

JACKSONVILLE HOUSING FINANCE AUTHORITY



Jacksonville Housing Finance Authority Board of Directors Meeting

September 19, 2018

Noon

214 North Hogan Street, 8<sup>th</sup> Floor

- AGENDA -

Call Meeting to Order

Chair

Approval of Minutes of August 15, 2018 Meeting

JHFA Board

**I. Public Comments**

A. Public Comments

Public

**II. REPORTS**

A. "To-Do" List Earlier Meetings

Mark Hendrickson

B. Staff and Financial Report

Laura Stagner

- Financial Statement

- Procurement

C. Financial Advisor Memo

Mark Hendrickson

**IV. ACTION ITEMS**

A. Board Members Declare Conflicts, if any

Board

B. Consider Approval of 2019 Bond NOFA, Applications  
& Multi-Family Handbook

Mark Hendrickson &  
Rhonda Bond Collins

C. Consider Final Approval: Millennia Portfolio

Mark Hendrickson

D. Consider Lindsey Terrace Items

Rhonda Bond Collins

**V. NEW BUSINESS**

A. Consider Change of November Meeting Date

Mark Hendrickson

**VI. OLD BUSINESS**

A. Update on Single Family Program

Mark Hendrickson

B. Update on Houston Street Manor

Laura Stagner &

Emerson Lotzia

C. Update on Existing Rental Properties

Mark Hendrickson

- Recent JHFA Activities/Developments

- Occupancy Report

**VII. ADJOURN JHFA MEETING**

Chair

JACKSONVILLE HOUSING FINANCE AUTHORITY



**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**Board of Directors Meeting**

**MINUTES**

**OF**

**REGULAR MEETING**

**August 15, 2018**

**August 15, 2018: JHFA Board Meeting**

**12:00 pm**

**214 North Hogan Street, 8th Floor**

**BOARD MEETING:**

Present at the meeting were:

**BOARD MEMBERS**

Tripp Gulliford, Chair  
Spencer Cummings, Vice-Chair  
Dee Bumbarger, Secretary  
Nadine Carswell, Member  
Jeffrey Rosen, Member

**PROFESSIONAL STAFF:**

Mark Hendrickson, The Hendrickson Company, Financial Advisor  
Susan Leigh, Community Concepts Group, Financial Advisor  
Helen Feinberg, RBC Capital Markets, Investment Banker  
Rhonda Bond-Collins, Bryant Miller Olive, Bond Counsel  
Randy Clement, Bryant Miller Olive, Bond Counsel  
Emerson Lotzia, City of Jacksonville Office of General Counsel  
Tricia Heintz, Bank of New York Mellon, Trustee

**CITY STAFF:**

Laura Stagner  
Jane Bouda

**PUBLIC:**

Steve Moore, Vestcor  
Ryan Hoover, Vestcor  
Kevin Troup, Vestcor  
Andrew Harmon, Aging True  
Valerie Williams, Florida Community Loan Fund  
Bill Byers, Tetra Tech  
Conner Coleman, TFG  
Chuck Shealy, LISC  
Shawn Wilson, Blue Sky Communities  
Mike Molinari, Southport  
Michelle Tappouni, Ability Housing  
Reggie Fullwood, Ability Housing

**BOARD MEETING**

Chairman Gulliford called the meeting to order at 12:00 pm

**Minutes**

Mr. Cummings moved, with a second by Ms. Bumbarger, that the **Board approve the minutes of the June 18, 2018 Board meeting**. The motion passed 5-0.

### **Oath of Office**

Mr. Lotzia advised the Board on signing their Oaths of Office.

### **Public Comments**

Mr. Andrew Harmon addressed the Board on elderly housing. Mr. Shawn Wilson addressed the Board on elderly housing. Mr. Ryan Hoover updated the Board on the Lofts at LaVilla, Lofts on Monroe, and Lofts at Jefferson Station developments.

### **“To-Do” List from Earlier Meetings**

Mr. Hendrickson noted that the list was cleared.

### **Staff Report and Financial Report**

Ms. Stagner presented the JHFA financials and updated the Board on the procurement process for professional services (Investment Banker, Bond Counsel, Trustee, and Financial Advisor). She asked which Board members wished to be part of the scoring process, and Chairman Gulliford and Ms. Bumbarger volunteered. Chairman Gulliford also asked that Mr. Citrano participate.

### **Board Member Conflicts**

Ms. Susan Leigh stated that she had a conflict related to the Local Government Area of Opportunity Funding process, and that she would submit a letter on the conflict to the Board. Mr. Hendrickson stated that she had not participated in any aspect of the Financial Advisor work on this subject, and would not participate in the drafting of the NOFA and Application nor the evaluation of applications.

Chairman Gulliford disclosed a voting conflict related to the Local Government Area of Opportunity Funding deliberations (disclosure attached to the minutes), and indicated that he would not take part in any Board actions related to this subject.

### **2018 Bond Allocation**

Mr. Hendrickson noted that a summary was in the FA Memo.

### **Single Family**

Mr. Hendrickson summarized the single-family program, noting the level of profit that had been generated from the sale of MBS since the June meeting (\$363,999). He noted that given the current loan volume, the JHFA could not sustain the \$7,500 DPA level for an extended period. Ms. Feinberg stated that the current MBS profit for an average loan in the program was \$4,110 for FHA/VA loans and \$3,540 for Freddie Mac loans. After discussion, Cummings moved, with a second by Ms. Carswell, that the Board **reduce the DPA amount from \$7,500 to \$5,000 effective for loans entering the system on September 1, 2018 or later.** The motion passed 5-0.

Ms. Bond-Collins explained that the Interlocal Agreement with the HFA of Hillsborough County expired, September 30, and that she had prepared a new Interlocal Agreement effective until September 30, 2021. She also noted that she had prepared a Resolution approving the new Interlocal. After discussion, Ms. Bumbarger moved, with a second by Mr. Rosen, that the Board **approve the Resolution prepared by Bond Counsel authorizing the new Interlocal Agreement with the HFA of Hillsborough County.** The motion passed 5-0.

Mr. Hendrickson and Ms. Bond-Collins explained the new law which grants an exemption from doc stamps on all mortgages made in the name of, or on behalf of, the JHFA. They explained that the law was effective

July 1, and that the notice to lenders implementing the exemption had been sent to lenders at that time. Ms. Bond-Collins noted that she had prepared a Resolution ratifying these actions. After discussion, Ms. Carswell moved, with a second by Mr. Cummings, that the Board **approve the Resolution prepared by Bond Counsel ratifying the actions related to notification to lenders of the doc stamp exemption. The motion passed 5-0.**

#### **Local Government Area of Opportunity Funding (Preference)**

Chairman Gulliford again noted his voting conflict on this subject, and Vice-Chairman Cummings took the Chair. Ms. Leigh did not participate in the discussion.

Mr. Hendrickson summarized the process by which the JHFA selected a rental development each year which would receive preference for funding in the FHFC 9% Housing Credit process. He outlined the deliberations of FHFC on the process this year, and noted that the Chairman and he had worked with FHFC to preserve the process. Mr. Hendrickson also discussed the FHFC concept of Geographic Areas of Opportunity. Mr. Hendrickson also noted that new this year, FHFC was requiring LGAOF developments to meet the FHFC minimum threshold scoring requirements for proximity to public transportation.

A Board discussion followed on the priorities for funding which would be included in the NOFA for this year, with discussion on whether to retain the priority for family housing (housing open to any resident, regardless of age) and the geographic area that would be given priority. The Board discussion resulted in consensus that the priorities from last year be retained, including giving priority to developments located in the boundaries of the Jacksonville City limits (Pre-Consolidation, 1968, map attached), with the partial exception of family housing. Board members expressed a willingness to accept applications for elderly housing (age limited to seniors only), with a requirement for a needs analysis for the housing being part of the submission and inclusion in the NOFA of an indication that other factors being equal, family housing would be given priority. After discussion, Mr. Rosen moved, with a second by Ms. Carswell, that the Board **(1) approve the draft NOFA and Application as presented, with the exception related to family and elderly housing (requirement for needs analysis with elderly housing applications and statement that while application for elderly housing would be accepted, all other priority items being equal, there would be a preference for family housing), (2) set a due date of September 28, (3) note that the application would need to provide information related to meeting the FHFC proximity to public transportation threshold scoring, and (4) authorize publication of the NOFA and Application.** The motion passed 4-0, with Chairman Gulliford abstaining.

Chairman Gulliford took the Chair.

#### **Multi-Family Updates**

Mr. Hendrickson reported on the work with FHFC related to SAIL applications using local HFA bonds, noting that the existing system presented a severed disadvantage to local HFA deals (complete application to local HFA required, as opposed to only checking a box in the SAIL application if using FHFC bonds). He stated that while FHFC had appeared willing to work with local HFA's on the subject, a problem related to locking in existing Difficult to Develop Areas (requiring a complete application) had derailed the discussions. Mr. Hendrickson stated that the team was working on a modified bond application that would only be available for applicants also seeking SAIL funding was being prepared, and that the application would be a much simpler/shorter application than the bond application currently used. He stated that the Bond-SAIL application would be presented at the September JHFA meeting.

Mr. Hendrickson updated the Board on the progress of the Millennia Portfolio, Desert Winds-Silver Creek, and The Waves transactions.

#### **Existing Rental Properties**

Mr. Hendrickson reported on the developments that had been financed by JHFA over the past five years, and on the high level of occupancy in the portfolio.

#### **New Business**

Mr. Hendrickson presented the background on the Sadowski Education Effort, and its great success in bringing housing funding to Jacksonville. After discussion, Mr. Cummings moved, with a second by Ms. Bumbarger, that the Board **authorize staff to make a \$15,000 SEE payment in September 2018, and to include SEE funding in the FY 2018-2019 budget.** The motion passed 5-0.

Mr. Lotzia updated the Board on the delays in the Houston Street Manor development, **noting that he would be researching the situation and bringing recommendations to the Board in September.** He also noted that the JHFA had not advanced any funds to the development as of this time.

Ms. Leigh announced that Jacksonville Beach would be the location for the 2019 Florida ALHFA Conference, to be held July 10-13, 2019. She urged Board members to reserve the dates so they would be able to attend.

Mr. Byers and Ms. Williams made a presentation on the work of the Urban Land Institute and the Florida Community Loan Fund on affordable housing.

Ms. Bumbarger commented on the video that was made about the success of the Lofts at LaVilla development, focusing on the comments made by residents of the property. Mr. Hendrickson stated that the development and the City would be given an award for the development at the Florida Housing Coalition Annual Conference later this month, and that the video would be shown at that time.

#### **Adjournment**

On a motion by Ms. Bumbarger, seconded by Mr. Rosen, the Board voted 5-0 to adjourn the meeting at 1:20 PM

# JHFA Board Meeting Calendar 2018

JANUARY						
S	M	T	W	TH	F	S
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FEBRUARY						
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MARCH						
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APRIL						
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OCTOBER						
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NOVEMBER						
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DECEMBER						
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## JHFA Meeting Locations

8th Floor

Meeting Rooms Located at 214 North Hogan Street, 8th Floor, Jacksonville, Florida

## FHFC Meeting Dates & Locations

January 26, 2018, Turnbull Conference Center

March 16, 2018, Tallahassee City Hall

May 4 Tampa, Grand Hyatt Tampa Bay

June 15 Tallahassee, City Hall

July 27 Tallahassee, City Hall

September 14 Fort Lauderdale, Marriott Harbor Beach

October 26 Panama City Beach, Sheraton Bay Point

December 14 Orlando, Hyatt Regency Orlando Airport

NALHFA Annual Conference, May 9-12, 2018- Hotel Monteleone, New Orleans

Florida ALHFA Conference July 11-14, 2018- Vinoy Hotel, St. Petersburg

Florida Housing Coalition Conference, August 27-29, 2018- Rosen Centre Hotel, Orlando

Financial Statements as of  
August 31, 2018 will be  
available at the Board Meeting



## THE HENDRICKSON COMPANY & COMMUNITY CONCEPTS GROUP

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To: Board of Directors, Jacksonville Housing Finance Authority

From: Mark Hendrickson & Susan Leigh, Financial Advisors

Subject: September 19, 2018 JHFA Meeting

Date: September 11, 2018

### **I. 2018 Bond Allocation—Action**

1. The 2018 allocation is \$48,155,194, an increase of \$3,143,590 (7.0%) over 2017:

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2018	\$33,954,194	\$ 14,200,000	\$16,045,806	November 14, 2018
2017	\$50,000,000	\$156,500,000		December 31, 2020
2016		\$107,400,000		December 31, 2019
2015				December 31, 2018
<b>TOTAL</b>	<b>\$83,954,194</b>	<b>\$278,100,000</b>	<b>\$16,045,806</b>	

2. Each year, the JHFA is required to reserve the bond allocation available for Private Activity Bonds in Duval County. To reserve 2019 bond allocation or State Pool allocation in November), a single family TEFRA hearing is required. Bond counsel has prepared a resolution authorizing the TEFRA and related requests for allocation in the amount of \$50 million.
3. **Recommendation:** Approve Single Family Resolution prepared by Bond Counsel.

### **II. 2013 Single Family Loan Program—Informational**

1. The **current program guidelines:**

- 1<sup>st</sup> mortgage: 5.0%, 1% origination fee, FHA, VA, RD, 5.25% for Freddie Mac loans & 5.00% for HHF loans
- First time homebuyers.
- Income and Sales Price limits identical to bond issue.
- Minimum credit score of 640
- Interest rate set by the HFA of Hillsborough County, with rate set at level that is anticipated to generate a premium when sold.
- Loans purchased by the master servicer (US Bank) and converted into MBS.
- MBS are purchased by the HFA of Hillsborough County, on behalf of all HFA's
- MBS are sold, with each HFA keeping its pro rata share of any net premium or loss realized from the sale of the MBS.
- Down payment assistance: \$5,000 second mortgage, due on sale of property, or maturity of first mortgage
- Mortgage Credit Certificates providing homebuyers a credit in the amount of 50% of mortgage interest paid annually (up to a \$2,000 annually).

2. **Hardest Hit Fund (HHF) DPA:** The HHF DPA Program (\$15,000 forgivable loan) ended April 24 when all funds were committed. Two-hundred twelve (212) Jacksonville loans for \$30,008,575 have closed. With an average net profit of 2.25%, this will generate approximately \$675,000 of income, and bring \$3,180,000 of federal HHF funds to Jacksonville borrowers.

3. **DPA Analysis:**

DPA AUTHORIZED	
Date	Amount
2012	\$ 250,000
May-15	\$ 200,000
Jun-15	\$ 400,000
Sep-17	\$ 703,000
Jun-18	\$ 250,000
Jun-18	\$ 315,443
<b>TOTAL AUTHORIZED</b>	<b>\$ 2,118,443</b>
<b>LOAN VOLUME</b>	<b>\$ 2,128,510</b>
Adjustments	
FHFC	\$ 88,796
Repayments	\$ 47,500
	\$ 136,296
<b>NET VOLUME</b>	<b>\$ 1,992,214</b>
<b>AVAILABLE</b>	<b>\$ 126,229</b>

4. **Rate Change:** The interest rate was increased from 4.875% to 5.00% in March 2018.

5. **Program Demographics:**

Sales Price/ # Loans	Loan Amount	Borrower Income	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	MCC Amount
\$138,704 446 loans +27 loans	\$132,677	\$47,245	37.0  47% female	2.3	SF Detached 93% Condo: 2% Townhouse: 6%  Existing: 97% New: 3%	Black: 27% White: 39% Hispanic: 20% Mixed: 1% Asian: 8% Other: 5%	\$19,515,902 \$63,158.26 avg. 309 buyers

6. **Lender Originations:** Academy (123), SWBC (112), Prime (52), Bank of England (51), Fairway (49), Pacific Union (23), CMG (14), Network Funding (6), Open (5), DHI (4), Ameris Bank (3), Paramount (2), Resource Financial (1), & GSF (1).

7. **MCC's:** The HFA converted \$120 million of bond authority into \$30 million of MCC's. Tranche 1 (\$5.25 million) expired at the end of 2015 with \$1,109,274 not utilized. Tranche 2 (\$10.0 million) expired at the end of 2016, with \$9,668,903 not utilized. Tranche 3 (\$14.75 million) expires at the end of 2018. Tranche 4 (\$20,062,500) expires December 31, 2020.
8. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan of \$132,000 and a 5.00%/30-year mortgage, interest payments in Year 1 = \$6,556. With the 50% MCC rate that the HFA has chosen, **the homebuyer would be able to claim a tax credit of the full \$2,000 per year maximum allowed by federal law** (slightly declining after year 10 as more of monthly payment is principal) until the home buyers sells or moves from the property. The \$2,000 of tax savings lowers the "functional" mortgage rate for the program from 5.00% to approximately 3.8%.
9. **MBS Sales:** The HFA has executed 111 sales, with net revenues of \$1,223,202 (net meaning after payments to RBC and counsel) coming to JHFA.
10. **Hedges & Exposure:** Hillsborough County has 20 hedges totaling \$24.5 million in place. With full delivery, the projected net revenues are estimated at \$609,138 (shared pro rata with counties based upon originations). The unhedged pipeline as of September 7 is \$0 (changes daily).
11. **Size of Program:** The initial legislation wherein City Council authorized the program limited it to no more than \$1.5 million of loans in pipeline at any time. In June, the Board changed the authorization to \$1.5 million of unhedged loans. Loans originated or in progress are \$59.173 million. **313 of the 446 loans in the program have originated this year.**
12. **Recommendation:** None.

