

RESOLUTION 25-18

A RESOLUTION TO LOAN FUNDS TO THE HOUSING AUTHORITY OF THE CITY OF DALTON AND TO ACCEPT A DEED TO SECURE DEBT GRANTED BY THE HOUSING AUTHORITY OF THE CITY OF DALTON

WHEREAS, Article IX, Section III, Paragraph I of the Constitution of the State of Georgia provides, in pertinent part, that any City may contract for any period not exceeding fifty (50) years with any other public agency, public corporation, or public authority for joint service, for the provisions of services, or for the joint or separate use of facilities or equipment, for such activities, services or facilities which the contracting parties are authorized by law to undertake or provide; and

WHEREAS, O.C.G.A. § 8-3-155 (b) provides in pertinent part that “[a]ny city or county located in whole or in part within the area of operation of a housing authority shall have the power from time to time to lend or donate money to the authority or to agree to take such action.”

WHEREAS, the Housing Authority of the City of Dalton, Georgia (“HACD”) is a public housing authority properly formed and existing pursuant to O.C.G.A. §8-3-1, et. seq., which owns and maintains rental housing units within the City for residents in need of low-income housing; and

WHEREAS, HACD has requested that the City of Dalton loan \$1,000,000.00 (the “Loan”) to it for use in connection with development or redevelopment of certain low-income public housing projects to be located on certain real property HACD owns at or near 405 Sequoyah Place, Dalton, Georgia 30721 (“Proposed Projects”) on such terms and conditions as are more particularly set forth in a certain promissory note (“Promissory Note”), which is attached hereto as Exhibit 1;

WHEREAS, HACD has agreed to provide security for the repayment of said Loan via a deed to secure debt for certain real property more particularly described in a certain deed to secure debt (“Security Deed”), which is attached hereto as Exhibit 2;

WHEREAS, the Mayor and Council of the City of Dalton have determined that the Proposed Projects provide a substantial benefit to the City of Dalton which likely would not occur without the Loan;

WHEREAS, the Mayor and Council of the City of Dalton have determined that it is in the best interests of the City of Dalton to enter into the Promissory Note and Security Deed and to provide the Loan to HACD;

NOW, THEREFORE, BE IT RESOLVED, that the City of Dalton is hereby authorized to enter into any and all contracts, agreements, or other documents necessary to consummate the Loan and the transactions described herein, including but not limited to the Promissory Note and Security Deed ; and

BE IT FURTHER RESOLVED, that the Mayor of the City of Dalton be, and is hereby is, authorized and empowered to take such actions and to execute for and on behalf of the City of Dalton those certain deeds, settlement statements, affidavits, and such other agreements, instruments, certificates, assignments, papers and documents which, may be necessary or desirable to effect the said Loan, Promissory Note, and Security Deed; and such agreements, instruments, certificates, assignments, papers and documents shall be in such form and contain such terms and conditions as may be approved by the Mayor on behalf of the City of Dalton, and the execution of such agreements, instruments, certificates, assignments, papers and documents by the Mayor on behalf of the City of Dalton as herein authorized shall be conclusive evidence of any such approval.

BE IT FURTHER RESOLVED, that all acts and doings of the Mayor in connection with the Proposed Conveyance which are in conformity with the purposes and intents of these Resolutions and in the furtherance of the transactions contemplated hereby and thereby shall be, and the same hereby are, in all respects approved and confirmed.

BE IT FURTHER RESOLVED, that the signature of the Mayor to any of the consents, agreements, instruments, certificates, assignments, papers and documents executed and delivered in connection therewith shall be conclusive evidence of the authority of the Mayor to execute and deliver such consents, agreements, instruments, certificates, assignments, papers and documents on behalf of the City of Dalton.

BE IT FURTHER RESOLVED, that the Clerk or any Assistant Clerk of the City of Dalton be, and each hereby is, authorized to attest the signature of any officer of the City of Dalton and impress or attest the City of Dalton's seal appearing on any agreement, instrument, certificate, financing statement, assignment, paper or document executed in connection with any of the foregoing Resolutions, but shall not be obligated to do so, and the absence of the signature of the Clerk or any Assistant Clerk of the City of Dalton or the City of Dalton's seal on any such agreement, instrument, certificate, financing statement, assignment, paper or other document shall not affect its validity or the obligation of the Mayor and Council of the City of Dalton thereunder.

BE IT FURTHER RESOLVED, that all resolutions or parts thereof of the city of Dalton in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

BE IT FURTHER RESOLVED, that these Resolutions shall take effect immediately upon their adoption.

SO ADOPTED this _____ day of _____, 2025.

