

MINUTES OF  
Budget and  
Control Board  
Meeting

NOVEMBER 17, 1977

MINUTES OF BUDGET AND CONTROL BOARD MEETING

NOVEMBER 17, 1977

Assistant State Auditor William A. McInnis on this date completed a poll begun on November 16, 1977 of the following Budget and Control Board members on the item of business described below:

Governor James B. Edwards (through Executive Assistant Pettiss)  
Mr. Grady L. Patterson, Jr.  
Mr. Earle E. Morris, Jr., (through secretary Abston)  
Representative Tom G. Mangum

STATE HOUSING AUTHORITY - WALTERBORO PROJECT ACQUISITION, CONSTRUCTION AND FINANCING - The State Housing Authority presented to the Budget and Control Board a copy of a Resolution to be adopted by the Authority which authorizes the acquisition, construction and financing of a rental project near Walterboro, in Colleton County, which is intended to provide housing for approximately 280 persons and families of low income. This Resolution by the Authority constituted a request that the Budget and Control Board grant its permission to the Authority to borrow the moneys required to finance the project, including the construction loan and the permanent loan.

During the poll, Representative Mangum was assured that Board approval of this request, under the terms of the Resolution adopted by the Authority, would not authorize the Authority to take any action which would constitute an indebtedness of the State of South Carolina or give rise to any pecuniary liability of the State of South Carolina or become a charge against its general credit or taxing powers. Governor Edwards reiterated his opposition to the Authority's programs.

A Resolution granting permission to the Housing Authority to undertake the acquisition, construction and financing of the referenced project near Walterboro, extending to the temporary financing or construction loan to be made to the Authority by the South Carolina National Bank, acting for

itself and other South Carolina banks, and to the permanent loan to be made to the Authority by the Farmers Home Administration of the United States Government was introduced by Mr. Patterson, who moved its adoption. Mr. Patterson's motion was seconded by Mr. Morris and was adopted by a unanimous vote of the Board members polled.

Information relating to this matter has been retained in these files and is identified as Exhibit I.

EXHIBIT I  
11/17/77

B+C

A RESOLUTION  
OF THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA  
GRANTING APPROVAL TO THE SOUTH CAROLINA STATE HOUSING  
AUTHORITY TO ACQUIRE, CONSTRUCT AND FINANCE A RENTAL  
PROJECT IN COLLETON COUNTY, SOUTH CAROLINA, INTENDED  
TO PROVIDE RENTAL HOUSING FOR APPROXIMATELY 280 PERSONS  
AND FAMILIES OF LOW INCOME.

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WHEREAS, The South Carolina State Housing Authority  
(the Authority), has presented to the State Budget and  
Control Board of South Carolina (the State Board), a  
copy of a Resolution to be adopted by the Authority which  
authorizes the acquisition, construction and financing of  
a rental project near Walterboro, in Colleton County, South  
Carolina, intended to provide housing for approximately 280  
persons and families of low income; and

WHEREAS, it was intended that such copy should serve as a  
request of the Authority to the State Board for its permission to  
borrow the moneys required to finance the project, including  
both the construction loan and the permanent loan; and

WHEREAS, the State Board has reviewed the Resolution of  
the Authority and its attachments and agrees to give approval  
to the action of the Authority proposed in the said Resolution;

BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF  
SOUTH CAROLINA:



Section 1.

After due investigation, the State Board finds that the matters recited in the preambles to this Resolution are in all respects true and correct.

Section 2.

Approval is hereby granted to the Authority to undertake the acquisition, construction and financing of a rental project near Walterboro, in Colleton County, South Carolina, to be owned and operated by the Authority and to be rented by the Authority to persons and families of low income. The project is intended to provide housing for approximately 280 persons and families of low income. The approval herewith granted shall extend to the temporary financing or construction loan to be made to the Authority by The South Carolina National Bank, acting for itself and for Bankers Trust of South Carolina, The Citizens and Southern National Bank of South Carolina, and First National Bank of South Carolina, and to the permanent loan to be made to the Authority, by Farmers Home Administration of the United States Government.

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STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, WILLIAM T. PUTNAM, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board of South Carolina, Do Hereby Certify:

That the said State Budget and Control Board is composed of the following:

His Excellency, James B. Edwards, Governor of South Carolina, and Chairman of the Board;

The Honorable Grady L. Patterson, Jr., State Treasurer;

The Honorable Earle E. Morris, Jr., Comptroller General of South Carolina;

The Honorable Rembert C. Dennis, Chairman of the Senate Finance Committee; and

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That, at the request of the State Housing Authority, a poll of State Budget and Control Board members was conducted by telephone on November 16 and 17, 1977, and that all Board members were contacted, with the exception of:

Senator Rembert C. Dennis

That in said poll, a Resolution, a true, correct and verbatim copy of which is attached, was introduced by Mr. Patterson, who moved its adoption; said motion was seconded by Mr. Morris, and upon the vote being taken and recorded it appeared that the following votes were cast:

For Motion

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Against Motion

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The Chairman thereupon declared the Resolution unanimously adopted, and the original thereof has been duly entered in my permanent records of minutes of meetings of said Board, in my custody as its Secretary.

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Secretary

November \_\_, 1977.

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A RESOLUTION  
AUTHORIZING THE ACQUISITION, CONSTRUCTION AND FINANCING OF A  
RENTAL PROJECT IN COLLETON COUNTY INTENDED TO PROVIDE HOUSING  
FOR APPROXIMATELY 280 PERSONS OR FAMILIES OF LOW INCOME.

BE IT RESOLVED BY THE COMMISSIONERS OF THE SOUTH CAROLINA  
STATE HOUSING AUTHORITY, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

As an incident to the adoption of this Resolution, the  
Commissioners of the South Carolina State Housing Authority,  
find, as a fact, that each of the statements hereinafter set  
forth is in all respects true and correct;

1. The South Carolina State Housing Authority (the  
Authority) is duly empowered by both Article 3 of Chapter 3 of  
Title 31, Code of Laws of South Carolina, 1976 (Article 3),  
and by Act R-131 of the Acts of the General Assembly of the  
State of South Carolina for the year 1977 (the Act), to acquire  
and construct rental projects for persons and families of low  
income.
2. The Authority has found that there is no existing  
housing authority operating in Colleton County.
3. The Authority has also determined that there is no  
housing sponsor capable of undertaking the specific project  
in Colleton County hereafter described.

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4. The Authority proposes to acquire a tract of land containing 15.51 acres more or less in Verdier Township in Colleton County and to construct thereon 68 units designed to provide housing for approximately 280 persons and families of low income (the Project).

5. The Authority has obtained the written approval of the County Council of Colleton County to this undertaking.

6. Heretofore, the Authority has obtained authorization from the State Budget and Control Board of South Carolina (the State Board) to the letting of a construction contract for the construction of the Project.

7. It is now necessary that the Authority obtain the approval of the State Board to the plan of financing of the Project hereafter outlined.

## ARTICLE II

### PLAN OF FINANCING

#### Section 2.01

The Authority has obtained a commitment from the Farmers Home Administration of the United States Government (the Government), to lend to the Authority following the construction of the Project the sum of \$1,387,900, to bear interest at the rate of 8% and to be repayable, both principal and interest, in installments over a period of 40 years.



The permanent loan will be secured by a first and forecloseable mortgage on the Project and by a pledge of the rents and revenues derived therefrom. The Note evidencing the loan will expressly provide that it shall not then nor thereafter constitute an indebtedness of the State of South Carolina nor give rise to a pecuniary liability of the State of South Carolina (except to the extent of the revenues from the Project) or become a charge against its general credit or taxing powers.

#### Section 2.02

The commitment of the Government requires the Authority to arrange temporary financing in order to provide funds for the acquisition of the site and to pay the cost of the construction of the Project. Such a loan (the Construction Loan) has been arranged with The South Carolina National Bank which will participate the loan with each of The Citizens and Southern National Bank of South Carolina, First National Bank of South Carolina and Bankers Trust of South Carolina.

#### Section 2.03

The Construction Loan will bear interest at the rate of 4.9% per annum and will mature one year from its date. The proceeds of the Construction Loan will be deposited with The South Carolina National Bank, as Trustee in a Construction Fund which will invest and reinvest the proceeds pending their actual use



(except to the extent of \$70,000 which will be left on deposit in a non-interest bearing account and which is intended to be a compensating balance to cover administrative expenses). All earnings from investments shall be deposited in and become a part of the Construction Fund. The proceeds of the Construction Loan will be paid out for costs incident to the Project and only upon the warrant or order of the Authority approved by a duly authorized representative of the Government. The Construction Loan will be secured by

- (1) a first forecloseable mortgage upon the Project;
- (2) any unexpended balance of the Construction Loan, including earnings from investments.
- (3) any proceeds resulting from payments received by the Authority pursuant to insured losses resulting from any casualty insurance, contractors bond, fidelity bond, or Title Insurance Policy carried by the Authority in connection with the Project; and
- (4) revenues derived from the use or rental of the Project, if any, during the life of the Construction Loan.

The Note evidencing the Construction Loan will expressly provide that it shall not then nor thereafter constitute an indebtedness of the State of South Carolina nor give rise to a pecuniary liability of the State of South Carolina or become a charge against its general credit or taxing powers.

### ARTICLE III

#### AUTHORIZATIONS

##### Section 3.01

The Authority, having made all findings required of it by Article 3 and the Act, and having determined that the financial arrangements set forth in Article II hereof will provide the necessary funds to acquire and construct the Project, herewith authorizes

1. The acquisition and construction of the Project;  
and
2. The making, entering into and securing of the Construction Loan and the permanent loan.

##### Section 3.02

The Authority shall borrow from The South Carolina National Bank the sum of \$1,387,900 upon the terms and conditions set forth herein. Such loan shall be evidenced by a Note of the Authority in form substantially as Exhibit A hereto which shall be executed by the Chairman of the Authority and its Secretary. The Note shall mature one year from its date, shall bear interest on the unpaid balance thereon at the rate of 4.90% per annum, payable semi-annually, and shall be subject to prepayment at any time without penalty.

##### Section 3.03

The Authority shall secure the loan from the Bank by a first forecloseable mortgage in form substantially as Exhibit B hereto, which shall be executed by the Chairman of the Authority and its Secretary and by a first security interest in funds described in paragraphs (2), (3) and (4) of Section 2.03 hereof.

#### Section 3.04

The Authority shall enter into a Loan and Security Agreement with The South Carolina National Bank in substantially the form as Exhibit C hereto to be executed by the Chairman of the Authority and its Secretary.

#### Section 3.05

The Authority has reviewed the proposed Resolution, Note, Mortgage and Security Agreement submitted to it by the Government in connection with the permanent loan and approves the form and content thereof and agrees to adopt the Resolution in substantially the form presented to it by the Government at the appropriate time. It further agrees to execute and deliver when so required the Note to the Government evidencing the permanent loan and to secure the same by a Mortgage and a Security Agreement in form substantially as submitted by the Government.

#### Section 3.06

The proceeds of the permanent loan shall be applied to the payment of the Construction Loan and thereafter if any proceeds remain in accordance with the Resolution which the Authority will adopt authorizing the permanent loan.

ARTICLE IV  
FURTHER ACTION

Section 4.01

The Chairman, Secretary and all other officers or employees of the Authority are authorized and empowered to execute such further documents as may be necessary or desirable to fully implement the action herewith taken.

Section 4.02

A copy of this Resolution, duly certified, shall be delivered to the State Board and shall serve as a request for the approval by the State Board as required by Section 7 of the Act.

DONE IN MEETING DULY ASSEMBLED, this \_\_\_\_ day of November,  
A. D. 1977.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

EXHIBIT A

STATE OF SOUTH CAROLINA  
SOUTH CAROLINA STATE HOUSING AUTHORITY  
HOUSING DEVELOPMENT CONSTRUCTION NOTE  
(WALTERBORO PROJECT)

Dated: November 22, 1977

\$1,387,900

FOR VALUE RECEIVED, the SOUTH CAROLINA STATE HOUSING AUTHORITY, a body politic and corporate and an agency of the State of South Carolina (herein the "Authority"), promises to pay, but solely from the sources hereinafter described, to the order of The South Carolina National Bank (herein, sometimes the "Lender"), at its principal office in the City of Columbia, South Carolina, the principal sum of One Million Three Hundred Eighty Seven Thousand Nine Hundred Dollars (\$1,387,900), on the 21st day of November, 1978, with interest from the date hereof on the unpaid principal balance, at the rate of Four and Ninety Hundredths percent (4.90%) per annum, payable semi-annually.

This Note may be prepaid in whole or in part at any time without penalty.

This Note is issued by the Authority pursuant to and for purposes permitted by Article 3 of Chapter 3 of Title 31, Code of Laws of South Carolina, 1976, and Act R-131 of the



Acts of the General Assembly of the State of South Carolina for the year 1977, in order to obtain funds with which to acquire and construct 68 housing units in Verdier Township in Colleton County, in order to provide housing for approximately 280 persons or families of low income (the Project).

The issuance of this Note has been authorized by a Resolution duly adopted by the Authority and its issuance has received the approval of the State Budget and Control Board of South Carolina required by Act R-131. This Note has been issued in compliance with the terms and provisions of a Loan and Security Agreement of even date herewith between the Authority and the Lender and is secured by the properties, moneys and property rights set forth in said Loan and Security Agreement and by a first and forecloseable Mortgage on the Project.

This Note is a limited obligation of the Authority which is an agency of the State of South Carolina with limited statutory powers. It is payable solely from the properties, moneys and property rights described in the said Loan and Security Agreement and in the said Mortgage. The faith and credit of the State of South Carolina is not pledged to the payment of this Note and this Note does not constitute an indebtedness of the State of South Carolina and shall never give rise to a pecuniary liability of the State of South Carolina



or the Authority except to the extent set forth in the Resolution of the Authority authorizing this Note and as further set forth in the Loan and Security Agreement and in the Mortgage.

The Authority has secured a commitment from the Farmers Home Administration of the United States Government (the Government), pursuant to which it will make a permanent loan to finance the Project. The Authority agrees to perform all acts required of it to implement such agreement and to apply the proceeds of the permanent loan to the extent necessary to the payment of this Note.

It is hereby certified and recited that all acts, conditions and things required by the laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Note, exist, have happened and have been performed in regular and due time, form and manner and that the amount of this Note does not exceed any statutory limitation thereon.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE HOUSING AUTHORITY has caused these presents to be executed by its Chairman and attested by its Secretary, the Seal of the Authority to be impressed hereon, and this Note to be dated the \_\_\_\_ day of November, A. D. 1977.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

EXHIBIT B

STATE OF SOUTH CAROLINA    )  
                                  )           M O R T G A G E  
COUNTY OF COLLETON        )

WHEREAS, the SOUTH CAROLINA STATE HOUSING AUTHORITY, (the "Authority") is justly indebted to THE SOUTH CAROLINA NATIONAL BANK, (the "Mortgagee"), in the principal amount of ONE MILLION THREE HUNDRED EIGHTY-SEVEN THOUSAND NINE HUNDRED AND NO/100 (\$1,387,900.00) DOLLARS, with interest thereon at the rate of four and nine-tenths percent (4.9%) per annum payable upon maturity, all as set forth in the Note of the Authority to the Mortgagee of even date herewith; and

WHEREAS, the said Note is issued pursuant to the provisions of Article 3, Chapter 3, Title 31, Code of Laws of South Carolina, 1976, and Act R131 of the Acts of the General Assembly of the State of South Carolina for the year 1977 and is a limited obligation of the Authority payable solely from the sources therein set forth and secured solely by this Mortgage and the properties, moneys and property rights set forth in a certain Loan and Security Agreement of even date herewith between the Authority and the Mortgagee; and

WHEREAS, in order to secure the said Note the Authority is obligated to and desires to secure the same by this forecloseable Mortgage.

NOW, KNOW ALL MEN, that the Authority, in consideration of the said debt, and for the better securing the payment thereof, and all extensions, renewals and modifications thereof, according to the conditions of the said Note; which

with all its provisions is hereby made a part hereof; and also in consideration of Three and No/100 (\$3.00) Dollars to the said Authority in hand well and truly paid, by the said Mortgagee, at and before the sealing and delivery of these Presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released and by these Presents does grant, bargain, sell and release unto the said THE SOUTH CAROLINA NATIONAL BANK, its successors and assigns, the following described property, to-wit:

ALL that piece, parcel or tract of land located near Walterboro in Walterboro School District, Verdier Township, Colleton County, South Carolina, containing Fifteen and Fifty Hundredths (15.50) acres more or less and bounding and measuring as follows: On the North by lands now or formerly of Lee Berry and measuring thereon One Thousand One Hundred Thirty-Four and Forty Hundredths (1,134.40') feet; on the East by other lands of the grantors to the Authority and measuring thereon Four Hundred Ninety-Eight and Eighty Hundredths (498.80') feet; on the South by lands said to be of the Hezekiah Bell Estate and lands of H. C. Strickland and measuring thereon Three Hundred Twelve and One Hundredths (312.01') feet and Eight Hundred Thirty and Thirty-Three Hundredths (830.33') feet; and bounded on the West by S. C. Route 303, also known as the Walterboro-to-Greenpond highway and measuring thereon Seven Hundred One and Seventy Hundredths (701.70') feet; all of which will more fully appear by reference to a plat of Albert Heatley, Jr., R.L.S., dated February, 1977 and recorded in Plat Book \_\_\_\_\_ at Page \_\_\_\_\_ in the Office of the Clerk of Court for Colleton County, South Carolina.

Mary Kate S. Gardner and Newell S. Langdale, grantors to the Authority, reserved a non-exclusive right-of-way for a common road from S. C. Route 303 on the West to other lands of Mary Kate S. Gardner and Newell S. Langdale on the East over the southernmost Sixty (60') feet of the above described tract of land, which right-of-way is more fully described by reference to the above mentioned plat; and as to which right-of-way the South Carolina State Housing Authority, its successors and assigns, also has the right for the use of the same in common with Mary Kate S. Gardner and Newell S. Langdale.

This being a portion of the land conveyed to Hortense H. Smith by D. L. Smith as the second tract of land in the deed dated June 20, 1925 and recorded on October 25, 1926 in Deed Book 57, at Page 652 in the Office of the Clerk of Court for Colleton County, South Carolina. Mary Kate S. Gardner and Newell S. Langdale, formerly Newell S. Tilton, are the sole heirs of Hortense H. Smith who died intestate.

The property above described has this day been conveyed to the South Carolina State Housing Authority and the within Mortgage is a purchase money mortgage.

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the said premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular the said Premises unto the said THE SOUTH CAROLINA NATIONAL BANK, its successors and assigns forever.

AND the Authority does hereby bind itself and its successors and assigns to procure or execute any further necessary assurances of title to the said premises, the title to which is unencumbered, and also to warrant and forever defend all and singular the said Premises unto the said Mortgagee, its successors and assigns, from and against the Authority and its successors and assigns and all persons lawfully claiming, or to claim the same or any part thereof.

AND IT IS AGREED, by and between the said parties, that this Mortgage shall secure:

(1) all indebtedness of the Authority to the Mortgagee (including, but not limited to, the above described Note) evidenced by any promissory note or any other instrument, renewals, reamortizations, extensions, deferrments or other arrangements with respect thereto, together with interest thereon as provided herein), relating to the Project described in the Note;



(2) all future advances relating to the Project described in the Note that subsequently may be made to the Authority and evidenced by any promissory note or any other instruments, and all renewals, reamortizations, extensions, deferrments or other rearrangements with respect thereto, together with interest thereon as provided herein, said future advances, if any, to be made solely at the option of the Mortgagee; and

(3) all other indebtedness of the Authority to the Mortgagee relating to the Project described in the Note to become due or hereafter contracted, and all renewals, reamortizations, extensions, deferrments or other rearrangements thereof, together with interest thereon as provided for herein.

THE MAXIMUM PRINCIPAL AMOUNT OF ALL EXISTING INDEBTEDNESS, FUTURE ADVANCES AND ALL OTHER INDEBTEDNESS OUTSTANDING AT ANY ONE TIME SHALL NOT EXCEED \$1,800,000, PLUS INTEREST THEREON, ATTORNEYS' FEES, COURT COSTS AND ANY ADVANCES NECESSARY FOR THE PROTECTION OF THE SECURITY OR TITLE THERETO, SUCH AS, BUT NOT LIMITED TO, ADVANCES FOR TAXES AND INSURANCE PREMIUMS, ALL OF WHICH ARE SECURED BY THIS MORTGAGE.

AND IT IS AGREED, by and between the parties hereto, that the Authority, its successors and assigns, shall keep the buildings erected on said premises, insured against loss or damage by fire, for the benefit of the said Mortgagee, for an amount not less than that specified in a certain Loan and Security Agreement between the parties

hereto of even date herewith, in such company as shall be approved by the said Mortgagee, and shall deliver the policy to the said Mortgagee, and in default thereof, the said Mortgagee, or its successors and assigns, may effect such insurance and reimburse itself under this Mortgage for the expense thereof, with interest thereon, from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the said Mortgagee, its successors and assigns, shall be entitled to receive from the aggregate of the insurance moneys to be paid, a sum equal to the amount of the debt secured by this Mortgage.

AND IT IS AGREED, by and between the said parties, that if the Authority, its successors or assigns, shall fail to pay all taxes and assessments upon the said premises when the same shall first become payable, then the said Mortgagee, its successors or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse itself under this Mortgage for the sums so paid, with interest thereon, from the dates of such payments.

AND IT IS AGREED, by and between the said parties, that upon any default being made in the payment of the interest or principal of the Note, or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, when the same shall severally first become payable, or in any other of the provisions of this Mortgage, or in



the Loan and Security Agreement between the parties above referred to, that then the entire amount of the debt secured, or intended to be secured hereby, shall forthwith become due, at the option of the said Mortgagee, its successors or assigns, although the period for the payment of the said debt may not then have expired.

AND IT IS AGREED, that if the holder of the Note secured hereby is compelled to pay any taxes upon the debt represented by said Note, or by this Mortgage, then, and in that event, unless the said taxes are paid by some party other than the said holder, that then the entire amount of the debt secured, or intended to be secured, shall forthwith become due at the option of the said Mortgagee, its successors or assigns, although the period for its payment may not then have expired.

AND IT IS AGREED, by and between the said parties, that, should legal proceedings be instituted for the collection of the debt secured hereby, then and in that event, the said Mortgagee, its successors or assigns, shall have the right to have a Receiver appointed of the rents and profits of the above described premises, with power to forthwith lease out the said premises anew if he should so elect, who, after deducting all charges and expenses attendant to such proceedings, and the execution of the said trust as Receiver, shall apply the residue of the said rents and profits towards the payment of the debts secured hereby.

AND IT IS FURTHER AGREED, by and between the said parties, that should legal proceedings be instituted for the foreclosure of this Mortgage, or for any purpose involving this Mortgage, or should the debt hereby secured by placed in the hands of an attorney at law for collection, by suit or otherwise, that all costs and expenses incurred by the Mortgagee, its successors or assigns, including a reasonable counsel fee, as provided in the Loan and Security Agreement above referred to, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

PROVIDED that the Authority, as an agency of the State of South Carolina with limited statutory powers can not and does not incur any obligation hereunder which constitutes a general obligation of the Authority or a general obligation of the State of South Carolina, or as to which the State shall incur or shall have incurred pecuniary liability or a charge against its credit or taxing power and each and every covenant herein (and in the Note made) is payable and dischargeable solely from the proceeds of the sale of the mortgaged property and from the property, moneys and property rights granted under the Loan and Security Agreement between the parties hereinabove spoken of.

PROVIDED, ALWAYS, and it is the true intent and\* meaning of the parties to these Presents, that when the Authority, its successors and assigns, shall pay, or cause

to be paid unto the said Mortgagee, its successors, certain attorneys, or assigns, the said debt, with interest thereon, if any shall be due, and also all sums of money paid by the said Mortgagee, its successors or assigns, according to the conditions and agreements of the said Note, and of this Mortgage and the said Loan and Security Agreement and shall perform all the obligations according to the true intent and meaning of the said Note and Mortgage and Loan and Security Agreement and the conditions thereunder written, then this Deed of Bargain and Sale shall cease, determine and be void, otherwise it shall remain in full force and virtue.

AND IT IS LASTLY AGREED, by and between the said parties, that the Authority, its successors and assigns, shall hold and enjoy the said premises until default of payment shall be made.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE HOUSING AUTHORITY has caused these presents to be executed by its Chairman and attested by its Secretary and the seal of the Authority to be impressed hereon, and this Mortgage to be dated this the \_\_\_\_\_ day of November, A.D. 1977.