### III. Local Government Area of Opportunity Funding (Preference)—Informational

1. FHFC is continuing the LGAOF system for 2018-2019, with an FHFC application deadline of October 30.
2. JHFA established the funding priorities and authorized the publication of a NOFA and Application, which were posted on August 22.
3. Applications are due September 28, and the selection will be on the October 17 JHFA agenda. As two members have conflicts on this item, it is important for the remainder of the Board to attend that meeting.
4. Susan Leigh has recused herself from this item, and has not participated in the deliberations of staff nor in the drafting of this section of the memo. She has a developer client which might submit an application for the Jacksonville LGAOF.
5. **Recommendation:** None.

#### IV. New Rental Financings—Action

1. **2019 Bond NOFA & Application:** It is time to issue a NOFA for 2019 bond allocation. As decided at the August JHFA meeting, there will be two application—one for bonds only and one for applicants that are seeking JHFA bonds and SAIL from FHFC (shorter application). The Board directed that the Bond-SAIL Application be presented at this meeting for approval. The “regular” bond application is unchanged from last year. The Multi-Family Handbook has been updated to include a \$500 application fee on the Bond-SAIL application, and to increase the application fee on bond-only applications from \$7,500 to the higher of 0.1% of the requested bond amount or \$7,500.
2. **Millennia Jacksonville** is scheduled to close in September 2018. The developer has requested issuance of bonds in an amount not to exceed \$90,000,000. The credit underwriting is complete, and the deal is ready for Board action. Bond counsel has prepared and distributed a resolution that gives final approvals necessary to sell and close bonds, including [summary only, please read resolution for full description]:
  - Approval of substantially final forms of bond and loan documents (Indenture of Trust, Loan Agreement (Borrower Note attached as an Exhibit), LURA, Compliance Monitoring Agreement, Financial Monitoring Agreement, Construction and Loan and Mortgage Servicing Agreement, Subordination Agreement, Assignment of Mortgage Documents and Bond Purchase Agreement);
  - Approval of the estimated Cost of Issuance;
  - Approval of the final Credit Underwriting Report;
  - Authorization of the issuance of the Bonds (subject to the parameters in the Resolution) and sale to the Underwriter;
  - Official Appointment of RBC Capital Markets LLC as Underwriter in connection with the sale of the Bonds;
  - Official appointment of Seltzer Management Group, Inc. as compliance monitor and construction/loan servicer;
  - Official appointment of The Bank of New York Mellon Trust Company as Trustee; and
  - Authorization of appropriate Board members and members of the Issuer to execute documents and take all other actions necessary not inconsistent with the terms of the Resolution.
3. **The Waves:** is tentatively scheduled to close in late 2018.
4. **Desert Winds/Silver Creek** should have TEFRA approval prior to this meeting. Closing is scheduled for December.
5. **Recommendations:**
  - **2019 Bond Application and NOFA:** Authorize the Financial Advisor, legal counsel, and staff to publish the 2019 Multi-Family Bond NOFA, Applications (including a simplified application or those who are also applying for SAIL from FHFC) and Multi-Family Handbook.
  - **Millennia Jacksonville:** Adopt bond approval resolution prepared by Bond Counsel.

	The Waves	Desert Winds/Silver Creek
<b>Developer/ Location</b>	Jacksonville Housing Authority & Vestcor Jacksonville, FL	LEDIC Realty Management Montgomery, AL
<b>Development Location</b>	Nine scattered JHA public housing sites in Jacksonville Beach	300 Silver Creed Trace Arlington/Southside
<b>City Council District</b>	Bill Gulliford	Scott Wilson
<b>Type</b>	New Construction Garden	Acquisition & Rehabilitation Garden
<b>Bond Request</b>	\$17,750,000 \$139,764/unit	\$24,980,000 \$82,171/unit
<b>TEFRA Hearing TEFRA Approval Preliminary Agreement Expiration</b>	2-28-18 4-24-18 12-31-18	7-26-18 9-11-18 12-31-18
<b>Credit Enhancement</b>	Private Placement to SunTrust Bank	Cash Collateralized Short-Term Bonds FHA Permanent 1st
<b>Credit Underwriter</b>	First Housing	Seltzer
<b>Closing Date</b>	Late 2018	December 2018
<b>Units</b>	127	304
<b>Permanent 1<sup>st</sup> Mortgage Estimate</b>	\$6,600,000	\$24,980,000
<b>SAIL, ELI, HOME (FHFC)</b>	\$7,600,000	\$0
<b>JHFA Loan</b>	\$115,000	\$0
<b>Housing Credits</b>	Wells Fargo Bank \$7,799,289 \$61,416/unit	PNC Real Estate \$9,939,553 \$32,696/unit
<b>TDC</b>	\$23,377,628	\$36,850,829
<b>TDC per unit</b>	\$184,076	\$121,220
<b>Land Cost</b>	\$0 \$1 per year lease	\$2,820,000 \$9,276/unit
<b>Acquisition of Building</b>	NA	\$15,980,000 \$52,566/unit
<b>Hard Construction or Rehabilitation Cost</b>	\$15,068,550 \$118,650/unit \$104.53/Sq. Ft.	\$9,061,026 \$29,806/unit \$33.74/Sq. Ft.
<b>Set Aside Period</b>	50 years	50 years
<b>Set Aside Levels</b>	90%<60% AMI 10%<33% AMI	98%<60% AMI 2% unrestricted

<b>Current Name</b>	<b>Eureka Gardens I &amp; II</b>	<b>Moncrief Village</b>	<b>Southside Apartments</b>	<b>Washington Heights</b>
<b>New Name</b>	Valencia Way	Estuary Estates	Oyster Pointe	Charlesfort Commons
<b>Revised New Name</b>	Valencia Way	The Weldon	Palmetto Glen	Calloway Cove
<b>Developer/Location</b>	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH
<b>Street Address</b>	1214 Labelle Street	1650 Moncrief Village North	2414 Westmont Street	4229 Moncrief Road W
<b>City Council District</b>	Garrett Dennis	Ju'Coby Pittman	Lori Boyer	Terrance Freeman
<b>Type</b>	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation
<b>Bond Request</b>	\$81,600,000 \$106,250/unit			
<b>TEFRA Hearing</b>	9-19-17	9-19-17	9-19-17	9-19-17
<b>TEFRA Approval</b>	10-24-17	10-24-17	10-24-17	10-24-17
<b>Preliminary Agreement Expiration</b>	10-23-18	10-23-18	10-23-18	10-23-18
<b>Credit Enhancement</b>	R4 Private Placement	R4 Private Placement	R4 Private Placement	R4 Private Placement
<b>Credit Underwriter</b>	First Housing	First Housing	First Housing	First Housing
<b>Closing Date</b>	September 2018	September 2018	September 2018	September 2018
<b>Units</b>	400	94	74	200
<b>Permanent 1<sup>st</sup> Mortgage Estimate</b>	\$50,250,000-\$53,500,000 \$65,430 to \$69,661/unit			
<b>SAIL/FHFC Funds</b>	\$0	\$0	\$0	\$0
<b>JHFA or City Loan</b>	\$0	\$0	\$0	\$0
<b>Housing Credits</b>	R4 \$41,184,000 \$53,625/unit			
<b>Total Development Cost</b>	\$67,519,544	\$12,646,491	\$12,347,677	\$36,160,886
<b>Original TDC</b>	\$64,042,483	\$14,327,577	\$12,440,322	\$34,755,018
<b>TDC Per Unit</b>	\$168,799	\$134,537	\$166,861	\$180,804
<b>Original TDC Per Unit</b>	\$160,106	\$152,421	\$168,112	\$173,775
<b>Land Cost</b>	\$1,781,250 \$4,453/unit	\$310,147 \$3,299/unit	\$407,982 \$5,513/unit	\$1,600,000 \$8,000/unit
<b>Acquisition of Building Cost</b>	\$24,218,750 \$60,547/unit	\$3,789,853 \$40,318/unit	\$3,392,018 \$45,838/unit	\$13,700,000 \$68,500/unit
<b>Hard Rehabilitation Cost</b>	\$26,089,491 \$65,224/unit	\$5,200,760 \$55,327/unit	\$5,289,742 \$71,483/unit	\$12,102,829 \$60,514/unit
<b>Set-Aside Period</b>	50 years	50 years	50 years	50 years
<b>Set-Aside Levels</b>	100%<60% AMI	100%<60% AMI	100%<60% AMI	100%<60% AMI

## V. Update on Existing Rental Properties—Action

1. JHFA marketed its bonds, JHFA loans, and JHFA local government contributions to developers. As a result, the following has been accomplished in the last three years:  
:

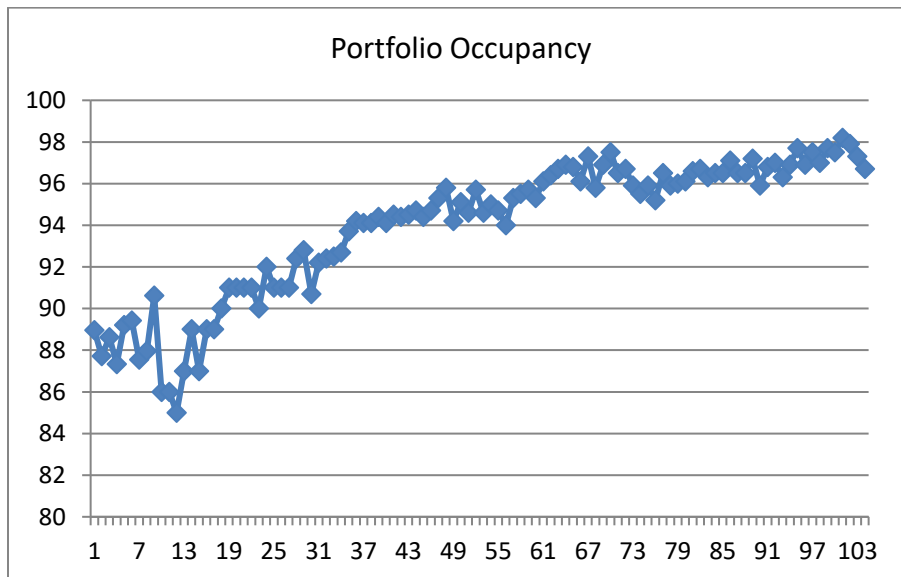
Development	Location	Building Type Demographic	Units	TDC	JHFA Loan
Peyton Ridge	1800 Corporate Square Blvd	3-Story Elevator NC Elderly	120	\$16,894,456	\$115,000
Caroline Oaks	North Main, east side just south of E. 43 <sup>rd</sup> Street	3-Story Elevator NC Elderly	82	\$14,146,603	\$5.6 million bonds \$2.2 million JHFA loan
Cathedral Terrace	701 N. Ocean St.	High Rise Rehab Elderly	240	\$25,604,057	\$12.5 million bonds \$1.0 million JHFA loan
Mt. Carmel Gardens	5746 Mt. Carmel Terrace	High Rise Rehab Elderly	207	\$21,631,853	\$9.75 million bonds
Mary Eaves	East of intersection of Myrtle Ave. N. & West 16 <sup>th</sup> St.	Mid-Rise NC Elderly	80	\$13,325,568	\$300,000
Lofts at LaVilla	906 West Bay Street	Mid-Rise NC Family	130	\$23,388,174	\$265,000
Lofts at LaVilla on Monroe	1000 West Monroe Street	Mid-Rise NC Family	108	\$20,962,615	\$303,750
Houston Street Manor	615 Houston Street	Mid-Rise NC Elderly	72	\$21,185,213	\$115,000
Timberwood Trace	12250 Atlantic Boulevard	Garden Rehab Family	224	\$31,238,140	\$16.0 million bonds
Oakwood Villa	8201 Kona Avenue	Garden Rehab Family	200	\$23,092,183	\$12.7 million bonds
Lofts at Jefferson Station	799 Water Street	Mid-Rise NC Family	98	\$20,943,699	\$225,750
Caroline Arms	6457 Fort Caroline Road	Garden Rehab Family	204	\$22,630,922	\$12.5 million bonds
<b>TOTAL</b>			<b>1,765</b>	<b>\$255,343,483</b>	<b>\$69.05 million bonds \$4.525 million JHFA loans</b>

2. **Occupancy:** The current portfolio occupancy using a weighted average is 96.7% (-0.6%).
3. **Houston Street Manor:** The completion of the property has fallen well behind schedule—so much so that the JHFA's loan commitment for funding has expired. Mr. Lotzia and Ms. Stagner will update the Board on the situation at the meeting.

4. **Lindsey Terrace:**

- The Authority and VESTCOR FUND XVI, LTD previously entered into a Land Use Restriction Agreement dated as of April 1, 2001 ("LURA"). The bonds associated with the LURA were paid off on March 7, 2011.
- The Qualified Project Period (as defined in the LURA) ends on the latest of (a) the date that is fifteen years after the date on which at least 50% of the in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond issued with respect to the Project is outstanding, and the date on which any assistance provided with respect to the Project under Section 8 of the U.S. Housing Act of 1937 terminates.
- Per the 8609s the last building to be placed in service was placed in service on June 21, 2002. The Project-Based Assistance Housing Choice Voucher Program Housing Assistance Payment Contract expires on November 30, 2018.
- Vestcor intends to transfer title to the Project to SREIT LINDSEY TERRACE, L.L.C., prior to November 30, 2018 pursuant to an Assignment and Assumption Agreement of Land Use Restriction Agreement between the parties.
- Vestcor has requested that the Authority execute a Termination of LURA effective November 30, 2018 and consent to the Assignment.
- Bond Counsel has prepared a resolution authorizing the execution of the Termination and the Assignment subject to the provisions of each.

5. **Recommendation: Lindsey Terrace:** Adopt Resolution prepared by bond counsel consenting to the transfer and terminating the LURA (effective 11-30-18)





**September 19, 2018**  
**Applications Due: November 9, 2018**  
**JACKSONVILLE HOUSING FINANCE AUTHORITY**  
**NOTICE OF FUND AVAILABILITY/  
REQUEST FOR APPLICATIONS/  
2019 ALLOCATION**  
**MULTIFAMILY MORTGAGE REVENUE BONDS**

The Jacksonville Housing Finance Authority (the "Authority") announces the availability of funds and is requesting applications for the consideration of providing tax-exempt revenue bond financing for qualified multifamily housing developments, which meet the goals of the Authority and comply with applicable federal and state law. The Authority has adopted the following guidelines to set forth the general requirements and procedures that apply to the financing of multifamily housing developments. The Authority may waive specific provisions of these guidelines where good cause is shown and adequate supporting documentation is provided. Any waiver is at the sole discretion of the Authority. In addition, these guidelines may be amended, revised, repealed or otherwise altered by the Authority with or without notice. The Authority specifically welcomes requests for proposed alternative resident programs or development/unit features.

All applications submitted will be reviewed by the Authority's Financial Advisor, who will make recommendations to the Board. The Board will decide if the Applicant will be invited into credit underwriting. Submission of an application does not entitle the Applicant to bond financing, even if sufficient bond allocation remains to fund the development.

The estimated amount of 2018 tax-exempt bond authority that is available for multi-family development is approximately \$40,000,000.

The Authority will not consider issuing obligations to provide financing for any development unless the applicant has satisfied the general requirements set forth in its guidelines, submits a timely, complete, and acceptable application, and complies with all of the procedures and requirements contained within the Authority's Application Procedures and Program Guidelines Handbook. Copies of the Application and of the Handbook are available at the bottom of this page.

The Authority will not consider issuing obligations to provide financing for any development unless the applicant has satisfied the general requirements set forth in these guidelines, submits a timely, complete, and acceptable application, and complies with all of the procedures and requirements contained within the Authority's Application Procedures and Program Guidelines Handbook. Copies of the Application and of the Handbook are available at the Authority's website (<http://www.coj.net/departments/independent-boards-and-agencies/jacksonville-housing-finance-authority/multifamily-programs.aspx>). The Authority reserves the right to impose additional requirements on any particular development. Compliance with these guidelines does not and shall

not create any right by an applicant to a commitment or assurance that the Authority will provide the requested financing.

The Authority provides below market rate loans of bond proceeds for construction, rehabilitation and permanent financing of multifamily housing developments. The funds are made available through the issuance by the Authority of revenue bonds (the "Bonds"). If the Authority requires credit enhancement on the Bonds, the borrower must arrange to secure or collateralize the Bonds. The Bonds are secured solely by the credit enhancement provided by the borrower and/or by revenues from the development. In no event shall public revenues ever secure the bonds. The Authority is merely a conduit and shall not be liable on any Bonds. From time to time the Authority may approve other financing structures to the extent permitted by law.

The multifamily program has been undertaken by the Authority in order to alleviate the shortage of affordable housing available to persons and families in Jacksonville; to generate affordable multifamily rental capital for investment in Jacksonville, to stimulate economic development; and to create jobs. Applicants are strongly encouraged to consider participating in Jacksonville's Program.

Preference may be given to any application that is currently in the multi-family review process, but not does currently have allocation.

#### **BONDS WITH SAIL APPLICATION**

The 2019 Bonds with SAIL application will be available August 25, 2018. This application is only available to applicants for HFA bond financing that are also seeking SAIL or other gap financing funds from FHFC.

#### **BONDS WITHOUT SAIL APPLICATION**

The 2019 Multi-Family Application (applicants seeking bond financing who are not also seeking SAIL) will also be available August 25, 2018.