City of Dalton, Georgia

By: _____
Mayor/ Mayor Pro Tempore

Attest: _____
Clerk

(SEAL)

EXHIBIT 1

PROMISSORY NOTE

\$1,000,000.00

October 1, 2025

1. **FOR VALUE RECEIVED**, the Housing Authority of the City of Dalton, a public body corporate and politic, duly created, organized and existing under the laws of the State of Georgia (the “Borrower”), whose address is 405 Sequoyah Place, Dalton, GA 30720, promises to pay to the order of the City of Dalton, Georgia, a municipal corporation of the State of Georgia (the “Lender”), the principal amount of \$1,000,000.00, with interest from date at the rate of one percent per (1.0%) annum on said principal sum, or on so much thereof as may from time to time remain unpaid. Each installment, when paid, shall be applied first to the payment of interest accrued on unpaid principal, and the residue thereof to be credited on the principal of this promissory note (the “Note”). Both principal and interest payable in lawful money of the United States of America, at P.O. Box 1205, Dalton, GA 30722, or at such other place as Lender may designate, in writing. Interest shall be calculated on the basis of a 360 day year for the actual number of days elapsed. Interest shall be payable in annual installments. The first interest payment shall be due and payable in the amount of \$30,000.00 on October 1, 2028. Subsequent interest payments of the lesser of \$10,000.00 or one percent of the outstanding principal shall be due and payable on the first day of October each and every year, commencing on October 1, 2029, and continuing to and including October 1, 2045, on which day the entire balance of principal, interest and any other sums being due under the terms of this Note shall be due and payable. Borrower is also a party to a loan agreement entered into concurrently herewith or within a reasonable time thereafter with Walton Communities, LLC (“Walton Communities”) whereby Borrower has loaned \$2,000,000.00 to Walton Communities (“Walton Loan”). Within 10 days of Borrower’s receipt of any payment from Walton Communities on the Walton Loan, Borrower shall remit one half of said payment to Lender to be applied first to outstanding interest and then to reduction of principal on this Note.

2. If any payment of principal or interest, due hereunder is not paid within ten days of the date due, Borrower shall pay to Lender a late payment fee in the amount of five hundred dollars (\$500.00), in order to compensate Lender for its additional administrative costs of collection and loan processing, provided that such late payment charge shall be payable only once with respect to each payment due under this Note.

3. If from any circumstances whatsoever fulfillment of any provision of this Note at the time performance of such provision shall be due shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Note or under any other instrument evidencing or securing the indebtedness evidenced hereby, that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity.

4. Borrower, whether makers, endorsers, sureties, guarantors or otherwise, in consideration of the credit evidenced by this Note, hereby promise, agree and bind ourselves, jointly and severally, to pay in lawful money of the United States of America, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, each and all of the payments hereinabove referred to promptly as and when they become due and payable, whether becoming due and payable in due course or by acceleration as hereinafter provided, and to pay all costs of collection, litigation and attorney's fees in the amount of fifteen percent of the amount due hereon, in case this Note or any part of the indebtedness evidenced hereby is collected by law, or through an attorney at law, or under advice thereof.

5. Borrower represents and warrants that it is a public housing authority properly formed and existing pursuant to O.C.G.A. §8-3-1, et. seq. and that it shall use all funds loaned pursuant to this Note in compliance with all applicable laws, regulations, and authorities.

6. It is hereby expressly agreed that should any default be made in the payment of principal or interest as in this Note provided, and if such default shall continue for a period of ten (10) days, or should any default be made in the performance of any of the covenants or conditions contained in any of the Loan Documents, as that term is hereinafter defined, then, in any of such events, the principal indebtedness evidenced hereby, and any other sums advanced hereunder or under the Loan Documents, together with all unpaid interest accrued thereon, shall, at the option of Lender, at once become due and payable and may be collected forthwith, regardless of the stipulated date of maturity. TIME IS OF THE ESSENCE OF THIS NOTE. Interest shall accrue on the outstanding principal balance of this Note from the date of any default hereunder and for so long as such default continues, regardless of whether or not there has been an acceleration of the indebtedness evidenced hereby as set forth herein, at the rate equal to four percent (4.0%) per annum in excess of the applicable interest rate at the time of such default. All such interest shall be paid at the time of and as a condition precedent to the curing of any such default should Lender, at its sole option, allow such default to be cured. In the event this Note, or any part thereof, is collected by or through an attorney at law, Borrower agrees to pay all costs of collection including, but not limited to fifteen percent of the amount due under this Note as attorney's fees if any part of this Note is collected by law or through an attorney.

7. Borrower shall have the right of prepayment of the obligation in whole or in part, at any time without penalty.

8. All notices, demands, consents, approvals, and other requests which may be given or which are required to be given by either party to the other (each a "Notice") shall be in writing and may be: (A) hand delivered, (B) delivered by way of overnight delivery service (such as Federal Express Corporation or United Parcel Service, or other nationally recognized overnight courier service with confirmation of delivery), or (C) transmitted via electronic mail provided that the sender must obtain a written confirmation of receipt by way of electronic confirmation showing the date and time of the transmission. In the event Notice is provided by electronic mail a copy of the Notice must also be delivered the next day by method (A) or (B) above. Notices cannot be given through the United States Postal Service or by mail under any means. All Notices shall be deemed effective either: (A) upon delivery if hand delivered, as evidenced by written receipt therefor, whether or not actually received by the person to whom addressed; (B) on the day deposited into the custody of a nationally recognized overnight delivery service for overnight next day delivery, addressed to such party at the address indicated herein; or (C) the date of the receipt of a confirmation of electronic mail is received by the sender if a confirmation of receipt is received by the sender. Refusal to accept, or inability to deliver because of changed address of which no Notice was given, shall be deemed receipt on the date of such refusal of delivery or inability to deliver. Either party may, from time to time, change the address to which Notices shall be sent by like Notice given to the other party hereto, except that no party may change its address to other than a street address. Any Notice given that does not conform to this paragraph shall be effective only upon receipt. The addresses for Notices given to pursuant to this Agreement shall be made at the addresses set forth above.