WITNESSES:

SOUTH CAROLINA STATE HOUSING  
AUTHORITY

(SEAL

By \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF )

PERSONALLY appeared before me \_\_\_\_\_,  
who being duly sworn, deposes and says that \_\_\_ he saw the  
corporate seal of South Carolina State Housing Authority  
affixed to the foregoing Mortgage, and that \_\_\_ he also saw  
\_\_\_\_\_ as Chairman of the South Carolina  
State Housing Authority, and \_\_\_\_\_ as  
Secretary of the South Carolina State Housing Authority,  
sign and attest the same and that \_\_\_ he with \_\_\_\_\_  
\_\_\_\_\_ witnessed the execution and delivery thereof as  
the act and deed of the South Carolina State Housing Authority.

SWORN to before me this  
\_\_\_\_\_ day of November, 1977.

\_\_\_\_\_  
(L.S.)  
Notary Public for South Carolina  
My Commission Expires:



LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement (the "Agreement") made and entered into by and between the South Carolina State Housing Authority (the "Authority") and The South Carolina National Bank, a banking corporation in the City of Columbia, State of South Carolina (the "Bank"):

WITNESSETH:

The Authority has applied to the Bank for a construction loan (the "Loan") to provide funds with which the Authority will acquire a tract of land containing approximately 15.51 acres more or less in Verdier Township, Colleton County, and will construct thereon 64 housing units which are intended to provide housing for approximately 280 persons or families of low income (the "Project"). The Loan is to be evidenced by a Note of the Authority (the "Note") authorized by a resolution of the Authority (the "Resolution") which prescribes the sources from which the Note is to be paid and the manner in which it is to be secured. The undertaking of the Authority in its Resolution has been duly approved by the Budget and Control Board of the State of South Carolina (the "State Board").

The Bank has agreed to make the Loan and the Authority and the Bank enter into this Agreement to evidence the terms and conditions under which the Loan is to be made, disbursed and secured.

NOW THEREFORE, in consideration of the matters of inducement above recited and the sum of One Dollar (\$1.00) in hand paid to the Authority by the Bank, the receipt and sufficiency of which the Authority acknowledges the parties hereto agree as follows:

ARTICLE I

LOAN DOCUMENTS

The Authority has duly authorized, executed and delivered to the Bank the following documents which together with this Agreement constitute the loan documents (the "Loan Documents").

1. A certified copy of the Resolution.
2. The Note in the principal amount of \$1,387,900, dated as of the date hereof, bearing interest at the rate of 4.9% per annum, payable semi-annually from the date thereof, and maturing one year from its date.
3. A first forecloseable mortgage on the Project (the "Mortgage").
4. UCC Financing Statements giving notice of the security interests created hereunder (the "Financing Statements").

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Authority makes the following representations and warranties:

1. The Authority is a duly constituted agency of the State of South Carolina and is duly authorized by the provisions of the laws of South Carolina recited in the Resolution to acquire, construct and finance the Project.



2. All conditions, acts and things, including governmental approvals, required by the laws of South Carolina to exist, to happen and to be performed precedent to the undertakings of the Authority to acquire, construct and finance the Project have happened and have been performed in regular and due time, form and manner.

3. Plans and specifications (the "Plans") for the Project have been prepared and a copy thereof has been delivered to the Bank.

4. The Authority has applied for and has obtained from the Farmers Home Administration of the Department of Housing and Urban Development of the United States (FmHA) a commitment or allocation of funds pursuant to which FmHA will make a permanent loan to the Authority to finance the Project upon its completion (the "Commitment").

5. The Authority has an enforceable option to purchase the site of the Project and has entered into a construction contract (the "Construction Contract") pursuant to which the Project will be constructed in accordance with the Plans.

6. The Note, the Mortgage and this Agreement are in all respects legal, valid and binding documents according to their terms and grant to the Bank valid and enforceable security in the Project, property, moneys and the property rights herein described.

7. No chattel mortgage, Bill of Sale, security agreement, financing statement or title retention contract (except those executed to the Bank has been or will be executed with respect

to the Project and the property, moneys and property rights herein granted to the Bank as security for the Loan.

8. The consummation of the transactions hereby contemplated and the performance of the obligations of the Authority under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any mortgage, security deed, deed of trust, lease, bank loan or credit agreement, by-laws, or other instrument to which the Authority is a party or by which it may be bound or affected.

9. There are no actions, suits, or proceedings pending, or, to the knowledge of the Authority, threatened against or affecting the Authority or the Project, or involving the validity or enforceability of any of the Loan Documents or the priority of the lien thereof, at law or in equity, or before or by any governmental authority.

10. The Authority has no knowledge of any violations or notices of violations of any Federal law or municipal or county ordinance or order or requirement or any municipal department or other governmental authority having jurisdiction affecting the Project, which violations in any way relate to or affect the Project.

11. The Plans and construction pursuant thereto and the use of the Project contemplated thereby comply and will comply with all governmental laws and regulations, and requirements, standards and regulations of appropriate supervising boards of fire underwriters and similar agencies.

12. All utility servies necessary for the construction of the Project and the operation thereof for their intended purposes are available at the boundaries of the Project, including water supply, storm and sanitary sewer facilities, electric and telephone facilities.

13. All building permits required for the construction of the Project have been or will be obtained and copies furnished prior to any construction disbursement.

14. The site of the Project is not now damaged or injured as a result of any fire, explosion, accident, flood or other casualty.

### ARTICLE III

#### COVENANTS OF AUTHORITY

The Authority hereby covenants and agrees with the Bank as follows:

1. Commitment: To permit no default under the terms of the Commitment to the Authority from FmHA.

2. Construction Contract: (i) To deliver to the Bank prior to any withdrawal a general waiver of mechanic's liens executed by the General Contractor, (ii) To permit no default under the terms of the Construction Contract, (iii) to waive none of the obligations of the Contractor thereunder, (iv) to do no act which would relieve Contractor from its obligations to construct the Project according to the Plans, (v) to make no material amendments to the Construction Contract, without the prior written consent of the Bank, FmHA and the Surety on the Payment and Performance Bond given by the General Contractor, and (vi) to

furnish the Bank, prior to any disbursement, with an agreement by Contractor that, in the event of default by Authority under the terms of any of the Loan Documents, the Contractor will, at the request of the Bank continue performance pursuant to the Construction Contract until completion of construction of the Project, provided the Contractor is reimbursed in accordance with the Construction Contract for all such services rendered.

3. Agreement of Architect: To furnish to the Bank, at its request, with an agreement by the Architect that, in the event of default by the Authority under the terms of any of the Loan Documents, the Architect will, at the request of the Bank (i) continue performance pursuant to its contract with the Authority until completion of construction of the Project provided Architect is reimbursed in accordance with said contract for all such services rendered and (ii) permit the Bank to use the Plans and Specifications at no cost to the Bank.

4. Insurance: To obtain such insurance or evidence of insurance as the Bank or FmHA may require, including but not limited to the following:

(i) Title Insurance: A mortgagee title insurance policy in amount, form and substance and written by a title insurance company satisfactory to the Bank insuring a valid first lien upon the Project by virtue of



the Mortgage, specifically insuring against unfiled mechanic's liens, the original of which policy shall be promptly delivered to the Bank. The policy shall contain no exceptions except standard printed exceptions, those exceptions referred to in the Mortgage and those specifically waived in writing by the Bank.

(ii) Builder's Risk Insurance: Builder's risk and such other hazard insurance as the Bank may require with standard non-contributing mortgagee clauses and standard subrogation clauses, such insurance to be in such amounts and form and by such companies as shall be approved by the Bank, and the originals of such policies (together with appropriate endorsements thereto, evidence of payment of premiums thereon and written agreements by the insurer or insurers therein to give the Bank twenty (20) days' prior written notice of intention to cancel) shall be promptly delivered to the Bank; said insurance coverage to be kept in full force and effect at all times until the completion of construction of the Project. In the event that any portion of the Project is completed and possession of said portion is given to the Authority, and tenants, or invitees of the Authority take possession of said completed portion, the builder's risk insurance



policy shall be endorsed to provide specifically for the coverage of any such completed portion of the Project under the terms and conditions of the policy, so as to preclude the assertion of any and all defenses predicated on the possession and use of the completed portion of the Project.

(iii) Hazard Insurance: Fire and extended coverage insurance, flood insurance, and such other hazard insurance as the Bank may require with standard non-contributing mortgagee clauses and standard subrogation clauses, such insurance to be in such amounts and form and by such companies as shall be approved by the Bank, and the originals of such policies (together with appropriate endorsements thereto, evidence of payment of premiums thereon and written agreement by the insurer or insurers therein to give the Bank twenty (20) days' prior written notice of intention to cancel) shall be promptly delivered to the Bank; such insurance to be obtained immediately upon completion of construction of the Project and before any portion of the Premises is occupied by the Authority or any tenant of the Authority with such insurance to be kept in full force and effect at all times thereafter until the payment in full of the Note.

(iv) Public Liability and Workmen's Compensation Insurance: A certificate from an insurance company indicating that the General Contractor is covered to the

satisfaction of the Bank by public liability and workmen's compensation insurance.

5. Collection of Insurance Proceeds: To cooperate with the Bank in obtaining for the Bank the benefits of any insurance or other proceeds lawfully payable to it in connection with the transactions contemplated hereby and the collection of any indebtedness or obligation of the Authority to the Bank incurred hereunder (including the payment by the Authority of the expense of an independent appraisal on behalf of the Bank in case of a fire or other casualty affecting the Project) the Authority understands and agrees that in the event the Bank shall lawfully collect either all or a portion of the insurance proceeds payable under insurance policies required by subparagraph 4 of this Article III, the Bank may, at its sole option and in its sole discretion, either apply such proceeds to the restoration of the Project or to the reduction of the unpaid principal indebtedness evidenced by the Note.

6. Expenses: To pay all costs of closing and administering the Loan contemplated hereunder and all reasonable expenses of the Bank with respect thereto including, but not limited to, legal fees of counsel, including legal fees incurred by the Bank subsequent to the closing of the loan, but incurred in connection with the disbursement, administration, or collection of the loan, advances, recording expenses, surveys, other recording

taxes, expenses or foreclosure (including reasonable attorneys' fees) and similar items, specifically including reasonable attorneys' fees and all reasonable expenses incurred by the Bank in the defense or prosecution of any litigation to which the Bank becomes or is made a party or because the Bank is the holder of the Mortgage or security interest hereinafter granted.

7. Commencement and Completion of Construction:

To diligently pursue the construction of the Project to completion, and to perform such duties as may be necessary to complete the construction of the Project pursuant to the Plans and in full compliance with all terms and conditions of the Commitment and the Loan Documents, all of which shall be accomplished within twelve (12) months from the date hereof.

8. Right of Lender to Inspect Premises: The Bank and its representatives and agents shall have the right, but not a duty, to enter upon the Project and to inspect the same and all materials to be used in the construction thereof and the Authority shall cause the Contractor to cooperate with the Bank and its representatives and agents during such inspections; provided, however, that this provision shall not be deemed to impose upon the Bank any obligation to undertake such inspections, and any such inspections and the results thereof shall be solely for the use and benefit of the Bank.

9. Correction of Defects. To promptly correct any structural defects in the Project and to promptly correct any departure from the Plans not previously approved by the Bank and FmHA. The advance of any loan proceeds shall not constitute a waiver of the Bank's right to require compliance with this covenant.

10. Restriction on Secondary Financing and Sale of Premises: To keep the Project and the personal property, upon which the Bank has a first lien as evidenced herewith and by the Mortgage, free and clear of all other encumbrances, liens, mortgages, security interest and secondary financing, and the Authority shall not, without the prior written consent of the Bank and FmHA, voluntarily or by operation of law, sell, transfer or convey all or any part of its interest in the Project or any portion thereof except as otherwise may be permitted in this Agreement.

11. Additional Documents: To perform hereunder as follows:

(i) Regarding Construction: To furnish to the Bank all notices received by the Authority from the Contractor and all instruments, documents, initial surveys, footing or foundation surveys, certificates, Plans, appraisals, title and other insurance, reports and agreements and each and every other document and instrument either required to be furnished by the terms hereof or which the Bank may reasonably request.



(ii) Regarding Preservation of Security: To sign and deliver to the Bank such documents, instruments, assignments and other writings, and to do such other acts necessary or desirable to preserve and protect the mortgage lien, assignment and security interest held by the Bank in the collateral at any time securing or intended to secure the Note, as the Bank may require.

(iii) Regarding this Agreement: To do and execute all such further lawful and reasonable acts, and assurances in the law for the better and more effective carrying out of the intents and purposes of this Agreement as the Bank shall reasonably require from time to time.

#### ARTICLE IV

##### USE AND DISPOSITION OF PROCEEDS OF LOAN

1. Upon the delivery of the Note to the Bank, the Bank shall pay to the Authority the sum of \$1,387,900. Simultaneously, therewith the Authority shall deposit the same in a project construction fund (the "Construction Fund") which shall be held in trust by the Bank, invested and reinvested, and disbursed only in the manner herein prescribed by the remaining paragraphs of this Article.

2. Except to the extent of \$70,000, which shall be left on deposit in non-interest bearing status as a balance to compensate the Bank in part for the services which it



will perform, unexpended balances in the Construction Fund shall be invested and reinvested in securities of the sort permitted by Chapter 5, Title 6, Code of Laws of South Carolina, 1976, and within maturities consonant with the anticipated uses for funds as indicated by the Authority to the Bank but in no event maturing after the maturity of the Note. All income received from such investments shall be deposited in and become a part of the Construction Fund. The Bank may use its own Bond department to effect investments.

3. Simultaneously with the closing, the Bank shall, upon approval of the Authority and FmHA, disburse the costs of acquiring the site of the Project and all other initial Project costs. Thereafter, and provided that no default hereunder or with respect to the Note and the Mortgage shall have occurred and shall then exist, disbursements for costs and expenses incident to the financing thereof, including interest, and the construction of the Project may be made upon the order or certificate of the Authority approved or countersigned by a duly authorized representative of FmHA (the "Certificate for Payment"). The Certificate for Payment shall, upon the request of the Bank, be accompanied by evidence in form and content satisfactory to the Bank including, but not limited to, certificate and affidavits of the Authority and the Contractor or such other person as the Bank may require, showing:

(i) The value of that portion of the Project completed at that time;

(ii) That all outstanding claims for labor, materials and fixtures, other than claims which are contested in good faith and for which adequate reserves

satisfactory to the Bank are maintained, have been paid or will be paid using proceeds of disbursements then requested;

(iii) That there are no liens outstanding against the Project, except for the Bank's security interest, inchoate liens for property taxes not yet due or for labor or materials to be paid out of proceeds from requested disbursement;

(iv) That the Authority has complied with all of its obligations as to the date thereof, under the Loan Documents;

(v) That all construction prior to the date of the request for an advance has been done in accordance with the Plans.

(vi) That all funds previously disbursed by the Bank have been applied directly to the cost of the construction of the Project or such other incidental costs as the Bank shall have approved in writing; and that the remaining non-disbursed portion of the Loan is adequate to complete the Project.

4. Continuation of Title Insurance Coverage: The Certificate for Payment shall be accompanied by a satisfactory endorsement to the previously delivered mortgagee title insurance policy which endorsement shall (i) indicate that since the effective date of said policy (or the effective

date of the last such endorsement, if any) there has been no change in the status of title to the insured premises as set out in said policy and (ii) have the effect of increasing the coverage of the policy by an amount equal to the advance then being made unless said policy expressly provides automatically and without condition for such increase in coverage upon each such disbursement.

5. Conditions Precedent to Construction Disbursements:

At no time and in no event shall the Bank be obligated to disburse additional funds:

(i) in excess of the amount recommended by any inspector or architect then employed by the Bank.

(ii) if any event of default as set forth in Article VI hereof shall have occurred and shall not have been cured prior to time of disbursement;

(iii) if in the opinion of the Bank the estimated remaining cost of construction in accordance with the Plans exceeds the remaining undisbursed portion of the Construction Fund reduced by any reserve required hereunder and such opinion is confirmed in writing by an inspector or architect appointed by the Bank after consultation with the General Contractor, the Authority and the Authority's Architect; and the Authority is unable to provide such funds or to secure an increase in the Commitment from FmHA for such excess funds;

(iv) if the Project shall have been damaged by fire, flood or other casualty and the Bank shall not have received insurance proceeds sufficient in the sole judgment of the Bank to effect the restoration of the Project in accordance with the Plans and to permit the completion of the Project on or before the completion date and the Authority is unable to secure an increase in the commitment from FmHA, for such additional funds;

(v) if Authority has not paid when due all obligations for the cost of constructing the Project or for any restoration thereof required hereunder or by FmHA.

6. Retainage: Ten percent (10%) of each disbursement from the Construction Fund for the General Contractor shall be withheld by the Authority which ten percent (10%) shall be disbursed only upon compliance with the following requirements in addition to the requirements for all other disbursements:

(i) Receipt by Authority of satisfactory evidence of the completion of the Project in accordance with Plans and approval of such completion by FmHA.

(ii) Receipt by the Bank of a satisfactory "as-built" survey by a registered land engineer approved by FmHA reflecting the location of the units of the Project on the site in accordance with the plans, and said survey is to be accepted by FmHA prior to such disbursement.

(iii) Receipt by the Bank of the requisite lien waivers and affidavit of Contractor sufficient in the



opinion of counsel to the Bank to dissolve any mechanic's and materialmen's liens (inchoate or otherwise) affecting title to the Project.

7. Notice, Frequency and Place of Disbursements:

At the option of the Bank (i) the above said Certificate for Payment shall be submitted to the Bank at least five (5) business days prior to the date of the requested advance, (ii) disbursements shall be made no more frequently than monthly, and (iii) all disbursements shall be made at the office of the Bank in the City of Columbia, or at such other place as the Bank may designate.

8. Advances Do Not Constitute a Waiver: No advance from the Construction Fund shall constitute a waiver of any of the conditions of the Banks obligation to make further advances nor, in the event the Authority is unable to satisfy any such condition, shall any such waiver have the effect of precluding the Bank from thereafter declaring such inability to be an event of default under Article VI hereof.

9. Approval of Construction Contract and Contractor:

The General Contractor and the form and substance of the General Construction Contract shall be subject to the approval of the Bank.

10. Payment and Performance Bond: Prior to any advance, the obligations of the General Contractor shall be guaranteed by a Payment and Performance Bond in the full



amount of the contract and in such form as approved by the Bank and written by a surety acceptable to the Bank, with a dual-obligee rider in favor of the Bank.

#### ARTICLE V

##### CREATION OF SECURITY INTERESTS

1. To secure the payment and performance of the obligations of the Authority to the Bank pursuant to the Note, the Mortgage and this Agreement, the Authority hereby grants to the Bank, a present security interest in the Collateral described in paragraph 2 hereof.

2. The Collateral is and shall be

(a) Any and all fixtures, equipment, appliances and other personal property, whether now owned or hereafter acquired, or in which the Authority now has or shall hereafter acquire any right, title or interest whatsoever (whether by bill of sale, lease, conditional sales contract, other title retention document or otherwise) which is, are or shall be located upon and used in the Project or other operations or enterprises carried out upon the real property more particularly described in the Mortgage, together with any and all replacements or substitutions thereof or therefor as well as the proceeds thereof or therefrom regardless of form.

(b) All moneys not then disbursed in the Construction Fund.

(c) All proceeds resulting from any payment to the Authority on account of any insurance policy, contractor's bond, fidelity bond, title insurance policy obtained by the Authority in connection with the Project.

(d) All proceeds payable to the Authority pursuant to the Commitment from FmHA.

(e) The proceeds of all rents and revenues which the Authority may derive from the use or rental of the Project prior to the payment in full of the principal of and interest on the Note.

3. The Authority shall take any and all steps required to protect the Collateral described in paragraph 2 hereof and pursuant to this obligation the Authority agrees that the Collateral:

(i) Will be used primarily in the construction or operation of the Project; and

(ii) Will not be misused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use; and

(iii) Will at all times be insured against loss, damage, theft, and such other risks as the Bank may require in such amounts, with such companies, under such policies, in such form and for such periods as shall be satisfactory to the Bank, and each such policy shall provide that the loss thereunder and

the proceeds payable thereunder shall be payable to the Bank as its interest may appear, and the Bank may apply any proceeds of such insurance which may be received by the Bank toward the payment of the Note, whether due or not due, in such order as the Bank may determine; and

(iv) Will be kept at the Project where the Bank may inspect it at any time, except for its temporary removal for maintenance or repair in connection with its ordinary use; and

(v) Will not be used in violation of any statute or ordinance; and

(vi) May be examined and inspected by the Bank at any time, wherever located.

4. Protection of Security Interest: The Authority shall take any and all steps necessary to protect the priority of the security interest granted herein, and in pursuance of this obligation, the Authority agrees that:

(i) It will not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein or offer to do so without the prior written consent of the Bank, or permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded herein, except as herein provided; and

(ii) It will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation; and

(iii) It will sign and execute, alone or with the Bank, any financing statement or other document or procure any documents and pay all connected costs necessary to protect the security interest hereunder against the rights or interests of third persons; and

(iv) It will reimburse the Bank for all costs, including reasonable attorneys' fees, incurred for any action taken by the Bank to remedy a default of the Authority.

#### ARTICLE VI

##### DEFAULTS

An event of default shall be deemed to have occurred hereunder if:

1. Default Under Loan Documents: Any event of default occurs under any of the Loan Documents; or
2. Failure to Obtain an Advance: The Authority is unable to satisfy any condition of its right to obtain a disbursement from the Construction Fund for a period in excess of thirty (30) days following request and refusal of request for disbursement; or
3. Breach of Covenant: The Authority breaches or fails to perform, observe or meet any covenant or condition made in any of the Loan Documents; or
4. Breach of Warranty: Any warranties made or agreed to be made in any of the Loan Documents shall be breached by the Authority or shall prove to be materially false or misleading; or



5. Filing of Liens Against the Premises: Any lien for labor, material, taxes or otherwise shall be filed against the Project and such lien or liens shall not be discharged or released prior to or immediately after commencement of a suit to enforce such lien, either by payment in satisfaction of such lien, or by securing such lien with a surety bond, or by establishing adequate reserves satisfactory to the Bank.

6. Other Agreements and Litigation: If the Authority shall fail to perform or observe any term, covenant or agreement contained in any Loan Document and such failure remains unremedied beyond the period of grace, if any, contained therein or if any suit shall be filed against the Authority, which, in the opinion of counsel for the Bank, if adversely determined, could impair the ability of the Authority to perform any one of its obligations under and by virtue of the Loan Documents and for which adequate reserves or surety, satisfactory to the Bank, are not maintained or secured to satisfy any judgment which might result from such filing; or

7. Levy Upon the Premises: A levy be made under any process on, or a receiver be appointed for, the Project.

8. Transfer of Premises: The Authority shall, without the prior written consent of the Bank voluntarily or by operation of law, sell, transfer or convey (except



as may be provided in the Loan Documents) all or any part of its interest in the Project or in any of the personalty located thereon, and used or intended to be used in connection therewith.

9. The Authority shall fail to fully discharge its obligations with respect to the Collateral described in Article V hereof; or

10. Grace Period: Other than a default in payment of principal and/or interest when due or a violation of Article V, or a voluntary petition for bankruptcy, receivership or reorganization, the Authority shall have a period of thirty days from written notice by the Bank of an event of default under the Loan Documents in which to cure such default, but during such thirty day period, the Bank shall not be required to allow withdrawals from the Construction Fund.

## ARTICLE VII

### REMEDIES OF THE BANK

Upon the occurrence of any one or more of the events of default set out in Article VI hereof, the Bank shall at its option be entitled, in addition to, and not in lieu of the remedies provided for in the Loan Documents or otherwise provided by law:

(i) To demand payment on the Note and to declare the Note and Mortgage in default;

(ii) To perform or cause to be performed any and all work, and labor necessary to complete the Project in accordance with Plans;

(iii) To employ security watchmen to protect the Project;

(iv) To protect the Collateral and to collect the proceeds therefrom; and

(v) To disburse that portion of the Construction Fund not previously disbursed (including any retainage) to the extent necessary to complete construction of the Project in accordance with the Plans and if the completion requires a larger sum than the remaining undisbursed portion of the loan, to disburse such additional funds, all of which funds so disbursed by the Bank shall be deemed to have been disbursed to the Authority and shall be secured by the Mortgage and by the security interest granted herein. For this purpose, the Authority hereby constitutes and appoints the Bank its true and lawful attorney-in-fact with full power of substitution to complete the construction of the Project in the name of the Authority, and hereby empowers the Bank as said attorney to take all actions necessary in connection therewith including, but not limited to, the following: To use any funds in the Construction Fund for the purpose of completing the Project in the manner called for by the Plans; to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for said purposes; to pay, settle or compromise all existing or future bills and claims which are or may be liens against the Project, or may be necessary or desirable for the completion of the Project

or the clearance of title to the Project; to execute all applications and certificates in the name of the Authority which may be required by any Construction Contract and do any and every act with respect to the construction of the Project which the Authority might do in its own behalf. Said attorney-in-fact shall also have power to prosecute and defend all actions or proceedings in connection with the construction of the Project and to take such action and require such performance as it deems necessary. In accordance therewith, the Authority hereby assigns and quits claims to the Bank all sums to be advanced hereunder including retainage and any sums in escrow conditioned upon the use of said sums, if any, for the completion of the Project.