The 2019 Multi-Family Application is available online and either application is **due no later than 5:00 PM, Eastern Standard Time, November 9, 2018**. For more information, contact Mark Hendrickson (contact information below). Information on fees that are due with the application and where applications are to be submitted is included within the Application and the Application Procedures and Program Guidelines Handbook. **If bond allocation is available after the application deadline, the Authority will continue to accept applications, which will be reviewed on a first-come first-evaluated basis.**

#### **APPLICATION FEES**

**Please see each application for the fees associated with submission.**

Firms participating with the Jacksonville Housing Finance Authority:

**Investment Banking Firms** acting as senior managing underwriter and remarketing agent for the issuance of the Authority's multifamily housing revenue bonds:

RBC Capital Markets

100 2nd Avenue S. Suite 800

St. Petersburg, FL 33701

Telephone: (727) 895-8892

Contact: Helen Feinberg [helen.feinberg@rbccm.com](mailto:helen.feinberg@rbccm.com)

**Financial Advisor:**

The Hendrickson Company and The Community Concepts Group

1404 Alban Avenue

Tallahassee, Florida 32301

850.671.5601

Contact: Mark Hendrickson [mark@thehendricksoncompany.com](mailto:mark@thehendricksoncompany.com)

Or Susan Leigh at 850.656.2808 [sleigh@comcast.net](mailto:sleigh@comcast.net)

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**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**Multifamily Mortgage Revenue Bond Program**

**Application**

SUBMIT ORIGINAL & 6 COPIES, A PDF OF THE COMPLETE APPLICATION & AN APPLICATION FEE 0.1% (10 BASIS POINTS) OF THE REQUESTED BOND AMOUNT, BUT IN NO CASE LESS THAN \$7,500  
TO:

Laura Stagner  
Director of Finance  
Housing and Community Development  
214 N. Hogan St., 7<sup>th</sup> Floor  
Jacksonville, Florida 32202

SUBMIT ONE (1) COPY & \$3,000 REVIEW FEE TO:

THE HENDRICKSON COMPANY  
1404 ALBAN AVENUE  
TALLAHASSEE, FLORIDA 32301  
850.671.5601

## GENERAL INFORMATION

Tax Exempt Bond Amount Requested:\$ \_\_\_\_\_

Taxable Bond Amount Requested: \$ \_\_\_\_\_

Total Bond Amount Requested: \$ \_\_\_\_\_

Total Project Cost: \$ \_\_\_\_\_

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

**Note: After Final Board Approval, Development name MAY NOT BE CHANGED OR ALTERED WITHOUT CONSENT OF THE AUTHORITY. If available, provide the actual trade, “marketing” or d/b/a name.**

Development Street Address/Zip Code (if new construction, give closest street names, city and zip code):

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Legal description is attached behind tab labeled “Exhibit 1.” The Project must be located in Duval County. (THRESHOLD)

## SUMMARY OF PROPOSED DEVELOPMENT

	NAME OF PROJECT
Developer and Address (City and State)	
Contact Person (phone and email)	
Development Location	
Type NC/Rehab	
Type: Concrete or Wood	
Number of Buildings Number of stories Elevator?	
Bedrooms per unit size	_____efficiency _____bedroom _____ 2 bedrooms _____3 bedrooms
Total Square Feet	
Bonds Requested Total and per unit	
Total Cost	
Cost per unit	
Land Cost	
Acquisition of Building Cost if applicable	
Hard Rehab Cost or Construction Cost	
General Contractor	
Credit Enhancement if utilizing Bonds	
Set Aside Period	
Set Aside Levels	
Development Design Type	_____ highrise _____ garden _____ quadraplex _____ mid-rise _____ townhouses _____ other explain) _____

## **DEVELOPMENT SUMMARY AND TIMELINE**

- A. Provide a short narrative description of the Development, including all amenities, unit features and scope of work to be performed. MAJOR Development AMENITIES WILL BE INCLUDED IN THE LAND USE RESTRICTION AGREEMENT AND/OR THE LOW INCOME HOUSING AGREEMENT, IF APPLICABLE. Also attach as Exhibit 2 a timeline for the completion of the development which includes all key dates, including anticipated timing of permits and credit underwriting, bond closing date, completion of construction, rent up, and stabilization.

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- B. **TO BE CONSIDERED COMPLETE**, the Application must include a map showing the Development's location, and the location, age, number of units and current occupancy of competing bond and HC developments within a five mile radius (info on age, number of units and occupancy can be shown on chart attached to the map). The map should also include any bond or HC developments within the same radius that are under construction or in credit underwriting either at the Jacksonville Housing Finance Authority and FHFC. Additionally, the map should show the Development's proximity to community services, medical facilities, schools, shopping, major business and employment centers, and availability of public transportation. This may be found directly behind tab labeled "Exhibit 3.
- C. Applicant must provide a proposed plan for utilizing local, small, and emerging business in the City/County as approved by the City Council for the City of Jacksonville in Chapter 126, Ordinance Code. This may be found directly behind tab labeled "Exhibit 4.

## I. APPLICANT INFORMATION

A. Applicant Name: \_\_\_\_\_

Must be a legally formed entity (i.e., limited partnership, corporation, etc.) qualified to do business in the State of Florida at the time of submission of Application. Include a copy of the certificate of good standing from the Florida Secretary of State. If the Applicant is a general partnership or joint venture, provide a copy of the partnership/joint venture agreement. Documentation can be found behind tab labeled "Exhibit 5".

**Note:** If four percent tax credits will be sought and it is contemplated that the tax credits will be syndicated, the Applicant entity must be a limited partnership or a limited liability company at the time of application for the tax credits. The Applicant entity will be the recipient of the tax credits and CANNOT BE CHANGED until after a Final Allocation of tax credits has been issued.

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Facsimile: \_\_\_\_\_

Email: \_\_\_\_\_

B. Applicant's Federal Taxpayer Identification Number: \_\_\_\_\_

C. If partnership, name of general partner(s): \_\_\_\_\_

\_\_\_\_\_

If corporation, name and title of executive officer: \_\_\_\_\_

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Facsimile: \_\_\_\_\_

D. Designated Contact Person: Person with decision making authority with whom the Authority will correspond concerning the Application and Development for Applicant/Borrowing Entity (not a consultant). Who is the Designated Contact Person for this Development?

\_\_\_\_\_

Relationship to Applicant: \_\_\_\_\_

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Facsimile: \_\_\_\_\_

Email: \_\_\_\_\_



## E. Nonprofit Status

1. Is the Applicant a 501(c)(3) non-profit organization pursuant to the Internal Revenue Code?

No \_\_\_\_\_ Yes \_\_\_\_\_ If "yes" provide the following items:

- a. Attach evidence of non-profit status behind tab labeled "Exhibit 6."
- b. Attach attorney's opinions as required by the Code behind tab labeled "Exhibit 7; and
- c. Attach evidence that the nonprofit has not exceeded its allocation cap behind tab labeled "Exhibit 8."

## II. DEVELOPMENT INFORMATION

### A. Development Location:

1. Address: \_\_\_\_\_

(if new construction, give closest street names, city and zip code):

2. Is the development located in a HUD-designated DDA ZCTA and eligible for the Small Area boost Yes \_\_\_\_\_ No \_\_\_\_\_

Note: The assigned Small Area DDA ZCTA number(s) is available at <https://www.huduser.gov/portal/Datasets/qct/DDA2016M.PDF> and the applicable HUD mapping software is available at [https://www.huduser.gov/portal/sadda/sadda\\_qct.html](https://www.huduser.gov/portal/sadda/sadda_qct.html). If the proposed Development is located in a metropolitan area and consists of Scattered Sites, the DDA designation will only apply to the Scattered Site(s) that are located within a HUD-designated DDA ZCTA.

3. City Council Member District and name of Council Member for this Development's location:  
District \_\_\_\_\_  
Council Member \_\_\_\_\_

### B. Development Category and Population:

1. a. Choose all that apply:

<input type="checkbox"/> New Construction	<input type="checkbox"/> Acquisition*	<input type="checkbox"/> Remarketing
<input type="checkbox"/> Rehabilitation	<input type="checkbox"/> Refunding	<input type="checkbox"/> Acquisition/Rehab

- b. If acquisition, rehabilitation, or acquisition/rehab was selected, is the development occupied?

No \_\_\_\_\_ Yes \_\_\_\_\_

**Note: If an acquired Development is occupied, it must be in compliance with program rules at the time of the Bond Closing. Contact the Authority staff immediately for a letter of determination.**

- c. If acquisition, rehabilitation, or acquisition/rehab was selected, does the project have expiring Section 8 rental assistance contracts or expiring affordable housing land use restrictions?

No \_\_\_\_\_ Yes \_\_\_\_\_

**Note: If yes, evidence from the appropriate financing entity will be required during credit underwriting**

2. Choose the category that describes the population to be served:

☐ Family      ☐ Elderly      ☐ Other: \_\_\_\_\_

- C. Has construction begun? No \_\_\_\_\_ Yes \_\_\_\_\_ Date permits issued: \_\_\_\_\_

Is the development complete? No \_\_\_\_\_ Yes \_\_\_\_\_ Date CO issued: \_\_\_\_\_

**If certificates of occupancy were issued on more than one date, attach a listing of issue-dates for each building directly behind tab labeled "Exhibit 9."**

If not, what is the anticipated placed-in-service date? \_\_\_\_\_

- D. Number of Units:

Total Number of Units \_\_\_\_\_ (Market rate, Set-aside, and manager units)

Number of Residential Units \_\_\_\_\_ (Market rate units plus Set-Aside units)

Number of Set-Aside Units: \_\_\_\_\_

Percent of Set-Aside Units: \_\_\_\_\_ (# Set-Aside Units/#Residential Units)

- E. Manager/Employee Units: Are there one or more manager or employee units in the Development?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, how many? \_\_\_\_\_ Unit type(s) \_\_\_\_\_

If so, will each unit be occupied by an income-eligible manager/employee and included in the number of units set aside? If included in set-aside, it must be used in all calculations for number of units, e.g. in rent charts, pro formas, etc. NOTE: If manager//employee unit(s) is exempt from HC rent restrictions, the unit rent should be calculated as if it were a market rate unit.

No \_\_\_\_\_ Yes \_\_\_\_\_

- F. Breakdown of units by square footage and monthly rent charged. All units in the development must be listed **INCLUDING** all manager/employee units. Indicate manager/employee units with an asterisk.

# of Bedrms/ Unit	# of Baths Per Unit	Square Feet Per Unit	# of Units Per Bedrm type	% of Area Median Income	Monthly Gross Rent for Set- Aside Units*	Less Utility Allowance (for HC Developmen ts)	Net Rent for Set- Aside Units	Monthly Market Rent+

\* NOTE: For any Development anticipating the use of tax credits, gross rents include the rent *plus* the allowance for resident-paid utilities for set-aside units. These rents may not exceed the allowable rents for the chosen set-aside as shown on the applicable rent charts included in the Tax Credit Application Package. Rents will be capped based on set-aside chosen.

+ NOTE: Answer for market rate units only.

- G. Minimum Set-aside required for Tax Exempt Bond Financing. **CHOOSE ONLY ONE:**

- ☐ 20% of units at 50% of area median income  
☐ 40% of units at 60% of area median income

- H. Development Design. Check the one design that best describes this Development:

- ☐ Garden Apartments ☐ High Rise ☐ Mid-Rise with elevator  
☐ Townhouses ☐ Quadraplexes ☐ Other: \_\_\_\_\_

- I. Development Size. Identify acreage or lot size of entire Development: \_\_\_\_\_  
(NOTE: If Development is a phased Development, include only the acreage for this phase.)

### III. PROPOSED DEVELOPMENT FINANCING AND STRUCTURE

A. Proposed Finance Summary (**The applicant is required to complete the pro forma found in Attachment 9**)

	Check, if Applicable	Amount	% of Development Cost	\$ Per Unit
		\$	%	\$
Tax-exempt Bonds*	<input type="checkbox"/>	\$	%	\$
Tax-exempt Bonds**	<input type="checkbox"/>	\$	%	\$
Taxable Bonds	<input type="checkbox"/>	\$	%	\$
Conventional	<input type="checkbox"/>	\$	%	\$
SAIL (Previous Cycle)	<input type="checkbox"/>	\$	%	\$
SAIL (Anticipated Funds)	<input type="checkbox"/>	\$	%	\$
SAIL ELI (Anticipate Funds)	<input type="checkbox"/>	\$	%	\$
HOME (State Funds)***	<input type="checkbox"/>	\$	%	\$
HOME (Local Funds)***	<input type="checkbox"/>	\$	%	\$
CDBG***	<input type="checkbox"/>	\$	%	\$
SHIP***	<input type="checkbox"/>	\$	%	\$
HC Equity (4% credits)	<input type="checkbox"/>	\$	%	\$
Other (Explain below:	<input type="checkbox"/>	\$	%	\$
<b>Total</b>		<b>\$</b>	<b>%</b>	<b>\$</b>

Other: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\* Subject to state bond cap pursuant to Section 42(h)(4)(B). IRS, as amended.

\*\* Not subject to the state bond cap pursuant to Section 42(h)(4)(B), IRC, as amended.

\*\*\* Explain below whether the funds have been committed, or are being sought in a future funding cycle.

Explanation of SAIL, HOME, CDBG and/or SHIP funding: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

If SAIL, HOME, CDBG and/or SHIP funding is shown as already committed, **attach a letter from the appropriate governmental entity detailing the commitment**, including the dollar amount, source of funding, conditions of funding (including income and/or rent restrictions), whether the funding is a loan or a grant, and if a loan, the interest rate, loan term, amortization, and payback schedule. Attach the letter(s) as "Exhibit 10."

B. If SAIL, HOME, CDBG and/or SHIP funding is shown and is not firmly committed, attach an explanation of how the development will be completed without those funds. Attach the explanation as "Exhibit 11".

C. If SAIL or HOME funding from Florida Housing is not shown, does the Applicant intend to apply for such funding? If so, how much: \$ \_\_\_\_\_. What will be the anticipated use of the SAIL or HOME funds if received? \_\_\_\_\_

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D. Tax Credits. If the Development receives Bond financing, will HC be used? No \_\_\_\_\_ Yes \_\_\_\_\_

1. If yes, HC Requested Amount \$ \_\_\_\_\_

2. If yes, name of Syndicator: \_\_\_\_\_

**A copy of the Commitment or Letter of Interest for the syndicator including a contact person's name, address and telephone number; credit underwriting standards; and an outline of proposed rate and terms, must be attached as "Exhibit 12".**

A preliminary commitment letter is included as "Exhibit 13". The letter must include a description of how the syndication funding will be paid out during construction and following completion. At least 50% of the amount needed to complete construction must be paid at bond closing. **A firm commitment letter must be provided during the Credit Underwriting.**

E. Rental Assistance. Is development-based rental assistance **anticipated** for this Development?

No \_\_\_\_\_ Yes \_\_\_\_\_ **If yes, check all that apply:**  
☐ Moderate Rehab ☐ RD 515  
☐ Section 8 ☐ Other \_\_\_\_\_

Number of units receiving assistance: \_\_\_\_\_

Number of years remaining on rental assistance contract: \_\_\_\_\_

F. Credit Enhancement

**A copy of the Commitment or Letter of Interest for the credit enhancer(s) and/or placement agent, including a contact person's name, address and telephone number; credit underwriting standards; and an outline of proposed rate and terms, must be attached as "Exhibit 14".**

2. 50% Bond Test: For purposes of meeting the 50% bond test to receive automatic HC, tax-exempt bonds represent \_\_\_\_\_. Attach a detailed 50% test calculation as "Exhibit 15".

G. Proposed Structure. The outline of the proposed structure must include, at a minimum, the following: whether a combination of tax-exempt and taxable bond financing expected, whether a fixed or floating interest rate is expected, mortgage term, amortization schedule, interest terms, description of the credit enhancement or placement structure, and additional financing or equity sources. **Material changes in the proposed structure after submittal of the application may**

**result in delay of consideration by the Authority or loss of priority.** A description of the proposed financing structure is attached as “Exhibit 16.”

H. **Economic Feasibility of the Development.** A description of the Development feasibility structure must be attached as “Exhibit 17” and include, at a minimum, the following:

- a. 15-year Pro forma cash flow
- b. Maximum interest rate at which the Development will work
- c. Detailed sources and uses, including a breakout for each line item on a per unit cost basis.

#### **IV. PUBLIC POLICY ISSUES**

1. The Applicant agrees to abide by the set-asides described in this application for \_\_\_\_\_ years with a minimum of 50 years.
2. Applicant must agree to participate in the Crime Free Multi-Housing Program sponsored by the Jacksonville Sheriff’s Office. Terms of this program are included as Attachment 2. Proof of participation must be provided to the Authority semi-annually.
3. Describe in detail all resident programs and activities that will be provided by the Applicant. Each program mandated by the Authority or selected by the Applicant will be made a part of the Land Use Restriction Agreement, and must be described behind tab labeled “Exhibit 18.” Developments that include a mix of elderly and non-elderly units must provide all resident programs mandated for both elderly and non-elderly developments. The resident programs to be provided are:

a. Resident programs for **All Applicants**:

- ☐ **Health Care – Mandatory** - Regularly scheduled visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided at no cost to the resident: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided.
- ☐ **Resident Activities – Mandatory** - Regularly scheduled, specified activities, planned, arranged, managed, and paid for by the Applicant or its management agent as an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities such as holiday or special occasion parties, community picnics or cookouts, newsletters, children’s special functions, etc., to bring the resident together, foster a sense of community, and encourage community pride.
- ☐ **On Site Voter Registration – Mandatory** – The Applicant or its Management Agent shall work with the County Supervisor of Elections to arrange on-site voter registration. The registration shall be at least quarterly, and shall be during weekend and other traditionally non-work times.
- ☐ **Swimming Lessons – Optional** – The Applicant or its Management Agent shall provide on-site swimming lessons for children or adults, at no cost to the resident, at least three

times each year.