9. Presentment for payment, demand, protest and notice of demand, notice of dishonor and notice of nonpayment and all other notices are hereby waived by Borrower. No failure to accelerate the debt evidenced hereby by reason of default hereunder, acceptance of a past due installment, or indulgences granted from time to time shall be construed (A) as a novation of this Note or as a restatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of Lender thereafter to insist upon strict compliance with the terms of this Note, or (B) to prevent the exercise of such right of acceleration or any other right granted hereunder, under the Loan Documents, or by applicable law; and Borrower hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of the time for the payment of this Note or any installment due hereunder, or any renewal of the indebtedness evidenced hereby, made by agreement with any person now or hereafter liable for the payment of this Note, and no release, surrender, exchange, or substitution of any collateral security now held or which may hereafter be held as security for the payment of this Note, and no failure of Lender to perfect a

security interest in any collateral securing the payment of this Note, shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part unless Lender agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. All rights and remedies of Lender under the terms of this Note, the Loan Documents, and under applicable statutes or rules of law, shall be cumulative and may be exercised successively or concurrently.

10. Borrower hereby waives and renounces for itself, its heirs, successors and assigns, all rights to the benefits of any statute of limitations, any moratorium, reinstatement, marshaling, forbearance, valuation, stay, extension, redemption, appraisal and exemption now provided, or which may hereafter be provided, by the Constitution and laws of the United States of America and of any state thereof, against the enforcement and collection of the obligations evidenced by this Note. Borrower hereby transfers, conveys and assigns to Lender a sufficient amount of such homestead or exemption as may be set apart in bankruptcy, to pay this Note in full, with all costs of collection, and does hereby direct any trustee in bankruptcy having possession of such homestead or exemption to deliver to Lender a sufficient amount of property or money set apart as exempt to pay the indebtedness evidenced hereby, or any renewal thereof, and does hereby appoint Lender the attorney in fact for Borrower to claim any and all homestead exemptions allowed by Law.

11. The indebtedness evidenced by this Note and the obligations created hereby are secured by that certain Deed to Secure Debt (together with all other documents now or hereafter evidencing or securing or in any way relating to the indebtedness evidenced hereby, herein referred to collectively as the "Loan Documents") made on even date herewith by Borrower as "Grantor" therein in favor of Lender as "Grantee" therein, concerning certain real or personal property, some of which Loan Documents are to be filed for record on or about the date hereof in the appropriate public records.

12. This Note is intended as a contract under and shall be construed and enforceable in accordance with the laws of the State of Georgia. As used herein, the terms "Borrower" and "Lender" shall be deemed to include their respective heirs, successors, legal representatives and assigns, as the case may be, whether by voluntary action of the parties or involuntary by operation of law.

IN WITNESS WHEREOF, Borrower has executed this Note under seal on the date first above written.

BORROWER:

Housing Authority of the City of Dalton

By: _____
Title:

Attest: _____
Title:

{Seal}

EXHIBIT 2

[Space above this line for recording data.]

Please Record and Return To:

Jonathan L. Bledsoe
The Minor Firm
P.O. Box 2586
Dalton, GA 30722-2586

DEED TO SECURE DEBT AND SECURITY AGREEMENT

1. Date of the Security Deed: October 1, 2025
2. Signatories/Parties to the Security Deed:
 - Grantor: Housing Authority of the City of Dalton
 - Grantee: City of Dalton
3. Mailing Address of Grantee: P.O. Box 1205, Dalton, GA 30722
4. Map and Parcel ID Number(s): 12-217-15-019
5. Original Loan Amount: \$ 1,000,000.00
6. Initial Maturity Date: October 1, 2045
7. Intangible Recording Tax: Exempt
8. Intangible Recording Tax Exemption Authority: Grantee is exempt pursuant to O.C.G.A. § 48-6-2(a)(3). See also the Georgia Department of Revenue Rules and Regulations § 560-11-8-.14(a).

THIS INDENTURE (this “Security Deed”) is made this October 1, 2025, between **Housing Authority of the City of Dalton**, a public body corporate and politic, duly created, organized and existing under the laws of the State of Georgia, having a mailing address of 405 Sequoyah Place, Dalton, GA 30720, Grantor, and **City of Dalton, Georgia**, a municipal corporation of the State of Georgia, having a mailing address of P.O. Box 1205, Dalton, GA 30722, Grantee.

WITNESSETH:

THAT, WHEREAS, Grantor is justly indebted to Grantee in the sum of \$1,000,000.00, in lawful money of the United States, and has agreed to pay the same with interest thereon, according to the terms of a certain note (the "Note") given by Grantor to Grantee, bearing even date herewith, with final payment being due on October 1, 2045, the Note, by reference, being made a part hereof.

NOW, THEREFORE, in consideration of the premises and of the sum hereinabove set forth, Grantor has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell and convey unto Grantee all that tract or parcel of land as more particularly described in Exhibit "A" attached hereto, reference to which is hereby made and incorporated herein by reference.