(vi) To exercise any and all rights granted to a secured party under the Uniform Commercial Code of South Carolina.

It is agreed by the Authority that the remedies herein granted are cumulative to the other remedies provided for in the other Loan Documents and provided by law.

#### ARTICLE VIII

##### GENERAL CONDITIONS

The following conditions shall be applicable throughout the term of this Agreement:

1. Rights of Third Parties: All conditions of the obligations of the Bank hereunder, including the obligation to make advances, are imposed solely and exclusively for the

benefit of the Bank and its successors and assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that the Bank will make advances in the absence of strict compliance with any or all the terms and conditions hereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by the Bank at any time and from time to time, in its sole discretion. In this connection the Authority agrees to and shall indemnify the Bank from any liability, claims or losses resulting from the disbursement of the loan proceeds or from the condition of the Project whether related to the quality of construction or otherwise and whether arising during or after the term of the Note. This provision shall survive the payment of the Note and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists.

2. Agreement Survives Closing: The Bank makes the Loan in reliance upon the warranties and covenants of the Authority in this Agreement and the other Loan Documents and such warranties and covenants shall survive the execution and delivery of the Loan Documents and shall continue until the Note and any other sums to be paid under the terms of the Loan Documents are paid in full.



3. Evidence of Satisfaction of Conditions: With respect to any condition of this Agreement which requires the submission of evidence of the existence of non-existence of a specified fact or facts, the Bank shall, at all times, be free to establish independently to its satisfaction and in its absolute discretion such existence or non-existence.

4. Assignment by Bank: The Bank may assign all or any portion of its rights in the Loan Documents and all of the provisions hereof shall continue in full force and effect and any advances made by any assignee shall be deemed made in pursuance and not in modification hereof and shall be evidenced by the Note and secured by the Mortgage and this Agreement.

5. Headings: The heading of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

6. Invalid Provisions to Affect No Others: If fulfillment of any provision hereof or any transaction related hereto at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clauses or provisions herein contained operate or



would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

7. Limit of Authority's Liability: Each and every covenant herein made by the Authority is subject to the condition that it shall not create or give rise to any obligation of the State of South Carolina which would create a pecuniary liability of the State of South Carolina or constitute a charge against its credit or taxing power and all obligations to pay or to reimburse hereunder shall be discharged only from the Mortgage and the Collateral.

8. Number and Gender: Whenever the singular or plural number, masculine or feminine or neuter gender, is used herein, it shall equally include the other and the words hereof, herein, hereunder refer to this Agreement in its entirety. .

9. Amendments: Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, The Authority and the Bank have hereunto caused these presents to be executed on the date and year first hereinabove written.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY

\_\_\_\_\_  
Chairman, Commissioners of South  
Carolina State Housing Authority

Attest:

\_\_\_\_\_  
Secretary, Commissioners of South  
Carolina State Housing Authority

\_\_\_\_\_, 1977.

THE SOUTH CAROLINA NATIONAL BANK

(SEAL)

BY

\_\_\_\_\_  
Its \_\_\_\_\_

Attest:

\_\_\_\_\_  
Its \_\_\_\_\_

\_\_\_\_\_, 1977.

*To show revisions  
made by Mc Innis*

A RESOLUTION  
OF THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA  
GRANTING APPROVAL TO THE SOUTH CAROLINA STATE HOUSING  
AUTHORITY TO ACQUIRE, CONSTRUCT AND FINANCE A RENTAL  
PROJECT IN COLLETON COUNTY, SOUTH CAROLINA, INTENDED  
TO PROVIDE RENTAL HOUSING FOR APPROXIMATELY 280 PERSONS  
AND FAMILIES OF LOW INCOME.

WHEREAS, The South Carolina State Housing Authority  
(the Authority), has presented to the State Budget and  
Control Board of South Carolina (the State Board), a  
copy of a Resolution to be adopted by the Authority which  
authorizes the acquisition, construction and financing of  
a rental project near Walterboro, in Colleton County, South  
Carolina, intended to provide housing for approximately 280  
persons and families of low income; and

WHEREAS, it was intended that such copy should serve as a  
request of the Authority to the State Board for its permission to  
borrow the moneys required to finance the project, including  
both the construction loan and the permanent loan; and

WHEREAS, the State Board has reviewed the Resolution of  
the Authority and its attachments and agrees to give approval  
to the action of the Authority proposed in the said Resolution;

BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF  
SOUTH CAROLINA:

Section 1.

After due investigation, the State Board finds that the matters recited in the preambles to this Resolution are in all respects true and correct.

Section 2.

Approval is hereby granted to the Authority to undertake the acquisition, construction and financing of a rental project near Walterboro, in Colleton County, South Carolina, to be owned and operated by the Authority and to be rented by the Authority to persons and families of low income. The project is intended to provide housing for approximately 280 persons and families of low income. The approval herewith granted shall extend to the temporary financing or construction loan to be made to the Authority by The South Carolina National Bank, acting for itself and for Bankers Trust of South Carolina, The Citizens and Southern National Bank of South Carolina, and First National Bank of South Carolina, and to the permanent loan to be made to the Authority, by Farmers Home Administration of the Department of Housing and Urban Development of the United States.

Section 1.

After due investigation, the State Board finds that the matters recited in the preambles to this Resolution are in all respects true and correct.

Section 2.

Approval is hereby granted to the Authority to undertake the acquisition, construction and financing of a rental project near Walterboro, in Colleton County, South Carolina, to be owned and operated by the Authority and to be rented by the Authority to persons and families of low income. The project is intended to provide housing for approximately 280 persons and families of low income. The approval herewith granted shall extend to the temporary financing or construction loan to be made to the Authority by The South Carolina National Bank, acting for itself and for Bankers Trust of South Carolina, The Citizens and Southern National Bank of South Carolina, and First National Bank of South Carolina, and to the permanent loan to be made to the Authority, by Farmers Home Administration of the United States Government.

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STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, WILLIAM T. PUTNAM, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board of South Carolina, Do Hereby Certify:

That the said State Budget and Control Board is composed of the following:

His Excellency, James B. Edwards, Governor of South Carolina, and Chairman of the Board;

The Honorable Grady L. Patterson, Jr., State Treasurer;

The Honorable Earle E. Morris, Jr., Comptroller General of South Carolina;

The Honorable Rembert C. Dennis, Chairman of the Senate Finance Committee; and

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

*Revised because of poll*

That due notice of meeting of said Board, called to be held at the office of the Governor, in the State House, in Columbia, South Carolina, at \_\_\_\_\_, \_\_\_\_\_.M., \_\_\_\_\_, November \_\_, 1977, was given to all members in writing, and at least four days prior to said meeting date; that all members of said Board were present at said meeting, with the exception of:

That at said meeting, a Resolution of which the attached is a true, correct and verbatim copy, was introduced by \_\_\_\_\_, who moved its adoption; said motion was seconded by \_\_\_\_\_, and upon the vote being taken and recorded it appeared that the following votes were cast:

For Motion

Against Motion

MCI

SINKLER GIBBS & SIMONS  
PROFESSIONAL ASSOCIATION  
ATTORNEYS & COUNSELLORS AT LAW  
2 PRIOLEAU STREET  
CHARLESTON, S. C. 29402

POST OFFICE BOX 340

TELEPHONE 722-3366  
AREA CODE 803

November 7, 1977

Mr. Charles B. Thompson, III  
South Carolina State Housing Authority  
2221 Devine Street, Suite 540  
Columbia, South Carolina 29205

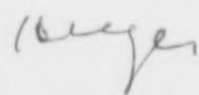
Re: Construction Loan of The South Carolina National  
Bank to South Carolina State Housing Authority

Dear Chuck:

Enclosed you will now find a draft of the Loan and  
Security Agreement for your consideration.

In the course of preparing this document, I have reread  
the documents sent to you on November 4, 1977. I have made  
minor changes on certain pages and enclose to each of you a  
blacklined copy of the pages on which changes have been made.  
Please substitute these pages for the corresponding pages  
of the draft of November 4th.

Sincerely,



HS:dn  
Enclosures

cc: Mr. James Barber  
Mr. James H. Windham  
Honorable William T. Putnam ✓

MSI

SINKLER GIBBS & SIMONS  
PROFESSIONAL ASSOCIATION  
ATTORNEYS & COUNSELLORS AT LAW  
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November 4, 1977

Mr. Charles B. Thompson, III  
South Carolina State Housing Authority  
2221 Devine Street, Suite 540  
Columbia, South Carolina 29205

Re: Construction Loan of The South Carolina National  
Bank to South Carolina State Housing Authority

Dear Chuck:

As I envisage the situation, the Authority will adopt: (1) a Resolution enclosed; (2) the action authorized to be taken by the Authority by its Resolution which will be approved by the State Budget and Control Board by resolution not yet drafted; (3) the Authority will execute its Note to the Bank in form set forth as Exhibit A to the Resolution and enclosed; (4) the Authority will deliver its Mortgage to the Bank in form set forth as Exhibit B to the Resolution herewith enclosed; and (5) the Authority and Bank will enter into a Loan and Security Agreement not yet drafted.

Would you and those to whom a copy of this letter are being sent kindly review these documents as soon as possible and let me have your criticisms and suggestions.

With kind regards,

Sincerely,

*Huger Drubles*

HS:dn  
Enclosure

cc: Mr. James Barber  
Mr. James H. Windham  
Honorable William T. Putnam

A RESOLUTION  
AUTHORIZING THE ACQUISITION, CONSTRUCTION AND FINANCING OF A  
RENTAL PROJECT IN COLLETON COUNTY INTENDED TO PROVIDE HOUSING  
FOR APPROXIMATELY 280 PERSONS OR FAMILIES OF LOW INCOME.

BE IT RESOLVED BY THE COMMISSIONERS OF THE SOUTH CAROLINA  
STATE HOUSING AUTHORITY, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

As an incident to the adoption of this Resolution, the  
Commissioners of the South Carolina State Housing Authority,  
find, as a fact, that each of the statements hereinafter set  
forth is in all respects true and correct;

1. The South Carolina State Housing Authority (the  
Authority) is duly empowered by both Article 3 of Chapter 3 of  
Title 31, Code of Laws of South Carolina, 1976 (Article 3),  
and by Act R-131 of the Acts of the General Assembly of the  
State of South Carolina for the year 1977 (the Act), to acquire  
and construct rental projects for persons and families of low  
income.

2. The Authority has found that there is no existing  
housing authority operating in Colleton County.

3. The Authority has also determined that there is no  
housing sponsor capable of undertaking the specific project  
in Colleton County hereafter described.

4. The Authority proposes to acquire a tract of land containing 15.51 acres more or less in Verdier Township in Colleton County and to construct thereon 68 units designed to provide housing for approximately 280 persons and families of low income (the Project).

5. The Authority has obtained the written approval of the County Council of Colleton County to this undertaking.

6. Heretofore, the Authority has obtained authorization from the State Budget and Control Board of South Carolina (the State Board) to the letting of a construction contract for the construction of the Project.

7. It is now necessary that the Authority obtain the approval of the State Board to the plan of financing of the Project hereafter outlined.

## ARTICLE II

### PLAN OF FINANCING

#### Section 2.01

The Authority has obtained a commitment from the Farmers Home Administration of the United States Government (the Government), to lend to the Authority following the construction of the Project the sum of \$1,387,900, to bear interest at the rate of 8% and to be repayable, both principal and interest, in installments over a period of 40 years.



The permanent loan will be secured by a first and forecloseable mortgage on the Project and by a pledge of the rents and revenues derived therefrom. The Note evidencing the loan will expressly provide that it shall not then nor thereafter constitute an indebtedness of the State of South Carolina nor give rise to a pecuniary liability of the State of South Carolina (except to the extent of the revenues from the Project) or become a charge against its general credit or taxing powers.

Section 2.02

The commitment of the Government requires the Authority to arrange temporary financing in order to provide funds for the acquisition of the site and to pay the cost of the construction of the Project. Such a loan (the Construction Loan) has been arranged with The South Carolina National Bank which will participate the loan with each of The Citizens and Southern National Bank of South Carolina, First National Bank of South Carolina and Bankers Trust of South Carolina.

Section 2.03

The Construction Loan will bear interest at the rate of 4.9% per annum and will mature one year from its date. The proceeds of the Construction Loan will be deposited with The South Carolina National Bank, as Trustee in a Construction Fund which will invest and reinvest the proceeds pending their actual use

(except to the extent of \$70,000 which will be left on deposit in a non-interest bearing account and which is intended to be a compensating balance to cover administrative expenses). All earnings from investments shall be deposited in and become a part of the Construction Fund. The proceeds of the Construction Loan will be paid out for costs incident to the Project and only upon the warrant or order of the Authority approved by a duly authorized representative of the Government. The Construction Loan will be secured by

- (1) a first forecloseable mortgage upon the Project;
- (2) any unexpended balance of the Construction Loan not then expended, including earnings from investments.
- (3) any proceeds (not used for construction costs of the Project) resulting from payments received by the Authority pursuant to insured losses resulting from any casualty insurance, contractors bond, fidelity bond or Title Insurance Policy carried by the Authority in connection with the Project; and
- (4) revenues derived from the use or rental of the Project, if any, during the life of the Construction Loan.

The Note evidencing the Construction Loan will expressly provide that it shall not then nor thereafter constitute an indebtedness of the State of South Carolina nor give rise to a pecuniary liability of the State of South Carolina or become a charge against its general credit or taxing powers.

*Amended  
Section 2101  
Page 3*

### ARTICLE III

#### AUTHORIZATIONS

##### Section 3.01

The Authority, having made all findings required of it by Article 3 and the Act, and having determined that the financial arrangements set forth in Article II hereof will provide the necessary funds to acquire and construct the Project, herewith authorizes

1. The acquisition and construction of the Project;  
and
2. The making, entering into and securing of the Construction Loan and the permanent loan.

##### Section 3.02

The Authority shall borrow from The South Carolina National Bank the sum of \$1,387,900 upon the terms and conditions set forth herein. Such loan shall be evidenced by a Note of the Authority in form substantially as Exhibit A hereto which shall be executed by the Chairman of the Authority and its Secretary. The Note shall mature one year from its date, shall bear interest at 4.9% per annum and shall be subject to prepayment at any time without penalty.

##### Section 3.03

The Authority shall secure the loan from the Bank by a first forecloseable mortgage in form substantially as Exhibit B hereto, which shall be executed by the Chairman of the Authority and its Secretary.

Section 3.04

The Authority shall enter into a Loan and Security Agreement with The South Carolina National Bank in substantially the form as Exhibit C hereto to be executed by the Chairman of the Authority and its Secretary.

Section 3.05

The Authority has reviewed the proposed Resolution, Note, Mortgage and Security Agreement submitted to it by the Government in connection with the permanent loan and approves the form and content thereof and agrees to adopt the Resolution in substantially the form presented to it by the Government at the appropriate time. It further agrees to execute and deliver when so required the Note to the Government evidencing the permanent loan and to secure the same by a Mortgage and a Security Agreement in form substantially as submitted by the Government.

Section 3.06

The proceeds of the permanent loan shall be applied to the payment of the Construction Loan and thereafter if any proceeds remain in accordance with the Resolution which the Authority will adopt authorizing the permanent loan.

ARTICLE IV  
FURTHER ACTION

Section 4.01

The Chairman, Secretary and all other officers or employees of the Authority are authorized and empowered to execute such further documents as may be necessary or desirable to fully implement the action herewith taken.

Section 4.02

A copy of this Resolution, duly certified, shall be delivered to the State Board and shall serve as a request for the approval by the State Board as required by Section 7 of the Act.

DONE IN MEETING DULY ASSEMBLED, this \_\_\_\_ day of November,  
A. D. 1977.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary



EXHIBIT A

STATE OF SOUTH CAROLINA  
SOUTH CAROLINA STATE HOUSING AUTHORITY  
HOUSING DEVELOPMENT CONSTRUCTION NOTE  
(WALTERBORO PROJECT)

Dated: November \_\_, 1977

\$1,387,900

FOR VALUE RECEIVED, the SOUTH CAROLINA STATE HOUSING AUTHORITY, a body politic and corporate and an agency of the State of South Carolina (herein the "Authority"), promises to pay, but solely from the sources hereinafter described, to the order of The South Carolina National Bank (herein, sometimes the "Lender"), at its principal office in the City of Columbia, South Carolina, the principal sum of One Million Three Hundred Eighty Seven Thousand Nine Hundred Dollars (\$1,387,900), plus interest on the unpaid principal balance at the rate of Four and Ninety Hundredths percent (4.90%) per annum. The said principal and interest shall become due and shall be paid on the \_\_\_\_ day of November, 1978.

This Note shall be prepayable in whole or in part at any time without penalty.

This Note is issued by the Authority pursuant to and for purposes permitted by Article 3 of Chapter 3 of Title 31, Code of Laws of South Carolina, 1976, and Act R-131 of the

Acts of the General Assembly of the State of South Carolina for the year 1977, in order to obtain funds with which to acquire and construct 68 housing units in Verdier Township in Colleton County, in order to provide housing for approximately 280 persons or families of low income (the Project).

The issuance of this Note has been authorized by a Resolution duly adopted by the Authority and its issuance has received the approval of the State Budget and Control Board of South Carolina required by Act R-131. This Note has been issued in compliance with the terms and provisions of a Loan and Security Agreement of even date herewith between the Authority and the Lender and is secured by the properties, moneys and property rights set forth in said Loan and Security Agreement and by a first and forecloseable Mortgage on the Project.

This Note is a limited obligation of the Authority which is an agency of the State of South Carolina with limited statutory powers. It is payable solely from the properties, moneys and property rights described in the said Loan and Security Agreement and in the said Mortgage. The faith and credit of the State of South Carolina is not pledged to the payment of this Note and this Note does not constitute an indebtedness of the State of South Carolina and shall never give rise to a pecuniary liability of the State of South Carolina

or the Authority except to the extent set forth in the Resolution of the Authority authorizing this Note and as further set forth in the Loan and Security Agreement and in the Mortgage.

The Authority has secured a commitment from the Farmers Home Administration of the United States Government (the Government), pursuant to which it will make a permanent loan to finance the Project. The Authority agrees to perform all acts required of it to implement such agreement and to apply the proceeds of the permanent loan to the extent necessary to the payment of this Note.

It is hereby certified and recited that all acts, conditions and things required by the laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Note, exist, have happened and have been performed in regular and due time, form and manner and that the amount of this Note does not exceed any statutory limitation thereon.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE HOUSING AUTHORITY has caused these presents to be executed by its Chairman and attested by its Secretary, the Seal of the Authority to be impressed hereon, and this Note to be dated the \_\_\_\_ day of November, A. D. 1977.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

EXHIBIT B

STATE OF SOUTH CAROLINA    )  
                                  )           M O R T G A G E  
COUNTY OF COLLETON         )

WHEREAS, the SOUTH CAROLINA STATE HOUSING AUTHORITY, (the "Authority") is justly indebted to THE SOUTH CAROLINA NATIONAL BANK, (the "Mortgagee"), in the principal amount of ONE MILLION THREE HUNDRED EIGHTY-SEVEN THOUSAND NINE HUNDRED AND NO/100 (\$1,387,900.00) DOLLARS, with interest thereon at the rate of four and nine-tenths percent (4.9%) per annum payable upon maturity, all as set forth in the Note of the Authority to the Mortgagee of even date herewith; and

WHEREAS, the said Note is issued pursuant to the provisions of Article 3, Chapter 3, Title 31, Code of Laws of South Carolina, 1976, and Act R131 of the Acts of the General Assembly of the State of South Carolina for the year 1977 and is a limited obligation of the Authority payable solely from the sources therein set forth and secured solely by this Mortgage and the properties, moneys and property rights set forth in a certain Loan and Security Agreement of even date herewith between the Authority and the Mortgagee; and

WHEREAS, in order to secure the said Note the Authority is obligated to and desires to secure the same by this forecloseable Mortgage.

NOW, KNOW ALL MEN, that the Authority, in consideration of the said debt, and for the better securing the payment thereof, according to the conditions of the said Note; which



with all its provisions is hereby made a part hereof; and also in consideration of Three and No/100 (\$3.00) Dollars to the said Authority in hand well and truly paid, by the said Mortgagee, at and before the sealing and delivery of these Presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released and by these Presents does grant, bargain, sell and release unto the said THE SOUTH CAROLINA NATIONAL BANK, its successors and assigns, the following described property, to-wit:

ALL that piece, parcel or tract of land located near Walterboro in Walterboro School District, Verdier Township, Colleton County, South Carolina, containing Fifteen and Fifty Hundredths (15.50) acres more or less and bounding and measuring as follows: On the North by lands now or formerly of Lee Berry and measuring thereon One Thousand One Hundred Thirty-Four and Forty Hundredths (1,134.40') feet; on the East by other lands of the grantors to the Authority and measuring thereon Four Hundred Ninety-Eight and Eighty Hundredths (498.80') feet; on the South by lands said to be of the Hezekiah Bell Estate and lands of H. C. Strickland and measuring thereon Three Hundred Twelve and One Hundredths (312.01') feet and Eight Hundred Thirty and Thirty-Three Hundredths (830.33') feet; and bounded on the West by S. C. Route 303, also known as the Walterboro-to-Greenpond highway and measuring thereon Seven Hundred One and Seventy Hundredths (701.70') feet; all of which will more fully appear by reference to a plat of Albert Heatley, Jr., R.L.S., dated February, 1977 and recorded in Plat Book \_\_\_\_\_ at Page \_\_\_\_\_ in the Office of the Clerk of Court for Colleton County, South Carolina.

Mary Kate S. Gardner and Newell S. Langdale, grantors to the Authority, reserved a non-exclusive right-of-way for a common road from S. C. Route 303 on the West to other lands of Mary Kate S. Gardner and Newell S. Langdale on the East over the southernmost Sixty (60') feet of the above described tract of land, which right-of-way is more fully described by reference to the above mentioned plat; and as to which right-of-way the South Carolina State Housing Authority, its successors and assigns, also has the right for the use of the same in common with Mary Kate S. Gardner and Newell S. Langdale.



This being a portion of the land conveyed to Hortense H. Smith by D. L. Smith as the second tract of land in the deed dated June 20, 1925 and recorded on October 25, 1926 in Deed Book 57, at Page 652 in the Office of the Clerk of Court for Colleton County, South Carolina. Mary Kate S. Gardner and Newell S. Langdale, formerly Newell S. Tilton, are the sole heirs of Hortense H. Smith who died intestate.

The property above described has this day been conveyed to the South Carolina State Housing Authority and the within Mortgage is a purchase money mortgage.

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the said premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular the said Premises unto the said THE SOUTH CAROLINA NATIONAL BANK, its successors and assigns forever.

AND the Authority does hereby bind itself and its successors and assigns to procure or execute any further necessary assurances of title to the said premises, the title to which is unencumbered, and also to warrant and forever defend all and singular the said Premises unto the said Mortgagee, its successors and assigns, from and against the Authority and its successors and assigns and all persons lawfully claiming, or to claim the same or any part thereof.

AND IT IS AGREED, by and between the parties hereto, that the Authority, its successors and assigns, shall keep the buildings erected on said premises, insured against loss or damage by fire, for the benefit of the said Mortgagee, for an amount not less than that specified in a certain Loan and Security Agreement between the parties

hereto of even date herewith, in such company as shall be approved by the said Mortgagee, and shall deliver the policy to the said Mortgagee, and in default thereof, the said Mortgagee, or its successors and assigns, may effect such insurance and reimburse itself under this Mortgage for the expense thereof, with interest thereon, from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the said Mortgagee, its successors and assigns, shall be entitled to receive from the aggregate of the insurance moneys to be paid, a sum equal to the amount of the debt secured by this Mortgage.

AND IT IS AGREED, by and between the said parties, that if the Authority, its successors or assigns, shall fail to pay all taxes and assessments upon the said premises when the same shall first become payable, then the said Mortgagee, its successors or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse itself under this Mortgage for the sums so paid, with interest thereon, from the dates of such payments.

AND IT IS AGREED, by and between the said parties, that upon any default being made in the payment of the interest or principal of the Note, or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, when the same shall severally first become payable, or in any other of the provisions of this Mortgage, or in

the Loan and Security Agreement between the parties above referred to, that then the entire amount of the debt secured, or intended to be secured hereby, shall forthwith become due, at the option of the said Mortgagee, its successors or assigns, although the period for the payment of the said debt may not then have expired.

AND IT IS AGREED, that if the holder of the Note secured hereby is compelled to pay any taxes upon the debt represented by said Note, or by this Mortgage, then, and in that event, unless the said taxes are paid by some party other than the said holder, that then the entire amount of the debt secured, or intended to be secured, shall forthwith become due at the option of the said Mortgagee, its successors or assigns, although the period for its payment may not then have expired.