- ☐ **Life Safety Training – Optional** – The Applicant or its Management Agent shall provide on-site courses such as fire safety, first aid (including CPR), etc. at least twice each year, at no cost to the resident.
- ☐ **Health and Nutrition Classes – Optional** – The Applicant or its Management Agent shall provide on-site classes, at no cost to the resident, at least 8 hours per year.
- ☐ **Day Care – Optional** – either:
  - ☐ Day care facility for children or adults on-site, or
  - ☐ A discount of at least 20% at a day care facility for children or adults within 3 miles of the development.
- ☐ **Case Management/Residential Stabilization/Services – Optional** – This service must be provided by a qualified social worker at no cost to the resident. This program requires that the following services be made available on-site no less often than once a week: crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self-sufficiency, and advocacy to assist clients in securing needed resources.

b. Residential Programs for **Elderly Developments**:

- ☐ **Resident Assurance Check-In Program – Mandatory** – Applicant must provide and use an established system for checking in with each resident on a predetermined basis not less than once per day. Residents may opt out of this program with a written certification that they chose not to participate.
- ☐ **Daily Activities – Mandatory** – Applicant or its Management Agent must provide supervised, structured activities at least five days per week. Activities must be on-site and at no charge to the residents.
- ☐ **Meals – Optional** – Applicant must pay for daily, at least one meal per day, delivery and cost of meals to the residents or provide for the daily preparation and serving of meals in a designated common on-site facility. Programs such as “Meals on Wheels” will not qualify for points because Applicant is not providing the service.
  - ☐ Applicant will provide for delivery and cost of daily meals (at least one meal per day) to be served in a designated common facility located on-site; or
  - ☐ Applicant will arrange for daily meals, at least one meal per day, to be delivered to the residents at no cost to the residents.
- ☐ **Private Transportation for the Development – Optional** – The Applicant or its Management Agent, at no cost to the resident, must provide a qualified driver and have a safe and serviceable vehicle that can transport residents to off-site locations for such things as medical appointments, public service facilities, and/or educational or social activities. A nearby bus stop or access to programs such as “Dial a Ride” will not be

acceptable for purposes of this commitment.

- ☐ **Assistance with Light Housekeeping, Shopping and/or Laundry – Optional –** Applicant must provide weekly assistance with at least two of the following: (1) light housekeeping, and/or (2) grocery shopping, and/or (3) laundry, at a rate which is at least 25% lower than market.
- ☐ **Manager On-Call 24 Hours Per Day – Optional –** Applicant must provide a manager and/or security guard on the Development's premise at all times who is available and accessible to the residents 24 hours per day, seven days per week.

c. Resident Programs for **Non-Elderly Developments:**

- ☐ **Homeownership Opportunity Program – Mandatory –** Applicant must provide a homeownership opportunity program available to all residents in compliance with their current lease. The program must set aside 5% of the resident's gross rent toward a downpayment for that resident when the resident moves from the development into homeownership. The resident may be suspended from the program during the period of a lease if the resident violates any provision of the lease. Upon renewal of the lease, the resident must be reinstated into the program for the period of that renewal, with suspension permitted under the same terms as discussed above. The homeownership opportunity program must also include financial counseling for all residents, with emphasis on credit counseling and other items necessary for successful purchase of, and maintenance of a home.
- ☐ **First Time Homebuyer Seminars – Mandatory –** Applicant must arrange for and provide at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.
- ☐ **After School Program for Children – Optional –** Applicant or its Management Agent must provide daily, supervised, structured, age-appropriate activities for children during the after-school hours. Activities must be on-site and at no charge to the residents.
- ☐ **Literacy Training – Optional –** Applicant must make available, at no cost to the resident, a literacy tutor(s) to provide weekly literacy lessons to residents in private space on-site and must include English as a Second Language lessons to residents in private space on-site
- ☐ **Job Training – Optional –** Applicant must provide, at no cost to the resident, regularly scheduled classes in typing, computer literacy, secretarial skills or other useful job skills. Regularly scheduled means not less often than once each quarter.

4. Describe in detail all design and other physical amenities that provide enhanced quality of life, energy efficiency, increased security, handicapped accessibility, or other features. Each feature mandated by the Authority or selected by the Applicant will be made a part of the Land Use Restriction Agreement, Developments that include a mix of elderly and non-elderly units must provide design features for both elderly and non-elderly units must provide design features for both elderly and non-elderly developments. The design and amenity features to be provided are:

- a. **In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act Requirements, the following items are required:**



- **Air conditioning** (window units are not allowed), in all units
- **Dishwasher**, in all new construction units
- **Garbage Disposal**, in all new construction units
- **Cable TV Hook-Up**, in all units
- **At least two full bathrooms** in all **3 bedroom or larger** new construction units
- At least **1 and ½ bathrooms** (one full bath and one with at least a toilet and sink) in all new construction **2 bedroom units**
- **Minimum square footage requirements** for all new construction units of 600 square feet (one bedroom), 850 square feet (two bedroom), 1050 square feet (three bedroom), and 1200 square feet (four bedroom or greater)
- **Full sized appliances** in all units
- **Bathtub** in at least one bathroom in new construction non-elderly units
- **Exterior Lighting** for all buildings and parking areas
- Window Treatments (mini-blinds, curtains, vertical blinds) inside each unit- identify treatment \_\_\_\_\_

b. For **New Construction Units**, the applicant may select items from the following list. The selected items must total 25 points:

- ☐ 30 Year Expected Life Roofing on all Buildings (5 points)
- ☐ Gated community with “carded” entry or security guard, or if mid-or-high-rise, “carded” secure entry to building (4 points)
- ☐ Ceramic tile Bathroom Floors (2 points)
- ☐ Microwave Oven (3 points)
- ☐ Marble Window Sills (3 points)
- ☐ Fire Sprinklers in All Units (5 points)
- ☐ Steel entry door frames (4 points)
- ☐ Termite prevention/detection system (2 points)
- ☐ Built-in computer desks (2 points)
- ☐ Exterior lighting (3 points)
- ☐ Double compartment kitchen sink (1 point)
- ☐ Laundry Hook-ups and space for washer/dryer inside each unit (3 points)

c. For **Rehabilitation of Existing Development**, the applicant may select items from the following list. The selected items must total 25 points:

- ☐ Laundry Hook-ups and space for washer/dryer inside each unit (3 Points)
- ☐ 30-Year Expected Life Roofing on all Buildings (4 points)

- ☐ Gated community with “carded” entry or security guard, or if mid-or-high rise, “carded” secure entry to building (3 points)
- ☐ Ceramic Tile Bathroom Floors (2 points)
- ☐ Microwave Oven (3 points)
- ☐ Fire Sprinklers in All Units (4 points)
- ☐ Dishwasher inside each unit (3 points)
- ☐ Garbage disposals inside each unit (3 points)
- ☐ Steel entry door frames (3 points)
- ☐ Termite prevention/detection system (2 points)
- ☐ Double compartment kitchen sink (1 point)

d. For **Elderly Developments** or developments with elderly units, the applicant may select from the following list. The selected items must be on-site and total 16 points (2 points each):

- ☐ Emergency call service in all elderly units
- ☐ Hairdresser Shop or Barber Shop on site
- ☐ Laundry facilities available on every floor
- ☐ All bathrooms in elderly units handicapped accessible with grab-bars per ANSI requirements
- ☐ Public transportation within 150 feet of property (or elderly building if mixed family-elderly)
- ☐ Exercise room with appropriate equipment
- ☐ Community center or clubhouse
- ☐ Swimming pool
- ☐ Covered picnic area with at least three permanent picnic tables and a permanent outdoor grill
- ☐ Outside recreation facility (such as shuffleboard court, putting green, tennis court). Identify facility: \_\_\_\_\_
- ☐ Library consisting of a minimum of 100 books and 5 magazine subscriptions. The Library must include a computer lab.
- ☐ Garden Area (must be sized in proportion to development’s size and expected resident population)

e. For **Non-Elderly Developments**, or developments with non-elderly units, the applicant may select from the following list. The selected items must be on-site and total 16 points (2 points each):

- ☐ Exercise room with appropriate equipment
- ☐ Community center or clubhouse
- ☐ Swimming pool
- ☐ Playground/tot lot (must be sized in proportion to development’s size and

- ☐ expected resident population with age-appropriate equipment
- ☐ Car care area (for car cleaning/washing)
- ☐ Childcare facility located within three miles of the property
- ☐ Public transportation located within one-half mile of the property
- ☐ Library/study room consisting of a minimum of 100 books and 5 magazine subscriptions. The Library must include a computer lab.
- ☐ Two or more parking spaces per unit
- ☐ Outside recreation area for older children (such as basketball court, tennis court, volleyball court, etc.). Identify facility:

\_\_\_\_\_.

- f. **Energy Conservation Feature** – For all developments, the applicant may select from the following list.

Mandatory Features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 15 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal holes, cracks, etc. (Rehab developments)
- Sealed and insulated heating and cooling system ducts (Rehab developments)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

Optional Green Building Features:

Applicant must choose at least five (5) items from the following list:

- Energy Star ceiling fans in all bedrooms and living areas
- Energy Star qualified roofing material or coating
- Energy Star exhaust fans in bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-friendly flooring -- Carpet and Rug Institute Green Label certified carpet and pad, bamboo, cork, recycled content tile, and/or natural linoleum
- Eco-friendly cabinets – formaldehyde free, material certified by the Forest Stewardship Council

## V. ABILITY TO PROCEED

Each Application shall be reviewed for feasibility and ability of the Applicant to proceed with construction of the Development.

### A. Site Control

Site Control must be demonstrated by the APPLICANT. At a minimum, a Contract for Purchase and Sale must be held by the Applicant for the proposed site. The contract may not expire before 7 months from date the Bond Application was submitted to JHFA and the remedy for default on the part of the seller must include or be specific performance, and the buyer **MUST** be the Applicant. Site is controlled by:

\_\_\_\_\_ Contract for Purchase & Sale,

\_\_\_\_\_ Recorded Deed,

\_\_\_\_\_ Long-Term Lease: If site control is demonstrated by long-term lease, a copy of the executed lease must be provided. The lease may be contingent only upon the receipt of Bond Financing

**IMPORTANT:** If site control is not held by the Applicant, a fully executed, enforceable **contract for purchase and sale or assignment of contract** must be provided which obligates the seller or assignor to transfer the site to the Applicant contingent **ONLY** upon the award of Bond Financing. If site control is evidenced by contract for purchase and sale, the Authority may give preference to those contracts that evidence ability to extend through December 31, (after the initial 7 month site control requirement). Evidence of Site Control can be found directly behind tab labeled "Exhibit 19."

### B. Zoning and Land Development Regulations

1. a. Is the site appropriately zoned for the proposed Development: No \_\_\_\_\_ Yes \_\_\_\_\_
- b. Indicate zoning designation (s) \_\_\_\_\_
- c. Current zoning permits \_\_\_\_\_ units per acre, or \_\_\_\_\_ for the site (PUD).
- d. Total Number of Units in Development: \_\_\_\_\_

**Note: at a minimum, the current, applicable Future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions must permit the proposed Development.**

2. New Construction Zoning and Land Development Regulation Development Requirements:
  - a. Applicant must provide a letter from the appropriate local government official that the Development is consistent with zoning and land development regulations, which verify that the site is appropriately zoned and consistent with local land use regulations regarding density and intended use. **To meet minimum requirements, attach a letter from the appropriate local government official verifying that the current, applicable Future**

**Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions permit the proposed Development.** The local government verification letter can be found directly behind tab labeled “Exhibit 20”

3. Rehabilitation Zoning and Land Development Regulation Development Requirements:

Applicant must provide a letter from the appropriate local government official that the Development is consistent with zoning and land development regulations, which verifies that the site is appropriately zoned and consistent with local land use regulations regarding density and intended use. **To meet minimum requirements, attach a letter from the appropriate local government official verifying that the current, applicable Future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions permit the proposed Development.** The local government verification letter can be found directly behind tab labeled “Exhibit 21.”;

4. Site Plan

1. New Construction: Evidence must be provided on the status of Site Plan approval. **To meet minimum requirements, attach a letter from the appropriate local government official verifying the status of Site Plan approval. The letter must be development specific and must state if Site Plan has been approved or if the plan has been through a conceptual or preliminary review. Evidence is attached as “Exhibit 22.”**
2. Rehabilitation: Was site plan approval required by local governmental authorities at the time this Development was originally placed in service?

Yes \_\_\_\_\_ No \_\_\_\_\_

**A COPY OF THE SITE PLAN OR “AS BUILT” SURVEY WILL BE REQUIRED PRIOR TO BEING INVITED INTO CREDIT UNDERWRITING**

D. Environmental Safety:

**A COPY OF A PHASE I ENVIRONMENTAL REPORT AND IF REQUIRED A PHASE II AND REMEDIAL ACTION REPORT WILL BE REQUIRED DURING CREDIT UNDERWRITING**

- E. Concurrency. Attach a letter or letters from the local government or provider verifying availability of infrastructure and capacity for the proposed Development. Letters must be Development-specific and dated within 3 months of the date of the Application .

Electricity	Exhibit 23
Water	Exhibit 24
Sewer capacity, Package Treatment, or Septic Tank	Exhibit 25
Roads	Exhibit 26

F. Experience of the Development Team-

The past performance record of the development team (which consists of Developer, Management Agent, General Contractor, Architect/Engineer, Attorney, and Accountant) will be carefully reviewed. **IF THERE ARE ANY MEMBERS OF THE TEAM THAT WERE A PART OF THE TEAM ON A JHFA BOND TRANSACTION THAT CLOSED IN THE LAST TWO YEARS, YOU ONLY NEED TO COMPLETE THE INFORMATION ASKED BELOW FOR EACH MEMBER THAT MEETS THIS REQUIREMENT AND AN EXPERIENCE CHART DOES NOT NEED TO BE PROVIDED.**

1. Experience of Developer: Name: \_\_\_\_\_  
Principal(s): \_\_\_\_\_  
\_\_\_\_\_

a. Provide the Experience Chart as Exhibit 27”.

b. Has the Developer, or any of the principals of the Developer been associated with any development that has gone into default or given “troubled development” status?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If “Yes”, attach a detailed explanation of the situation(s) and resolution as “Exhibit 28.”

c. Has the Developer or any principal of the Developer been associated with any development that has been found in non-compliance with program requirements; i.e. an incurred 8823?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If “Yes”, attach a detailed explanation of the situation(s) and resolution as “Exhibit 29.”

2. Experience of General Partner. Name: \_\_\_\_\_  
If entity, name of principal(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

a. Fill out the attached chart. Provide the Experience Chart as Exhibit 30.

b. Has the General Partner, or any of the principals of the General Partner been associated with any development that has gone into default or given “troubled development” status?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If “Yes”, attach a detailed explanation of the situation(s) and resolution as “Exhibit 31.”

c. Has the General Partner or any principal of the General Partner been associated with any development that has been found in non-compliance with program requirements?

Yes \_\_\_\_\_ No \_\_\_\_\_

If “Yes”, attach a detailed explanation of the situation(s) and resolution as “Exhibit 32.”

3. Experience of Management Agent. Name: \_\_\_\_\_  
Principal(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

a. Fill out the attached chart and provide as “Exhibit 33”

- b. Has the Management Agent, or any of the principals of the Management Agent been associated with any development that has gone into default or given “troubled development” status?

Yes \_\_\_\_\_ No \_\_\_\_\_

If “Yes”, attach a detailed explanation of the situation(s) and resolution as “Exhibit 34”

- c. Has the Management Agent or any principal of the Management Agent been associated with any development that has been found in non-compliance with program requirements; ?

Yes \_\_\_\_\_ No \_\_\_\_\_

If “Yes”, attach a detailed explanation of the situation(s) and resolution as “Exhibit 35.”

4. Experience of General Contractor. Name: \_\_\_\_\_

a. Fill out the attached chart and provide as “Exhibit 36”

5. Experience of Architect. Name: \_\_\_\_\_

a. Fill out the appropriate attached chart and provide as “Exhibit 37”

6. Experience of Engineer. Firm Name: \_\_\_\_\_

a. Fill out the appropriate attached chart and provide as “Exhibit 38”

7. Experience of Attorney. Name: \_\_\_\_\_

a. Fill out the attached chart and provide as “Exhibit 39”

8. Experience of Accountant. Name: \_\_\_\_\_

a. Fill out the attached chart and provide as “Exhibit 40”

### EXPERIENCE OF DEVELOPER

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_ Contact \_\_\_\_\_  
 Email: \_\_\_\_\_

Development Name	Location (City, State)	# of Units	New Construc. Or Rehab	Design Type	Sources of Financing/Gov't. Programs (Bonds/9% HC/SAIL/HOME/SHIP/Conventional, etc.

The Applicant must provide, as Exhibit 27, a prior experience chart for each Principal intending to meet the Developer Experience reflecting the required information listed in chart above.

### EXPERIENCE OF GENERAL PARTNER

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_ Contact \_\_\_\_\_  
 Email: \_\_\_\_\_

Development Name	Location (City, State)	# of Units	New Construc. Or Rehab	Design Type	Sources of Financing/Gov't. Programs (Bonds/9% HC/SAIL/HOME/SHIP/Conventional, etc.

The Applicant must provide, as Exhibit 30, a prior experience chart for each Principal intending to meet the General Partner Experience reflecting the required information listed in chart above.



### EXPERIENCE OF MANAGEMENT AGENT

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

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Development Name	Location (City, State)	# of Units	Management Status (current or former)	# of Years Managed	Sources of Financing/Gov't. Programs (Bonds/9% HC/SAIL/HOME/SHIP/Conventional, etc.

The Applicant must provide, as Exhibit 33, a prior experience chart for the Management Agent reflecting the required information listed in chart above.