TOGETHER with all buildings, structures and other improvements now or hereafter located on the property hereinbefore described, or any part and parcel thereof; and

TOGETHER with all rights, title and interest of Grantor in and to the minerals, flowers, shrubs, crops, trees, timber and other emblements now or hereafter on said property or above the same or any part or parcel thereof; and

TOGETHER with all and singular the tenements, hereditaments, easements and appurtenances thereunto belonging or in any wise appertaining, and the reversion or reversions, remainder and remainders, rents, issues and profits thereof; and also all the estate, right, title, interest, claim and demand whatsoever of Grantor of, in and to the same and of, in and to every part and parcel thereof; and

TOGETHER with all machinery, apparatus, equipment, fittings, fixtures, whether actually or constructively attached to said property and including all trade, domestic and ornamental fixtures, and articles of personal property of every kind and nature whatsoever (hereinafter collectively called "Equipment"), now or hereafter located in, upon or under said property and now owned or hereafter acquired by Grantor, including, but without limiting the generality of the foregoing, all heating, air-conditioning, freezing, lighting, laundry, incinerating and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating and communications apparatus, boilers, ranges, furnaces, oil burners or units thereof, appliances, air-cooling and air-conditioning apparatus, vacuum cleaning systems, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, wall beds, refrigerators, attached cabinets, partitions, ducts and compressors, rugs and carpets, draperies, furniture and furnishings in commercial, institutional and industrial buildings, together with all building materials and equipment now or hereafter delivered to the premises and intended to be installed therein, together with all additions hereto and replacements thereof (Grantor hereby agreeing with respect to all additions and replacements to execute and deliver from time to time such further instruments as may be requested by Grantee to confirm the conveyance, transfer and assignment of any of the foregoing); and

TOGETHER with any and all rents which are now due or may hereafter become due by reason of the renting, leasing and bailment of property improvements thereon and Equipment; and

TOGETHER with any and all awards or payments, including interest thereon, and the right to receive the same, as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street, or (c) any other injury to, taking of, or decrease in the value of, the Premises (as defined hereinafter), to the extent of all amounts which may be secured by this Security Deed at the date of receipt of any such award or payment by Grantee, and of the reasonable attorney's fees, costs and disbursements incurred by Grantee in connection with the collection of such reward or payment.

TO HAVE AND TO HOLD all the aforesaid property, property rights, Equipment and claims (all of which are collectively referred to herein as the "Premises") to the use, benefit and behoof of the Grantee, forever, in FEE SIMPLE. Grantor warrants that Grantor has good and marketable title to the Premises, and is lawfully seized and possessed of the Premises and every part thereof, and has the right to convey same; that the Premises are unencumbered except as may be herein expressly provided; and that Grantor will forever warrant and defend the title to the Premises unto Grantee against the claims of all persons whomsoever.

1. Grantor shall pay to Grantee the Secured Indebtedness (as defined hereinafter) with interest thereon as in the Note and this Security Deed provided.

2. Grantor shall pay, when due and payable: (a) all taxes, assessments, general or special, and other charges levied on, assessed, placed or made against the Premises, this instrument or the Secured Indebtedness or any interest of the Grantee in the Premises or the obligations secured hereby; (b) premiums on policies of fire and other hazard insurance covering the Premises, as required in Paragraph 3 herein; (c) premiums on all collaterally pledged life insurance policies, if any; (d) premiums for mortgage insurance, if this Security Deed and the Note are so insured; and (e) ground rents or other lease rentals, if any, payable by Grantor. Grantor shall promptly deliver to Grantee receipts showing payment in full of all of the above items. Upon notification from Grantee, Grantor shall pay to Grantee, together with and in addition to the payments of principal and interest payable under the terms of the Note secured hereby, on the installment-paying dates of the Note, until said Note is fully paid or until notification from Grantee to the contrary, an amount reasonably sufficient (as estimated by Grantee) to provide Grantee with funds to pay said taxes, assessments, insurance premiums, rents or other charges next due so that Grantee will have sufficient funds on hand to pay same thirty (30) days before the date on which they become past due. In no event shall Grantee be liable for any interest on any amount paid to it as herein required, and the money so received may be held and commingled with its own funds, pending payment or application thereof as herein provided. Grantor shall furnish to Grantee, at least thirty (30) days before the date on which the same will become past due, an official statement of the amount of said taxes, assessments, insurance premiums and rents next due, and Grantee shall pay said charges to the amount of the then unused credit therefor as and when they become severally due and payable. An official receipt therefor shall be conclusive evidence of such payment and of the validity of such charges. Grantee may, at its option, pay any of these charges when payable, either before or after they become past due, without notice, or make advances therefor in excess of the then amount of credit for said charges. The excess amount advanced shall become part of the Secured Indebtedness and bear interest at the rate specified in the Note from date of advancement. Grantee may apply credits held by it for the above charges, or any part thereof, on account of any delinquent installments of principal or interest or any other payments maturing or due under this instrument, and the amount of credit existing at any time shall be reduced by the amount thereof paid or applied as herein provided. The amount of the existing credit hereunder at the time of any transfer of the Premises shall, without assignment thereof, inure to the benefit of the successor-owner of the Premises and shall be applied under and subject to all of the provisions hereof. Upon payment in full of the Secured Indebtedness, the amount of any unused credit shall be paid over to the person entitled to receive it.

3.