AND IT IS AGREED, by and between the said parties, that, should legal proceedings be instituted for the collection of the debt secured hereby, then and in that event, the said Mortgagee, its successors or assigns, shall have the right to have a Receiver appointed of the rents and profits of the above described premises, with power to forthwith lease out the said premises anew if he should so elect, who, after deducting all charges and expenses attendant to such proceedings, and the execution of the said trust as Receiver, shall apply the residue of the said rents and profits towards the payment of the debts secured hereby.

AND IT IS FURTHER AGREED, by and between the said parties, that should legal proceedings be instituted for the foreclosure of this Mortgage, or for any purpose involving this Mortgage, or should the debt hereby secured be placed in the hands of an attorney at law for collection, by suit or otherwise, that all costs and expenses incurred by the Mortgagee, its successors or assigns, including a reasonable counsel fee, as provided in the Loan and Security Agreement above referred to, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

PROVIDED that the Authority, as an agency of the State of South Carolina with limited statutory powers can not and does not incur any obligation hereunder which constitutes a general obligation of the Authority or a general obligation of the State of South Carolina, or as to which the State shall incur or shall have incurred pecuniary liability or a charge against its credit or taxing power and each and every covenant herein (and in the Note made) is payable and dischargeable solely from the proceeds of the sale of the mortgaged property and from the property, moneys and property rights granted under the Loan and Security Agreement between the parties hereinabove spoken of.

PROVIDED, ALWAYS, and it is the true intent and meaning of the parties to these Presents, that when the Authority, its successors and assigns, shall pay, or cause



to be paid unto the said Mortgagee, its successors, certain attorneys, or assigns, the said debt, with interest thereon, if any shall be due, and also all sums of money paid by the said Mortgagee, its successors or assigns, according to the conditions and agreements of the said Note, and of this Mortgage and the said Loan and Security Agreement and shall perform all the obligations according to the true intent and meaning of the said Note and Mortgage and Loan and Security Agreement and the conditions thereunder written, then this Deed of Bargain and Sale shall cease, determine and be void, otherwise it shall remain in full force and virtue.

AND IT IS LASTLY AGREED, by and between the said parties, that the Authority, its successors and assigns, shall hold and enjoy the said premises until default of payment shall be made.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE HOUSING AUTHORITY has caused these presents to be executed by its Chairman and attested by its Secretary and the seal of the Authority to be impressed hereon, and this Mortgage to be dated this the \_\_\_\_\_ day of November, A.D. 1977.

WITNESSES:

SOUTH CAROLINA STATE HOUSING  
AUTHORITY

(SEAL)

\_\_\_\_\_  
By \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Attest:  
\_\_\_\_\_  
Secretary



STATE OF SOUTH CAROLINA   )  
                                      )  
COUNTY OF                        )

PERSONALLY appeared before me \_\_\_\_\_,  
who being duly sworn, deposes and says that \_\_\_he saw the  
corporate seal of South Carolina State Housing Authority  
affixed to the foregoing Mortgage, and that \_\_\_he also saw  
\_\_\_\_\_ as Chairman of the South Carolina  
State Housing Authority, and \_\_\_\_\_ as  
Secretary of the South Carolina State Housing Authority,  
sign and attest the same and that \_\_\_he with \_\_\_\_\_  
\_\_\_\_\_ witnessed the execution and delivery thereof as  
the act and deed of the South Carolina State Housing Authority.

\_\_\_\_\_  
SWORN to before me this  
\_\_\_\_\_ day of November, 1977.

\_\_\_\_\_(L.S.)  
Notary Public for South Carolina  
My Commission Expires:

STATE OF SOUTH CAROLINA.

I, Secretary of the Commissioners of the South Carolina State Housing Authority, DO HEREBY CERTIFY:

That the said Commissioners of the South Carolina State Housing Authority are as follows:

That due notice of meeting of said Commissioners, called to be held in Varnville, South Carolina, at \_\_\_\_\_, \_\_\_\_\_.M., \_\_\_\_\_, November \_\_, 1977, was given in writing; that all Commissioners were present at said meeting, with the exception of:

That at said meeting, a Resolution of which the attached is a true, correct and verbatim copy, was introduced by \_\_\_\_\_, who moved its adoption; said motion was seconded by \_\_\_\_\_, and upon the vote being taken and recorded it appeared that the following votes were cast:

FOR MOTION

AGAINST MOTION

The Chairman thereupon declared the Resolution unanimously adopted, and the original thereof has been duly entered in my permanent records of minutes of meetings of said Board, in my custody as its Secretary.

\_\_\_\_\_  
Secretary

November \_\_, 1977.

(except to the extent of \$70,000 which will be left on deposit in a non-interest bearing account and which is intended to be a compensating balance to cover administrative expenses). All earnings from investments shall be deposited in and become a part of the Construction Fund. The proceeds of the Construction Loan will be paid out for costs incident to the Project and only upon the warrant or order of the Authority approved by a duly authorized representative of the Government. The Construction Loan will be secured by

- (1) a first forecloseable mortgage upon the Project;
- (2) any unexpended balance of the Construction Loan, <sup>^</sup> including earnings from investments.
- (3) any proceeds <sup>^</sup> resulting from payments received by the Authority pursuant to insured losses resulting from any casualty insurance, contractors bond, fidelity bond or Title Insurance Policy carried by the Authority in connection with the Project; and
- (4) revenues derived from the use or rental of the Project, if any, during the life of the Construction Loan.

The Note evidencing the Construction Loan will expressly provide that it shall not then nor thereafter constitute an indebtedness of the State of South Carolina nor give rise to a pecuniary liability of the State of South Carolina or become a charge against its general credit or taxing powers.

### ARTICLE III

#### AUTHORIZATIONS

##### Section 3.01

The Authority, having made all findings required of it by Article 3 and the Act, and having determined that the financial arrangements set forth in Article II hereof will provide the necessary funds to acquire and construct the Project, herewith authorizes

1. The acquisition and construction of the Project;  
and

2. The making, entering into and securing of the Construction Loan and the permanent loan.

##### Section 3.02

The Authority shall borrow from The South Carolina National Bank the sum of \$1,387,900 upon the terms and conditions set forth herein. Such loan shall be evidenced by a Note of the Authority in form substantially as Exhibit A hereto which shall be executed by the Chairman of the Authority and its Secretary. The Note shall mature one year from its date, shall bear interest at 4.9% per annum and shall be subject to prepayment at any time without penalty.

##### Section 3.03

The Authority shall secure the loan from the Bank by a first forecloseable mortgage in form substantially as Exhibit B hereto, which shall be executed by the Chairman of the Authority and its Secretary and by a first security interest in funds described in paragraphs (2), (3) and (4) of Section 2.03 hereof.

EXHIBIT A

STATE OF SOUTH CAROLINA  
SOUTH CAROLINA STATE HOUSING AUTHORITY  
HOUSING DEVELOPMENT CONSTRUCTION NOTE  
(WALTERBORO PROJECT)

Dated: November \_\_, 1977

\$1,387,900

FOR VALUE RECEIVED, the SOUTH CAROLINA STATE HOUSING AUTHORITY, a body politic and corporate and an agency of the State of South Carolina (herein the "Authority"), promises to pay, but solely from the sources hereinafter described, to the order of The South Carolina National Bank (herein, sometimes the "Lender"), at its principal office in the City of Columbia, South Carolina, the principal sum of One Million Three Hundred Eighty Seven Thousand Nine Hundred Dollars (\$1,387,900), plus interest on the unpaid principal balance at the rate of Four and Ninety Hundredths percent (4.90%) per annum. The said principal and interest shall become due and shall be paid on the \_\_\_\_ day of November, 1978.

This Note <sup>^</sup>may <sup>^</sup>be prepaid in whole or in part at any time without penalty.

This Note is issued by the Authority pursuant to and for purposes permitted by Article 3 of Chapter 3 of Title 31, Code of Laws of South Carolina, 1976, and Act R-131 of the



EXHIBIT B

STATE OF SOUTH CAROLINA    )  
                                  )       M O R T G A G E  
COUNTY OF COLLETON        )

WHEREAS, the SOUTH CAROLINA STATE HOUSING AUTHORITY, (the "Authority") is justly indebted to THE SOUTH CAROLINA NATIONAL BANK, (the "Mortgagee"), in the principal amount of ONE MILLION THREE HUNDRED EIGHTY-SEVEN THOUSAND NINE HUNDRED AND NO/100 (\$1,387,900.00) DOLLARS, with interest thereon at the rate of four and nine-tenths percent (4.9%) per annum payable upon maturity, all as set forth in the Note of the Authority to the Mortgagee of even date herewith; and

WHEREAS, the said Note is issued pursuant to the provisions of Article 3, Chapter 3, Title 31, Code of Laws of South Carolina, 1976, and Act R131 of the Acts of the General Assembly of the State of South Carolina for the year 1977 and is a limited obligation of the Authority payable solely from the sources therein set forth and secured solely by this Mortgage and the properties, moneys and property rights set forth in a certain Loan and Security Agreement of even date herewith between the Authority and the Mortgagee; and

WHEREAS, in order to secure the said Note the Authority is obligated to and desires to secure the same by this forecloseable Mortgage.

NOW, KNOW ALL MEN, that the Authority, in consideration of the said debt, and for the better securing the payment thereof, and all extensions, renewals and modifications thereof, according to the conditions of the said Note; which

SINKLER, GIBBS & SIMONS

PRELIMINARY DRAFT

LOAN AND SECURITY AGREEMENT Dated November 7, 1977

This Loan and Security Agreement (the "Agreement") made and entered into by and between the South Carolina State Housing Authority (the "Authority") and The South Carolina National Bank, a banking corporation in the City of Columbia, State of South Carolina (the "Bank"):

WITNESSETH:

The Authority has applied to the Bank for a construction loan (the "Loan") to provide funds with which the Authority will acquire a tract of land containing approximately 15.51 acres more or less in Verdier Township, Colleton County, and will construct thereon 64 housing units which are intended to provide housing for approximately 280 persons or families of low income (the "Project"). The Loan is to be evidenced by a Note of the Authority (the "Note") authorized by a resolution of the Authority (the "Resolution") which prescribes the sources from which the Note is to be paid and the manner in which it is to be secured. The undertaking of the Authority in its Resolution has been duly approved by the Budget and Control Board of the State of South Carolina (the "State Board").

The Bank has agreed to make the Loan and the Authority and the Bank enter into this Agreement to evidence the terms and conditions under which the Loan is to be made, disbursed and secured.

NOW THEREFORE, in consideration of the matters of inducement above recited and the sum of One Dollar (\$1.00) in hand paid to the Authority by the Bank, the receipt and sufficiency of which the Authority acknowledges the parties hereto agree as follows:

ARTICLE I

LOAN DOCUMENTS

The Authority has duly authorized, executed and delivered to the Bank the following documents which together with this Agreement constitute the loan documents (the "Loan Documents").

1. A certified copy of the Resolution.
2. The Note in the principal amount of \$1,387,900, dated as of the date hereof, bearing interest at the rate of 4.9% per annum, payable at the maturity thereof, and maturing one year from its date.
3. A first forecloseable mortgage on the Project (the "Mortgage").
4. UCC Financing Statements giving notice of the security interests created hereunder (the "Financing Statements").

ARTICLE II

REPRESENTATIONS AND WARRANTIES

1. The Authority is a duly constituted agency of the State of South Carolina and is duly authorized by the provisions of the laws of South Carolina recited in the Resolution to acquire, construct and finance the Project.

2. All conditions, acts and things, including governmental approvals, required by the laws of South Carolina to exist, to happen and to be performed precedent to the undertakings of the Authority to acquire, construct and finance the Project have happened and have been performed in regular and due time, form and manner.

3. Plans and specifications (the "Plans") for the Project have been prepared and a copy thereof has been delivered to the Bank.

4. The Authority has applied for and has obtained from the Farmers Home Administration of the Department of Housing and Urban Development of the United States (FmHA) a commitment or allocation of funds pursuant to which FmHA will make a permanent loan to the Authority to finance the Project upon its completion (the "Commitment").

5. The Authority has an enforceable option to purchase the site of the Project and has entered into a construction contract (the "Construction Contract") pursuant to which the Project will be constructed in accordance with the Plans.

6. The Note, the Mortgage and this Agreement are in all respects legal, valid and binding documents according to their terms and grant to the Bank valid and enforceable security in the Project, property, moneys and the property rights herein described.

7. No chattel mortgage, Bill of Sale, security agreement, financing statement or title retention contract (except those executed to the Bank has been or will be executed with respect



to the Project and the property, moneys and property rights herein granted to the Bank as security for the Loan.

8. The consummation of the transactions hereby contemplated and the performance of the obligations of the Authority under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any mortgage, security deed, deed of trust, lease, bank loan or credit agreement, by-laws, or other instrument to which the Authority is a party or by which it may be bound or affected.

9. There are no actions, suits, or proceedings pending, or, to the knowledge of the Authority, threatened against or affecting the Authority or the Project, or involving the validity or enforceability of any of the Loan Documents or the priority of the lien thereof, at law or in equity, or before or by any governmental authority.

10. The Authority has no knowledge of any violations or notices of violations of any Federal law or municipal or county ordinance or order or requirement or any municipal department or other governmental authority having jurisdiction affecting the Project, which violations in any way relate to or affect the Project.

11. The Plans and construction pursuant thereto and the use of the Project contemplated thereby comply and will comply with all governmental laws and regulations, and requirements, standards and regulations of appropriate supervising boards of fire underwriters and similar agencies.



12. All utility servies necessary for the construction of the Project and the operation thereof for their intended purposes are available at the boundaries of the Project, including water supply, storm and sanitary sewer facilities, electric and telephone facilities.

13. All building permits required for the construction of the Project have been or will be obtained and copies furnished prior to any construction disbursement.

14. The site of the Project is not now damaged or injured as a result of any fire, explosion, accident, flood or other casualty.

### ARTICLE III

#### COVENANTS OF AUTHORITY

The Authority hereby covenants and agrees with the Bank as follows:

1. Commitment: To permit no default under the terms of the Commitment to the Authority from FmHA.

2. Construction Contract: (i) To deliver to the Bank prior to any withdrawal a general waiver of mechanic's liens executed by the General Contractor, (ii) To permit no default under the terms of the Construction Contract, (iii) to waive none of the obligations of the Contractor thereunder, (iv) to do no act which would relieve Contractor from its obligations to construct the Project according to the Plans, (v) to make no material amendments to the Construction Contract, without the prior written consent of the Bank and FmHA, and (vi) to

furnish the Bank, prior to any disbursement, with an agreement by Contractor that, in the event of default by Authority under the terms of any of the Loan Documents, the Contractor will, at the request of the Bank continue performance pursuant to the Construction Contract until completion of construction of the Project, provided the Contractor is reimbursed in accordance with the Construction Contract for all such services rendered.

3. Agreement of Architect: To furnish to the Bank, at its request, with an agreement by the Architect that, in the event of default by the Authority under the terms of any of the Loan Documents, the Architect will, at the request of the Bank (i) continue performance pursuant to its contract with the Authority until completion of construction of the Project provided Architect is reimbursed in accordance with said contract for all such services rendered and (ii) permit the Bank to use the Plans and Specifications at no cost to the Bank.

4. Insurance: To obtain such insurance or evidence of insurance as the Bank or FmHA may require, including but not limited to the following:

(i) Title Insurance: A mortgagee title insurance policy in amount, form and substance and written by a title insurance company satisfactory to the Bank insuring a valid first lien upon the Project by virtue of

the Mortgage, specifically insuring against unfiled mechanic's liens, the original of which policy shall be promptly delivered to the Bank. The policy shall contain no exceptions except standard printed exceptions, those exceptions referred to in the Mortgage and those specifically waived in writing by the Bank.

(ii) Builder's Risk Insurance: Builder's risk and such other hazard insurance as the Bank may require with standard non-contributing mortgagee clauses and standard subrogation clauses, such insurance to be in such amounts and form and by such companies as shall be approved by the Bank, and the originals of such policies (together with appropriate endorsements thereto, evidence of payment of premiums thereon and written agreements by the insurer or insurers therein to give the Bank ten (10) days' prior written notice of intention to cancel) shall be promptly delivered to the Bank; said insurance coverage to be kept in full force and effect at all times until the completion of construction of the Project. In the event that any portion of the Project is completed and possession of said portion is given to the Authority, and tenants, or invitees of the Authority take possession of said completed portion, the builder's risk insurance

policy shall be endorsed to provide specifically for the coverage of any such completed portion of the Project under the terms and conditions of the policy, so as to preclude the assertion of any and all defenses predicated on the possession and use of the completed portion of the Project.

(iii) Hazard Insurance: Fire and extended coverage insurance, flood insurance, and such other hazard insurance as the Bank may require with standard non-contributing mortgagee clauses and standard subrogation clauses, such insurance to be in such amounts and form and by such companies as shall be approved by the Bank, and the originals of such policies (together with appropriate endorsements thereto, evidence of payment of premiums thereon and written agreement by the insurer or insurers therein to give the Bank ten (10) days' prior written notice of intention to cancel) shall be promptly delivered to the Bank; such insurance to be obtained immediately upon completion of construction of the Project and before any portion of the Premises is occupied by the Authority or any tenant of the Authority with such insurance to be kept in full force and effect at all times thereafter until the payment in full of the Note.

(iv) Public Liability and Workmen's Compensation Insurance: A certificate from an insurance company indicating that the Contractor is covered to the

satisfaction of the Bank by public liability and workmen's compensation insurance.

5. Collection of Insurance Proceeds: To cooperate with the Bank in obtaining for the Bank the benefits of any insurance or other proceeds lawfully payable to it in connection with the transactions contemplated hereby and the collection of any indebtedness or obligation of the Authority to the Bank incurred hereunder (including the payment by the Authority of the expense of an independent appraisal on behalf of the Bank in case of a fire or other casualty affecting the Project) the Authority understands and agrees that in the event the Bank shall lawfully collect either all or a portion of the insurance proceeds payable under insurance policies required by subparagraph 4 of this Article III, the Bank may, at its sole option and in its sole discretion, either apply such proceeds to the restoration of the Project or to the reduction of the unpaid principal indebtedness evidenced by the Note.

6. Expenses: To pay all costs of closing and administering the Loan contemplated hereunder and all reasonable expenses of the Bank with respect thereto including, but not limited to, legal fees of counsel, including legal fees incurred by the Bank subsequent to the closing of the loan, but incurred in connection with the disbursement, administration, or collection of the loan, advances, recording expenses, surveys, other recording



taxes, expenses or foreclosure (including reasonable attorneys' fees) and similar items, specifically including reasonable attorneys' fees and all reasonable expenses incurred by the Bank in the defense or prosecution of any litigation to which the Bank becomes or is made a party or because the Bank is the holder of the Mortgage or security interest hereinafter granted.

7. Commencement and Completion of Construction:

To diligently pursue the construction of the Project to completion, and to perform such duties as may be necessary to complete the construction of the Project pursuant to the Plans and in full compliance with all terms and conditions of the Commitment and the Loan Documents, all of which shall be accomplished within twelve (12) months from the date hereof.

8. Right of Lender to Inspect Premises: The Bank and its representatives and agents shall have the right, but not a duty, to enter upon the Project and to inspect the same and all materials to be used in the construction thereof and the Authority shall cause the Contractor to cooperate with the Bank and its representatives and agents during such inspections; provided, however, that this provision shall not be deemed to impose upon the Bank any obligation to undertake such inspections, and any such inspections and the results thereof shall be solely for the use and benefit of the Bank.

9. Correction of Defects. To promptly correct any structural defects in the Project and to promptly correct any departure from the Plans not previously approved by the Bank and FmHA. The advance of any loan proceeds shall not constitute a waiver of the Bank's right to require compliance with this covenant.

10. Restriction on Secondary Financing and Sale of Premises: To keep the Project and the personal property, upon which the Bank has a first lien as evidenced herewith and by the Mortgage, free and clear of all other encumbrances, liens, mortgages, security interest and secondary financing, and the Authority shall not, without the prior written consent of the Bank and FmHA, voluntarily or by operation of law, sell, transfer or convey all or any part of its interest in the Project or any portion thereof except as otherwise may be permitted in this Agreement.

11. Additional Documents: To perform hereunder as follows:

(i) Regarding Construction: To furnish to the Bank all notices received by the Authority from the Contractor and all instruments, documents, initial surveys, footing or foundation surveys, certificates, Plans, appraisals, title and other insurance, reports and agreements and each and every other document and instrument either required to be furnished by the terms hereof or which the Bank may reasonably request.

(ii) Regarding Preservation of Security: To sign and deliver to the Bank such documents, instruments, assignments and other writings, and to do such other acts necessary or desirable to preserve and protect the mortgage lien, assignment and security interest held by the Bank in the collateral at any time securing or intended to secure the Note, as the Bank may require.

(iii) Regarding this Agreement: To do and execute all such further lawful and reasonable acts, and assurances in the law for the better and more effective carrying out of the intents and purposes of this Agreement as the Bank shall reasonably require from time to time.

#### ARTICLE IV

##### USE AND DISPOSITION OF PROCEEDS OF LOAN

1. Upon the delivery of the Note to the Bank, the Bank shall pay to the Authority the sum of \$1,387,900. Simultaneously, therewith the Authority shall deposit the same in a project construction fund (the "Construction Fund") which shall be held in trust by the Bank, invested and reinvested, and disbursed only in the manner herein prescribed by the remaining paragraphs of this Article.

2. Except to the extent of \$70,000, which shall be left on deposit in non-interest bearing status as a balance to compensate the Bank in part for the services which it

will perform, unexpended balances in the Construction Fund shall be invested and reinvested in securities of the sort permitted by Chapter 5, Title 6, Code of Laws of South Carolina, 1976, and within maturities consonant with the anticipated uses for funds as indicated by the Authority to the Bank but in no event maturing after the maturity of the Note. All income received from such investments shall be deposited in and become a part of the Construction Fund. The Bank may use its own Bond department to effect investments.

3. Provided that no default hereunder or with respect to the Note and the Mortgage shall have occurred and shall then exist, disbursements for costs incident to the acquisition of the site, the financing thereof, and the construction of the Project may be made upon the order or certificate of the Authority approved or countersigned by a duly authorized representative of FmHA (the "Certificate for Payment"). The Certificate for Payment shall, upon the request of the Bank, be accompanied by evidence in form and content satisfactory to the Bank including, but not limited to, certificate and affidavits of the Authority and the Contractor or such other person as the Bank may require, showing:

(i) The value of that portion of the Project completed at that time;

(ii) That all outstanding claims for labor, materials and fixtures other than claims which are contested in good faith and for which adequate reserves

satisfactory to the Bond are maintained have been paid or will be paid using proceeds of disbursements then requested;

(iii) That there are no liens outstanding against the Project, except for the Bank's security interest, inchoate liens for property taxes not yet due or for labor or materials to be paid out of proceeds from requested disbursement;

(iv) That the Authority has complied with all of its obligations as to the date thereof, under the Loan Documents;

(v) That all construction prior to the date of the request for an advance has been done in accordance with the Plans.

(vi) That all funds previously disbursed by the Bank have been applied directly to the cost of the construction of the Project or such other incidental costs as the Bank shall have approved in writing; and that the remaining non-disbursed portion of the Loan is adequate to complete the Project.

3. Continuation of Title Insurance Coverage: The Certificate for Payment shall be accompanied by a satisfactory endorsement to the previously delivered mortgagee title insurance policy which endorsement shall (i) indicate that since the effective date of said policy (or the effective



date of the last such endorsement, if any) there has been no change in the status of title to the site as set out in said policy except as permitted in this Agreement or the other Loan Documents and (ii) have the effect of increasing the coverage of the policy by an amount equal to the advance then being made unless said policy expressly provides automatically and without condition for such increase in coverage upon each such disbursement.

4. Conditions Precedent to Construction Disbursements:

At no time and in no event shall the Bank be obligated to disburse additional funds:

(i) in excess of the amount recommended by any inspector or architect then employed by the Bank.

(ii) if any event of default as set forth in Article VI hereof shall have occurred and shall not have been cured prior to time of disbursement;

(iii) if in the opinion of the Bank the estimated remaining cost of construction in accordance with the Plans exceeds the remaining undisbursed portion of the loan proceeds and such opinion is confirmed in writing by an inspector or architect appointed by the Bank after consultation with the General Contractor, the Authority and the Authority's Architect and the Authority is unable to provide such funds or to secure an increase in the Commitment from FmHA for such excess funds;

(iv) if the Project shall have been damaged by fire, flood or other casualty and the Bank shall not have received insurance proceeds sufficient in the sole judgment of the Bank to effect the restoration of the Project in accordance with the Plans and to permit the completion of the Project on or before the completion date and the Authority is unable to secure an increase in the commitment from FmHA, for such additional funds;

(v) if Authority has not paid when due all obligations for the cost of constructing the Project or for any restoration thereof required hereunder or by FmHA.

