether individually or on behalf of an entity, is duly authorized to do so.

(c) Each natural person executing any of the Documents is legally competent to do so.

(d) All signatures of parties other than the Mortgagor (and any person executing any of the Documents on behalf of Mortgagor) are genuine.

(e) All Documents that were submitted to us as originals are authentic; all Documents that were submitted to me as certified or photostatic copies conform to the original document, and all public records reviewed are accurate and complete.

(f) All applicable Documents have been duly filed, indexed, and recorded among the appropriate official records and all fees, charges, and taxes due and owing as of this date have been paid.

(g) The parties to the Documents and their successors and/or assigns will: (i) act in good faith and in a commercially reasonable manner in the exercise of any rights or enforcement of any remedies under the Documents; (ii) not engage in any conduct in the exercise of such rights or enforcement of such remedies that would constitute other than fair and impartial dealing; and (iii) comply with all requirements of applicable procedural and substantive law in exercising any rights or enforcing any remedies under the Documents.

(h) The exercise of any rights or enforcement of any remedies under the Documents would not be unconscionable, result in a breach of the peace, or otherwise be contrary to public

policy.

(i) The Mortgagor has title or other interest in each item of (i) real and (ii) tangible and intangible personal property ("Personalty") comprising the Property in which a security interest is purported to be granted under the Loan Documents.

In rendering this opinion, I also have assumed that the Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and the obligations of the parties thereunder. I also have assumed that the terms and the conditions of the Loan as stated in the Documents have not been further amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Documents. After reasonable inquiry of the Mortgagor, I have no knowledge of any facts or information that would lead me to believe that the assumptions in this paragraph are not justified.

Based on the foregoing and subject to the assumptions and qualifications set forth in this letter, it is my opinion that:

1. Based solely on the Mortgagor's Status Certificate, copy attached hereto as Exhibit C, the Mortgagor is an Arizona non-profit municipal property corporation validly existing under the laws of the Organizational Jurisdiction and in good standing under the laws of the Organizational Jurisdiction.
2. The Mortgagor has the [limited liability company/corporate/partnership] power and authority to own and operate the Project, to execute and deliver the Modification Documents, and to comply with all of its obligations under the Modification Documents.
3. The execution and delivery of the Modification Documents by or on behalf of the Mortgagor, the consummation by the Mortgagor of the transactions contemplated thereby, and the performance by the Mortgagor of its obligations thereunder, have been duly and validly authorized by all necessary [limited liability company/corporate/partnership] action by, or on behalf of, the Mortgagor, and do not violate the Organizational Documents.
4. Each of the Modification Documents has been duly executed and delivered by the Mortgagor and constitutes the valid and legally binding promises or obligations of the Mortgagor, enforceable against the Mortgagor in accordance with its terms, subject to the following qualifications:
  - (i) the effect of applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally; and
  - (ii) the effect of the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of

equity); and

(iii) certain remedies, waivers, and other provisions of the Loan Documents may not be enforceable, but, subject to the qualifications set forth in this paragraph at (i) and (ii) above, such unenforceability will not preclude (a) the enforcement of the obligation of the Mortgagor to make the payments as provided in the Mortgage and Note, as modified by the Modification Documents (and as provided in HUD's regulations), and (b) the foreclosure of the Mortgage upon the event of a breach thereunder.

5. The Modification Agreement is in appropriate form for recordation in the real estate records of Cochise County, Arizona.
6. The Note, as modified by the Modification Documents, continues to evidence the Loan.
7. Based solely on (a) my knowledge and (b) the Certification of Mortgagor, the execution and delivery of the Modification Documents will not: (i) cause the Mortgagor to be in violation of, or constitute a default under the provisions of, any agreement to which the Mortgagor is a party or by which the Mortgagor is bound, (ii) conflict with, or result in the breach of, any court judgment, decree or order of any governmental body to which the Mortgagor is subject, or (iii) result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever on any of the property or assets of the Mortgagor, except as specifically contemplated by the Loan Documents.
8. The Loan as modified does not violate the usury laws or laws regulating the use or forbearance of money of the Property Jurisdiction.