(a) Grantor shall keep the Premises insured for the benefit of the Grantee against loss or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke, vandalism, and malicious mischief, and such other hazards as Grantee may from time to time require, all in amounts approved by Grantee not exceeding 100% of full insurable value; all insurance herein provided for shall be in form and companies approved by Grantee; and, regardless of the types and amounts of insurance required and approved by Grantee, Grantor shall assign and deliver to Grantee, as collateral and further security for the payment of the Secured Indebtedness, all policies of insurance which insure against any loss or damage to the Premises, with loss payable to Grantee, without contribution by Grantee, pursuant to the New York Standard or other mortgagee clause satisfactory to Grantee. If Grantee, by reason of such insurance, receives any money for loss or damage, such amount may, at the option of Grantee, be retained and applied by Grantee toward payment of the Secured Indebtedness, or be paid over, wholly or in part, to Grantor for the repair or replacement of the Premises or any part thereof, or for any other purpose or object satisfactory to Grantee, but Grantee shall not be obligated to see to the proper application of any amount paid over to Grantor.

(b) Not less than thirty (30) days prior to the expiration date of each policy of insurance required of Grantor pursuant to this Article, and of each policy of insurance held as additional collateral to secure the Secured Indebtedness, Grantor shall deliver to Grantee a renewal policy or

policies marked "premium paid" or accompanied by other evidence of payment satisfactory to Grantee.

(c) In the event of a foreclosure of this Security Deed, the purchaser of the Premises shall succeed to all the rights of Grantor, including any right to unearned premiums, in and to all policies of insurance assigned and delivered to Grantee, with respect to all property conveyed and to be conveyed by this Security Deed, pursuant to the provisions of this Article.

4. Grantor shall maintain the Premises in good condition and repair, shall not commit or suffer any waste to the Premises, and shall comply with, or cause to be complied with, all restrictive covenants, statutes, ordinances and requirements of any governmental authority relating to the Premises and the use thereof or any part thereof. Grantor shall promptly repair, restore, replace or rebuild any part of the Premises, now or hereafter encumbered by this Security Deed, which may be affected by any proceeding of the character referred to in Article 8 herein. No part of the Premises, including, but not limited to, any building, structure, parking lot, driveway, landscape scheme, timber or other ground improvement, equipment or other property, now or hereafter conveyed as security by or pursuant to this Security Deed, shall be removed, demolished or materially altered without the prior written consent of Grantee. Grantor shall complete, within a reasonable time, and pay for any building, structure or other improvement at any time in the process of construction on the property herein conveyed. Grantor shall not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses which may be made of the Premises or any part thereof. Grantee and any persons authorized by Grantee shall have the right to enter and inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

5. Grantor agrees that Grantee shall be subrogated to all rights, title, lien, or equity of all persons to whom Grantor may have paid monies in settlement of liens, charges or in acquisition of title of or for Grantor's benefit hereinafter, or for the benefit and account of Grantor at the time of making the loan evidenced by this Security Deed.

6. This instrument is a deed and security agreement passing legal title pursuant to the laws of the State of Georgia governing loans of security deeds and security agreements and is not a mortgage; and is made and intended to secure not only the Note described above, but all renewals and extensions of that Note, and in addition, any other indebtedness of any amount that is now owed or may subsequently be owed by the Grantor, or by either Grantor if there is more than one, to the Grantee, whether individually or jointly with others not parties to this Security Deed and whether direct or indirect as maker, endorser, guarantor, surety, or otherwise, including 15 per cent of all such indebtedness as attorney's fees if any part of the indebtedness is collected by law or through an attorney (all of which are collectively referred to herein as the "Secured Indebtedness").

7. Grantor shall execute and deliver (and pay the costs of preparation and recording thereof) to Grantee and to any subsequent holder from time to time, upon demand, any further instrument or instruments, including, but not limited to, security deeds, security agreements, financing statements, assignments and renewal and substitution notes, so as to reaffirm, to correct and to perfect the evidence of the obligation hereby secured and the legal security title of Grantee to all or any part of the Premises intended to be hereby conveyed, whether now conveyed, later substituted for, or acquired subsequent to the date of this Security Deed and extensions or modifications thereof. Grantor, upon Grantee's request made either personally or by mail, shall certify by a writing, duly acknowledged, to Grantee or to any proposed assignee of this Security Deed, the amount of principal and interest then owing on the Secured Indebtedness and whether or not any offsets or defenses exist against the Secured Indebtedness, within six (6) days in case the request is made personally, or within ten (10) days after the mailing of such request in case the request is made by mail.

8. Notwithstanding any taking of any property, herein conveyed and agreed to be conveyed, by eminent domain, alteration of the grade of any street or other injury to, or decrease in value of, the Premises by any public or quasi-public authority or corporation, Grantor shall continue to pay principal and interest on the Secured Indebtedness, and any reduction in the Secured Indebtedness resulting from the application by Grantee of any award or payment for such alterations, injury or decrease in value of the Premises, as

hereinafter set forth, shall be deemed to take effect only on the date of such receipt; and said award or payment may, at the option of Grantee, be retained and applied by Grantee toward payment of the Secured Indebtedness, or be paid over, wholly, or in part, to Grantor for the purpose of altering, restoring or rebuilding any part of the Premises which may have been altered, damaged or destroyed as a result of any such taking, alteration of grade, or other injury to the Premises, or for any other purpose or object satisfactory to Grantee, but Grantee shall not be obligated to see to the application of any amount paid over to Grantor. If, prior to the receipt by Grantee of such award or payment, the Premises shall have been sold on foreclosure of this Security Deed, Grantee shall have the right to receive said reward or payment to the extent of any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Security Deed shall have been sought or recovered or denied, and of the reasonable counsel fees, costs and disbursements incurred by Grantee in connection with the collection of such award of payment.