5. Retainage: Ten percent (10%) of each loan disbursement for the General Contractor shall be withheld by the Authority which ten percent (10%) shall be disbursed only upon compliance with the following requirements in addition to the requirements for all other disbursements:

(i) Receipt by Authority of satisfactory evidence of the completion of the Project in accordance with Plans and approval of such completion by FmHA.

(ii) Receipt by the Bank of a satisfactory "as-built" blueprint or survey reflecting the location units of the Project on the site in accordance with the Plans.

(iii) Receipt by the Bank of the requisite lien waivers and affidavit of Contractor sufficient in the

opinion of counsel to the Bank to dissolve any mechanic's and materialmen's liens (inchoate or otherwise) affecting title to the Project.

6. Notice, Frequency and Place of Disbursements:

At the option of the Bank (i) the above said Certificate for Payment shall be submitted to the Bank at least five (5) business days prior to the date of the requested advance, (ii) disbursements shall be made no more frequently than monthly, and (iii) all disbursements shall be made at the office of the Bank in the City of Columbia, or at such other place as the Bank may designate.

7. Advances Do Not Constitute a Waiver: No advance of loan proceeds hereunder shall constitute a waiver of any of the conditions of the Banks obligation to make further advances nor, in the event the Authority is unable to satisfy any such condition, shall any such waiver have the effect of precluding the Bank from thereafter declaring such inability to be an event of default under Article VI hereof.

8. Approval of Construction Contract and Contractor:

The General Contractor and the form and substance of the General Construction Contract shall be subject to the approval of the Bank.

9. Payment and Performance Bonds: Prior to any advance, the obligations of the General Contractor shall be guaranteed by a Payment and Performance Bond in the full

amount of the contract and in such form as approved by the Bank and written by a surety acceptable to the Bank, with a dual-obligee rider in favor of the Bank.

#### ARTICLE V

##### CREATION OF SECURITY INTERESTS

1. To secure the payment and performance of the obligations of the Authority to the Bank pursuant to the Note, the Mortgage and this Agreement, the Authority hereby grants to the Bank, a present security interest in the Collateral described in paragraph 2 hereof.

2. The Collateral is and shall be

(a) Any and all fixtures, equipment, appliances and other personal property, whether now owned or hereafter acquired, or in which the Authority now has or shall hereafter acquire any right, title or interest whatsoever (whether by bill of sale, lease, conditional sales contract, other title retention document or otherwise) which is, are or shall be located upon and used in the Project or other operations or enterprises carried out upon the real property more particularly described in the Mortgage, together with any and all replacements or substitutions thereof or therefor as well as the proceeds thereof or therefrom regardless of form.

(b) All moneys not then disbursed in the Construction Fund.

(c) All proceeds resulting from any payment to the Authority on account of any insurance policy, contractor's bond, fidelity bond, title insurance policy obtained by the Authority in connection with the Project.

(d) All proceeds payable to the Authority pursuant to the Commitment from FmHA.

(e) The proceeds of all rents and revenues which the Authority may derive from the use or rental of the Project prior to the payment in full of the principal of and interest on the Note.

3. The Authority shall take any and all steps required to protect the Collateral described in paragraph 2 hereof and pursuant to this obligation the Authority agrees that the Collateral:

(i) Will be used primarily in the construction or operation of the Project; and

(ii) Will not be misused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use; and

(iii) Will at all times be insured against loss, damage, theft, and such other risks as the Bank may require in such amounts, with such companies, under such policies, in such form and for such periods as shall be satisfactory to the Bank, and each such policy shall provide that the loss thereunder and



the proceeds payable thereunder shall be payable to the Bank as its interest may appear, and the Bank may apply any proceeds of such insurance which may be received by the Bank toward the payment of the Note, whether due or not due, in such order as the Bank may determine; and

(iv) Will be kept at the Project where the Bank may inspect it at any time, except for its temporary removal for maintenance or repair in connection with its ordinary use; and

(v) Will not be used in violation of any statute or ordinance; and

(vi) May be examined and inspected by the Bank at any time, wherever located.

4. Protection of Security Interest: The Authority shall take any and all steps necessary to protect the priority of the security interest granted herein, and in pursuance of this obligation, the Authority agrees that:

(i) It will not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein or offer to do so without the prior written consent of the Bank, or permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded herein, except as herein provided; and

(ii) It will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation; and

(iii) It will sign and execute, alone or with the Bank, any financing statement or other document or procure any documents and pay all connected costs necessary to protect the security interest hereunder against the rights or interests of third persons; and

(iv) It will reimburse the Bank for all costs, including reasonable attorneys' fees, incurred for any action taken by the Bank to remedy a default of the Authority.

#### ARTICLE VI

##### DEFAULTS

An event of default shall be deemed to have occurred hereunder if:

1. Default Under Loan Documents: Any event of default occurs under any of the Loan Documents; or

2. Failure to Obtain an Advance: The Authority is unable to satisfy any condition of its right to obtain a disbursement from the Construction Fund for a period in excess of thirty (30) days following request and refusal of request for disbursement; or

3. Breach of Covenant: The Authority breaches or fails to perform, observe or meet any covenant or condition made in any of the Loan Documents; or

4. Breach of Warranty: Any warranties made or agreed to be made in any of the Loan Documents shall be breached by the Authority or shall prove to be materially false or misleading; or

5. Filing of Liens Against the Premises: Any lien for labor, amterial, taxes or otherwise shall be filed against the Project which lien or liens shall not be discharged or released prior to or immediately after commencement of a suit to enforce such lien, whether by payment in satisfaction of such lien, securing such lien by surety bond, or for which adequate reserves satisfactory to the Bank are maintained.

6. Other Agreements and Litigation: If the Authority shall fail to perform or observe any term, covenant or agreement contained in any Loan Document and such failure remains unremedied beyond the period of grace, if any, contained therein or if any suit shall be filed against the Authority, which, in the opinion of counsel for the Bank, if adversely determined, could impair the ability of the Authority to perform any one of its obligations under and by virtue of the Loan Documents and for which adequate reserves or surety, satisfactory to the Bank, are not maintained or secured to satisfy any judgment which might result from such filing; or

7. Levy Upon the Premises: A levy be made under any process on, or a receiver be appointed for, the Project.

8. Transfer of Premises: The Authority shall, without the prior written consent of the Bank voluntarily or by operation of law, sell, transfer or convey (except

as may be provided in the Loan Documents) all or any part of its interest in the Project or in any of the personalty located thereon, and used or intended to be used in connection therewith.

9. The Authority shall fail to fully discharge its obligations with respect to the Collateral described in Article V hereof; or

10. Grace Period: Other than a default in payment of principal and/or interest when due or a violation of Article V, or a voluntary petition for bankruptcy, receivership or reorganization, the Authority shall have a period of thirty (30) days from written notice by the Bank of an event of default under the Loan Documents in which to cure such default.

#### ARTICLE VII

##### REMEDIES OF THE BANK

Upon the occurrence of any one or more of the events of default set out in Article VI hereof, the Bank shall at its option be entitled, in addition to, and not in lieu of the remedies provided for in the Loan Documents or otherwise provided by law:

(i) To demand payment on the Note and to declare the Note and Mortgage in default;

(ii) To perform or cause to be performed any and all work and labor necessary to complete the Project in accordance with Plans;

(iii) To employ security watchmen to protect the Project;

(iv) To protect the Collateral and to collect the proceeds therefrom; and

(v) To disburse that portion of the Construction Fund not previously disbursed (including any retainage) to the extent necessary to complete construction of the Project in accordance with the Plans and if the completion requires a larger sum than the remaining undisbursed portion of the loan, to disburse such additional funds, all of which funds so disbursed by the Bank shall be deemed to have been disbursed to the Authority and shall be secured by the Mortgage and by the security interest granted herein. For this purpose, the Authority hereby constitutes and appoints the Bank its true and lawful attorney-in-fact with full power of substitution to complete the construction of the Project in the name of the Authority, and hereby empowers the Bank as said attorney to take all actions necessary in connection therewith including, but not limited to, the following: To use any funds in the Construction Fund for the purpose of completing the Project in the manner called for by the Plans; to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for said purposes; to pay, settle or compromise all existing or future bills and claims which are or may be liens against the Project, or may be necessary or desirable for the completion of the Project



or the clearance of title to the Project; to execute all applications and certificates in the name of the Authority which may be required by any Construction Contract and do any and every act with respect to the construction of the Project which the Authority might do in its own behalf. Said attorney-in-fact shall also have power to prosecute and defend all actions or proceedings in connection with the construction of the Project and to take such action and require such performance as it deems necessary. In accordance therewith, the Authority hereby assigns and quit-claims to the Bank all sums to be advanced hereunder including retainage and any sums in escrow conditioned upon the use of said sums, if any, for the completion of the Project.

(vi) To exercise any and all rights granted to a secured party under the Uniform Commerical Code of South Carolina.

It is agreed by the Authority that the remedies herein granted are cumulative to the other remedies provided for in the other Loan Documents and provided by law.

#### ARTICLE VIII

##### GENERAL CONDITIONS

The following conditions shall be applicable throughout the term of this Agreement:

1. Rights of Third Parties: All conditions of the obligations of the Bank hereunder, including the obligation to make advances, are imposed solely and exclusively for the

benefit of the Bank and its successors and assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that the Bank will make advances in the absence of strict compliance with any or all the terms and conditions hereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by the Bank at any time and from time to time, in its sole discretion. In this connection the Authority agrees to and shall indemnify the Bank from any liability, claims or losses resulting from the disbursement of the loan proceeds or from the condition of the Project whether related to the quality of construction or otherwise and whether arising during or after the term of the Note. This provision shall survive the payment of the Note and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists.

2. Agreement Survives Closing: The Bank makes the Loan in reliance upon the warranties and covenants of the Authority in this Agreement and the other Loan Documents and such warranties and covenants shall survive the execution and delivery of the Loan Documents and shall continue until the Note and any other sums to be paid under the terms of the Loan Documents are paid in full.

3. Evidence of Satisfaction of Conditions: With respect to any condition of this Agreement which requires the submission of evidence of the existence of non-existence of a specified fact or facts, the Bank shall, at all times, be free to establish independently to its satisfaction and in its absolute discretion such existence or non-existence.

4. Assignment by Bank: The Bank may assign all or any portion of its rights in the Loan Documents and all of the provisions hereof shall continue in full force and effect and any advances made by any assignee shall be deemed made in pursuance and not in modification hereof and shall be evidenced by the Note and secured by the Mortgage and this Agreement.

5. Headings: The heading of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

6. Invalid Provisions to Affect No Others: If fulfillment of any provision hereof or any transaction related hereto at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clauses or provisions herein contained operate or

would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

7. Each and every covenant herein made by the Authority is subject to the condition that it shall not create or give rise to any obligation of the State of South Carolina which would create a pecuniary liability of the State of South Carolina or constitute a charge against its credit or taxing power and all obligations to pay or to reimburse hereunder shall be discharged only from the Mortgage and the Collateral.

8. Number and Gender: Whenever the singular or plural number, masculine or feminine or neuter gender, is used herein, it shall equally include the other and the words hereof, herein, hereunder refer to this Agreement in its entirety. .

9. Amendments: Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, The Authority and the Bank have hereunto caused these presents to be executed on the date and year first hereinabove written.

MSL

SINKLER GIBBS & SIMONS  
PROFESSIONAL ASSOCIATION  
ATTORNEYS & COUNSELLORS AT LAW  
2 PRIOLEAU STREET  
CHARLESTON, S. C. 29402

POST OFFICE BOX 340

TELEPHONE 722-3366  
AREA CODE 803

November 29, 1977

Honorable William T. Putnam  
State Auditor  
Post Office Box 11333  
Columbia, South Carolina 29211

Re: \$1,387,900 South Carolina State Housing  
Authority Housing Development Construction  
Note (Walterboro Project)

Dear Bill:

Enclosed you will find a certified copy of the Record  
of Proceedings and a complete executed set of Closing Papers  
in connection with the above financing for your records.

With kind regards,

Sincerely,

*Huger*

HS:dn  
Enclosures



CERTIFIED COPY OF  
TRANSCRIPT OF PROCEEDINGS IN RE:  
\$1,387,900 SOUTH CAROLINA STATE  
HOUSING AUTHORITY HOUSING DEVELOPMENT  
CONSTRUCTION NOTE (WALTERBORO PROJECT)

DATED: NOVEMBER 21, 1977

#3

STATE OF SOUTH CAROLINA.

I, O. FRANK THORNTON, Secretary of State of the State of South Carolina, DO HEREBY CERTIFY:

That the attached constitutes a true, correct and verbatim copy of the Transcript of Proceedings covering the issuance of a ONE MILLION THREE HUNDRED EIGHTY SEVEN THOUSAND NINE HUNDRED DOLLAR (\$1,387,900) SOUTH CAROLINA STATE HOUSING AUTHORITY HOUSING DEVELOPMENT CONSTRUCTION NOTE (WALTERBORO PROJECT), dated November 21, 1977, as the same was this day filed in my office and indexed in a special book kept for that purpose.

(SEAL)

Given under my Hand and the Great Seal of the State of South Carolina, at Columbia, South Carolina, this 21st day of November, A. D. 1977, and in the Two Hundred and First Year of the Independence of the United States of America.



O. FRANK THORNTON  
Secretary of State

THE STATE OF SOUTH CAROLINA

I, O. FRANK THORNTON, Secretary of State of South Carolina, DO HEREBY CERTIFY:

(1) That, as prescribed by Section 1-11-10, Code of Laws of South Carolina, 1976, as amended, the State Budget and Control Board of South Carolina consists of the following: The Governor, who shall be Chairman, the State Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the Ways and Means Committee of the House of Representatives, all of whom shall be members ex officio of said Board.

(2) That the said State Budget and Control Board is presently composed of the following:

His Excellency, James B. Edwards, Governor of South Carolina, and Chairman of the Board, for a term of office which began on the 15th day of January, 1975, and will end on the 10th day of January, 1979.

The Honorable Grady L. Patterson, Jr., State Treasurer, for a term of office which began on the 15th day of January, 1975, and will end on the 10th day of January, 1979.

The Honorable Earle E. Morris, Jr., Comptroller General of South Carolina, for a term of office which began on the 1st day of July, 1976, and will end on the 10th day of January, 1979.

The Honorable Rembert C. Dennis, Chairman of the Senate Finance Committee. This Chairman is selected by the Senate at the commencement of each Session of the General Assembly; and

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee. This Chairman is elected by the House Ways and Means Committee, which is appointed by the Speaker of the House at the commencement of each Session of the General Assembly.

(3) That I was re-elected to the Office of Secretary of State of The State of South Carolina at the General Election held in said State on the 5th day of November, 1974, for the term of office which began on the 15th day of January, 1975, and will end on the 10th day of January, 1979.

Given under my Hand and the Great Seal of the State of South Carolina, at Columbia, South Carolina, this 27<sup>th</sup> day of October, 1977, in the two hundred and second year of the Independence of the United States of America.

O. Frank Thornton  
O. FRANK THORNTON  
Secretary of State



STATE OF SOUTH CAROLINA  
COUNTY OF RICHLAND

I, the undersigned, Secretary of the Commissioners of South Carolina State Housing Authority, DO HEREBY CERTIFY that the following constitute the Commissioners of South Carolina State Housing Authority, the dates of qualification and expiration of terms of office being as set forth opposite their names:

NAME	DATE OF QUALIFICATION	EXPIRATION OF TERM
JAMES B. EDWARDS, Governor	ex officio	
REPRESENTATIVE NICK A. THEODORE	ex officio	
WILLIAM T. PUTNAM	ex officio	
SENATOR JOHN C. LINDSAY	ex officio	
DR. ALBERT G. RANDALL	ex officio	
HUGH C. LANE, Chairman	7-29-74	8-15-78
JOHN HARDIN	9-4-74	8-15-78
ROBERT V. MATHISON	9-21-76	8-15-78
ISAAC WASHINGTON	9-12-77	8-15-81
MRS. JULE BASKIN	9-12-77	8-15-81

I DO FURTHER CERTIFY that HUGH C. LANE has held office as Chairman of the Commissioners of South Carolina State Housing Authority since his election on July 29-1974.



I DO FURTHER CERTIFY that I am Secretary to the Commissioners of South Carolina State Housing Authority and have held such office since September, 1971.

WITNESS my Hand and Seal this 17 day of November, 1977.

(SEAL)

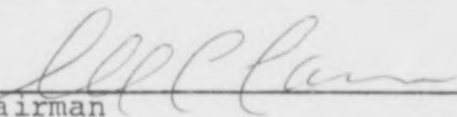
H. Hue Mayfield  
Secretary, Commissioners of South  
Carolina State Housing Authority

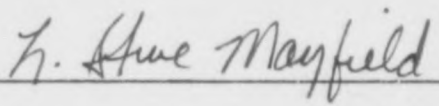
THE STATE OF SOUTH CAROLINA

We, the undersigned, are respectively the Chairman and Secretary of the Commissioners of South Carolina State Housing Authority and the impression of the Seal is affixed hereto.

WITNESS our Hands this 11 day of November, A. D. 1977.

(SEAL)

  
Chairman

  
Secretary

A RESOLUTION  
AUTHORIZING THE ACQUISITION, CONSTRUCTION AND FINANCING OF A  
RENTAL PROJECT IN COLLETON COUNTY INTENDED TO PROVIDE HOUSING  
FOR APPROXIMATELY 280 PERSONS OR FAMILIES OF LOW INCOME.

BE IT RESOLVED BY THE COMMISSIONERS OF THE SOUTH CAROLINA  
STATE HOUSING AUTHORITY, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

As an incident to the adoption of this Resolution, the  
Commissioners of the South Carolina State Housing Authority,  
find, as a fact, that each of the statements hereinafter set  
forth is in all respects true and correct;

1. The South Carolina State Housing Authority (the  
Authority) is duly empowered by both Article 3 of Chapter 3 of  
Title 31, Code of Laws of South Carolina, 1976 (Article 3),  
and by Act R-131 of the Acts of the General Assembly of the  
State of South Carolina for the year 1977 (the Act), to acquire  
and construct rental projects for persons and families of low  
income.

2. The Authority has found that there is no existing  
housing authority operating in Colleton County.

3. The Authority has also determined that there is no  
housing sponsor capable of undertaking the specific project  
in Colleton County hereafter described.

4. The Authority proposes to acquire a tract of land containing 15.51 acres more or less in Verdier Township in Colleton County and to construct thereon 68 units designed to provide housing for approximately 280 persons and families of low income (the Project).

5. The Authority has obtained the written approval of the County Council of Colleton County to this undertaking.

6. Heretofore, the Authority has obtained authorization from the State Budget and Control Board of South Carolina (the State Board) to the letting of a construction contract for the construction of the Project.

7. It is now necessary that the Authority obtain the approval of the State Board to the plan of financing of the Project hereafter outlined.

## ARTICLE II

### PLAN OF FINANCING

#### Section 2.01

The Authority has obtained a commitment from the Farmers Home Administration of the United States Government (the Government), to lend to the Authority following the construction of the Project the sum of \$1,387,900, to bear interest at the rate of 8% and to be repayable, both principal and interest, in installments over a period of 40 years.

The permanent loan will be secured by a first and forecloseable mortgage on the Project and by a pledge of the rents and revenues derived therefrom. The Note evidencing the loan will expressly provide that it shall not then nor thereafter constitute an indebtedness of the State of South Carolina nor give rise to a pecuniary liability of the State of South Carolina (except to the extent of the revenues from the Project) or become a charge against its general credit or taxing powers.

Section 2.02

The commitment of the Government requires the Authority to arrange temporary financing in order to provide funds for the acquisition of the site and to pay the cost of the construction of the Project. Such a loan (the Construction Loan) has been arranged with The South Carolina National Bank which will participate the loan with each of The Citizens and Southern National Bank of South Carolina, First National Bank of South Carolina and Bankers Trust of South Carolina.

Section 2.03

The Construction Loan will bear interest at the rate of 4.9% per annum and will mature one year from its date. The proceeds of the Construction Loan will be deposited with The South Carolina National Bank, as Trustee in a Construction Fund which will invest and reinvest the proceeds pending their actual use



(except to the extent of \$70,000 which will be left on deposit in a non-interest bearing account and which is intended to be a compensating balance to cover administrative expenses). All earnings from investments shall be deposited in and become a part of the Construction Fund. The proceeds of the Construction Loan will be paid out for costs incident to the Project and only upon the warrant or order of the Authority approved by a duly authorized representative of the Government. The Construction Loan will be secured by

- (1) a first forecloseable mortgage upon the Project;
- (2) any unexpended balance of the Construction Loan, including earnings from investments.
- (3) any proceeds resulting from payments received by the Authority pursuant to insured losses resulting from any casualty insurance, contractors bond, fidelity bond, or Title Insurance Policy carried by the Authority in connection with the Project; and
- (4) revenues derived from the use or rental of the Project, if any, during the life of the Construction Loan.

The Note evidencing the Construction Loan will expressly provide that it shall not then nor thereafter constitute an indebtedness of the State of South Carolina nor give rise to a pecuniary liability of the State of South Carolina or become a charge against its general credit or taxing powers.

### ARTICLE III

#### AUTHORIZATIONS

##### Section 3.01

The Authority, having made all findings required of it by Article 3 and the Act, and having determined that the financial arrangements set forth in Article II hereof will provide the necessary funds to acquire and construct the Project, herewith authorizes

1. The acquisition and construction of the Project;  
and
2. The making, entering into and securing of the Construction Loan and the permanent loan.

##### Section 3.02

The Authority shall borrow from The South Carolina National Bank the sum of \$1,387,900 upon the terms and conditions set forth herein. Such loan shall be evidenced by a Note of the Authority in form substantially as Exhibit A hereto which shall be executed by the Chairman of the Authority and its Secretary. The Note shall mature one year from its date, shall bear interest on the unpaid balance thereon at the rate of 4.90% per annum, payable semi-annually, and shall be subject to prepayment at any time without penalty.

##### Section 3.03

The Authority shall secure the loan from the Bank by a first forecloseable mortgage in form substantially as Exhibit B hereto, which shall be executed by the Chairman of the Authority and its Secretary and by a first security interest in funds described in paragraphs (2), (3) and (4) of Section 2.03 hereof.

Section 3.04

The Authority shall enter into a Loan and Security Agreement with The South Carolina National Bank in substantially the form as Exhibit C hereto to be executed by the Chairman of the Authority and its Secretary.

Section 3.05

The Authority has reviewed the proposed Resolution, Note, Mortgage and Security Agreement submitted to it by the Government in connection with the permanent loan and approves the form and content thereof and agrees to adopt the Resolution in substantially the form presented to it by the Government at the appropriate time. It further agrees to execute and deliver when so required the Note to the Government evidencing the permanent loan and to secure the same by a Mortgage and a Security Agreement in form substantially as submitted by the Government.

Section 3.06

The proceeds of the permanent loan shall be applied to the payment of the Construction Loan and thereafter if any proceeds remain in accordance with the Resolution which the Authority will adopt authorizing the permanent loan.

ARTICLE IV  
FURTHER ACTION

Section 4.01

The Chairman, Secretary and all other officers or employees of the Authority are authorized and empowered to execute such further documents as may be necessary or desirable to fully implement the action herewith taken.

Section 4.02

A copy of this Resolution, duly certified, shall be delivered to the State Board and shall serve as a request for the approval by the State Board as required by Section 7 of the Act.

DONE IN MEETING DULY ASSEMBLED, this 17 day of November, A. D. 1977.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY

Robert C. Lane  
Chairman

Attest:

H. Stue Mayfield  
Secretary

STATE OF SOUTH CAROLINA  
SOUTH CAROLINA STATE HOUSING AUTHORITY  
HOUSING DEVELOPMENT CONSTRUCTION NOTE  
(WALTERBORO PROJECT)

Dated: November 21, 1977

\$1,387,900

FOR VALUE RECEIVED, the SOUTH CAROLINA STATE HOUSING AUTHORITY, a body politic and corporate and an agency of the State of South Carolina (herein the "Authority"), promises to pay, but solely from the sources hereinafter described, to the order of The South Carolina National Bank (herein, sometimes the "Lender"), at its principal office in the City of Columbia, South Carolina, the principal sum of One Million Three Hundred Eighty Seven Thousand Nine Hundred Dollars (\$1,387,900), on the 21st day of November, 1978, with interest from the date hereof on the unpaid principal balance, at the rate of Four and Ninety Hundredths percent (4.90%) per annum, payable semi-annually.

This Note may be prepaid in whole or in part at any time without penalty.

This Note is issued by the Authority pursuant to and for purposes permitted by Article 3 of Chapter 3 of Title 31, Code of Laws of South Carolina, 1976, and Act R-131 of the Acts of the General Assembly of the State of South Carolina for the year 1977, in order to obtain funds with which to acquire and construct 68 housing units in Verdier Township in Colleton County, in order to provide housing for approximately



Acts of the General Assembly of the State of South Carolina for the year 1977, in order to obtain funds with which to acquire and construct 68 housing units in Verdier Township in Colleton County, in order to provide housing for approximately 280 persons or families of low income (the Project).