In addition to the assumptions set forth above, the opinions set forth above are also subject to the following qualification: I express no opinion as to the laws of any jurisdiction other than the laws of the Property Jurisdiction and the Organizational Jurisdiction, and the laws of the United States of America. The opinions expressed above concern only the effect of the laws (excluding the principles of conflict of laws) of the Property Jurisdiction and the Organizational Jurisdiction and the United States of America as currently in effect. I assume no obligation to supplement this opinion if any applicable laws change after the date of this opinion, or if I become aware of any facts that might change the opinions expressed above after the date of this opinion.

I confirm that:

(a) based on the Organizational Documents, the name of the Mortgagor in each of the Documents is the correct legal name of the Mortgagor;

(b) I do not have any financial interest in the Project, the Property, or the Loan, other than fees for legal services performed by me, arrangements for the payment of which has been made; and I agree not to assert a claim or lien against the Project, the Property, the Mortgagor, the Loan proceeds or income of the Project; and

(c) other than as counsel for the Mortgagor, I have no interest in the Mortgagor (or any principal thereof) or the Mortgagee or any other party involved in the Loan transaction and do not serve as an officer or employee of the Mortgagor or the Mortgagee. I have no undisclosed interest in the subject matters of this opinion. I do not represent the mortgagee-of-record, any investing lender or investor in the loan transaction, any bridge lender involved in the loan transaction, any lender with a commitment to purchase the loan or any interest therein or any other party involved in the Project or the loan transaction.

The foregoing opinions are for the exclusive reliance of Mortgagee and its counsel; however, they may be made available for informational purposes to, but not for the reliance of, the assigns or transferees of Mortgagee, or prospective purchasers of the Loan. I acknowledge that the making, or causing to be made, of a false statement of fact in this opinion letter and accompanying materials may lead to criminal prosecution or civil liability as provided pursuant to applicable law, which may include 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802.

Juan Pablo Flores, Esq.  
Douglas City Attorney



425 E. 10th Street  
Douglas, AZ 85607  
520.417.7304 Tel  
520.417.7143 Fax  
520.727.0121 Mobile

---

# FINANCIAL STATEMENT CERTIFICATION

I, the undersigned, **HEREBY CERTIFY** that the foregoing figures and statements contained herein submitted by me for the purpose of submitting an Interest Rate Reduction Request, are true and give a correct showing of City of Douglas Community Housing Corporation's financial position as of:

- Internally Prepared January 2020 T-12;
- Audited Year ending 2018;
- Audited Year ending 2017;

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

## City of Douglas Community Housing Corporation

Signature: \_\_\_\_\_  
By: \_\_\_\_\_ Its: \_\_\_\_\_  
By: \_\_\_\_\_ Its: \_\_\_\_\_

**Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)**

**123-35482**  
\_\_\_\_\_  
FHA Case Number

**Rancho La Perilla**  
\_\_\_\_\_  
Property Name

**1201 E. Fairway Drive**  
**Douglas, AZ 85607**  
\_\_\_\_\_  
Property Address

---

# RENT ROLL CERTIFICATION

This rent roll, as dated below, is made, presented and delivered for the purpose of influencing an official action by Walker & Dunlop and the U.S. Department of Housing and Urban Development and may be relied upon as a true state of the facts contained herein.

- Most Current Month Dated January 30, 2020.

Executed this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

## City of Douglas Community Housing Corporation

Signature: \_\_\_\_\_  
By: \_\_\_\_\_ Its: \_\_\_\_\_  
By: \_\_\_\_\_ Its: \_\_\_\_\_

**Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)**

**123-35482**  
\_\_\_\_\_  
FHA Case Number

**Rancho La Perilla**  
\_\_\_\_\_  
Property Name

**1201 E. Fairway Drive**  
**Douglas, AZ 85607**  
\_\_\_\_\_  
Property Address