9. Grantor shall deliver to Grantee, at any time within thirty (30) days after notice and demand by Grantee but not more frequently than once per month (a) a statement in such reasonable detail as Grantee may request, certified by the Grantor or an executive officer of a corporate Grantor, of the leases relating to the Premises, and (b) a statement in such reasonable detail as Grantee may request, certified by a certified public accountant or, at the option of Grantee, by the Grantor or an executive officer or treasurer of a corporate Grantor, of the income and expenses of any one or more of the following: (i) the conduct of any business on the Premises, (ii) the operation of the Premises, or (iii) the leasing of the Premises or any part thereof, for the last twelve (12) months calendar period prior to the giving of such notice, and, on demand, Grantor shall furnish to Grantee executed counterparts of any such leases and provide convenient facilities for the audit and verification of any such statement.

10. Grantor shall be in default upon the occurrence of any of the following events, circumstances, or conditions (each event shall be individually or collectively referred to in this Security Deed as "Default(s)" or "Event(s) of Default"):

- (a) Failure by Grantor or any party obligated on the Note to make any payment of any portion of the principal, interest, or Secured Indebtedness, as and when such amounts are due and payable;
- (b) Breach (or failure to perform) by Grantor or any party obligated on the Note under any of the terms of this Security Deed, the Note, any assignment of leases, any loan agreement, or any other document or instrument evidencing, guarantying, securing, or otherwise relating to the Note or this Security Deed;
- (c) Should any warranty or representation of Grantor or any party obligated on the Note, herein contained or contained in any instrument, transfer, certificate, statement, conveyance, assignment, or loan agreement given with respect to this Security Deed or the Note, prove untrue or misleading in any material respect;
- (d) Failure by Grantor to obtain and maintain the insurance required by Grantee, or insurance as is customary and reasonable for the Premises;
- (e) Grantor shall default on any other obligation (other than the Note) of Grantor when due or in the performance of any obligation incurred for money borrowed, and the effect of such default is to accelerate the maturity of such indebtedness;
- (f) The filing by Grantor or any endorser or guarantor of the Note of a voluntary petition in bankruptcy or the filing by Grantor or any such endorser or guarantor of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or Grantor's or any such endorser's or guarantor's seeking or consenting to or acquiescing in the appointment of any trustee, receiver or liquidator of Grantor, such endorser or guarantor, or of all or any substantial part of the Premises or of any other property or assets of Grantor, such endorser or guarantor, or of any or all of the income, rents, issues, profits or revenues thereof, or the making by Grantor, or any such endorser or guarantor, of any general assignment for the benefit of creditors, or the admission in writing by Grantor, or for any such endorser or guarantor, of its inability to pay its debts generally

as they become due or the commission by Grantor or any such endorser or guarantor of an act of bankruptcy;

(g) The filing of a petition against Grantor, or any endorser or guarantor of the Note, seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the appointment of any trustee, receiver or liquidator of Grantor, or of any such endorser or guarantor or of all or any substantial part of the Premises or of any or all of the income, rents, issues, profits or revenues thereof unless such petition shall be dismissed, or such trustee, receiver or liquidator shall be removed, within sixty (60) days after such filing, but in any event prior to the entry of a final order, judgment or decree approving such petition;

(h) Death of Grantor or any endorser or guarantor of the Note, if such Grantor, endorser, or guarantor is an individual;

(i) Grantor or any endorser or guarantor of the Note (if a corporation) is liquidated or dissolved or its charter expires or is revoked, or Grantor or such endorser or guarantor (if a partnership or business association) is dissolved or partitioned, or Grantor or such endorser or guarantor (if a trust) is terminated or expires;

(j) Final judgment for the payment of money in excess of \$25,000.00 shall be rendered against Grantor or a guarantor of the Note, and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed;

(k) Failure by Grantor to pay or provide proof of payment of any tax, assessment, rent, insurance premium, escrow, or escrow deficiency on or before its due date;

(l) A material adverse change in Grantor's business, including ownership, management, and financial conditions, which in Grantee's opinion, impairs the Premises or repayment of the Note;

(m) A transfer of a substantial part of Grantor's money or property;

(n) Any sale, transfer, or conveyance by Grantor of any portion of its interest in the Premises (or if a beneficial interest in Grantor is sold or transferred if Grantor is not a natural person); provided however that Grantor may create a lien or encumbrance subordinate to this Security Deed and the Premises may be transferred by descent or operation of law;

(o) Any termination or discontinuance by any guarantor of the Note of any of such guarantor's future obligations or liabilities for any of the Secured Indebtedness;

(p) A good faith belief by Grantee at any time that Grantee is insecure with respect to Grantor's obligation on the Note or that the prospect of payment or other performance hereunder is impaired or that the Premises are impaired in any manner;

(q) Should the Premises be subject to actual or threatened waste, or any part thereof be removed, demolished or materially altered so that the value of the Premises be diminished except as provided for in Article 8 herein;

(r) Should any federal tax lien or claim of lien for labor or material be filed of record against Grantor or the Premises and not be removed by payment or bond within thirty (30) days from date of recording;

(s) Should any claim of priority to this Security Deed by title, lien or otherwise be asserted in any legal or equitable proceeding;

(t) Any failure by Grantor, either to pay any amount required to be paid or to observe or perform any agreement or obligation of Grantor under the terms of (i) any security deed which covers any portion of the Premises and has priority over this Security Deed (a "Prior Security Deed"); or (ii) any note or other evidence of indebtedness secured by such Prior Security Deed; or

(u) The occurrence of a Default or Event of Default under any loan agreement, assignment of leases, or any other agreement now or hereafter evidencing, securing, or otherwise relating to the Note.