### EXPERIENCE OF GENERAL CONTRACTOR

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

Address: \_\_\_\_\_

License Number: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Development Name	Location (City, State)	# of Units	New Construc. Or Rehab	Design Type	Year Completed

The Applicant must provide, as Exhibit 36, a prior experience chart for the General Contractor the reflecting required information listed in chart above.

## EXPERIENCE OF ARCHITECT

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

Address \_\_\_\_\_

License Number: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Development Name	Location (City, State)	# of Units	New Construc. Or Rehab	Design Type	Year Completed

The Applicant must provide, as Exhibit 37, a prior experience chart for the Architect reflecting the required information listed in chart above.

## EXPERIENCE OF GENERAL ENGINEER

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

Address \_\_\_\_\_

License Number: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Development Name	Location (City, State)	# of Units	New Construc. Or Rehab	Design Type	Year Completed

The Applicant must provide, as Exhibit 38, a prior experience chart for the General Engineer reflecting the required information listed in chart above.

## EXPERIENCE OF ATTORNEY

Name of Firm: \_\_\_\_\_

Name of Attorney(s): \_\_\_\_\_

Address of Attorney: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

Development Name	Location (City, State)	Role (Bond, Real Estate, Other)	Sources of Financing/Gov't. Programs (Bonds/9% HC/SAIL/HOME/ SHIP/Conventional, etc.	If Bonds, Name of Issuer

The Applicant must provide, as Exhibit 39, a prior experience chart for the Attorney reflecting the required information listed in chart above.

## EXPERIENCE OF ACCOUNTANT

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

Address: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Development Name	Location (City, State)	Sources of Financing/Gov't. Programs (Bonds/9% HC/SAIL/HOME/ SHIP/Conventional, etc.	If Bonds, Name of Issuer

The Applicant must provide, as Exhibit 40, a prior experience chart for the Accountant reflecting the required information listed in chart above.

## VI. FORM OF EXPENSE AND INDEMNITY AGREEMENT

Attach as Exhibit 41 the “Form of Expense and Indemnity agreement found as Attachment 3 of the Application Exhibit B within the “Application Procedures and Program Guidelines” handbook. An ORIGINAL SIGNATURE must be included on the form contained within the original application. Photocopies of the executed form may be utilized within the 11 copies of the application.

## VII. REHABILITATION APPLICANTS ONLY SECTION

Attach as Exhibit 42, a detailed description of the rehabilitation activities and the status and plans for existing residents. At a minimum, the attachment should describe (i) a detail of all rehabilitation, including the rehabilitation cost per unit and the cost for each item, (ii) the current rents at the development compared to the proposed rents, (iii) the plans for the existing residents, both during and after rehabilitation, (iv) the income levels of the current residents, and whether the current residents will qualify as residents after rehabilitation, (v) a copy of any third party physical needs assessment, or explanation for why the document is not available.

### VIII. CERTIFICATION (Original Signatures Required)

The undersigned Applicant certifies that the information in this Application is true, correct and authentic.

THE APPLICANT FURTHER ACKNOWLEDGES HAVING READ ALL APPLICABLE AUTHORITY RULES GOVERNING THE PROGRAM AND ACKNOWLEDGE HAVING READ THE INSTRUCTIONS FOR COMPLETING THIS APPLICATION.

THE APPLICANT ACKNOWLEDGES HAVING READ ALL PROVISIONS OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY 2016 MULTIFAMILY BOND ALLOCATION POLICIES AND PROCEDURES AND PROGRAM GUIDELINES HANDBOOK.

THE APPLICANT UNDERSTANDS AND AGREES TO ABIDE BY THE PROVISIONS OF THE APPLICABLE FLORIDA STATUTES AND AUTHORITY PROGRAM POLICIES, RULES AND GUIDELINES.

THE UNDERSIGNED REPRESENTS AND WARRANTS THAT THE INFORMATION PROVIDED HEREIN IS TRUE AND ACCURATE. THE PERSON EXECUTING THIS DOCUMENT REPRESENTS THAT HE OR SHE HAS THE AUTHORITY TO BIND THE APPLICANT AND ALL INDIVIDUALS AND ENTITIES NAMED HEREIN TO THIS WARRANTY OF TRUTHFULNESS AND COMPLETENESS OF THE APPLICATION.

THE APPLICANT ACKNOWLEDGES THAT THE AUTHORITY'S INVITATION TO SUBMIT AN APPLICATION DOES NOT CONSTITUTE A COMMITMENT TO FINANCE THE PROPOSED DEVELOPMENT. **BEFORE THE AUTHORITY CAN APPROVE THE PROPOSED DEVELOPMENT FOR FINANCING, IT MUST RECEIVE STATE BOND ALLOCATION AND APPLICANTS MUST SUCCESSFULLY COMPLETE CREDIT UNDERWRITING AND OBTAIN ALL NECESSARY APPROVALS FROM THE BOARD OF DIRECTORS, AUTHORITY COUNSEL, BOND COUNSEL, THE CREDIT UNDERWRITER AND COUNTY COMMISSION AND STAFF.**

\_\_\_\_\_  
Applicant  
Signature of Witness

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title ((typed or printed)

\_\_\_\_\_  
Name (typed or printed)

**NOTE: ORIGINAL APPLICATION MUST CONTAIN AN ORIGINAL SIGNATURE PENNED IN BLUE INK, OR THE APPLICATION WILL BE REJECTED AUTOMATICALLY**

## ATTACHEMENT 1

### FINANCING AND PROPOSED STRUCTURE

PERMANENT ANALYSIS	AMOUNT	LOCATION OF DOCUMENTATION
A. Total Development Cost:	\$ <input type="text"/>	
B. Sources:		
1. SAIL Loan Requested:	\$ <input type="text"/>	
2. MMRB Requested:	\$ <input type="text"/>	
3. HOME Loan Requested:	<input type="text"/>	
4. HC Syndication/HC Equity Proceeds	\$ <input type="text"/>	Exhibit <input type="text"/>
5. Supplemental Loan Amount	\$ <input type="text"/>	
6. First Mortgage Financing	\$ <input type="text"/>	Exhibit <input type="text"/>
7. Second Mortgage Financing	\$ <input type="text"/>	Exhibit <input type="text"/>
8. Third Mortgage Financing	\$ <input type="text"/>	Exhibit <input type="text"/>
9. Deferred Developer Fee	\$ <input type="text"/>	Exhibit <input type="text"/>
10. Grants	\$ <input type="text"/>	Exhibit <input type="text"/>
11. Equity - Partner's Contribution	\$ <input type="text"/>	Exhibit <input type="text"/>
12. Other: <input type="text"/>	\$ <input type="text"/>	Exhibit <input type="text"/>
13. Other: <input type="text"/>	\$ <input type="text"/>	Exhibit <input type="text"/>
14. Total Sources	\$ <input type="text"/>	
C. Financing Shortfall (A. - B.14.):	\$ <input type="text"/>	

Each Exhibit must be listed behind its own Tab. DO NOT INCLUDE ALL EXHIBITS BEHIND ONE TAB.

# DEVELOPMENT COST PRO FORMA

(Page 1 of 3)

- NOTES:
- (1) Developer fee may not exceed the limits established in Rule Chapters 67-21 and 67-48, F.A.C. Any portion of the fee that has been deferred must be included in Total Development Cost.
  - (2) If Housing Credit equity is being used as a source of financing, complete Columns 1, 2 and 3. Otherwise, complete Columns 2 and 3.
  - (3) General Contractor's fee is limited to 14% of actual construction cost. General Contractor's fee must be disclosed.
  - (4) In reference to impact fees, a tax professional's advice should be sought regarding eligibility of these fees.
  - (5) For purposes of the Development Cost calculation in this Application, the only reserves allowed are contingency reserves for rehabilitation and construction, which amounts cannot exceed 5% for New Construction and 15% for Rehabilitation/Substantial Rehabilitation, as stated in Rule Chapters 67-21 and 67-48, F.A.C.
  - (6) The Corporation pays the servicing fees and compliance monitoring fees for all HOME Applicants. For HOME Rental loans to Non-Profit entities, the Corporation also pays the credit underwriting fees and environmental review fees.
  - (7) Applicants using HC equity funding, with the exception of those applying for MMRB, should list an estimated compliance fee amount in column 2.
  - (8) The Corporation acknowledges that the costs listed on the Development Cost Pro Forma, Detail/Explanation Sheet, Construction or Rehab Analysis and Permanent Analysis are subject to change during credit underwriting.

USE THE DETAIL/EXPLANATION SHEET FOR EXPLANATION OF \* ITEMS. ATTACH ADDITIONAL SHEETS IF NECESSARY.

	1	2	3
	ELIGIBLE (HC ONLY)	HC INELIGIBLE; OR MMRB/\$AIL/HOME	Total (MMRB, \$AIL, HOME & HC)
<b>PROJECT COST</b>			
Actual Construction Cost			
Demolition			
*Off-site (explain in detail)			
New Rental Units			
Rehab of Existing Rental Units			
Accessory Buildings			
Recreational Amenities			
Rehab of Existing Common Areas			
*Other (explain in detail)			
<b>A1. Actual Construction Cost</b>	\$	\$	\$
<b>A1.1. Sub-Total</b>	\$	\$	\$
<b>A1.2. General Contractor Fee (3)</b> (Max. 14% of A1., column 3)	\$	\$	\$
<b>A1.3. Total Actual Construction Cost</b>	\$	\$	\$
<b>Financial Cost</b>			
Construction Loan			
Credit Enhancement			

UA1016 (Rev. 3-08)  
67-48.004(1)(x), 67-21.003(1)(a), F.A.C.

	1	2	3
	ELIGIBLE (HC ONLY)	HC INELIGIBLE; OR MMRB/SAIL/HOME	Total (MMRB, SAIL, HOME & HC)
*Impact Fees (list in detail)			
Inspection Fees			
Insurance			
Legal Fees			
Market Study			
Marketing/Advertising			
Property Taxes			
Soil Test Report			
Survey			
Title Insurance			
Utility Connection Fee			
*Other (explain in detail)			
A3. TOTAL GENERAL DEVELOPMENT COST	\$	\$	\$
* A4. CONTINGENCY RESERVES (5) (explain in detail)	\$	\$	\$
B1. ACQUISITION COST OF EXISTING DEVELOPMENTS (EXCLUDING LAND) Existing Buildings	\$	\$	\$
* B2. Other (explain in detail)	\$	\$	\$
C. DEVELOPMENT COST (A1.3+A2+A3+A4+B1+B2)	\$	\$	\$
D. DEVELOPER'S FEE (1)	\$	\$	\$
E. TOTAL LAND COST		\$	\$
F. TOTAL DEVELOPMENT COST (C+D+E)	\$	\$	\$



	1 ELIGIBLE (HC ONLY)	2 HC INELIGIBLE; OR MMRB/SAIL/HOME	3 Total (MMRB, SAIL, HOME & HC)
*Impact Fees (list in detail)			
Inspection Fees			
Insurance			
Legal Fees			
Market Study			
Marketing/Advertising			
Property Taxes			
Soil Test Report			
Survey			
Title Insurance			
Utility Connection Fee			
*Other (explain in detail)			
A3. TOTAL GENERAL DEVELOPMENT COST	\$	\$	\$
* A4. CONTINGENCY RESERVES (5) (explain in detail)	\$	\$	\$
B1. ACQUISITION COST OF EXISTING DEVELOPMENTS (EXCLUDING LAND) Existing Buildings	\$	\$	\$
* B2. Other (explain in detail)	\$	\$	\$
C. DEVELOPMENT COST (A1.3+A2+A3+A4+B1+B2)	\$	\$	\$
D. DEVELOPER'S FEE (1)	\$	\$	\$
E. TOTAL LAND COST		\$	\$
F. TOTAL DEVELOPMENT COST (C+D+E)	\$	\$	\$

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**Detail/Explanation Sheet**

Totals must agree with Pro Forma. Provide description and amount for each item that has been completed on the Pro Forma.

**Development Cost**

**Acquisition Cost of Existing Developments**

(as listed at item B1.)

Other: \_\_\_\_\_  
\_\_\_\_\_

**Actual Construction Cost**

(as listed at item A1.)

Off-site: \_\_\_\_\_  
\_\_\_\_\_

Other: \_\_\_\_\_  
\_\_\_\_\_

**General Development Costs**

(as listed at item A3.)

Impact Fees: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Reserves**

**Contingency**

**Reserves:**

(as listed at item A4.)

\_\_\_\_\_

**Other Reserves:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTE: Neither brokerage fees nor syndication fees can be included in eligible basis. Consulting fees, if any, must be paid out of the Developer fee. Consulting fees include, but are not limited to, payments for Application consultants, construction management or supervision consultants, or local government consultants.

UA1016 (Rev. 3-08)  
67-48.004(1)(a), 67-21.003(1)(a), F.A.C.

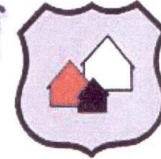
PERMANENT ANALYSIS	AMOUNT	LOCATION OF DOCUMENTATION
A. Total Development Cost:	\$ _____	
B. Sources:		
1. SAIL Loan Requested:	\$ _____	
2. MMRB Requested:	\$ _____	
3. HOME Loan Requested:	_____	
4. HC Syndication/HC Equity Proceeds	\$ _____	Exhibit _____
5. Supplemental Loan Amount	\$ _____	
6. First Mortgage Financing	\$ _____	Exhibit _____
7. Second Mortgage Financing	\$ _____	Exhibit _____
8. Third Mortgage Financing	\$ _____	Exhibit _____
9. Deferred Developer Fee	\$ _____	Exhibit _____
10. Grants	\$ _____	Exhibit _____
11. Equity - Partner's Contribution	\$ _____	Exhibit _____
12. Other: _____	\$ _____	Exhibit _____
13. Other: _____	\$ _____	Exhibit _____
14. Total Sources	\$ _____	
C. Financing Shortfall (A. - B.14.):	\$ _____	

Each Exhibit must be listed behind its own Tab. DO NOT INCLUDE ALL EXHIBITS BEHIND ONE TAB.

## ATTACHMENT 2



### Office of the Sheriff Jacksonville, Florida Crime Free Multi-Housing Program



The Jacksonville Sheriff's Office has implemented a community program called the **Jacksonville Crime Free Multi-Housing Program**. The program, which is endorsed by Sheriff John Rutherford, is a partnership between the Jacksonville Sheriff's Office, owners, managers and residents of our apartment communities. Our goal is to keep drugs and other illegal activity out of our communities.

#### Crime Free Multi-Housing Program Overview

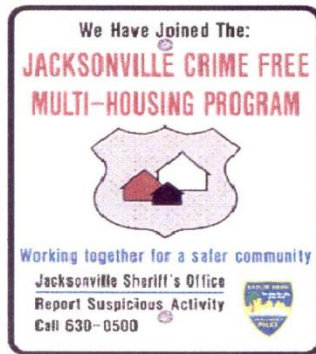
The program was successfully developed by the Mesa Arizona Police Department in 1992. The International Crime Free Multi-Housing Program has spread to nearly 2,000 cities in 44 states, 5 Canadian Provinces, and other countries.

The program consists of three phases that must be completed under the supervision of the Jacksonville Sheriff's Office.

- **Phase 1 – Management Training**
  - Property Managers, owners and staff receive eight hours of training in the operation of the Crime Free Multi-Housing Program.
    - Training consists of the following:
      - Crime Prevention Techniques
      - CPTED (physical security of their communities)
      - Benefits of resident Screening
      - Lease agreements and eviction issues
      - Crime Free Lease Addendum
      - Addressing drug activity and crime on their property
      - Training the community in crime awareness
- **Phase 2 – CPTED Survey**
  - A general CPTED (Crime Prevention through Environmental Design) survey is conducted on the apartment property.
    - A minimum safety standard must be met to participate in the Crime Free Multi-Housing Program. The following items are the minimum standards;
      - 180 degree eye viewers in all front doors
      - One inch deadbolts on all exterior doors
      - Minimum of two inch screws in strike plates on exterior doors (exception; steel framed door jambs)
      - Lift and slide protection on windows (accessible)
      - Lift and slide protection on sliding doors (accessible)
      - Adequate security lighting in working order (throughout the property)

- Properly trimmed landscaping throughout the property (3 and 7 foot rule – bushes and shrubbery trimmed below 3 feet and trees trimmed up to 7 feet)
  - Inoperable or expired vehicles tagged and removed from the property
  - A visible display of property address, seen from the roadway
- **Phase 3 – Resident Crime Prevention Meeting**
  - The apartment management must conduct an annual crime prevention meeting with their residents.
  - Community awareness and continuous participation is encouraged
- **Certification**
  - Apartment communities that successfully complete all three phases of the training are permitted to post signs on their properties (see example sign below).
  - Certified properties will also be given the following:
    - Authorization to use the Crime Free Logo in advertising and marketing of their property.
    - Once operable, apartment managers will receive daily e-mail notifications from JSO, providing calls for service information on their property.
    - JSO will place a list of certified properties on the JSO website.
  - If a property fails to keep their standards, at our minimum level, their certification will be revoked

**Sample Certified Membership Sign**



## Attachment 3

### EXPENSE AND INDEMNITY AGREEMENT

Jacksonville Housing Finance Authority  
214 N. Hogan Street, 8<sup>th</sup> Floor

Jacksonville, FL 32202

Ladies and Gentlemen:

The undersigned (the "Applicant") has requested the Jacksonville Housing Finance Authority, Florida (the "Authority"), to consider its application for the issuance of the Bonds referred to below (the "Bonds") for the benefits of the Applicant and as an inducement to such consideration hereby agrees with the Authority as follows:

Section 1: Payment of Expenses. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold the Authority harmless against the payment of any and all expenses relating to the Bond issue, including, without limitation, administrative charges and out-of-pocket expenses, recording charges, expenses of printing offering circulars or official statements, and the cost of printing the Bonds and advertising the sale thereof and expenses of registering the Bonds with the securities commission of any state. The fees of the Authority's bond counsel, financial advisor, administrative staff, and Issuer's counsel shall be payable only if the Bonds are issued and delivered, but the Applicant shall in all events be liable for the payment of the disbursements and out-of-pocket expenses of such personnel. It is further agreed that the applicant fee is a separate fee, which shall not be used for the payment of the expenses delineated herein.

