

## CONSENT AND AGREEMENT

Between THE CITY OF PORTLAND, acting through its Bureau of Community Development (the "City"), whose address is c/o Director, Suite 600, 808 S.W. Third Avenue, Portland, Oregon 97204

And UNITED STATES NATIONAL BANK OF OREGON, a national banking association ("U.S. Bank"), whose address is 321 S.W. Sixth Avenue, Portland, Oregon 97204

Date \_\_\_\_\_, 199\_\_\_\_

Recitals

A. The parties hereto are parties to a Restated City Agreement dated February 10, 1995 (the "Restated City Agreement"), regarding loans from U.S. Bank to Portland Community Reinvestment Initiatives, Inc., an Oregon nonprofit public benefit corporation ("Borrower").

B. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Restated City Agreement.

C. U.S. Bank has agreed to advance additional funds under Loan 3 and to otherwise modify certain terms of Loan 3.

D. The City has agreed to consent to the increase and modification of Loan 3.

In consideration of the foregoing, it is agreed as follows:

1. The City hereby consents to the increase in Loan 3 to \$11,100,000 and to the other modifications to Loan 3 set forth in Modification to Note and Loan Agreement between U.S. Bank and Borrower, a copy of which is attached hereto marked Exhibit A.

2. The City represents and warrants to U.S. Bank that total funds available to support the Restated City Agreement are in compliance with the terms of the Restated City Agreement.

3. The City hereby warrants and represents to U.S. Bank that except as to the matter referred to in paragraph 2 hereof, the representations and warranties set forth in paragraph 2 of the Restated City Agreement are true and correct as of the date hereof.

4. The City expressly consents to the establishment of a reserve to cover operating expenses as provided in Exhibit A and to the payment of U.S. Bank's fee out of such reserve.

5. Except as expressly modified herein the City agreement shall remain in full force and effect in accordance with its terms.

**THE CITY OF PORTLAND**, acting by and through  
its Bureau of Community Development

By: \_\_\_\_\_

**AUDITOR, CITY OF PORTLAND**

By: \_\_\_\_\_

**UNITED STATES NATIONAL BANK OF OREGON**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: Linda Menz  
City Attorney

## MODIFICATION TO NOTE AND LOAN AGREEMENT

DATED: \_\_\_\_\_, 1996

BETWEEN: **PORTLAND COMMUNITY REINVESTMENT INITIATIVES, INC.**,  
an Oregon nonprofit public benefit corporation ("Borrower"),  
whose address is Post Office Box 11474, Portland,  
Oregon 97211 and whose street address is 2045 N.E.  
Martin Luther King, Jr. ("MLK") Boulevard, Portland,  
Oregon 97211

AND: **UNITED STATES NATIONAL BANK OF OREGON**, a national  
banking association ("U.S. Bank") whose address is 321 S.W.  
Sixth Avenue, Portland, Oregon 97204

## Recitals

A. Borrower and U.S. Bank are parties to a Loan Agreement dated July 1, 1992, as modified by Modification Agreement dated February 10, 1995 (collectively the "Loan Agreement").

B. Borrower is the maker of a promissory note in the original principal amount of \$10,600,000 dated February 10, 1995 (the "Loan 3 Note").

C. The parties desire to modify the Loan Agreement and the Loan 3 Note.

D. All capitalized terms not otherwise defined herein shall have the meanings given them in the Loan Agreement.

Now, therefore, it is mutually agreed as follows:

1. The maximum amount to be advanced under the Loan Agreement with respect to Loan 3 is increased to \$11,100,000. The principal amount of the Loan 3 Note is increased to \$11,100,000.

2.1 From the date hereof through September 30, 1996, \$10,000,000 of Loan 3 shall bear interest at a rate per annum stated in subsection 2.2 herein. The remaining outstanding balance of Loan 3 shall bear interest at the rate specified in Loan 3 Note. Subsequent to September 30, 1996, Loan 3 shall bear interest at the rate specified in the Loan 3 Note. The provisions of the Loan 3 Note related to lender's tax credits shall be applicable to the TCM Rate.

2.2 The applicable interest rate shall be equal to the four week average rate of the United States Treasury Constant

Maturities for one year as set forth in the most current Federal Reserve Statistical Report (H-15) or any successor to such report available fifteen days prior to the date hereof plus 2.5 percent per annum rounded to the nearest 1/8 of 1 percent (the "TCM Rate") from the date of execution of this agreement through September 30, 1996. The effective date for determining the applicable TCM Rate shall be fixed on the date of execution of this agreement.

3. Additional loan proceeds pursuant to paragraph 1 shall be applied only to the uses permitted under the Loan Agreement.