The issuance of this Note has been authorized by a Resolution duly adopted by the Authority and its issuance has received the approval of the State Budget and Control Board of South Carolina required by Act R-131. This Note has been issued in compliance with the terms and provisions of a Loan and Security Agreement of even date herewith between the Authority and the Lender and is secured by the properties, moneys and property rights set forth in said Loan and Security Agreement and by a first and forecloseable Mortgage on the Project.

This Note is a limited obligation of the Authority which is an agency of the State of South Carolina with limited statutory powers. It is payable solely from the properties, moneys and property rights described in the said Loan and Security Agreement and in the said Mortgage. The faith and credit of the State of South Carolina is not pledged to the payment of this Note and this Note does not constitute an indebtedness of the State of South Carolina and shall never give rise to a pecuniary liability of the State of South Carolina

The Authority has secured a commitment from the Farmers Home Administration of the United States Government (the Government), pursuant to which it will make a permanent loan to finance the Project. The Authority agrees to perform all acts required of it to implement such agreement and to apply the proceeds of the permanent loan to the extent necessary to the payment of this Note.

It is hereby certified and recited that all acts, conditions and things required by the laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Note, exist, have happened and have been performed in regular and due time, form and manner and that the amount of this Note does not exceed any statutory limitation thereon.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE HOUSING AUTHORITY has caused these presents to be executed by its Chairman and attested by its Secretary, the Seal of the Authority to be impressed hereon, and this Note to be dated the 21st day of November, A. D. 1977.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY \_\_\_\_\_

Chairman

Attest:

\_\_\_\_\_  
Secretary

STATE OF SOUTH CAROLINA    )  
                                  )           M O R T G A G E  
COUNTY OF COLLETON         )

WHEREAS, the SOUTH CAROLINA STATE HOUSING AUTHORITY, (the "Authority") is justly indebted to THE SOUTH CAROLINA NATIONAL BANK, (the "Mortgagee"), in the principal amount of ONE MILLION THREE HUNDRED EIGHTY-SEVEN THOUSAND NINE HUNDRED AND NO/100 (\$1,387,900.00) DOLLARS, with interest thereon at the rate of four and nine-tenths percent (4.9%) per annum payable upon maturity, all as set forth in the Note of the Authority to the Mortgagee of even date herewith; and

WHEREAS, the said Note is issued pursuant to the provisions of Article 3, Chapter 3, Title 31, Code of Laws of South Carolina, 1976, and Act R131 of the Acts of the General Assembly of the State of South Carolina for the year 1977 and is a limited obligation of the Authority payable solely from the sources therein set forth and secured solely by this Mortgage and the properties, moneys and property rights set forth in a certain Loan and Security Agreement of even date herewith between the Authority and the Mortgagee; and

WHEREAS, in order to secure the said Note the Authority is obligated to and desires to secure the same by this forecloseable Mortgage.

NOW, KNOW ALL MEN, that the Authority, in consideration of the said debt, and for the better securing the payment thereof, and all extensions, renewals and modifications thereof, according to the conditions of the said Note; which

with all its provisions is hereby made a part hereof; and also in consideration of Three and No/100 (\$3.00) Dollars to the said Authority in hand well and truly paid, by the said Mortgagee, at and before the sealing and delivery of these Presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released and by these Presents does grant, bargain, sell and release unto the said THE SOUTH CAROLINA NATIONAL BANK, its successors and assigns, the following described property, to-wit:

ALL that piece, parcel or tract of land located near Walterboro in Walterboro School District, Verdier Township, Colleton County, South Carolina, containing Fifteen and Fifty Hundredths (15.50) acres more or less and bounding and measuring as follows: On the North by lands now or formerly of Lee Berry and measuring thereon One Thousand One Hundred Thirty-Four and Forty Hundredths (1,134.40') feet; on the East by other lands of the grantors to the Authority and measuring thereon Four Hundred Ninety-Eight and Eighty Hundredths (498.80') feet; on the South by lands said to be of the Hezekiah Bell Estate and lands of H. C. Strickland and measuring thereon Three Hundred Twelve and One Hundredths (312.01') feet and Eight Hundred Thirty and Thirty-Three Hundredths (830.33') feet; and bounded on the West by S. C. Route 303, also known as the Walterboro-to-Greenpond highway and measuring thereon Seven Hundred One and Seventy Hundredths (701.70') feet; all of which will more fully appear by reference to a plat of Albert Heatley, Jr., R.L.S., dated February, 1977 and recorded in Plat Book \_\_\_\_\_ at Page \_\_\_\_\_ in the Office of the Clerk of Court for Colleton County, South Carolina.

Mary Kate S. Gardner and Newell S. Langdale, grantors to the Authority, reserved a non-exclusive right-of-way for a common road from S. C. Route 303 on the West to other lands of Mary Kate S. Gardner and Newell S. Langdale on the East over the southernmost Sixty (60') feet of the above described tract of land, which right-of-way is more fully described by reference to the above mentioned plat; and as to which right-of-way the South Carolina State Housing Authority, its successors and assigns, also has the right for the use of the same in common with Mary Kate S. Gardner and Newell S. Langdale.



This being a portion of the land conveyed to Hortense H. Smith by D. L. Smith as the second tract of land in the deed dated June 20, 1925 and recorded on October 25, 1926 in Deed Book 57, at Page 652 in the Office of the Clerk of Court for Colleton County, South Carolina. Mary Kate S. Gardner and Newell S. Langdale, formerly Newell S. Tilton, are the sole heirs of Hortense H. Smith who died intestate.

The property above described has this day been conveyed to the South Carolina State Housing Authority and the within Mortgage is a purchase money mortgage.

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the said premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular the said Premises unto the said THE SOUTH CAROLINA NATIONAL BANK, its successors and assigns forever.

AND the Authority does hereby bind itself and its successors and assigns to procure or execute any further necessary assurances of title to the said premises, the title to which is unencumbered, and also to warrant and forever defend all and singular the said Premises unto the said Mortgagee, its successors and assigns, from and against the Authority and its successors and assigns and all persons lawfully claiming, or to claim the same or any part thereof.

AND IT IS AGREED, by and between the said parties, that this Mortgage shall secure:

(1) all indebtedness of the Authority to the Mortgagee (including, but not limited to, the above described Note) evidenced by any promissory note or any other instrument, renewals, reamortizations, extensions, deferrments or other arrangements with respect thereto, together with interest thereon as provided herein), relating to the Project described in the Note;



(2) all future advances relating to the Project described in the Note that subsequently may be made to the Authority and evidenced by any promissory note or any other instruments, and all renewals, reamortizations, extensions, deferrments or other rearrangements with respect thereto, together with interest thereon as provided herein, said future advances, if any, to be made solely at the option of the Mortgagee; and

(3) all other indebtedness of the Authority to the Mortgagee relating to the Project described in the Note to become due or hereafter contracted, and all renewals, reamortizations, extensions, deferrments or other rearrangements thereof, together with interest thereon as provided for herein.

THE MAXIMUM PRINCIPAL AMOUNT OF ALL EXISTING INDEBTEDNESS, FUTURE ADVANCES AND ALL OTHER INDEBTEDNESS OUTSTANDING AT ANY ONE TIME SHALL NOT EXCEED \$1,800,000, PLUS INTEREST THEREON, ATTORNEYS' FEES, COURT COSTS AND ANY ADVANCES NECESSARY FOR THE PROTECTION OF THE SECURITY OR TITLE THERETO, SUCH AS, BUT NOT LIMITED TO, ADVANCES FOR TAXES AND INSURANCE PREMIUMS, ALL OF WHICH ARE SECURED BY THIS MORTGAGE.

AND IT IS AGREED, by and between the parties hereto, that the Authority, its successors and assigns, shall keep the buildings erected on said premises, insured against loss or damage by fire, for the benefit of the said Mortgagee, for an amount not less than that specified in a certain Loan and Security Agreement between the parties

hereto of even date herewith, in such company as shall be approved by the said Mortgagee, and shall deliver the policy to the said Mortgagee, and in default thereof, the said Mortgagee, or its successors and assigns, may effect such insurance and reimburse itself under this Mortgage for the expense thereof, with interest thereon, from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the said Mortgagee, its successors and assigns, shall be entitled to receive from the aggregate of the insurance moneys to be paid, a sum equal to the amount of the debt secured by this Mortgage.

AND IT IS AGREED, by and between the said parties, that if the Authority, its successors or assigns, shall fail to pay all taxes and assessments upon the said premises when the same shall first become payable, then the said Mortgagee, its successors or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse itself under this Mortgage for the sums so paid, with interest thereon, from the dates of such payments.

AND IT IS AGREED, by and between the said parties, that upon any default being made in the payment of the interest or principal of the Note, or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, when the same shall severally first become payable, or in any other of the provisions of this Mortgage, or in

the Loan and Security Agreement between the parties above referred to, that then the entire amount of the debt secured, or intended to be secured hereby, shall forthwith become due, at the option of the said Mortgagee, its successors or assigns, although the period for the payment of the said debt may not then have expired.

AND IT IS AGREED, that if the holder of the Note secured hereby is compelled to pay any taxes upon the debt represented by said Note, or by this Mortgage, then, and in that event, unless the said taxes are paid by some party other than the said holder, that then the entire amount of the debt secured, or intended to be secured, shall forthwith become due at the option of the said Mortgagee, its successors or assigns, although the period for its payment may not then have expired.

AND IT IS AGREED, by and between the said parties, that, should legal proceedings be instituted for the collection of the debt secured hereby, then and in that event, the said Mortgagee, its successors or assigns, shall have the right to have a Receiver appointed of the rents and profits of the above described premises, with power to forthwith lease out the said premises anew if he should so elect, who, after deducting all charges and expenses attendant to such proceedings, and the execution of the said trust as Receiver, shall apply the residue of the said rents and profits towards the payment of the debts secured hereby.

AND IT IS FURTHER AGREED, by and between the said parties, that should legal proceedings be instituted for the foreclosure of this Mortgage, or for any purpose involving this Mortgage, or should the debt hereby secured be placed in the hands of an attorney at law for collection, by suit or otherwise, that all costs and expenses incurred by the Mortgagee, its successors or assigns, including a reasonable counsel fee, as provided in the Loan and Security Agreement above referred to, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

PROVIDED that the Authority, as an agency of the State of South Carolina with limited statutory powers can not and does not incur any obligation hereunder which constitutes a general obligation of the Authority or a general obligation of the State of South Carolina, or as to which the State shall incur or shall have incurred pecuniary liability or a charge against its credit or taxing power and each and every covenant herein (and in the Note made) is payable and dischargeable solely from the proceeds of the sale of the mortgaged property and from the property, moneys and property rights granted under the Loan and Security Agreement between the parties hereinabove spoken of.

PROVIDED, ALWAYS, and it is the true intent and meaning of the parties to these Presents, that when the Authority, its successors and assigns, shall pay, or cause



to be paid unto the said Mortgagee, its successors, certain attorneys, or assigns, the said debt, with interest thereon, if any shall be due, and also all sums of money paid by the said Mortgagee, its successors or assigns, according to the conditions and agreements of the said Note, and of this Mortgage and the said Loan and Security Agreement and shall perform all the obligations according to the true intent and meaning of the said Note and Mortgage and Loan and Security Agreement and the conditions thereunder written, then this Deed of Bargain and Sale shall cease, determine and be void, otherwise it shall remain in full force and virtue.

AND IT IS LASTLY AGREED, by and between the said parties, that the Authority, its successors and assigns, shall hold and enjoy the said premises until default of payment shall be made.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE HOUSING AUTHORITY has caused these presents to be executed by its Chairman and attested by its Secretary and the seal of the Authority to be impressed hereon, and this Mortgage to be dated this the 21 day of November, A.D. 1977.

WITNESSES:

SOUTH CAROLINA STATE HOUSING  
AUTHORITY

(SEAL

Charles B. Thompson

By

W. Turner Lyons  
Chairman

Attest:

H. Hue Mayfield  
Secretary



STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF )

PERSONALLY appeared before me Charles B. Thompson III.  
who being duly sworn, deposes and says that \_\_\_ he saw the  
corporate seal of South Carolina State Housing Authority  
affixed to the foregoing Mortgage, and that \_\_\_ he also saw  
Hugh C. LANE as Chairman of the South Carolina  
State Housing Authority, and L. Steve Mayfield as  
Secretary of the South Carolina State Housing Authority,  
sign and attest the same and that \_\_\_ he with W. Turner  
Styrus witnessed the execution and delivery thereof as  
the act and deed of the South Carolina State Housing Authority.

Charles B. Thompson III.

SWORN to before me this

21 day of November, 1977.

Nancy B. Whinn (L.S.)  
Notary Public for South Carolina  
My Commission Expires: 2-12-80

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement (the "Agreement") made and entered into by and between the South Carolina State Housing Authority (the "Authority") and The South Carolina National Bank, a banking corporation in the City of Columbia, State of South Carolina (the "Bank"):

WITNESSETH:

The Authority has applied to the Bank for a construction loan (the "Loan") to provide funds with which the Authority will acquire a tract of land containing approximately 15.51 acres more or less in Verdier Township, Colleton County, and will construct thereon 68 housing units which are intended to provide housing for approximately 280 persons or families of low income (the "Project"). The Loan is to be evidenced by a Note of the Authority (the "Note") authorized by a resolution of the Authority (the "Resolution") which prescribes the sources from which the Note is to be paid and the manner in which it is to be secured. The undertaking of the Authority in its Resolution has been duly approved by the Budget and Control Board of the State of South Carolina (the "State Board").

The Bank has agreed to make the Loan and the Authority and the Bank enter into this Agreement to evidence the terms and conditions under which the Loan is to be made, disbursed and secured.

NOW THEREFORE, in consideration of the matters of inducement above recited and the sum of One Dollar (\$1.00) in hand paid to the Authority by the Bank, the receipt and sufficiency of which the Authority acknowledges the parties hereto agree as follows:

ARTICLE I

LOAN DOCUMENTS

The Authority has duly authorized, executed and delivered to the Bank the following documents which together with this Agreement constitute the loan documents (the "Loan Documents").

1. A certified copy of the Resolution.
2. The Note in the principal amount of \$1,387,900, dated as of the date hereof, bearing interest at the rate of 4.9% per annum, payable semi-annually from the date thereof, and maturing one year from its date.
3. A first forecloseable mortgage on the Project (the "Mortgage").
4. UCC Financing Statements giving notice of the security interests created hereunder (the "Financing Statements").

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Authority makes the following representations and warranties:

1. The Authority is a duly constituted agency of the State of South Carolina and is duly authorized by the provisions of the laws of South Carolina recited in the Resolution to acquire, construct and finance the Project.

2. All conditions, acts and things, including governmental approvals, required by the laws of South Carolina to exist, to happen and to be performed precedent to the undertakings of the Authority to acquire, construct and finance the Project have happened and have been performed in regular and due time, form and manner.

3. Plans and specifications (the "Plans") for the Project have been prepared and a copy thereof has been delivered to the Bank.

4. The Authority has applied for and has obtained from the Farmers Home Administration of the Department of Housing and Urban Development of the United States (FmHA) a commitment or allocation of funds pursuant to which FmHA will make a permanent loan to the Authority to finance the Project upon its completion (the "Commitment").

5. The Authority has an enforceable option to purchase the site of the Project and has entered into a construction contract (the "Construction Contract") pursuant to which the Project will be constructed in accordance with the Plans.

6. The Note, the Mortgage and this Agreement are in all respects legal, valid and binding documents according to their terms and grant to the Bank valid and enforceable security in the Project, property, moneys and the property rights herein described.

7. No chattel mortgage, Bill of Sale, security agreement, financing statement or title retention contract (except those executed to the Bank has been or will be executed with respect

to the Project and the property, moneys and property rights herein granted to the Bank as security for the Loan.

8. The consummation of the transactions hereby contemplated and the performance of the obligations of the Authority under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any mortgage, security deed, deed of trust, lease, bank loan or credit agreement, by-laws, or other instrument to which the Authority is a party or by which it may be bound or affected.

9. There are no actions, suits, or proceedings pending, or, to the knowledge of the Authority, threatened against or affecting the Authority or the Project, or involving the validity or enforceability of any of the Loan Documents or the priority of the lien thereof, at law or in equity, or before or by any governmental authority.

10. The Authority has no knowledge of any violations or notices of violations of any Federal law or municipal or county ordinance or order or requirement or any municipal department or other governmental authority having jurisdiction affecting the Project, which violations in any way relate to or affect the Project.

11. The Plans and construction pursuant thereto and the use of the Project contemplated thereby comply and will comply with all governmental laws and regulations, and requirements, standards and regulations of appropriate supervising boards of fire underwriters and similar agencies.



12. All utility servies necessary for the construction of the Project and the operation thereof for their intended purposes are available at the boundaries of the Project, including water supply, storm and sanitary sewer facilities, electric and telephone facilities.

13. All building permits required for the construction of the Project have been or will be obtained and copies furnished prior to any construction disbursement.

14. The site of the Project is not now damaged or injured as a result of any fire, explosion, accident, flood or other casualty.

#### ARTICLE III

##### COVENANTS OF AUTHORITY

The Authority hereby covenants and agrees with the Bank as follows:

1. Commitment: To permit no default under the terms of the Commitment to the Authority from FmHA.

2. Construction Contract: (i) To deliver to the Bank prior to any withdrawal a general waiver of mechanic's liens executed by the General Contractor, (ii) To permit no default under the terms of the Construction Contract, (iii) to waive none of the obligations of the Contractor thereunder, (iv) to do no act which would relieve Contractor from its obligations to construct the Project according to the Plans, (v) to make no material amendments to the Construction Contract, without the prior written consent of the Bank, FmHA and the Surety on the Payment and Performance Bond given by the General Contractor, and (vi) to

furnish the Bank, prior to any disbursement, with an agreement by Contractor that, in the event of default by Authority under the terms of any of the Loan Documents, the Contractor will, at the request of the Bank continue performance pursuant to the Construction Contract until completion of construction of the Project, provided the Contractor is reimbursed in accordance with the Construction Contract for all such services rendered.

3. Agreement of Architect: To furnish to the Bank, at its request, with an agreement by the Architect that, in the event of default by the Authority under the terms of any of the Loan Documents, the Architect will, at the request of the Bank (i) continue performance pursuant to its contract with the Authority until completion of construction of the Project provided Architect is reimbursed in accordance with said contract for all such services rendered and (ii) permit the Bank to use the Plans and Specifications at no cost to the Bank.

4. Insurance: To obtain such insurance or evidence of insurance as the Bank or FmHA may require, including but not limited to the following:

(i) Title Insurance: A mortgagee title insurance policy in amount, form and substance and written by a title insurance company satisfactory to the Bank insuring a valid first lien upon the Project by virtue of

the Mortgage, specifically insuring against unfiled mechanic's liens, the original of which policy shall be promptly delivered to the Bank. The policy shall contain no exceptions except standard printed exceptions, those exceptions referred to in the Mortgage and those specifically waived in writing by the Bank.

(ii) Builder's Risk Insurance: Builder's risk and such other hazard insurance as the Bank may require with standard non-contributing mortgagee clauses and standard subrogation clauses, such insurance to be in such amounts and form and by such companies as shall be approved by the Bank, and the originals of such policies (together with appropriate endorsements thereto, evidence of payment of premiums thereon and written agreements by the insurer or insurers therein to give the Bank twenty (20) days' prior written notice of intention to cancel) shall be promptly delivered to the Bank; said insurance coverage to be kept in full force and effect at all times until the completion of construction of the Project. In the event that any portion of the Project is completed and possession of said portion is given to the Authority, and tenants, or invitees of the Authority take possession of said completed portion, the builder's risk insurance

policy shall be endorsed to provide specifically for the coverage of any such completed portion of the Project under the terms and conditions of the policy, so as to preclude the assertion of any and all defenses predicated on the possession and use of the completed portion of the Project.

(iii) Hazard Insurance: Fire and extended coverage insurance, flood insurance, and such other hazard insurance as the Bank may require with standard non-contributing mortgagee clauses and standard subrogation clauses, such insurance to be in such amounts and form and by such companies as shall be approved by the Bank, and the originals of such policies (together with appropriate endorsements thereto, evidence of payment of premiums thereon and written agreement by the insurer or insurers therein to give the Bank twenty (20) days' prior written notice of intention to cancel) shall be promptly delivered to the Bank; such insurance to be obtained immediately upon completion of construction of the Project and before any portion of the Premises is occupied by the Authority or any tenant of the Authority with such insurance to be kept in full force and effect at all times thereafter until the payment in full of the Note.

(iv) Public Liability and Workmen's Compensation Insurance: A certificate from an insurance company indicating that the General Contractor is covered to the



satisfaction of the Bank by public liability and workmen's compensation insurance.

5. Collection of Insurance Proceeds: To cooperate with the Bank in obtaining for the Bank the benefits of any insurance or other proceeds lawfully payable to it in connection with the transactions contemplated hereby and the collection of any indebtedness or obligation of the Authority to the Bank incurred hereunder (including the payment by the Authority of the expense of an independent appraisal on behalf of the Bank in case of a fire or other casualty affecting the Project) the Authority understands and agrees that in the event the Bank shall lawfully collect either all or a portion of the insurance proceeds payable under insurance policies required by subparagraph 4 of this Article III, the Bank may, at its sole option and in its sole discretion, either apply such proceeds to the restoration of the Project or to the reduction of the unpaid principal indebtedness evidenced by the Note.

6. Expenses: To pay all costs of closing and administering the Loan contemplated hereunder and all reasonable expenses of the Bank with respect thereto including, but not limited to, legal fees of counsel, including legal fees incurred by the Bank subsequent to the closing of the loan, but incurred in connection with the disbursement, administration, or collection of the loan, advances, recording expenses, surveys, other recording



taxes, expenses or foreclosure (including reasonable attorneys' fees) and similar items, specifically including reasonable attorneys' fees and all reasonable expenses incurred by the Bank in the defense or prosecution of any litigation to which the Bank becomes or is made a party or because the Bank is the holder of the Mortgage or security interest hereinafter granted.

7. Commencement and Completion of Construction:

To diligently pursue the construction of the Project to completion, and to perform such duties as may be necessary to complete the construction of the Project pursuant to the Plans and in full compliance with all terms and conditions of the Commitment and the Loan Documents, all of which shall be accomplished within twelve (12) months from the date hereof.

8. Right of Lender to Inspect Premises: The Bank and its representatives and agents shall have the right, but not a duty, to enter upon the Project and to inspect the same and all materials to be used in the construction thereof and the Authority shall cause the Contractor to cooperate with the Bank and its representatives and agents during such inspections; provided, however, that this provision shall not be deemed to impose upon the Bank any obligation to undertake such inspections, and any such inspections and the results thereof shall be solely for the use and benefit of the Bank.

9. Correction of Defects. To promptly correct any structural defects in the Project and to promptly correct any departure from the Plans not previously approved by the Bank and FmHA. The advance of any loan proceeds shall not constitute a waiver of the Bank's right to require compliance with this covenant.

10. Restriction on Secondary Financing and Sale of Premises: To keep the Project and the personal property, upon which the Bank has a first lien as evidenced herewith and by the Mortgage, free and clear of all other encumbrances, liens, mortgages, security interest and secondary financing, and the Authority shall not, without the prior written consent of the Bank and FmHA, voluntarily or by operation of law, sell, transfer or convey all or any part of its interest in the Project or any portion thereof except as otherwise may be permitted in this Agreement.

11. Additional Documents: To perform hereunder as follows:

(i) Regarding Construction: To furnish to the Bank all notices received by the Authority from the Contractor and all instruments, documents, initial surveys, footing or foundation surveys, certificates, Plans, appraisals, title and other insurance, reports and agreements and each and every other document and instrument either required to be furnished by the terms hereof or which the Bank may reasonably request.

(ii) Regarding Preservation of Security: To sign and deliver to the Bank such documents, instruments, assignments and other writings, and to do such other acts necessary or desirable to preserve and protect the mortgage lien, assignment and security interest held by the Bank in the collateral at any time securing or intended to secure the Note, as the Bank may require.

(iii) Regarding this Agreement: To do and execute all such further lawful and reasonable acts, and assurances in the law for the better and more effective carrying out of the intents and purposes of this Agreement as the Bank shall reasonably require from time to time.

#### ARTICLE IV

##### USE AND DISPOSITION OF PROCEEDS OF LOAN

1. Upon the delivery of the Note to the Bank, the Bank shall pay to the Authority the sum of \$1,387,900. Simultaneously, therewith the Authority shall deposit the same in a project construction fund (the "Construction Fund") which shall be held in trust by the Bank, invested and reinvested, and disbursed only in the manner herein prescribed by the remaining paragraphs of this Article.