Section 2. Indemnity. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to indemnify the Authority, and each of its members, officers, agents, attorneys or employees against any and all claims and liability of whatsoever nature arising out of the Bond issue, including without limitation, claims based upon actual or alleged misrepresentation, fraud or other tortious conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or nonfeasance. In furtherance of the foregoing the Applicant agrees to pay any and all attorney's fees and court costs incurred in the defense of any of the claims here above enumerated upon the Authority's written demand thereof. It is further understood and agreed that the Authority or any of the persons here above indemnified shall be entitled to retain counsel acceptable to the Authority or them to defend any claim, but that neither the Authority nor any such person will enter into any settlement of the same without the prior written approval of the Applicant. It is further understood that the Authority will give reasonable notice to the Applicant of the pendency of any such claims or liability and the Applicant shall have the opportunity to recommend counsel for selection by the Authority or its members. The actual selection of counsel, however, will be solely within the discretion of the Authority or its members.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by the Authority and the Applicant.

Dated: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

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

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

Description of

Bond: \_\_\_\_\_

Jacksonville Housing Finance Authority (Florida)

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

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## **JACKSONVILLE HOUSING FINANCE AUTHORITY**

### **2019 Bonds with SAIL Application**

**THIS APPLICATION IS SOLELY FOR THE USE OF APPLICANTS SEEKING BOND FINANCING FROM THE JACKSONVILLE HOUSING FINANCE AUTHORITY WHO ARE ALSO SEEKING SAIL FUNDING VIA FHFC RFA 2018-116 OR OTHER GAP FINANCING VIA AN FHFC RFA**

#### **SUBMIT:**

##### **SUBMIT ORIGINAL (WITH \$500 APPLICATION FEE) AND 6 COPIES TO:**

Laura Stagner  
Director of Finance  
Housing and Community Development  
214 N. Hogan St., 7<sup>th</sup> Floor  
Jacksonville, Florida 32202  
Contact: Laura Stagner, 904.255.8279 [lstagner@coj.net](mailto:lstagner@coj.net)

##### **One (1) hard copy and a PDF of the entire application, to:**

Mark Hendrickson  
1404 Alban Avenue  
Tallahassee, Florida 32301  
Contact: Mark Hendrickson, 850.671.5601 [mark@thehendricksoncompany.com](mailto:mark@thehendricksoncompany.com)

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REVISED: September 19, 2018



## GENERAL INFORMATION

NOTE: BY COMPLETING THIS APPLICATION, THE APPLICANT CERTIFIES AND AGREES THAT IT WILL COMPLY WITH ALL REQUIREMENTS OF THE HFA OF HILLSBOROUGH MULTI-FAMILY HANDBOOK AND WILL SUBMIT ANY ADDITIONAL REQUIRED DOCUMENTATION AND FEES RELATED TO THAT COMPLIANCE

Please indicate if Applicant will use these funds in conjunction with (check one)

☐ FHFC SAIL RFA 2018-116

☐ OTHER FHFC RFA—IDENTIFY \_\_\_\_\_

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### **JACKSONVILLE HOUSING FINANCE AUTHORITY BOND REQUEST:**

BOND AMOUNT REQUESTED: \_\_\_\_\_

#### **I. DEVELOPMENT SUMMARY AND TIMELINE**

- A. Provide a short narrative description of the Development, including all resident programs, amenities, unit features and scope of work to be performed. If more space is needed, provide the information as **Exhibit 1**. MAJOR DEVELOPMENT AMENITIES WILL BE INCLUDED IN THE LAND USE RESTRICTION AGREEMENT. Also attach as **Exhibit 2** a timeline for the completion of the development which includes all key dates, including anticipated timing of permits and credit underwriting, Housing Credit closing date, completion of construction, rent up, and stabilization.

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## B. SUMMARY OF PROPOSED DEVELOPMENT

<b>Name of Development</b>	
<b>Location of Development, by street address, or if no address, by mileage from nearest cross streets. Also, attach a map showing the development's location. The Project <u>must</u> be located in Duval County (PROJECT THRESHOLD CRITERIA)</b>	
<b>Developer/Location (name of controlling company, not of LP or LLC).</b>	
<b>Contact person for application, including name, email, and phone numbers</b>	
<b>HFA of Hillsborough County Bond Amount Requested</b>	
<b>Development Construction Type Garden, Mid-Rise, High-Rise, Other (explain)</b>	
<b>New Construction or Rehabilitation Concrete, Wood or other (explain)</b>	
<b>Development Demographic Family, Elderly or Other (identify)</b>	
<b>Number of Units, by Bedrooms</b>	
<b>Total Development Cost</b>	
<b>Cost per unit</b>	
<b>Land Cost</b>	
<b>Acquisition of Building Cost if applicable</b>	
<b>Hard Rehab Cost or Construction Cost</b>	
<b>General Contractor</b>	
<b>Set Aside Period (50 year minimum)</b>	
<b>Set Aside Levels (PROJECT THRESHOLD CRITERIA)</b>	
<b>Current Zoning (PROJECT THRESHOLD CRITERIA)</b>	
<b>Evidence of Site Control (PROJECT THRESHOLD CRITERIA)</b>	

## II. APPLICANT INFORMATION

A. Applicant Name: \_\_\_\_\_

Must be a legally formed entity (i.e., limited partnership, corporation, etc.) qualified to do business in the State of Florida at the time of submission of Application.

B. If partnership, name of general partner(s): \_\_\_\_\_

\_\_\_\_\_

If corporation, name and title of executive officer: \_\_\_\_\_

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Facsimile: \_\_\_\_\_

## III. PROPOSED PROJECT FINANCING

A. Proposed Finance Summary: Please provide a permanent loan period detailed sources and uses that is in a format acceptable to FHFC as part of the upcoming SAIL RFA process. Attach as **Exhibit 3**.

## IV. ABILITY TO PROCEED

Each Application shall be reviewed for feasibility and ability of the Applicant to proceed with construction of the Development.

A. Site Control (PROJECT THRESHOLD CRITERIA)

Site Control must be demonstrated by the APPLICANT, in a manner consistent with the requirements of FHFC RFA 2018-116:

\_\_\_ Eligible Contract

\_\_\_ Deed or Certificate of Title

\_\_\_ Lease

Provide evidence of Site Control and attach as **Exhibit 4**.

B. Zoning and Land Development Regulations (PROJECT THRESHOLD CRITERIA)

1. a. Is the site appropriately zoned for the proposed Development: No \_\_\_ Yes \_\_\_\_
- b. Indicate zoning designation (s) \_\_\_\_\_
- c. Current zoning permits \_\_\_units per acre, or \_\_\_ for the site (PUD).
- d. Total Number of Units in Development:

Note: Provision of the zoning form from FHFC RFA 2018-116 will meet this requirement. Provide evidence that the proposed use is permitted and attach as **Exhibit 5**.

**V. SELF-SCORING OF FHFC SAIL APPLICATION INCLUDING PROXIMITY TO PUBLIC TRANSPORTATION**

Provide the score expected to be received on the application for SAIL, including point score and all tiebreakers, assuming the Applicant receives the points for the Local Government Area of Opportunity Funding Attach your response as **Exhibit 6**. BE SURE TO ADDRESS YOUR ANTICIPATED SCORE RELATED TO MEETING THE THRESHOLD CRITERIA IN THE FHFC RFA RELATED TO PROXIMITY TO PUBLIC TRANSPORTATION, AND PROVIDE A WRITTEN NARRATIVE THAT EXPLAIN THE ANTICIPATED SCORE IN DETAIL. PLEASE PROVIDE THE LOCATION OF THE PUBLIC TRANSPORTATION/BUS STOP, AND THE TYPE OF STOP IT IS, AND THE DISTANCE THAT YOU CALCULATE FROM THE DEVELOPMENT TO THE PUBLIC TRANSPORTATION.

## VI. CERTIFICATION (Original Signatures Required)

The undersigned Applicant certifies that the information in this Application is true, correct and authentic.

THE APPLICANT FURTHER ACKNOWLEDGES HAVING READ ALL APPLICABLE AUTHORITY RULES GOVERNING THE PROGRAM AND ACKNOWLEDGE HAVING READ THE NOFA AND THIS APPLICATION.

THE APPLICANT UNDERSTANDS AND AGREES TO ABIDE BY THE PROVISIONS OF THE APPLICABLE FLORIDA STATUTES AND AUTHORITY PROGRAM POLICIES, RULES AND GUIDELINES, INCLUDING THOSE DETAILED IN THE NOFA AND THIS APPLICATION.

THE UNDERSIGNED REPRESENTS AND WARRANTS THAT THE INFORMATION PROVIDED HEREIN IS TRUE AND ACCURATE. THE PERSON EXECUTING THIS DOCUMENT REPRESENTS THAT HE OR SHE HAS THE AUTHORITY TO BIND THE APPLICANT AND ALL INDIVIDUALS AND ENTITIES NAMED HEREIN TO THIS WARRANTY OF TRUTHFULNESS AND COMPLETENESS OF THE APPLICATION.

THE APPLICANT ACKNOWLEDGES THAT THE AUTHORITY'S INVITATION TO SUBMIT AN APPLICATION DOES NOT CONSTITUTE A COMMITMENT TO FINANCE THE PROPOSED DEVELOPMENT. **APPLICANTS MUST SUCCESSFULLY COMPLETE CREDIT UNDERWRITING AND OBTAIN ALL NECESSARY APPROVALS FROM THE BOARD OF DIRECTORS, AUTHORITY COUNSEL, AND THE CREDIT UNDERWRITER.**

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name and Title ((typed or printed)

\_\_\_\_\_  
Name (typed or printed)

**NOTE: ORIGINAL APPLICATION MUST CONTAIN AN ORIGINAL SIGNATURE, OR THE APPLICATION WILL BE REJECTED AUTOMATICALLY**

**Jacksonville Housing Finance Authority  
2019 Multifamily Bond Allocation  
Policies and Procedures  
&  
PROGRAM GUIDELINES HANDBOOK**

Revised September 19, 2018

**Jacksonville Housing Finance Authority  
2018 Multifamily Bond Allocation  
Policies and Procedures  
&  
PROGRAM GUIDELINES HANDBOOK**

**PART I: OVERVIEW**

The Jacksonville Housing Finance Authority (JHFA) is authorized by Part IV, Chapter 159, Florida Statutes, as created by the City of Jacksonville (pursuant to Ordinance 2014-185-E), and has as one of its core objectives the provision of housing opportunities at rents affordable to persons or families of low, middle and moderate income. In order to accomplish this objective, the Multifamily Revenue Bond Financing Program (the "Bond Program") was developed as a tool to stimulate the production of affordable housing units by providing low interest loans to for profit and not for profit Applicants who will produce new or rehabilitated rental housing units (the "Development"). JHFA will not issue obligations to provide Multifamily Revenue Bond financing for any development unless the Applicant has satisfied the program guidelines, goals of JHFA and comply with applicable federal and state law.

The Bond Program provides for below market rate loans of bond proceeds for construction, rehabilitation and permanent financing of multifamily housing developments. The funds are made available by JHFA's issuance of revenue bonds (the "Bonds"). If JHFA requires credit enhancement on the Bonds, the borrower must arrange to secure or collateralize the Bonds. The Bonds are secured solely by the credit enhancement provided by the borrower and/or by revenues from the development. In no event shall the Bonds ever be secured by public revenues. JHFA is merely a conduit and shall not be liable on any Bonds. From time to time JHFA may approve other financing structures to the extent permitted by law.

The multifamily revenue bonds issued by JHFA under the Bond Program can be combined with other financing including second mortgage programs, local and state grants and the Low Income Housing Tax Credit Program. The Applicant must independently secure, at its cost, all secondary financing.

The Bond Program is intended to:

- Encourage the acquisition, construction, and rehabilitation of affordable rental housing;
- Provide bond financing for qualified multifamily rental housing developments, which meet the goals of the JHFA and comply with applicable federal and state laws; and
- Provide affordable housing in neighborhoods of Duval County, which demonstrate the need for affordable housing, but lack adequate inventory of affordable housing opportunities, as well as preserve existing affordable housing in established neighborhoods which without further reinvestment may choose to end their affordability periods
- Encourage the use of Small and Emerging Businesses in Duval County (see chapter 126, City of Jacksonville Ordinance Code).

All proposed developments and financial structures will be assessed by JHFA's Financial Advisor. After the development has received a preliminary assessment by JHFA's Financial Advisor, it shall be reviewed by JHFA and Bond Counsel for consistency with housing policies at the Federal level, as determined by the U.S. Department of Housing & Urban Development (HUD), and at the local

level, as determined by the Jacksonville City Council. The term of the bond issue is subject to negotiation. Interest rates cannot be determined until Bond sale.

Each development financed by JHFA, in whole or in part, will not interfere with but rather will contribute to the housing stock, housing market, and economic stability of City of Jacksonville.

JHFA has adopted the following policies, procedures and guidelines to set forth the general requirements and procedures for an Applicant to apply for Multifamily Revenue Bond Financing. JHFA may waive specific provisions of these guidelines where good cause is shown and adequate supporting documentation is provided. Any waiver is at the sole discretion of JHFA. In addition, these guidelines may be amended, revised, repealed or otherwise altered by JHFA with or without notice.

JHFA reserves the right to impose additional requirements on any particular development. Compliance with these guidelines does not and shall not create any right by an Applicant to a commitment or assurance that JHFA will provide the requested financing.

**ALL DEVELOPMENTS ARE SUBJECT TO THE REQUIREMENTS OF JHFA'S POLICIES AND PROCEDURES AND PROGRAM GUIDELINES. THE JHFA RESERVES THE RIGHT TO CONSIDER FUNDING APPLICATIONS ON A FIRST-COME, FIRST-EVALUATED BASIS AFTER THE CLOSE OF THE CURRENT APPLICATION CYCLE IF FUNDING ALLOCATION REMAINS WITHOUT FURTHER PUBLIC NOTIFICATION.**

Interested Applicants may request additional information from:

**Financial Advisor:**

The Hendrickson Company and The Community Concepts Group

1404 Alban Avenue

Tallahassee, Florida 32301

850.671.5601

Contact: Mark Hendrickson - [mark@thehendricksoncompany.com](mailto:mark@thehendricksoncompany.com)



## **Part II.        Summary of Program Requirements for the Development and Financing**

The JHFA has adopted these guidelines to set forth the general requirements and procedures for the financing of Developments. The JHFA may waive specific provisions of these guidelines where good cause is shown and adequate supporting documentation is provided. Any waiver is at the sole discretion of the JHFA. In addition, these guidelines may be amended, revised, repealed or otherwise altered by the JHFA with or without notice, and are subject to changes in federal and state law.

The JHFA shall not take official action for financing any Development unless the Applicant has satisfied the general requirements set forth in these guidelines. The JHFA reserves the right to impose additional requirements on any particular Development. Compliance with these guidelines does not and shall not create any obligation, commitment or assurance that the JHFA will provide the requested Multifamily Bond allocation.

### **1. General Requirements**

- A.        The summary set forth herein is subject in all respects to the financing documents, JHFA requirements and applicable state and federal law.
- B.        JHFA will only take official action on Multifamily Bond financing for Developments located entirely within the boundaries of the City of Jacksonville and/or Duval County, Florida (“the City/County”).
- C.        Developments must satisfy all applicable state and federal requirements. JHFA will rely on Bond Counsel, Issuer’s Counsel, and the Financial Advisor to determine the applicable requirements with respect to each development. There may be additional limitations imposed by JHFA in accordance with the policies, rules and regulations of JHFA.
- D.        JHFA will not issue obligations to provide financing for any multifamily rental housing development unless the Applicant complies with the requirements set forth in these Program Guidelines.
- E.        The JHFA will only take official action on Multifamily Bond financing for Developments which are in compliance with the provision of Chapter 159, part IV, Florida Statutes (the “Act”), Section 142(d) of the Internal Revenue Code of 1986, (the “Code”) and Section 11(b) of the U.S. Housing Act of 1937, as amended (the “Housing Act”) and other applicable provisions of the Code. Pursuant to the provision of Section 142(d) of the Code and the regulations there under, the Applicant must demonstrate to the satisfaction of the JHFA that at all times during the Qualified Project Period (as defined in the Code).

- F. The Applicant must always demonstrate that either of the following "Set-Aside Requirements" will be continuously met:
- i. 20% or more of the rental units are occupied by persons whose incomes are no greater than 50% of the area median gross income as increased or decreased, adjusted for family size (see Exhibit B) or
  - ii. 40% or more of the rental units are occupied by persons whose incomes are no greater than 60% of the area median gross income as increased or decreased, adjusted for family size (see Exhibit B).

Persons meeting either of the foregoing set-aside requirements are hereinafter referred to as "lower-income tenants".