11. If an Event of Default occurs and remains uncured, Grantee may do any one or more of the following:

(a) Enter upon and take possession of the Premises without the appointment of a receiver, or an application therefor, employ a managing agent of the Premises and let the same, either in its own name, or in the name of Grantor, and receive the rents, incomes, issues and profits of the Premises and apply the same, after payment of all necessary charges and expenses, on account of the Secured Indebtedness, and Grantor will transfer and assign to Grantee, in form satisfactory to Grantee, Grantor's lessor interest in any lease now or hereafter affecting the whole or any part of the Premises;

(b) Pay any sums in any form or manner deemed expedient by Grantee to protect the security of this instrument or to cure any Event of Default other than payment of interest or principal on Secured Indebtedness; make any payment hereby authorized to be made according to any bill, statement or estimate furnished or procured from the appropriate public officer or the party claiming payment without inquiry into the accuracy or validity thereof, and the receipt of any such public officer or party in the hands of Grantee shall be conclusive evidence of the validity and amount of items so paid, in which event the amounts so paid, with interest thereon from the date of such payment at the rate specified in the Note, shall be added to and become a part of the Secured Indebtedness and be immediately due and payable to Grantee; and Grantee shall be subrogated to any encumbrance, lien, claim or demand, and to all the rights and securities for the payment thereof, paid or discharged with the principal sum secured hereby or by Grantee under the provisions hereof, and any such subrogating rights shall be additional and cumulative security to this instrument; or

(c) Declare the entire Secured Indebtedness immediately due, payable and collectible, without notice to Grantor, regardless of maturity, and, in that event, the entire Secured Indebtedness shall become immediately due, payable and collectible; and thereupon, Grantee may sell and dispose of the Premises at public auction, at the usual place for conducting sales at the courthouse in the county where the Premises or any part thereof may be, to the highest bidder for cash, first advertising the time, terms and place of such sale by publishing a notice thereof once a week for four consecutive weeks in a newspaper in which sheriff's advertisements are published in said county, all other notice being hereby waived by Grantor; and Grantee may thereupon execute and deliver to the purchaser at said sale a sufficient conveyance of the Premises in fee simple, which conveyance may contain recitals as to the happening of the default upon which the execution of the power of sale, herein granted, depends, and said recitals shall be presumptive evidence that all preliminary acts prerequisite to said sale and deed were in all things duly complied with; and Grantee, its agents, representatives, successors or assigns, may bid and purchase at such sale; and Grantor hereby constitutes and appoints Grantee, or its assigns, agent and attorney in fact to make such recitals, sale and conveyance, and all of the acts of such attorney in fact are hereby ratified, and Grantor agrees that such recitals shall be binding and conclusive upon Grantor and that the conveyance to be made by Grantee, or its assigns, (and in the event of a deed in lieu of foreclosure, then as to such conveyance) shall be effectual to bar all right, title and interest, equity of redemption, including all statutory redemption, homestead, dower, courtesy and all other exemptions of Grantor, or its successors in interest, in and to said Premises; and Grantee, or its assigns, shall collect the proceeds of such sale, reserving therefrom all unpaid Secured Indebtedness with interest then due thereon, and all the amounts advanced by Grantee for taxes, assessments, fire insurance premiums, and other charges, with interest at the rate specified in the Note thereon from date of payment, together with all costs and charges for advertising, and commissions for selling the Premises, and fifteen percent (15%) of the aggregate amount due, as attorney's fees, and pay over any surplus to Grantor (in the event of deficiency Grantor shall immediately on demand from Grantee, pay over to Grantee, or its nominee, such deficiency); and Grantor agrees that possession of the Premises during the existence of the Secured Indebtedness by Grantor, or any person claiming under Grantor, shall be that of tenant under Grantee, or its assigns, and in case of a sale, as herein provided, Grantor or any person in possession under Grantor shall then become and be tenants holding over, and shall forthwith

deliver possession to the purchaser at such sale, or be summarily dispossessed in accordance with the provisions of law applicable to tenants holding over; the power and agency granted are coupled with an interest and are irrevocable by death or otherwise, and are in addition to any and all other remedies which Grantee may have at law or in equity. Grantee, in any action to foreclose this Security Deed, or upon any Event of Default, shall be at liberty to apply for the appointment of a receiver of the rents and profits or of the Premises or both without notice, and shall be entitled to the appointment of such a receiver as a matter of right, without consideration of the value of the Premises as security for the amounts due the Grantee, or the solvency of any person or corporation liable for the payment of such amounts. In case of any sale under this Security Deed by virtue of the exercise of the power herein granted, or pursuant to any order in any judicial proceedings or otherwise, at the election of Grantee, the Premises or any part thereof may be sold in one parcel and as an entirety, or in such parcels, manner or order as Grantee in its sole discretion may elect, and one or more exercises of the powers herein granted shall not extinguish or exhaust the power unless the entire Premises are sold or the Secured Indebtedness paid in full.