2. Except to the extent of \$70,000, which shall be left on deposit in non-interest bearing status as a balance to compensate the Bank in part for the services which it

will perform, unexpended balances in the Construction Fund shall be invested and reinvested in securities of the sort permitted by Chapter 5, Title 6, Code of Laws of South Carolina, 1976, and within maturities consonant with the anticipated uses for funds as indicated by the Authority to the Bank but in no event maturing after the maturity of the Note. All income received from such investments shall be deposited in and become a part of the Construction Fund. The Bank may use its own Bond department to effect investments.

3. Simultaneously with the closing, the Bank shall, upon approval of the Authority and FmHA, disburse the costs of acquiring the site of the Project and all other initial Project costs. Thereafter, and provided that no default hereunder or with respect to the Note and the Mortgage shall have occurred and shall then exist, disbursements for costs and expenses incident to the financing thereof, including interest, and the construction of the Project may be made upon the order or certificate of the Authority approved or countersigned by a duly authorized representative of FmHA (the "Certificate for Payment"). The Certificate for Payment shall, upon the request of the Bank, be accompanied by evidence in form and content satisfactory to the Bank including, but not limited to, certificate and affidavits of the Authority and the Contractor or such other person as the Bank may require, showing:

(i) The value of that portion of the Project completed at that time;

(ii) That all outstanding claims for labor, materials and fixtures, other than claims which are contested in good faith and for which adequate reserves

satisfactory to the Bank are maintained, have been paid or will be paid using proceeds of disbursements then requested;

(iii) That there are no liens outstanding against the Project, except for the Bank's security interest, inchoate liens for property taxes not yet due or for labor or materials to be paid out of proceeds from requested disbursement;

(iv) That the Authority has complied with all of its obligations as to the date thereof, under the Loan Documents;

(v) That all construction prior to the date of the request for an advance has been done in accordance with the Plans.

(vi) That all funds previously disbursed by the Bank have been applied directly to the cost of the construction of the Project or such other incidental costs as the Bank shall have approved in writing; and that the remaining non-disbursed portion of the Loan is adequate to complete the Project.

4. Continuation of Title Insurance Coverage: The Certificate for Payment shall be accompanied by a satisfactory endorsement to the previously delivered mortgagee title insurance policy which endorsement shall (i) indicate that since the effective date of said policy (or the effective



date of the last such endorsement, if any) there has been no change in the status of title to the insured premises as set out in said policy and (ii) have the effect of increasing the coverage of the policy by an amount equal to the advance then being made unless said policy expressly provides automatically and without condition for such increase in coverage upon each such disbursement.

5. Conditions Precedent to Construction Disbursements:

At no time and in no event shall the Bank be obligated to disburse additional funds:

(i) in excess of the amount recommended by any inspector or architect then employed by the Bank.

(ii) if any event of default as set forth in Article VI hereof shall have occurred and shall not have been cured prior to time of disbursement;

(iii) if in the opinion of the Bank the estimated remaining cost of construction in accordance with the Plans exceeds the remaining undisbursed portion of the Construction Fund reduced by any reserve required hereunder and such opinion is confirmed in writing by an inspector or architect appointed by the Bank after consultation with the General Contractor, the Authority and the Authority's Architect; and the Authority is unable to provide such funds or to secure an increase in the Commitment from FmHA for such excess funds;

(iv) if the Project shall have been damaged by fire, flood or other casualty and the Bank shall not have received insurance proceeds sufficient in the sole judgment of the Bank to effect the restoration of the Project in accordance with the Plans and to permit the completion of the Project on or before the completion date and the Authority is unable to secure an increase in the commitment from FmHA, for such additional funds;

(v) if Authority has not paid when due all obligations for the cost of constructing the Project or for any restoration thereof required hereunder or by FmHA.

6. Retainage: Ten percent (10%) of each disbursement from the Construction Fund for the General Contractor shall be withheld by the Authority which ten percent (10%) shall be disbursed only upon compliance with the following requirements in addition to the requirements for all other disbursements:

(i) Receipt by Authority of satisfactory evidence of the completion of the Project in accordance with Plans and approval of such completion by FmHA.

(ii) Receipt by the Bank of a satisfactory "as-built" survey by a registered land engineer approved by FmHA reflecting the location of the units of the Project on the site in accordance with the plans, and said survey is to be accepted by FmHA prior to such disbursement.

(iii) Receipt by the Bank of the requisite lien waivers and affidavit of Contractor sufficient in the

opinion of counsel to the Bank to dissolve any mechanic's and materialmen's liens (inchoate or otherwise) affecting title to the Project.

7. Notice, Frequency and Place of Disbursements:

At the option of the Bank (i) the above said Certificate for Payment shall be submitted to the Bank at least five (5) business days prior to the date of the requested advance, (ii) disbursements shall be made no more frequently than monthly, and (iii) all disbursements shall be made at the office of the Bank in the City of Columbia, or at such other place as the Bank may designate.

8. Advances Do Not Constitute a Waiver: No advance from the Construction Fund shall constitute a waiver of any of the conditions of the Banks obligation to make further advances nor, in the event the Authority is unable to satisfy any such condition, shall any such waiver have the effect of precluding the Bank from thereafter declaring such inability to be an event of default under Article VI hereof.

9. Approval of Construction Contract and Contractor:

The General Contractor and the form and substance of the General Construction Contract shall be subject to the approval of the Bank.

10. Payment and Performance Bond: Prior to any advance, the obligations of the General Contractor shall be guaranteed by a Payment and Performance Bond in the full

amount of the contract and in such form as approved by the Bank and written by a surety acceptable to the Bank, with a dual-obligee rider in favor of the Bank.

ARTICLE V

CREATION OF SECURITY INTERESTS

1. To secure the payment and performance of the obligations of the Authority to the Bank pursuant to the Note, the Mortgage and this Agreement, the Authority hereby grants to the Bank, a present security interest in the Collateral described in paragraph 2 hereof.

2. The Collateral is and shall be

(a) Any and all fixtures, equipment, appliances and other personal property, whether now owned or hereafter acquired, or in which the Authority now has or shall hereafter acquire any right, title or interest whatsoever (whether by bill of sale, lease, conditional sales contract, other title retention document or otherwise) which is, are or shall be located upon and used in the Project or other operations or enterprises carried out upon the real property more particularly described in the Mortgage, together with any and all replacements or substitutions thereof or therefor as well as the proceeds thereof or therefrom regardless of form.

(b) All moneys not then disbursed in the Construction Fund.

(c) All proceeds resulting from any payment to the Authority on account of any insurance policy, contractor's bond, fidelity bond, title insurance policy obtained by the Authority in connection with the Project.

(d) All proceeds payable to the Authority pursuant to the Commitment from FmHA.

(e) The proceeds of all rents and revenues which the Authority may derive from the use or rental of the Project prior to the payment in full of the principal of and interest on the Note.

3. The Authority shall take any and all steps required to protect the Collateral described in paragraph 2 hereof and pursuant to this obligation the Authority agrees that the Collateral:

(i) Will be used primarily in the construction or operation of the Project; and

(ii) Will not be misused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use; and

(iii) Will at all times be insured against loss, damage, theft, and such other risks as the Bank may require in such amounts, with such companies, under such policies, in such form and for such periods as shall be satisfactory to the Bank, and each such policy shall provide that the loss thereunder and



the proceeds payable thereunder shall be payable to the Bank as its interest may appear, and the Bank may apply any proceeds of such insurance which may be received by the Bank toward the payment of the Note, whether due or not due, in such order as the Bank may determine; and

(iv) Will be kept at the Project where the Bank may inspect it at any time, except for its temporary removal for maintenance or repair in connection with its ordinary use; and

(v) Will not be used in violation of any statute or ordinance; and

(vi) May be examined and inspected by the Bank at any time, wherever located.

4. Protection of Security Interest: The Authority shall take any and all steps necessary to protect the priority of the security interest granted herein, and in pursuance of this obligation, the Authority agrees that:

(i) It will not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein or offer to do so without the prior written consent of the Bank, or permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded herein, except as herein provided; and

(ii) It will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation; and

(iii) It will sign and execute, alone or with the Bank, any financing statement or other document or procure any documents and pay all connected costs necessary to protect the security interest hereunder against the rights or interests of third persons; and

(iv) It will reimburse the Bank for all costs, including reasonable attorneys' fees, incurred for any action taken by the Bank to remedy a default of the Authority.

#### ARTICLE VI

##### DEFAULTS

An event of default shall be deemed to have occurred hereunder if:

1. Default Under Loan Documents: Any event of default occurs under any of the Loan Documents; or

2. Failure to Obtain an Advance: The Authority is unable to satisfy any condition of its right to obtain a disbursement from the Construction Fund for a period in excess of thirty (30) days following request and refusal of request for disbursement; or

3. Breach of Covenant: The Authority breaches or fails to perform, observe or meet any covenant or condition made in any of the Loan Documents; or

4. Breach of Warranty: Any warranties made or agreed to be made in any of the Loan Documents shall be breached by the Authority or shall prove to be materially false or misleading; or

5. Filing of Liens Against the Premises: Any lien for labor, material, taxes or otherwise shall be filed against the Project and such lien or liens shall not be discharged or released prior to or immediately after commencement of a suit to enforce such lien, either by payment in satisfaction of such lien, or by securing such lien with a surety bond, or by establishing adequate reserves satisfactory to the Bank.

6. Other Agreements and Litigation: If the Authority shall fail to perform or observe any term, covenant or agreement contained in any Loan Document and such failure remains unremedied beyond the period of grace, if any, contained therein or if any suit shall be filed against the Authority, which, in the opinion of counsel for the Bank, if adversely determined, could impair the ability of the Authority to perform any one of its obligations under and by virtue of the Loan Documents and for which adequate reserves or surety, satisfactory to the Bank, are not maintained or secured to satisfy any judgment which might result from such filing; or

7. Levy Upon the Premises: A levy be made under any process on, or a receiver be appointed for, the Project.

8. Transfer of Premises: The Authority shall, without the prior written consent of the Bank voluntarily or by operation of law, sell, transfer or convey (except

as may be provided in the Loan Documents) all or any part of its interest in the Project or in any of the personalty located thereon, and used or intended to be used in connection therewith.

9. The Authority shall fail to fully discharge its obligations with respect to the Collateral described in Article V hereof; or

10. Grace Period: Other than a default in payment of principal and/or interest when due or a violation of Article V, or a voluntary petition for bankruptcy, receivership or reorganization, the Authority shall have a period of thirty days from written notice by the Bank of an event of default under the Loan Documents in which to cure such default, but during such thirty day period, the Bank shall not be required to allow withdrawals from the Construction Fund.

## ARTICLE VII

### REMEDIES OF THE BANK

Upon the occurrence of any one or more of the events of default set out in Article VI hereof, the Bank shall at its option be entitled, in addition to, and not in lieu of the remedies provided for in the Loan Documents or otherwise provided by law:

(i) To demand payment on the Note and to declare the Note and Mortgage in default;

(ii) To perform or cause to be performed any and all work, and labor necessary to complete the Project in accordance with Plans;

(iii) To employ security watchmen to protect the Project;

(iv) To protect the Collateral and to collect the proceeds therefrom; and

(v) To disburse that portion of the Construction Fund not previously disbursed (including any retainage) to the extent necessary to complete construction of the Project in accordance with the Plans and if the completion requires a larger sum than the remaining undisbursed portion of the loan, to disburse such additional funds, all of which funds so disbursed by the Bank shall be deemed to have been disbursed to the Authority and shall be secured by the Mortgage and by the security interest granted herein. For this purpose, the Authority hereby constitutes and appoints the Bank its true and lawful attorney-in-fact with full power of substitution to complete the construction of the Project in the name of the Authority, and hereby empowers the Bank as said attorney to take all actions necessary in connection therewith including, but not limited to, the following: To use any funds in the Construction Fund for the purpose of completing the Project in the manner called for by the Plans; to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for said purposes; to pay, settle or compromise all existing or future bills and claims which are or may be liens against the Project, or may be necessary or desirable for the completion of the Project



or the clearance of title to the Project; to execute all applications and certificates in the name of the Authority which may be required by any Construction Contract and do any and every act with respect to the construction of the Project which the Authority might do in its own behalf. Said attorney-in-fact shall also have power to prosecute and defend all actions or proceedings in connection with the construction of the Project and to take such action and require such performance as it deems necessary. In accordance therewith, the Authority hereby assigns and quit-claims to the Bank all sums to be advanced hereunder including retainage and any sums in escrow conditioned upon the use of said sums, if any, for the completion of the Project.

(vi) To exercise any and all rights granted to a secured party under the Uniform Commercial Code of South Carolina.

It is agreed by the Authority that the remedies herein granted are cumulative to the other remedies provided for in the other Loan Documents and provided by law.

#### ARTICLE VIII

##### GENERAL CONDITIONS

The following conditions shall be applicable throughout the term of this Agreement:

1. Rights of Third Parties: All conditions of the obligations of the Bank hereunder, including the obligation to make advances, are imposed solely and exclusively for the

benefit of the Bank and its successors and assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that the Bank will make advances in the absence of strict compliance with any or all the terms and conditions hereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by the Bank at any time and from time to time, in its sole discretion. In this connection the Authority agrees to and shall indemnify the Bank from any liability, claims or losses resulting from the disbursement of the loan proceeds or from the condition of the Project whether related to the quality of construction or otherwise and whether arising during or after the term of the Note. This provision shall survive the payment of the Note and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists.

2. Agreement Survives Closing: The Bank makes the Loan in reliance upon the warranties and covenants of the Authority in this Agreement and the other Loan Documents and such warranties and covenants shall survive the execution and delivery of the Loan Documents and shall continue until the Note and any other sums to be paid under the terms of the Loan Documents are paid in full.

3. Evidence of Satisfaction of Conditions: With respect to any condition of this Agreement which requires the submission of evidence of the existence of non-existence of a specified fact or facts, the Bank shall, at all times, be free to establish independently to its satisfaction and in its absolute discretion such existence or non-existence.

4. Assignment by Bank: The Bank may assign all or any portion of its rights in the Loan Documents and all of the provisions hereof shall continue in full force and effect and any advances made by any assignee shall be deemed made in pursuance and not in modification hereof and shall be evidenced by the Note and secured by the Mortgage and this Agreement.

5. Headings: The heading of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

6. Invalid Provisions to Affect No Others: If fulfillment of any provision hereof or any transaction related hereto at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clauses or provisions herein contained operate or

would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

7. Limit of Authority's Liability: Each and every covenant herein made by the Authority is subject to the condition that it shall not create or give rise to any obligation of the State of South Carolina which would create a pecuniary liability of the State of South Carolina or constitute a charge against its credit or taxing power and all obligations to pay or to reimburse hereunder shall be discharged only from the Mortgage and the Collateral.

8. Number and Gender: Whenever the singular or plural number, masculine or feminine or neuter gender, is used herein, it shall equally include the other and the words hereof, herein, hereunder refer to this Agreement in its entirety. .

9. Amendments: Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, The Authority and the Bank have hereunto caused these presents to be executed on the date and year first hereinabove written.

SOUTH CAROLINA STATE HOUSING AUTHORITY

(SEAL)

BY

*W. P. Lamm*  
Chairman, Commissioners of South  
Carolina State Housing Authority

Attest:

*H. Hue Mayfield*  
Secretary, Commissioners of South  
Carolina State Housing Authority

11/21, 1977.

THE SOUTH CAROLINA NATIONAL BANK

(SEAL)

BY

Its

Attest:

Its

, 1977.



STATE OF SOUTH CAROLINA

I, Secretary of the Commissioners of the South Carolina State Housing Authority, DO HEREBY CERTIFY:

THAT the said Commissioners of the South Carolina State Housing Authority are as follows:

Mr. Hugh C. Lane	Governor James B. Edwards
Mr. John Hardin	Dr. Albert G. Randall
Mr. R. V. Mathison	Senator John C. Lindsay
Mr. Isaac Washington	Hon. William T. Putnam
Mrs. John S. Baskin	Rep. Nick A. Theodore

THAT notice of meeting of a majority of said Commissioners was called at 10:00 a.m., Thursday, November 17, 1977; that the following Commissioners participated in said meeting:

Mr. Hugh C. Lane	Senator John C. Lindsay
Mr. R. V. Mathison	Hon. William T. Putnam
Mr. Isaac Washington	Rep. Nick A. Theodore
Mr. Walton J. McLeod III for	Dr. Randall

THAT at said meeting, a Resolution of which the attached is a true, correct and verbatim copy, was introduced by Mr. R. V. Mathison, who moved its adoption; said motion was seconded by Rep. Nick Theodore, and upon the vote being taken and recorded, the following votes were cast:

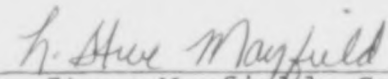
FOR MOTION

AGAINST MOTION

Mr. Hugh C. Lane  
Mr. R. V. Mathison  
Mr. Isaac Washington  
Senator John C. Lindsay  
Hon. William T. Putnam  
Rep. Nick A. Theodore  
Mr. Walton J. McLeod III for  
Dr. Randall

None

The Chairman thereupon declared the Resolution unanimously adopted, and the original thereof has been duly entered in my permanent records of minutes of meetings of said Board, in my custody as its Secretary.

  
\_\_\_\_\_  
L. Steve Mayfield, Secretary

November 17, 1977

A RESOLUTION  
OF THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA  
GRANTING APPROVAL TO THE SOUTH CAROLINA STATE HOUSING  
AUTHORITY TO ACQUIRE, CONSTRUCT AND FINANCE A RENTAL  
PROJECT IN COLLETON COUNTY, SOUTH CAROLINA, INTENDED  
TO PROVIDE RENTAL HOUSING FOR APPROXIMATELY 280 PERSONS  
AND FAMILIES OF LOW INCOME.

WHEREAS, The South Carolina State Housing Authority  
(the Authority), has presented to the State Budget and  
Control Board of South Carolina (the State Board), a  
copy of a Resolution to be adopted by the Authority which  
authorizes the acquisition, construction and financing of  
a rental project near Walterboro, in Colleton County, South  
Carolina, intended to provide housing for approximately 280  
persons and families of low income; and

WHEREAS, it was intended that such copy should serve as a  
request of the Authority to the State Board for its permission to  
borrow the moneys required to finance the project, including  
both the construction loan and the permanent loan; and

WHEREAS, the State Board has reviewed the Resolution of  
the Authority and its attachments and agrees to give approval  
to the action of the Authority proposed in the said Resolution;

BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF  
SOUTH CAROLINA:

Section 1.

After due investigation, the State Board finds that the matters recited in the preambles to this Resolution are in all respects true and correct.

Section 2.

Approval is hereby granted to the Authority to undertake the acquisition, construction and financing of a rental project near Walterboro, in Colleton County, South Carolina, to be owned and operated by the Authority and to be rented by the Authority to persons and families of low income. The project is intended to provide housing for approximately 280 persons and families of low income. The approval herewith granted shall extend to the temporary financing or construction loan to be made to the Authority by The South Carolina National Bank, acting for itself and for Bankers Trust of South Carolina, The Citizens and Southern National Bank of South Carolina, and First National Bank of South Carolina, and to the permanent loan to be made to the Authority, by Farmers Home Administration of the United States Government.

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STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, WILLIAM T. PUTNAM, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board of South Carolina, Do Hereby Certify:

That the said State Budget and Control Board is composed of the following:

His Excellency, James B. Edwards, Governor of South Carolina, and Chairman of the Board;

The Honorable Grady L. Patterson, Jr., State Treasurer;

The Honorable Earle E. Morris, Jr., Comptroller General of South Carolina;

The Honorable Rembert C. Dennis, Chairman of the Senate Finance Committee; and

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That, at the request of the State Housing Authority, a poll of State Budget and Control Board members was conducted by telephone on November 16 and 17, 1977, and that all Board members were contacted, with the exception of:

Senator Rembert C. Dennis

That in said poll, a Resolution, a true, correct and verbatim copy of which is attached, was introduced by Mr. Patterson, who moved its adoption; said motion was seconded by Mr. Morris, and upon the vote being taken and recorded it appeared that the following votes were cast:

For Motion

4

Against Motion

0

The Chairman thereupon declared the Resolution unanimously adopted, and the original thereof has been duly entered in my permanent records of minutes of meetings of said Board, in my custody as its Secretary.

William T. Lutnam  
Secretary

November 17, 1977.



MINUTES OF A MEETING OF THE

Colleton County

BOARD OF ADMINISTRATORS

HELD AT Walterboro, S. C. IN Conference Room, Harrelson Building  
ON THE 7th DAY OF November, 19 77, AT 10:00 O'CLOCK

On the 7th day of November, 19 77, the County Board of Administrators of  
Walterboro, South Carolina, met in the Conference Room in said  
Town/County in open session. The meeting was called to order at  
10:00 o'clock by the Chairman of the Board of Administrator, Thomas Fennell, and on  
the roll call, the following members of the Board were present:

Mr. Eugene Maxey, Mr. Paul Strickland, Mr. William S. Baldwin, Mr. Russell Warren.

The following Resolution was introduced by Thomas Fennell who moved its adoption:

RESOLUTION

A RESOLUTION DECLARING THE NEED FOR THE SOUTH CAROLINA STATE HOUSING AUTHORITY TO  
FUNCTION IN THE TOWN/COUNTY OF Walterboro, SOUTH CAROLINA.

BE IT RESOLVED by the County Board of Administrators of Walterboro, South Carolina  
THAT the County Board of Administrators of the Town/County of Colleton,  
South Carolina, hereby determines, finds, and declares that:

1. There is a need and desire for the South Carolina State Housing Authority to function, develop, and operate housing in the Town/County of Colleton, South Carolina; and
2. This Resolution by the governing body of the Town/County of Colleton, South Carolina, constitutes written approval and authorizes the South Carolina State Housing Authority to conduct its operations and to construct and/or operate housing for low-income families in the Town/County of Colleton, South Carolina.

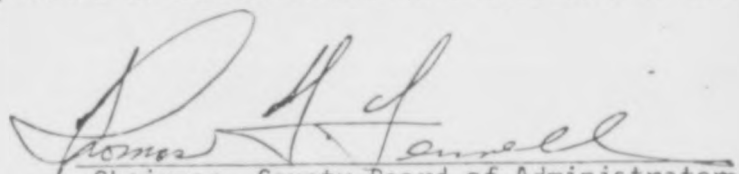
BE IT FURTHER RESOLVED that this Resolution shall be effective immediately.

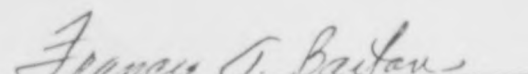
The motion to adopt said Resolution was seconded by Russell Warren and upon roll call, the following voted Aye:

Eugene Maxey, Paul Strickland, W. S. Baldwin

Thereupon the Clerk to the County Board of Administrators declared said Resolution duly adopted and passed.

DATE November 7, 1977

  
Chairman, County Board of Administrators

  
Clerk to the Board

SMOAK, HOWELL, BRIDGE & MOODY  
ATTORNEYS AT LAW  
120 WALTER STREET  
PO DRAWER 581  
WALTERBORO, S.C. 29488

GERALD C. SMOAK  
WILLIAM T. HOWELL  
AUBURN J. BRIDGE  
LEE R. MOODY

AREA CODE 803  
TEL. 549.1594

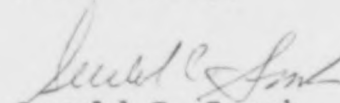
November 11, 1977

Mr. Steve Mayfield  
Executive Director  
S. C. State Housing Authority  
Suite 540  
2221 Devine Street  
Columbia, South Carolina 29205

Dear Mr. Mayfield:

Upon examination of the Resolutions by the Colleton County Board of Administrators, I hereby certify that the county administrators have never given its authority or permission for a public housing authority to operate in Colleton County nor is a public housing authority currently operating in Colleton County.

Yours truly,

  
Gerald C. Smoak

GCS/lpo

RECEIVED

NOV 14 1977

S. C. STATE  
HOUSING AUTHORITY

SIGNATURE AND NO-LITIGATION CERTIFICATE

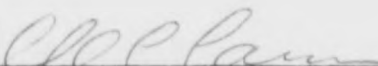
We, the undersigned, HUGH C. LANE, Chairman, and  
L. STEVE MAYFIELD, Secretary, of the South Carolina State  
Housing Authority (the Authority), DO HEREBY SEVERALLY CERTIFY:

That prior to the date of this Certificate we have  
signed the \$1,387,900 SOUTH CAROLINA STATE HOUSING AUTHORITY  
HOUSING DEVELOPMENT CONSTRUCTION NOTE (WALTERBORO PROJECT)  
(the Note), dated November 21, 1977; that at the time we signed  
the Note we were and we now are the duly elected, qualified  
and acting officers of the Authority holding the offices  
indicated by the official titles under our signatures; that  
the seal on the Note is the seal of the Authority.