- G. In addition, the Act requires that, unless waived, all remaining units be leased to "eligible persons", which shall not exclude any person making less than 150% of area median income, except that persons 65 years of age or older are considered eligible persons regardless of income (collectively "Eligible Tenant"), unless waived as provided under Part VI of the application package. These restrictions, along with other Development restrictions, will be reflected in a Land Use Restriction Agreement/Regulatory Agreement ("LURA") which will be recorded in the Official Records of Duval County, Florida and shall remain in full force and effect during the Qualified Project Period.
- H. To comply with federal requirements, net Bond proceeds expended on land acquisition must be less than 25%. For rehabilitation Developments, no less than 15% of the cost of acquiring the Development shall be expended on "rehabilitation expenditures" as defined in the Code.
- I. The Applicant must have a proven record of maintaining the physical appearance of at least two developments and compliance with reporting requirements for previously or currently owned affordable housing developments.
- J. Applicant must agree to participate in the Crime Free Multi-Housing Program sponsored by the Jacksonville Sheriff's Office for the life of the bond issuance. Terms are included at the end of this document. Proof of participation must be provided to the JHFA semi-annually.
- K. Presently owned Developments must have been current for the past 24 months on the payments of all principal and interest on all outstanding indebtedness and fees and clear of any past or present event of default.
- L. Applicant must demonstrate the economic feasibility of the Development.
- M. Mixed-use Developments are encouraged and will receive preference for financing approval. Since bond financing can be used to finance only the housing portion of a mixed-use Development, the JHFA will look favorably at those

proposals in which the Applicant combines other acceptable funding sources to finance the commercial or non-residential uses within the mixed-use Development.

- N. Mixed-income and in-fill location Developments shall receive preference for financing approval.
- O. Developments located in Neighborhood Action Plan and Seeds of Change Areas of the City of Jacksonville which demonstrate need for affordable housing, as demonstrated by the JHFA's need study or to preserve existing affordable housing, will receive preference for financing approval.
- P. Developments must provide services for target population as feasible - e.g. on-site childcare, after school programs, early literacy programs, homebuyer counseling, homebuyer incentive programs, elderly services, computer facilities, business center, tot-lots, etc. The JHFA recognizes that many of these services are affordable only in large Developments and stresses that there is no intent to penalize smaller Developments because of the lack of such services. The applicant may suggest other services than those listed for consideration that enhance the project for the residents. Applicants are encouraged to provide these services through partnerships with local providers.
- Q. Proposed developments must be located in a sub-market where there is a shortage of quality affordable housing in the income segment they are proposing to serve and where the Development will not adversely impact the distribution of affordable housing in the area.
- R. Developer must demonstrate experience in developing at least 2 affordable housing Developments and demonstrate the ability to complete Developments in a timely manner. Management Company must demonstrate 2 years of experience in managing affordable housing developments.
- S. Applicant must include in application proof of conditional commitment for credit enhancement in connection with the proposed bond financing.
- T. Applicant must distribute low-income units on a pro rata basis among unit types within the development.
- U. Applicant must agree to extend the Qualified Project Period to at least 50 years.
- V. The Architectural design should enhance the surrounding community, as well as the quality of life of the Development's tenants.
- W. The Development must be in full compliance with applicable ADA requirements.
- X. Applicant must provide a plan for utilizing local small and emerging businesses in

the City/County as approved by the City Council for the City of Jacksonville in Chapter 126, Ordinance Code.

- Y. Fair Housing Practices: All applicable Federal, State, and Local Fair Housing requirements must be followed.

## **2. Other Requirements**

- A. No bond issue may be made for an Applicant to finance the acquisition of a development from an affiliated party, without prior approval by JHFA and confirmation by the credit underwriter that the sales price reflects a fair market value for the property, without considering the benefit of the tax exempt financing.
- B. An Applicant must, upon delivery of the Bonds, execute an agreement which provides that the Applicant agrees to comply with the Program Guidelines in all respects. This agreement contains the Applicant's covenants, which run with the land and binds the Applicant's successors and assigns. In addition, the Applicant will be required to deliver, following completion of the development, periodic certifications with regard to continuing compliance with the Program Guidelines.
- C. If the Application involves the sale of low income housing tax credits, the Applicant must conform to all federal and state requirements associated with those credits, including compliance with Section 42 of the Internal Revenue Code and compliance with the State of Florida's Qualified Allocation Plan and associated administrative rules.
- D. If the Application involves the sale of Bonds created under the Tax Reform Act of 1986 due to the 501(c)(3) status of the Applicant, these bonds are not subject to the State Private Activity bond Volume Cap. Qualifying 501(c)(3) developments using Tax Credits will require Private Activity Cap. The JHFA refers all non-profit Applicants to IRS Revenue Procedure 96-32, "Low Income Housing" for reference. The JHFA reserves the right to review the public purpose of providing financing to a 501(c)(3) corporation for the sole purpose of acquiring an existing development without rehabilitation. The Applicant must demonstrate at a minimum that (i) the organization is a 501(c)(3) in good standing, with affordable housing as part of their charter, and with a legal opinion relating to the organization and its role in the transaction, (ii) the organization should have a role in the community beyond that as a conduit financing vehicle, (iii) the organization should have a meaningful role in the development. Payment of a minimal fee with no real on-going role would not qualify as "meaningful", (iv) the non-profit or its parent organization shall have been in existence for at least five years and shall demonstrate financial stability acceptable to the JHFA, and (v) the non-profit shall provide evidence of expertise in the development and management of multifamily affordable housing.

- E. If the Application involves the sale of Taxable Bonds, these bonds are not subject to the State Private Activity bond Volume Cap created under the Tax Reform Act of 1986
- F. All Applicants must provide a homeownership opportunity program available to all residents living in non-elderly developments in compliance with their current lease. The program must provide for the payment of 5% of the resident's gross rent towards a downpayment for that resident when the resident moves from the development into homeownership. The resident may be suspended from the program during the period of a lease if the resident violates any provision of the lease. Upon renewal of the lease, the resident must be reinstated into the program for the period of that renewal, with suspension permitted under the same terms as discussed above. The homeownership opportunity program must also include financial counseling for all residents, with emphasis on credit counseling and other items necessary for successful purchase of, and maintenance of a home.
- G. If the Application involves acquisition and/or rehabilitation, rehabilitation expenditures must exceed \$20,000 per unit. However, the Board may approve on a case by case basis a lower expenditure amount, if the development meets other targets that may be set by the Board for preservation.
- H. Elderly developments may not exceed 160 units, unless they development involves the rehabilitation of an existing elderly development.
- I. JHFA's bond counsel must review any affiliated party transaction to determine that it will not preclude delivery of bond counsel's opinion that the interest on any JHFA bonds intended to be issued as tax-exempt bonds is excluded from gross income.

**Part III. FINANCING PROCESS**

The bond issue is accomplished via the following Financing Steps:

**1. Submission of Application**

The Applicant must submit to the JHFA a complete original Application and one copy, along with all applicable fees. Application for the issuance of Bonds shall be made in the form attached hereto as Exhibit A. Additionally, the Applicant must submit one copy of the Application to The Hendrickson Company, 1404 Alban Avenue, Tallahassee, Florida 32301. The Applicant will be required to file a complete original application, including the required copies, and pay all applicable fees, by the time and date noticed in the Notice of Fund Availability. If JHFA decides to consider funding applications on a first-come, first-

evaluated basis, then applications are due at least 2 weeks prior to a scheduled JHFA Board of Directors' meeting. Failure to comply will result in a rejection of the application.

A request for the application and NOFA can be made by contacting:

**Financial Advisor:**

The Hendrickson Company and The Community Concepts Group

1404 Alban Avenue

Tallahassee, Florida 32301

850.671.5601

Contact: Mark Hendrickson - mark@thehendricksoncompany.com

[www.jaxhfa.net](http://www.jaxhfa.net)

In conjunction with the filing of the application, the Applicant will be required to execute an Expense and Indemnity Agreement, in the form attached hereto as Exhibit F, whereby the Applicant agrees to pay all bond issuance expenses, including, without limitation, the fees and disbursements of JHFA's Bond Counsel, Issuer's Counsel, Financial Advisor, administrative staff, underwriters, credit underwriters, and any other administrative charges or out-of-pocket expenses which relate to the issue, and to indemnify JHFA and its members, officers, agents, attorneys and employees against any and all claims and liability arising out of the issuance of the bonds.

**2. Initial Review by Financial Advisor**

After the Applicant submits a completed application, the application is reviewed by JHFA's Financial Advisor. The review shall include an analysis of the proposed development and financing, including but not limited to, financial feasibility, ability to proceed, public purpose, site control and all other selection factors included in this document. The Financial Advisor will review the Applications based upon the then current established criteria. This analysis is presented by the Financial Advisor to the JHFA Board.

The cost of the Financial Advisor's analysis shall be paid directly to the Financial Advisor at the time of initial application. See Part IV, page 17, for details.

**3. Preliminary Selection by JHFA Board**

- A. The Board, upon review of the Financial Advisor's analysis, and upon independent review of the applications, may select one or more Applicants to move forward into the remaining process to determine the amount of private activity bond allocation to be requested for the Development and the total amount of bond financing to be considered for the development.

The Board may establish conditions and timetables related to the financing as part of this selection process. If the JHFA Board wishes to proceed with the Development, it will announce its initial selection of developments that are being invited to continue the Financing Process. The Board shall adopt an "Inducement Resolution" at this time.

The JHFA resolution with respect to its intent to issue Multifamily Bonds for the Development (the "Inducement Resolution") is a non-binding expression of intent by the JHFA formally acknowledging the proposed Development and permitting reimbursement of certain costs of the Development from tax-exempt bond proceeds pursuant to the Code. The current form of JHFA's Inducement Resolution is attached hereto as Exhibit G. The Inducement Resolution does not obligate the JHFA to issue Multifamily Bonds for the Development and will terminate 12 months from the date of its adoption ("Intent Period").

The JHFA will consider extending the Intent Period upon the submission by the Applicant of the following:

- (1). status report providing tangible evidence of the progress of the financing of the Development
- (2). payment of an additional \$2,500 to the JHFA, which fee shall be credited against the final administrative fee of the JHFA;

***IF THE STATUS REPORT AND FEES DESCRIBED ABOVE ARE NOT RECEIVED WITHIN TEN (10) WORKING DAYS PRIOR TO THE CLOSE OF THE INTENT PERIOD AND THESE REQUIREMENTS HAVE NOT BEEN WAIVED BY THE JHFA, THE JHFA SHALL DEEM THE INDUCEMENT RESOLUTION TERMINATED.***

JHFA shall deem the inducement terminated in the event that the Applicant fails to meet the foregoing requirements.

This initial "selection" by the Board does not bind JHFA to finance any or all of the proposed development. Instead, it allows the Applicant to move forward into the remaining process that will determine if the Board elects to finance any or all of the proposed development.

B. The Board may consider any or all of the items listed below in the initial selection process:

- (1) The financial soundness of the Applicant and the development, including the experience of the Applicant and other development team members.
- (2) Conformance of the development with legal restrictions governing the issuance of the Bonds.
- (3) The impact of the development upon the County's housing shortage, and on any neighborhood development or redevelopment plan of the County.

- (4) The relative affordability of the housing to those persons in the County of middle, moderate and lesser income.
- (5) Ability of the Applicant to complete financing and development on a timely basis, including the status of a commitment for credit enhancement or private placement of the Bonds, a commitment from the purchaser of any low income housing tax credits associated with the financing, and the status of the Applicant in the permitting process.
- (6) Economic impact of the development, including the impact of jobs created by substantial rehabilitation and new construction.
- (7) Applicant's formal agreement to abide by the loan conditions established in the credit underwriting report prepared by the Financial Advisor and the credit underwriter.
- (8) Applicant's agreement to provide resident income set-asides in excess of those required by State and Federal law.
- (9) Applicant's agreement to extended low income compliance periods.
- (10) Applicant's agreement to serve residents with incomes at levels below the maximum "low income" levels established by Federal law.
- (11) Applicant's agreement to provide services to the residents relevant to the needs of the residents, such as day care, financial and credit counseling, or other services approved by JHFA.
- (12) Appropriateness of the development design, including the number of bedrooms per unit in developments targeted to family occupancy.
- (13) Development design and amenities that provide enhanced quality of life, energy efficiency, increased security, handicapped accessibility, or other features.
- (14) The proposed financing structure, including the proposed credit enhancement or private placement and its related bond rating and term.
- (15) Leveraging of JHFA's tax-exempt bond allocation by providing a portion of the financing from non-County sources, including, but not limited to taxable bonds, and state loans or grants.
- (16) Use of a financing structure that is efficient in its use of tax exempt bond allocation.



- (17) Impact of the proposed development on existing developments, i.e., market saturation.
- (18) Proximity of the proposed development to employment centers.
- (19) To qualify, the Development must meet or alleviate local specialized needs in the area where the Development is located. The needs to be met or alleviated must have been verified by a recent third-party market study using the minimum criteria as detailed in Exhibit H.
- (20) Additional guidelines as listed in this document.
- (21) The proposed development will address the workforce housing needs for persons making up to 140 percent of median income in Duval County.

#### **4. TEFRA Approval; Private Activity Bond Allocation**

After adoption of the Inducement Resolution, the JHFA will schedule a TEFRA hearing for the Development.

Pursuant to the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), a public hearing on the tax-exempt financing of the development must be held and the minutes of that meeting or applicable extracts thereof, submitted to the Jacksonville City Council (the "City Council"). A notice setting forth the location and description of the development, the principal amount of the bonds, the owner of the development and other relevant data about the proposed financing and containing the date, time and location of a TEFRA public hearing must be published in a timeframe approved by Bond Counsel. Unless otherwise provided, the TEFRA public hearing will be held by JHFA at a regularly scheduled meeting time. At the TEFRA hearing, the development will be discussed and the public will be invited to be heard with regard to the development. Following the holding of the public hearing, a resolution with the results of the hearing will be introduced at the next scheduled meeting of the City Council. Additional information on the City Council's process and schedule is available on request. Bond Counsel and JHFA staff will be responsible for all arrangements with respect to the holding of the public hearing and obtaining TEFRA approval. Failure to obtain TEFRA approval from the City Council shall result in termination of the financing with no liability to JHFA or the City of Jacksonville. Following receipt of approval by the City Council, JHFA will submit to the state a private activity bond volume cap allocation request in the amount and in the order of priority determined by JHFA. No assurance can be given that a requested private activity bond volume cap allocation will be received.

After approval, the Applicant must remit to the JHFA the appropriate fees.

*Note: Validation - The bonds of JHFA may be required to be validated in the manner provided by Section 159, Florida Statutes, as amended, and by Chapter 75, Florida Statutes, as from time to time amended and supplemented. If a bond validation is necessary, Bond Counsel will prepare validation pleadings for filing in the Circuit Court in and for Duval County. Applicant shall bear any fees and expenses (including legal fees of JHFA's bond counsel and Issuer's counsel) relating to any bond validation.*

**5. Enter into a Memorandum of Agreement ("MOA")**

The JHFA Board will consider approval of the financing plan project after presentation of the Financial Advisor's report.

After deliberation, JHFA may authorize execution of a Memorandum of Agreement specifying the terms under which JHFA will issue its Bonds and inducing the Applicant, contingent upon the Applicant's execution of such agreement within ten (10) calendar days. The Agreement will include the loan conditions included in the development feasibility analysis and the credit underwriting report prepared by the Financial Advisor and the credit underwriter (if available), and any other condition established by the Board as part of the initial selection process. The Agreement will also include the ability to recapture the bond allocation if the Applicant does not meet all conditions in a timely manner.

The MOA with JHFA should not be construed as indicating the marketability of the Bonds or a guarantee that the Bonds will be issued. Rather, it is an indication that JHFA will issue its Bonds if a willing and suitable purchaser can be found by RBC Capital Markets, and all conditions precedent to issuance occur or are met.

JHFA may, at its sole discretion, enter into an MOA with the Applicant prior to completion of credit underwriting. If done in this manner, the MOA shall require that the Applicant meet all conditions established in the credit underwriting report prior to issuing bonds.

**6. Credit Underwriting**

Credit underwriting is performed by a firm selected by the Financial Advisor, at the expense of the Applicant.

Applicants will be invited to credit underwriting during the JHFA Board initial selection process. Dates by which the Applicant must enter and complete credit underwriting will be established by JHFA Board. Failure by the Applicant to meet such deadlines will result in rejection of the application.

A preliminary and final credit underwriting report will be delivered to the Board for review and approval. Upon receipt of the reports, the Board may establish conditions and

timetables for the financing. The Board may elect to not move forward with the financing due to information included in the credit underwriting report.

In addition to any conditions established by JHFA, the Applicant shall comply with all conditions established by the credit underwriter within the preliminary and final credit underwriting reports. Failure to comply with such conditions shall result in rejection of the application. Such conditions will include, but are not limited to, personal guarantees by the principals of the general partner and development entity (and the related corporate entities) of construction completion, operating deficits, environmental indemnity, and non-recourse obligations.

## **7. Preparation of Bond Documents**

After appropriate review and approvals by JHFA, JHFA shall consult with Bond Counsel and initiate appropriate steps leading to the preparation of bond documents for the sale of the Bonds.

It is the policy of JHFA that the legal firm serving as bond counsel to JHFA at the time of initial application for financing act as bond counsel for all multifamily housing revenue bond issues.

Following the execution of the Memorandum of Agreement by JHFA and the Applicant, bond counsel will prepare all documents necessary for the sale of Bonds and submit them for review and approval by the parties thereto. The Applicant will be required to submit to Bond Counsel their retainer plus post a deposit with the JHFA in the amount set out in the Fee Section of this document. This deposit will be held until the closing of the Multifamily Bonds, at which time it will be used to pay costs of issuance, with any excess returned to the Applicant. In the event the financing does not close, the deposit will be used to pay fees and expenses incurred by the JHFA and its professionals. Upon payment of this deposit by the Applicant, the financing team will begin the preparation and review of the applicable Bond Documents.