4. U.S. Bank hereby consents to the application of proceeds from the sale of Borrower's properties to establishment of a reserve of not more than \$327,000. U.S. Bank further consents to the use of funds from such reserve for payment of operational costs not covered by Borrower's operating income. Borrower agrees to pay \$53,000 out of such reserve to cover the annual fee due from Borrower to U.S. Bank as of July 1, 1995. To the extent that U.S. Bank's fees for future periods are not covered by Borrower's operating income, it is agreed that such fees will be paid out of the reserve established pursuant to this paragraph 4.

5. The effectiveness of this instrument is conditioned upon the execution between City of a Consent and Agreement in the form of Exhibit A attached hereto.

6. Except as expressly modified herein the Loan Agreement and the Loan 3 Note will remain in full force and effect in accordance with their respective terms.

IN WITNESS WHEREOF, this agreement has been executed by the parties as of the date first hereinabove written.

**PORTLAND COMMUNITY  
REINVESTMENT INITIATIVES, INC.**

By \_\_\_\_\_

Title \_\_\_\_\_

**UNITED STATES NATIONAL BANK OF  
OREGON**

By \_\_\_\_\_

Title \_\_\_\_\_

200

Agenda No.

ORDINANCE NO.

169773

Title

\*Authorize amendment to the Restated City Agreement with United States National Bank of Oregon regarding a financing agreement between United States National Bank of Oregon and Portland Community Reinvestment Initiatives, Inc. (Ordinance)

INTRODUCED BY	Filed: <b>FEB 02 1996</b>
Commissioner Gretchen Miller Kafoury	Barbara Clark Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs <i>Gretchen Miller Kafoury (th)</i>	By: <i>Britta Olsan</i>
Finance and Administration	Deputy
Safety	For Meeting of: _____
Utilities	ACTION TAKEN:
Works	
BUREAU APPROVAL	
Bureau: Housing & Community Development	
Prepared by Date Martha McLennan 02/01/96	
Budget Impact Review: _x_ Completed Not Required	
Bureau Head: Steve Rudman <i>[Signature]</i> Director	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
Consent <input checked="" type="checkbox"/>	Regular	Blumenauer	Blumenauer	<input checked="" type="checkbox"/>	
NOTED BY		Hales	Hales	<input checked="" type="checkbox"/>	
City Attorney		Kafoury	Kafoury	<input checked="" type="checkbox"/>	
City Auditor		Lindberg	Lindberg	<input checked="" type="checkbox"/>	
City Engineer		Katz	Katz	<input checked="" type="checkbox"/>	

\*Authorize amendment to the Restated City Agreement with United States National Bank of Oregon regarding a financing agreement between United States National Bank of Oregon and Portland Community Reinvestment Initiatives, Inc. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. By passage of Ordinance No. 165415 (May 6, 1992) and Ordinance No. 165702 (July 29, 1992), Council authorized agreements which used Community Development Block Grant (CDBG) resources as a source of pledged security for a loan by U.S. National Bank of Oregon (U.S. Bank) to Portland Community Reinvestment Initiatives, Inc. (PCRI) to fund the acquisition and rehabilitation of a portfolio of residential properties from the Dominion Capital bankruptcy proceedings.
2. By passage of Ordinance No. 168481 and Ordinance No. 168482 (February 2, 1995) Council acknowledged and consented to modifications to the original agreements and agreed to continue to provide a pledge of CDBG resources as security for the loan.
3. U.S. Bank and PCRI have now agreed to further modify the loan agreement to better reflect the status of the properties, the need for funds and the terms under which U.S. Bank is willing to make funds available.
4. These modifications increase the total funding available under the loan from \$10,600,000 to \$11,100,000 and allow for the creation of a limited operating reserve to be generated from sale proceeds.
5. The City wishes to acknowledge and consent to the Modification Agreement between PCRI and U.S. Bank and agree to continue to provide a pledge of CDBG resources as security for the loan.

NOW, THEREFORE, the Council directs:

- a. The Commissioner of Public Affairs is authorized to execute the Consent and Agreement with U.S. Bank in a form substantially similar to the agreement attached as Exhibit A, and appropriate modifications to the Indemnification and Reimbursement Agreement with PCRI in a form approved by the City Attorney.

Section 2. The Council declares that an emergency exists because a delay could result in delayed access to funds necessary to complete rehabilitation of the affordable rental housing covered by this agreement; therefore, this Ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council, **FEB 07 1996**

Commissioner Gretchen Kafoury  
Martha McLennan  
February 2, 1996

BARBARA CLARK  
Auditor of the City of Portland  
By *Bette Olson*  
Deputy