12. Grantor, for himself and family, hereby waives and renounces all homestead exemption rights provided for by the Constitution and Laws of the United States or the State of Georgia, in and to the Premises as against the collection of the Secured Indebtedness, or any part thereof; and Grantor agrees that where, by the terms of the conveyance or the Note secured hereby, a day is named or a time fixed for the payment of any sum of money or the performance of any agreement, the time stated enters into the consideration and is of the essence of the whole contract.

13. Grantee shall have the right from time to time to sue for any sums, whether interest, principal or any installment of either or both taxes, penalties, or any other sums required to be paid under the terms of this Security Deed, as the same become due, without regard to whether or not all of the Secured Indebtedness shall be due on demand, and without prejudice to the right of Grantee thereafter to enforce any appropriate remedy against the Grantor, including an action of foreclosure, or any other action, for a default or defaults by Grantor existing at the time such earlier action was commenced.

14. The rights of Grantee, granted and arising under the clauses and covenants contained in this Security Deed and the Note, shall be separate, distinct and cumulative of other powers and rights herein granted and all other rights which Grantee may have in law or equity and none of them shall be in exclusion of the others; and all of them are cumulative to the remedies for collection of indebtedness, enforcement of rights under security deeds, and preservation of security as provided at law. No act of Grantee shall be construed as an election to proceed under any one provision herein or under the Note to the exclusion of any other provision, or an election of remedies to the bar of any other remedy allowed at law or in equity, anything herein or otherwise to the contrary notwithstanding.

15. All notices, demands, consents, approvals, and other requests which may be given or which are required to be given by either party to the other (each a "Notice") shall be in writing and may be: (A) hand delivered, (B) delivered by way of overnight delivery service (such as Federal Express Corporation or United Parcel Service, or other nationally recognized overnight courier service with confirmation of delivery), or (C) transmitted via electronic mail provided that the sender must obtain a written confirmation of receipt by way of electronic confirmation showing the date and time of the transmission. In the event Notice is provided by electronic mail a copy of the Notice must also be delivered the next day by method (A) or (B) above. Notices cannot be given through the United States Postal Service or by mail under any means. All Notices shall be deemed effective either: (A) upon delivery if hand delivered, as evidenced by written receipt therefor, whether or not actually received by the person to whom addressed; (B) on the day deposited into the custody of a nationally recognized overnight delivery service for overnight next day delivery, addressed to such party at the address indicated herein; or (C) the date of the receipt of a confirmation of electronic mail is received by the sender if a confirmation of receipt is received by the sender. Refusal to accept, or inability to deliver because of changed address of which no notice was given, shall be deemed receipt on the date of such refusal of delivery or inability to deliver. Either party may, from time to time, change the address to which Notices shall be sent by like Notice given to the other party hereto, except that no party may change its address to other than a street address. Any Notice given that

does not conform to this paragraph shall be effective only upon receipt. The addresses for Notices given pursuant to this Agreement shall be addressed to such party at the address indicated hereinabove.

16. Any indulgence or departure at any time by the Grantee from any of the provisions hereof, or of any obligation hereby secured, shall not modify the same or relate to the future or waive future compliance therewith by the Grantor.

17. The words "Grantor" and "Grantee" whenever used herein shall include all individuals, corporations (and if a corporation, its officers, employees, agents or attorneys) and any and all other persons or entities, and the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and all those holding under either of them, and the pronouns used herein shall include, when appropriate, either gender and both singular and plural, and the word "Note" shall also include one or more notes and the grammatical construction of sentences shall conform thereto. If more than one party shall execute this Security Deed, the term "Grantor" shall mean all parties signing, and each of them, and each agreement, obligation and Secured Indebtedness of the Grantor shall be and mean the several as well as joint undertaking of each of them.

18. The parties agree that the provisions of this Security Deed are severable, and in the event any clause, phrase or paragraph shall be declared by a court of competent jurisdiction to be invalid or unenforceable, then the parties declare that the remaining clauses, phrases and paragraphs of this Security Deed shall remain in full force and effect.

IN WITNESS WHEREOF, this Security Deed has been duly executed and sealed by Grantor the day and year first above written.

Signed, sealed and delivered
In the presence of:

Unofficial Witness

Notary Public

My commission expires:

GRANTOR:

Housing Authority of the City of Dalton

By: _____
Title: _____

Attest: _____
Title: _____

{Seal}

[Notarial Seal]

EXHIBIT “A”

A tract or parcel of land lying and being in The City of Dalton, Whitfield County, Georgia, being designated by plat prepared by Peter L. Bakkum, Registered Surveyor, dated October 16, 1964, said property being a 8.658 acres, more particularly described as follows:

BEGINNING at an iron stake on the north right of way line of Dozier Street at a point south 88 degrees 43 minutes east 100 feet from the northeast corner of the intersection of Tarver Street and Dozier Street; running thence north 00 degrees 14 minutes 30 seconds west 591.9 feet; running thence north 86 degrees east 608.7 feet; running thence south 00 degrees 24 minutes east 648 feet to the north right of way line of Dozier Street; running thence with the north right of way line of Dozier Street north 88 degrees 44 minutes west 609.4 feet to POINT OF BEGINNING.