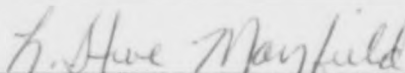
WE FURTHER CERTIFY that no litigation is now pending  
or threatened to restrain or enjoin the issuance or delivery  
of the Note, or in any manner questioning the authority to  
issue the Note or the issuance or validity of the Note or  
the constitutionality of any statute or the validity of any  
proceedings authorizing the Note except the declaratory judgment  
suit pending in the State Supreme Court relating to the validity  
of the 1977 State Housing Authority, but notwithstanding an  
adverse opinion in that suit, the Authority is duly authorized  
by Article 3 of Chapter 3 of Title 31, Code of Laws of South

Carolina, 1976, to issue the Note and the litigation above referred to does not affect or challenge the validity of the said Code provisions.

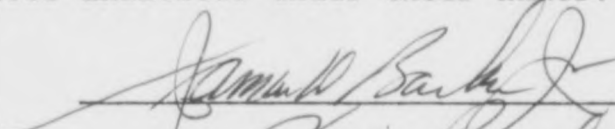
IN WITNESS WHEREOF, we have hereunto set our Hands this 21st day of November, A. D. 1977.

  
\_\_\_\_\_  
HUGH C. LANE, Chairman

(SEAL)

  
\_\_\_\_\_  
L. STEVE MAYFIELD, Secretary

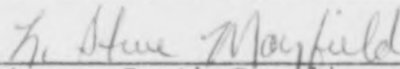
I HEREBY CERTIFY That I know the signatures of Hugh C. Lane and L. Steve Mayfield, which appear above and upon the Note, are true and genuine and that I know said officers and know them to hold the offices indicated under their names.

  
\_\_\_\_\_  
J. M. Barker, President of  
South Carolina National Bank.

RECEIPT FOR NOTE PROCEEDS

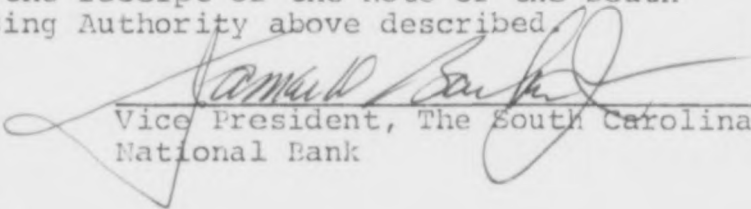
The undersigned, Secretary of the South Carolina State Housing Authority (the Authority), does hereby acknowledge to have received from The South Carolina National Bank (the Purchaser) the sum of \$1,387,900, representing the full purchase price of a \$1,387,900 South Carolina State Housing Authority Housing Development Construction Note (Walterboro Project), dated November 21, 1977 (the Note).

I do further certify that I have effected a deposit of the entire proceeds of the Note to the Construction Fund established by the provisions of the Loan and Security Agreement dated November 21, 1977, between the Authority and The South Carolina National Bank (the Agreement).

  
Secretary, South Carolina State  
Housing Authority

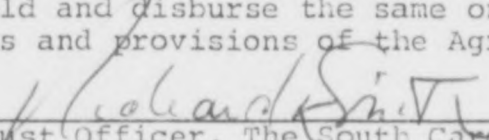
November 21, 1977.

The undersigned, on behalf of The South Carolina National Bank, acknowledges the receipt of the Note of the South Carolina State Housing Authority above described.

  
Vice President, The South Carolina  
National Bank

November 21, 1977.

The undersigned acknowledges the receipt from the Authority of the sum of \$1,387,900 and has deposited the same in the Construction Fund established by the Agreement above described and will hold and disburse the same only in accordance with the terms and provisions of the Agreement.

  
Trust Officer, The South Carolina  
National Bank

November 21, 1977.



ARBITRAGE CERTIFICATE

I, the undersigned, L. Steve Mayfield, Executive Director and Secretary of the South Carolina State Housing Authority (the Authority), certify as follows with respect to the \$1,387,900 South Carolina State Housing Authority Housing Development Construction Note (Walterboro Project), dated as of November 21, 1977 (the Note):

(1) The Project to be financed consists of a tract of land containing 15.50 acres more or less in Verdier Township in Colleton County, South Carolina, on which tract of land will be constructed 68 units designed to provide housing for approximately 280 persons and families of low income.

(2) Upon the delivery of the Note the Authority will expend the sum of \$118,394.34 to pay for the site of the Project and other Project costs already incurred.

A construction contract to build the Project has been let and the remainder of the Note proceeds are reasonably expected to be required and expended for the Project on or before November 21, 1978.

(3) The amount borrowed does not exceed the estimated total cost of the Project to be financed thereby, less all other funds available for that purpose.

(4) Property, both realty and personalty, financed by the Note has not been and is not expected during the life of the Note to be sold or otherwise disposed of.

(5) On the basis of the foregoing, it is not expected that the proceeds of the Note will be used in a manner that would

cause the Note to be an arbitrage bond under Section 103(c) of the Internal Revenue Code, and applicable regulations thereto.

(6) To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances which would materially change the foregoing conclusions.

(7) The Issuer has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an Issuer whose certificates may not be relied upon.

*H. Hume Mayfield*

Executive Director and Secretary,  
South Carolina State Housing Authority

November 21, 1977

OPINION OF COUNSEL

Based on our examination of law and the foregoing certificate of the Issuer, we are of the opinion that facts, estimates and circumstances are sufficiently set forth in the certificate to satisfy the criteria which are necessary under Section 1.103-13 and 1.103-14 of the proposed regulations under Section 103(c) of the Internal Revenue Code to support the conclusion that the Note will not be an arbitrage bond. No matters have come to our attention which will make unreasonable or incorrect the representations made in the certificate.

SINKLER GIBBS & SIMONS

By *Gregory D. Sinkler*

November 21, 1977

November 21, 1977

The South Carolina National Bank  
Columbia, South Carolina

Attention: Richard K. Smith, Trust Officer

Dear Sirs:

Re: \$1,387,900 South Carolina State Housing  
Authority Housing Development Construction  
Note (Walterboro Project)

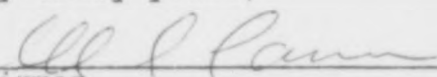
You have this day established a Construction Fund trust account pursuant to a certain Loan and Security Agreement (the Agreement) between the South Carolina State Housing Authority (the Authority) and The South Carolina National Bank, dated November 21, 1977, with the entire proceeds of the above Note.

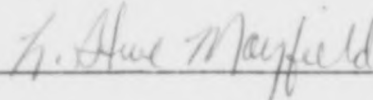
The undersigned holding the offices of the Authority indicated below do hereby certify that the cost of the site and the other initial Project costs this day to be disbursed amount to the sum of \$118,394.34 and are to be disbursed in accordance with the attached Partial Payment Estimate No. 1. The names of the persons to whom such sums are to be paid will be supplied to you under the signature of the undersigned, L. Steve Mayfield.

We do further certify that either of the undersigned will hereafter furnish to you the Certificates for Payment required under the provisions of paragraph 3 of Article 4 of the Agreement.

The Authority reserves the right to designate other officers who may sign the Certificates for Payment and if other officers are selected by the Authority, you will be duly notified in writing.

Very truly yours,

  
Chairman

  
Secretary

SOUTH CAROLINA STATE HOUSING AUTHORITY

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARMERS HOME ADMINISTRATION

PARTIAL PAYMENT ESTIMATE

(Number 1)

Name of Contractor:

SOUTH CAROLINA STATE HOUSING AUTHORITY

Name of Owner (Association):

South Carolina State Housing Authority

Date of Completion:

Original \_\_\_\_\_

Revised 11-21-78

Amount of Contract:

Original \$ 1,298,800

Revised \$ 1,195,000

Dates of Estimate:

From 11-10-77

To 11-21-77

Description of Job:

* Item	Contract Items			This Period		Total To Date	
	Quantity	Unit	Unit Price	Quantity	Amount	Quantity	Amount
1 -	N/A	Land	60,000.00		60,000.00		60,000.00
2 -	N/A	Architect (Design)	41,825.00		41,825.00		41,825.00
3 -	N/A	Soil Borings	2,995.00		2,995.00		2,995.00
4 -	N/A	Topo	2,536.00		2,536.00		2,536.00
5 -	N/A	Plat+Survey	952.00		952.00		952.00
6 -	N/A	Advertising	184.00		184.00		184.00
7 -	N/A	Legal (spe- cial counsel, document pre- paration)	2,145.00		2,145.00		2,145.00
8 -	N/A	Title Ins.	2,913.30		2,913.30		2,913.30
9 -	N/A	Builder's Risk Ins.	4,469.04		4,469.04		4,469.04
10 -	N/A	30-day Interest	375.00		375.00		375.00
		TOTAL		TOTAL		TOTAL	
			<u>118,394.34</u>		<u>118,394.34</u>		<u>118,394.34</u>
			<del>\$ 118,394.34</del>		<del>\$ 118,394.34</del>		<del>\$ 118,394.34</del>

\* Show Original Items and Change Orders Separately.

FHA 424-18 (Rev. 11-12-73)

	118,394.34 <i>cong</i> <del>118,934.34</del>	118,394.34 <i>cong</i> <del>118,934.34</del>
Amount Enclosed		
Previous Payments	XXXXXXXXXXXXXXXXXXXX	
Amount Due		118,394.34 <i>cong</i> <del>118,934.34</del>

Estimated Percentage of Job Completed .....

Is Contractor's Construction Progress on Schedule? ..... ☐ Yes ☐ No

I hereby certify that I have carefully inspected the work and as a result of my inspection and to the best of my knowledge and belief, the quantities shown in this estimate are correct and have not been shown in previous estimates and the work has been performed in accordance with the contract documents.

LUCAS & STUBBS ASSOC. LTD.

(Name of Architect/Engineering Firm)

By:

*Vito R. Pasculli, A.I.A.*  
*Vice-President*

(Title)

Approved by Association Representative:

By:

*Hugh C. Lake*  
Hugh C. Lake  
Chairman

Accepted by FHA Representative: (Title)

The Review and Acceptance of Partial Pay Estimates by FHA does not Attest to the Correctness of the Quantities shown or that the work has been Performed in accordance with the Plans and Specifications.

By:

*L. Steve Mayfield*  
L. Steve Mayfield  
Executive Director/Secretary

(Title)

By:

*Thomas H. Calhoun Jr.*  
County Supervisor

(Title)



MCLEOD, FRASER & UNGER

ATTORNEYS AT LAW

111 EAST WASHINGTON STREET

P. O. DRAWER 230

WALTERBORO, S. C.

29488

WALTON J. MCLEOD, JR.  
DONALD H. FRASER  
PEDEN B. MCLEOD  
WM. MULLINS MCLEOD  
H. WAYNE UNGER, JR.  
GEORGE W. CONE

H. WAYNE UNGER, SR.  
OF COUNSEL

AREA CODE 803  
PHONE 549-2516

November 21, 1977

South Carolina State Housing Authority  
2221 Devine Street, Suite 540  
Columbia, S. C. 29205

South Carolina National Bank  
Columbia, S. C.

Sinkler, Gibbs & Simons  
P. O. Box 340  
Charleston, S. C. 29402

Re: Our File #18564-77

Gentlemen:

We have examined the title of the South Carolina State Housing Authority to the following described tract of land:

All that piece, parcel or tract of land located near Walterboro in Walterboro School District, Verdier Township, Colleton County, South Carolina containing Fifteen and Fifty One-Hundredths (15.50) acres more or less and bounding and measuring as follows: On the North by lands now or formerly of Lee Berry and measuring thereon One Thousand One Hundred Thirty Four and Forty One Hundredths (1,134.40') Feet; on the East by other lands of the grantors herein and measuring thereon Four Hundred Ninety Eight and Eighty One Hundredths (498.80') Feet; on the South by lands said to be of the Hezekiah Bell Estate and lands of H. C. Strickland and measuring thereon Three Hundred Twelve and One One Hundredth (312.01') Feet and Eight Hundred Thirty and Thirty Three One Hundredths (830.33') Feet; and bounded on the West by S. C. Route 303, also known as the Walterboro-to-Greenpond Highway and measuring thereon Seven Hundred One and Seventy One Hundredths (701.70') Feet; all of which will more fully appear by reference to a plat of Albert Heatley, Jr., R.L.S., dated February, 1977 and recorded in Plat Book \_\_\_\_\_ at Page \_\_\_\_\_ in the Office of the Clerk of Court for Colleton County, South Carolina.

South Carolina State Housing Authority  
South Carolina National Bank  
Sinkler, Gibbs & Simons  
Page 2  
November 21, 1977

Mary Kate S. Gardner and Newell S. Langdale reserve a non-exclusive right-of-way for a common road from S. C. Route 303 on the West to other lands of Mary Kate S. Gardner and Newell S. Langdale on the East over the southernmost sixty (60') Feet of the above described tract of land, which right-of-way is more fully described by reference to the above-mentioned plat; and as to which right-of-way the South Carolina State Housing Authority, its successors and assigns, shall also have the right for the use of the same in common with Mary Kate S. Gardner and Newell S. Langdale.

This being a portion of the land conveyed to Hortense H. Smith by D. L. Smith as the second tract of land in the deed dated June 20, 1925 and recorded October 25, 1926 in Deed Book 57 at Page 652 in the Office of the Clerk of Court for Colleton County, South Carolina. Mary Kate S. Gardner and Newell S. Langdale, formerly Newell S. Tilton, are the sole heirs of Hortense H. Smith who died intestate.

This being the tract of land conveyed to the South Carolina State Housing Authority by deed of Mary Kate S. Gardner and Newell S. Langdale dated November 21, 1977 and recorded in the Office of the Clerk of Court for Colleton County on the same date in Deed Book \_\_\_\_\_ at Page \_\_\_\_\_.

We are relying on the opinion of Messrs. Sinkler, Gibbs and Simons as to the validity of the note, mortgage and the authority of the South Carolina State Housing Authority to execute same.

This examination is made from the public records of Colleton County as reflected by the indices of such records.

It is our opinion that the South Carolina State Housing Authority is vested with good and marketable title in fee simple to the above described tract of land subject only to:

South Carolina State Housing Authority  
South Carolina National Bank  
Sinkler, Gibbs and Simons  
Page 3  
November 21, 1977

1. Mortgage of the South Carolina State Housing Authority to the South Carolina National Bank in the face amount of \$1,387,900.00, dated November 21, 1977 and recorded on the same date in the Office of the Clerk of Court for Colleton County in Mortgage Book \_\_\_\_\_ at Page \_\_\_\_\_.
2. The right of way across the southern boundary of this property which is more fully described in the description of said property set out above and which is sixty (60') feet in width.
3. Rights and claims of parties in possession not shown of record.

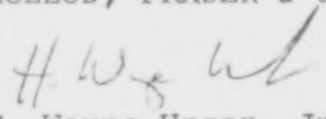
It is our opinion that the South Carolina National Bank has a good and valid first mortgage on the lands herein above described and a valid security interest in the properties described in the Financing Statement filed contemporaneously with said mortgage, subject only to:

1. The right of way across the southern boundary of this property which is more fully described in the description of said property set out above and which is sixty (60') feet in width.
2. Rights and claims of parties in possession not shown of record.

We express no opinion as to matters of survey and the Colleton County taxes have been paid through the year 1977.

Sincerely,

MCLEOD, FRASER & UNGER

  
H. Wayne Unger, Jr.

HWUjr:dpd

# Commitment No. C 08952

## COMMITMENT FOR TITLE INSURANCE

ISSUED BY

### Peninsular Title INSURANCE COMPANY



PENINSULAR TITLE INSURANCE COMPANY, a corporation of Florida, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six (6) months after the Effective Date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

This Commitment shall not be valid or binding until Schedule A has been countersigned by either a duly authorized agent or representative of the Company and Schedule B-I and B-II have been attached hereto.

IN WITNESS WHEREOF, Peninsular Title Insurance Company has caused its corporate seal to be hereunto affixed and by these presents to be signed in facsimile under authority of its by-laws.

PENINSULAR TITLE INSURANCE COMPANY

By

*William H. McCracken*  
President

Attest:

*Danney McLean*  
Secretary



A. McMillen Interest





SCHEDULE A

Issuing Agent's File No. 11

Commitment No. C08952

1. Date Issued: September 30, 1977 \_\_\_\_\_ M.  
Date Effective: September 30, 1977 \_\_\_\_\_ M.

2. Policy or Policies to be issued:

(a) A. L. T. A. Owners Policy Form A - 1970

Amount of Policy:  
\$1,387,900.00

Proposed Insured:

South Carolina State Housing Authority

(b) A. L. T. A. Loan Policy - 1970

\$ 1,387,900.00

Proposed Insured:

South Carolina National Bank

3. The estate or interest in the land described or referred to in this Commitment and covered herein is an estate or interest designated as follows: fee simple

4. Title to the estate or interest in the land described or referred to in this Commitment and covered herein (and designated as indicated in No. 3 above) is, at the effective date hereof, vested in: Mary Kate S. Gardner and Newell S. Langdale formerly Newell S. Tilton

5. The land referred to in this Commitment is in the State of South Carolina  
County of Colleton and is described as follows

SEE ATTACHED DESCRIPTION

LOWCOUNTRY TITLE COMPANY

(Insert above line name of Agent)

By

*H. W. [Signature]*  
Authorized Signatory

THIS COMMITMENT IS VALID ONLY IF SCHEDULE B IS ATTACHED.



All that piece, parcel or tract of land located near Walterboro in Walterboro School District, Verdier Township, Colleton County, South Carolina containing Fifteen and Fifty One-Hundredths (15.50) acres more or less and bounding and measuring as follows: On the North by lands now or formerly of Lee Berry and measuring thereon One Thousand One Hundred Thirty-Four and Forty One-Hundredths (1,134.40') Feet; on the East by other lands of the grantors herein and measuring thereon Four Hundred Ninety Eight and Eighty One-Hundredths (498.80') Feet; on the South by lands said to be of the Hezekiah Bell Estate and lands of H. C. Strickland and measuring thereon Three Hundred Twelve and One One-Hundredths (312.01') Feet and Eight Hundred Thirty and Thirty-Three One-Hundredths (830.33') Feet; and bounded on the West by S. C. Route 303 also known as the Walterboro-to-Greenpond Highway and measuring thereon Seven Hundred One and Seventy One-Hundredths (701.70') Feet; all of which will more fully appear by reference to a plat of Albert Heatley, Jr., R.L.S., dated February, 1977 and recorded in Plat Book \_\_\_\_\_ at Page \_\_\_\_\_ in the Office of the Clerk of Court for Colleton County, South Carolina.

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# Peninsular Title INSURANCE COMPANY

## SCHEDULE B - I (Requirements)

Issuing Agent's  
File No. 11

Commitment No. C08952

The following are the requirements to be complied with:

1. Payment to, or for the account of, the grantors or mortgagors of the full consideration for the estate or interest to be insured.
2. Payment of all taxes, assessments, levied and assessed against subject premises, which are due and payable.
3. Satisfactory evidence shall be produced that all improvements and/or repairs or alterations thereto are completed; that contractor, subcontractor, labor and materialmen are all paid in full.
4. Instruments in insurable form which must be properly executed, delivered and duly filed for record:

(a) Warranty deed from Mary Kate S. Gardner and Newell S. Langdale, formerly known as Newell S. Tilton, to South Carolina State Housing Authority;

(b) Mortgage from South Carolina State Housing Authority to South Carolina National Bank.

# Peninsular Title INSURANCE COMPANY

## SCHEDULE B - II (Exceptions)

Issuing Agent's File No. 11

Commitment No. C 08952

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company.

1. Defects, liens, encumbrances, adverse claims, or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Any owner's policy issued pursuant hereto will contain under Schedule B the General Exceptions set forth at the inside cover hereof. Any loan policy will contain under Schedule B General Exceptions 1, 2, 3 and 5 unless a satisfactory survey and inspection of the premises is made and will contain General Exceptions 4 and 6.
3. In the event this Commitment is issued with respect to a construction loan to be disbursed in future periodic installments, then the policy shall contain an additional exception which shall read as follows:  
"Pending disbursement of the full proceeds of the loan secured by the mortgage insured, this policy only insures the amount actually disbursed, but increases as proceeds are disbursed in good faith and without knowledge of any intervening lien or interest to or for the account of the mortgagor up to the amount of the policy. Such disbursement shall not extend the date of the policy or change any part thereof unless such change is specifically made by written endorsement duly issued on behalf of the Company. Upon request by the insured (and payment of the proper charges therefor,) the Company will search the public records subsequent to the date of the policy and furnish to the insured a continuation report showing such matters affecting title to the land as they have appeared in the public records subsequent to the date of the policy or the date of the last preceding continuation report, and if such continuation report shows intervening lien, or liens, or interest to or for the account of the mortgagor, then in such event this policy does not increase in liability unless such matters as actually shown on such continuation report are removed from the public records by the insured."
4. Taxes for the year 1977 and subsequent years. Special taxes and assessments now assessed or levied but payable in future installments.
5. Mary Kate S. Gardner and Newell S. Langdale reserve a non-exclusive right-of-way for a common road from S. C. Route 303 on the West to other lands of Mary Kate S. Gardner and Newell S. Langdale on the East over the southernmost Sixty (60') feet of the above-described tract of land, which right-of-way is more fully described by reference to the above-mentioned plat; and as to which right-of-way the South Carolina State Housing Authority, its successors and assigns, shall also have the right for the use of the same in common with Mary Kate S. Gardner and Newell S. Langdale.

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TELEPHONE 722-3366  
AREA CODE 803

November 21, 1977

The South Carolina National Bank  
Columbia, South Carolina

Re: \$1,387,900 South Carolina State Housing  
Authority Housing Development Construction  
Note (Walterboro Project)

Gentlemen:

We have examined a certified copy of the Record of Proceedings filed with the Secretary of State of South Carolina and the Constitution and Statutes of the State of South Carolina, all in connection with the issuance by the South Carolina State Housing Authority (the Authority), of a \$1,387,900 South Carolina State Housing Authority Housing Development Construction Note (Walterboro Project) (the Note), issued pursuant to a Resolution of the Authority (the Resolution) and approved by the State Budget and Control Board of South Carolina.

The Note is being issued by the Authority pursuant to and for purposes permitted by Article 3 of Chapter 3 of Title 31, Code of Laws of South Carolina, 1976, and Act R-131 of the Acts of the General Assembly of the State of South Carolina for the year 1977, in order to obtain funds with which to acquire and construct 68 housing units in Verdier Township in Colleton County, in order to provide housing for approximately 280 persons or families of low income (the Project).

The Note is secured by a first and forecloseable mortgage (the Mortgage) on the land and buildings which comprise the Project and by property, moneys and property rights set forth in a certain Loan and Security Agreement between the Authority and The South Carolina National Bank (the Loan and Security Agreement), dated as of the date of the Note.

In addition, we have examined, among other things, the following:



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- (a) the executed Note;
- (b) an executed counterpart of the Mortgage and the Loan and Security Agreement; and
- (c) Opinion of Messrs. McLeod, Fraser & Unger, who examined the title to the tract of land whereon the Project is to be constructed, dated the date hereof, and upon which we rely as to the opinions expressed in paragraph (ii) and (iii) below.

Based upon the foregoing, and upon such other information and documents furnished to us as we believe necessary to enable us to render this opinion, we are of the opinion that:

(i) The Authority is an agency of the State of South Carolina, and the Authority has full power and authority to acquire and finance the Project, to issue the Note and to execute, deliver and perform the obligations of the Authority under the Mortgage and the Loan and Security Agreement.

(ii) The Authority has good and marketable title to the tract of land whereon the Project is to be constructed, subject only to encumbrances, rights and interest which are shown in the Title Opinion.

(iii) The Mortgage constitutes a valid first mortgage lien upon the interest of the Authority in the Project, and in the case of any personal property included in the Project and purchased with the proceeds of the Note, a valid security interest, subject only to the encumbrances, rights and interests which are shown in the Title Opinion.

(iv) The Loan and Security Agreement has been duly authorized and executed by the Authority and constitutes a legally binding agreement enforceable in accordance with its terms.

The Note is a valid limited obligation of the Authority, payable solely from the properties, moneys and property rights described in the said Loan and Security Agreement and in the said Mortgage. The faith and credit of the State of South Carolina are not pledged to the payment of the Note and the



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Note does not constitute an indebtedness of the State of South Carolina and shall never give rise to a pecuniary liability of the State of South Carolina or the Authority except to the extent set forth in the Resolution of the Authority authorizing the Note and as further set forth in the Loan and Security Agreement and in the Mortgage.

The Note and the interest thereon are exempt from all State, County, School District, Municipal and all other taxes or assessments of the State of South Carolina, except inheritance, estate or transfer taxes, and under presently existing statute law, as judicially construed on the delivery date, the interest thereon is exempt from Federal Income Taxes.

We have examined the executed Note, and, in our opinion, its form and execution are in due form of law.

Very truly yours,

*Sinkler Gibbs & Simons*

**THE END**