When JHFA's bond team is prepared to submit substantially complete forms of the applicable Bond Documents, the JHFA will consider the adoption of an authorizing/award resolution at its next scheduled meeting.

If a Development does not receive a private activity bond allocation during the application year, the Applicant may resubmit the Application in a subsequent bond cycle/RFP. Resubmitted Applications will be considered along with all other new Applications and will not receive preferential treatment.

If a Development does not receive funding during a bond cycle, then the Applicant may request that the JHFA place the Development on any "pending list" approved by the JHFA with the Division of Bond Finance for that cycle (if the JHFA so determines in its sole

discretion to create said “pending list”). If any “pending list” is approved by the JHFA, then it may in its sole discretion rank/order the Developments thereon for that cycle.

The JHFA may also determine that in lieu of or in addition to the alternatives described in the paragraph above and below, it may thereafter receive and evaluate applications during cycle year on a first-come, first-served basis if allocation remains for that cycle.

The JHFA may also determine that in lieu of or in addition to the alternatives described in section 7 and 8 above, the JHFA may allocate the Private Activity Allocation or any unused portion thereof to Single Family Bonds.

## **8. Sale of Bonds and Rating**

The JHFA’s policy is to issue bonds under one of the following conditions:

- A. Bond transactions may receive the highest long term rating by either Standard and Poor’s Corporation, Moody’s Investors Service or Fitch, Inc., or
- B. Bonds may be issued in a variable rate mode. The transaction must be rated in the highest short term rating category by Standard & Poor’s, Moody’s Investors Service or Fitch, Inc., or
- C. JHFA will issue its Bonds only if appropriate and willing purchasers can be found and upon the execution of bond sale documents mutually agreeable to all parties thereto.
- D. Bonds issued and sold by JHFA shall not be deemed to constitute a debt, liability, or obligation of JHFA, the County, or of the State of Florida, or of any political subdivision thereof, or a pledge of the faith and credit or taxing power of JHFA, the County, or of the State or of any such political subdivision but shall be payable solely from the revenues and other resources pledged to the payment of the Bonds.
- E. It is the policy of JHFA to select the investment banking firms to act as senior managing underwriters and remarketing agents for the issuance of JHFA's multifamily housing revenue bonds. JHFA will not consider any requests by Applicants to add co-managing underwriters for the said Applicant's bond financing.
- F. The Applicant will comply with all secondary market disclosure requirements adopted by the JHFA and/or regulatory bodies, which includes disclosure filings. The Applicant is responsible for all secondary market disclosure filings and will be required to execute a Continuing Disclosure Agreement with a dissemination

agent acceptable to the JHFA; the fees and costs of such dissemination agreement agent to shall be paid by the Applicant. Where applicable, the Applicant will provide such reports to the JHFA.

- G. Unless held by the borrower or a credit enhancer, or an affiliate of either of them, unrated bonds or bonds not rated in one of the three highest rating categories or not rated in one of the two highest short term rating categories by a nationally recognized rating agency shall be issued only if the following criteria are met.
- i. There will be a credit underwriting report prepared by an independent credit underwriter. The credit underwriter shall be an underwriter approved by the Authority.
  - ii. The bonds shall be sold in minimum denominations of at least \$250,000. Prospective issues of investment grade quality may be sold at public or private sale in bond denominations of not less than \$5,000 each.
  - iii. The bonds shall be sold initially only to Sophisticated Investors (as defined below) who have executed and delivered an "investor's letter," in form and substance satisfactory to the Authority including, among other things, (a) stating that the purchase of the bonds will be solely for its own account, (b) such Sophisticated Investor can bear the economic risk of its investment in the bonds, (c) stating that such Sophisticated Investor has such knowledge and experience in financial business matters in general and tax-exempt obligations in particular, that it is capable of evaluating the merits and risks of purchasing the bonds, (d) stating that such Sophisticated Investor has made the decision to purchase the bonds based on its own independent investigation regarding the bonds, the borrower and the project and if a disclosure document has been prepared, it has reviewed such disclosure document, and has received the information it considers necessary to make an informed decision to invest in the bonds, (e) acknowledging that the Authority, its counsel and its advisors bear no responsibility for the accuracy or completeness of information with respect to the borrower and the project contained in any disclosure document related to the Sophisticated Investor's purchase of the bonds, and (f) stating that such Sophisticated Investor has not relied upon any information or representation from the Authority, its counsel and its advisors in making the decision to purchase the bonds.
  - iv. The bonds shall bear a legend restricting subsequent transfers to investors who by their purchase of the bonds represent that they (a) are purchasing the bonds solely for their own account, (b) can bear the economic risk of their investment in the bonds, (c) have such knowledge and experience in financial business matters that they are capable of evaluating the merits

and risks of purchasing the bonds, (d) have made the decision to purchase the bonds based on their own independent investigation regarding the bonds and have received the information they consider necessary to make an informed decision to invest in the bonds, and (e) have not relied upon any information or representation from the Authority, its counsel and its advisors in making the decision to purchase the bonds.

- v. The Authority will require that the payment of its Administrative Fee be covered by the mortgage. The Authority may require that the payment of the annual fee be guaranteed by the Developer and one or more affiliate or principal of the developer whom the Authority deems to be financially worthy.
- vi. The indenture related to such bonds shall provide that the trustee and the paying agent shall not authenticate, transfer or register a bond unless the conditions of this policy have been satisfied.

*Note 1: "Sophisticated Investor" as used herein means a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities and Exchange Commission or an "accredited investor" as that term is defined in Regulation D of the Securities and Exchange Commission.*

*Note 2: If credit enhancement is used in connection with the issuance of bonds, the Applicant must also provide a firm commitment letter evidencing the credit enhancer's intent to supply such credit enhancement prior to the award and sale of the Multifamily Bonds by the JHFA.*

- H. Following the sale of the Bonds, the proceeds raised will be deposited with the Trustee for the bondholders in accordance with bond documents.

In accordance with bond documents, JHFA will be concerned with the use of the proceeds to the extent that they are used only for purposes allowed by provisions of the development as authorized in the Memorandum of Agreement and bond sale documents as approved by JHFA. To this end JHFA requires that all construction and other disbursements and certain other matters related to the development be approved by its construction servicing agent.

## **9. Closing of Multifamily Bond Financing**

Ratings and insurance, as appropriate, are obtained. Bond documentation is finalized. Applicant must provide to JHFA a Letter from Applicant that all deal points have been resolved and that documents are in substantially final form.

JHFA shall adopt a Bond Resolution approving documents and authorizing the issuance of Bonds. The Bonds are underwritten and sold to purchaser(s) subject to all conditions precedent to closing being accomplished.

Closing shall be held at a time and place acceptable to JHFA. Any and all costs and expenses of the JHFA incurred in connection with the issuance of the Bonds, including but not limited to the fees and expenses of JHFA's bond counsel, Issuer's counsel, underwriter and financial advisor shall be paid at closing, or such earlier time as outlined herein

**THE JHFA DOES NOT CLOSE BOND ISSUES IN ESCROW.**

**Part IV. Fees and Expenses**

The Applicant will be responsible for all fees and expenses in connection with each bond issue on its behalf. Such expenses, where eligible under the Code, may be financed with Bond proceeds. The Code provides that only two (2) percent of the proceeds of a tax-exempt bond issue may be used to pay "Costs of Issuance." The Applicant hereby commits to pay from other sources any costs of issuance not payable from Bond proceeds. The following fees are payable at the times and in the amounts as described below. ALL FEES ARE NON-REFUNDABLE.

1. Each application submitted to JHFA for Multifamily Bond Financing must be accompanied by the following fees (fees should be included with original application):
  - A. A non-refundable application fee 0.1% (ten basis points) of the requested bond amount, but in no case less than \$7,500. The fee must be payable to the Jacksonville Housing Finance Authority, Florida in the form of a cashier's check.
  - B. A non-refundable Development Feasibility Analysis Fee in the amount of \$3,000, payable to The Hendrickson Company, in the form of a cashier's check.
  - C. For 2019, for applicants applying for JHFA bonds who are also applying for FHFC SAIL, a non-refundable Application Fee in the amount of \$500, payable to Jacksonville Housing Finance Authority, in the form of a cashier's check.
2. If invited to credit underwriting by JHFA, the Applicant must submit a non-refundable credit underwriting fee in the amount specified by the credit underwriter. Such fee should be payable to the credit underwriter, and must be paid prior to commencement of credit underwriting. Applicant is also responsible for other costs of credit underwriting, including appraisals, pre-construction analysis and engineering studies.
3. After the JHFA Board takes official action during its initial selection process, the Applicant must remit to the JHFA a deposit of \$500 to cover the initial cost of publishing the TEFRA notice and conducting a hearing, along with a \$10,000 retainer to JHFA's Bond Counsel,

which retainer will be applied to the final Bond Counsel Fee to be paid at bond closing. Any cost in excess of the initial deposit, including fees for credit underwriting or for other third-party reports must be remitted to the JHFA at the time of inducement.

4. Before any bond documents are prepared, a deposit in an amount equal to one half of one percent (0.5%) not to exceed \$40,000 of the aggregate estimated principal amount of the Bonds to be issued must be paid (in addition to the \$10,000 Bond Counsel retainer). The payments must be in the form of cashier's checks only. This deposit will be held until the closing of the Multifamily Bonds, at which time it will be used to pay costs of issuance, with any excess returned to the Applicant. If JHFA meets its obligations under the Memorandum of Agreement and the bond closing does not take place, this fee shall be non-refundable. Additionally, if the sale and closing does not take place for any reason, the fee is refundable only in the amount remaining after JHFA pays all hourly and out of pocket costs of JHFA, Bond Counsel, Issuer's Counsel, Underwriters, and the Financial Advisor. The out of pocket costs of JHFA may include, but are not limited to, costs of printing the Bonds and official statement, drafting and distribution of bond and loan documents, review of bond and loan documents, travel and rating agency fees. If the bond issue closes, this fee will be credited against the total costs of issuing the bonds, all of which the Applicant is required to pay.
5. At the closing of the Bonds an Administrative Fee equal to twenty thousand dollars (\$20,000), or twenty-five one-hundredths of one percent (25/100 of 1.00% or 25 basis points) of the principal amount of the Bonds, whichever is greater, will be due. This fee applies to all closing, including refunding.
6. JHFA will charge to the Applicant an annual administrative fee in the amount of 0.20% of the outstanding principal amount of the Multifamily Bonds (the "Administrative Fee"). The JHFA will require that the payment of the Administrative Fee be covered by the credit enhancement device used in connection with the guaranty of principal and interest on the Multifamily Bonds or other acceptable credit device. In the case of Multifamily Bonds insured by FHA, the Administrative Fee should be included within the mortgage payment calculations and covered by the FHA policy. The Developer, its General Partner, members and/or certain other credit worthy individuals (as determined by the JHFA Financial Advisor) will be required to execute a Guaranty of Recourse Obligations in form and substance satisfactory to JHFA and its counsel. If a refunding occurs on a transaction that did not previously pay this ongoing fee, the full 0.20% Administrative Fee shall be applied beginning as of the date of the refunding.
7. In addition JHFA will annually charge the costs of all ongoing or one-time third party service provided to JHFA in conjunction with the bond issue, including, but not limited to, loan servicing, development compliance monitoring, financial monitoring, trustee services, audit costs, and rebate analysis.
8. The Applicant shall be responsible for payment of all fees and expenses in connection



with the proposed financing, including, without limitation, the fees and expenses of JHFA's Financial Advisor, Bond Counsel, Issuer's Counsel, Credit Underwriter, Construction Servicing, Compliance, Monitoring Agent, and Financial Monitoring Agent, Trustee and its counsel, the Bond Underwriters and their counsel, the credit enhancers, and the rating agencies. JHFA reserves the right to charge fees for these services above the standard contract rate, on deals of unusual nature or with exceptionally complex structures.

9. The Applicant shall pay \$2,500 to the JHFA if they want JHFA to consider extending the Inducement Resolution past the initial 12 month period. The fee shall be credited against the final administrative fee of the JHFA;

**Payment of all fees charged by any participant in the bond issue is the responsibility of the Applicant and must be paid in full upon the closing of the Multifamily Bonds, unless other prior arrangements have been made.**

#### **PART V. DEVELOPMENT COSTS AND PROFIT**

In order to ensure the affordability of its Developments, the JHFA, and its Financial Advisor reserve the right to review the Development's sources and uses of funds and to engage a third-party credit underwriting firm, if the JHFA so desires, which expense shall be paid by the Applicant. Developer fees, which include developer overhead, developer profit and any contingency reserve, will be limited as follows:

1. New construction: Fees shall be limited to **18%** of total Development costs, excluding land costs and any reserves required by lenders.
2. Acquisition and rehabilitation: Fees shall be limited to **18%** of total Development costs excluding land costs and any reserves required by lenders or credit enhancers.

*Note: In order to be competitive with the Florida Housing Finance Corporation's Multifamily programs, the JHFA may amend its policies, including those related to allowable developer fees, at its sole discretion and at any time during the annual cycle without having to re-issue the RFP.*

In addition, in cases where an identity of interest exists between the Applicant or Developer (or any affiliated person or entity) and general contractor, the applicable fees shall in no case exceed those described above.) In the event that the Developer is using the Guaranty Fund of the Florida Housing Finance Corporation, or is participating in the HUD Risk-Sharing Program, the rules of those programs will apply to limits on Developer fees. The JHFA will not allow fees for duplicative services or overhead as determined by the third-party credit underwriters.

## **VI. WAIVER**

The Finance Authority reserves the right to waive any of the aforesaid guidelines and procedures, not otherwise required to be met by law, upon good cause shown by JHFA personnel or any corporation, firm or business concerned with the proposed financing showing of any of the following shall constitute "good cause" for the purpose of such waiver:

- A. That a particular guideline or application requirement is not applicable to a particular Applicant;
- B. That due to the nature of a proposed development, Applicant or bond financing transaction a particular guideline or application requirement is neither necessary for proper review and consideration of an application by JHFA nor practicable under the circumstances.
- C. That compliance by an Applicant with any guideline or application requirement would work an undue hardship on said Applicant and compliance therewith is not essential, in the opinion of JHFA, to its review and considerations of the application.
- D. That compliance with any guideline or application requirement is not, in the opinion of JHFA, essential to its review and consideration of an application and dispensing therewith would facilitate JHFA's action upon the application. Any such waiver shall be based upon evidence of the existence of good cause presented to JHFA at a public meeting and shall be by majority vote of the quorum of JHFA taken at such meeting. These guidelines may be amended from time to time by majority vote of the quorum of JHFA taken at any meeting.
- E. The guidelines in effect at the time of execution of any Memorandum of Agreement shall be made a part thereof and incorporated therein by reference. In the event of conflict, the Memorandum of Agreement shall control.
- F. Notwithstanding fixed fee contracts that JHFA may have entered into with certain professionals, the Financial Advisor, Bond Counsel, Issuer's Counsel, and Credit Underwriter are authorized to charge Applicant at an hourly rate if the Applicant and its representatives engage in excessive negotiation of program documents.

## **VII. PROGRAM COMPLIANCE REQUIREMENTS**

In order to insure compliance with the income targeting required under Federal and State law and JHFA's requirements, JHFA will retain an independent program compliance agent. The Applicant will be required to pay for the cost of this service. This compliance agent will be responsible for monitoring the resident income certification forms and periodic onsite inspections of the books and records of the development in order to insure compliance with

these requirements. The compliance agent must have experience in compliance work with similar bond issues and must be appointed by JHFA.

In order to provide JHFA with current information with respect to the performance of the development, JHFA will retain an independent financial monitoring agent. The Applicant will be required to pay for the cost of this service. The services of the financial monitoring agent shall be for the sole benefit of JHFA, and solely for the information of JHFA. JHFA shall have no responsibility to bondholders, credit enhancers, or others to monitor the financial performance of the development or provide information with respect thereto.

It is the responsibility of the Applicant to comply with all applicable state and federal laws, as well the policies, procedures, and guidelines set forth in this document.

The Applicant must remain in compliance with but not limited to the following:

**1. Occupancy**

As a condition of occupancy, each person who intends to be a Lower-Income Tenant or Eligible Tenant shall be required to sign and deliver to the Applicant the Income Certification (or some other form as JHFA shall determine-see Exhibit C in which the prospective Lower Income Tenant or Eligible Tenant certifies as to certain information. In addition, such person shall be required to provide any other information, documents or certifications as deemed necessary by the JHFA or the Trustee to substantiate the Income Certification.

The form of lease to be utilized by the Applicant in renting any units in the Development to a person who presents himself/herself to be a Lower-Income Tenant or Eligible Tenant shall provide for termination of the lease for failure to qualify as a Lower-Income Tenant or Eligible Tenant as a result of any material misrepresentation made by such person with respect to the Income Certification.

Income Certifications must be maintained on file at the Development with respect to each Lower Income Tenant or Eligible Tenant who resides in a Development unit or resided therein during the immediately preceding calendar year, and the Applicant will promptly, upon receipt, file a copy thereof with the JHFA and the Trustee. The Applicant shall not discriminate on the basis of race, creed, color, sex, age or national origin in the lease, use, or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

The occupancy restrictions referenced above will remain in effect during the Qualified Project Period.

**2. Development**

The Development must be acquired and developed (new construction, or rehabilitation or renovation) for the purpose of providing multifamily residential rental property as such phrase is utilized in Section 142(d) of the Code, and the Treasury Regulations promulgated there under. Preference shall not be given in renting dwelling units in the Development to any particular class or group of persons, other than Lower Income Tenants and Eligible Tenants, unless specifically determined permissible by the JHFA for a particular program, such as elderly or handicapped Developments. The Applicant shall be subject to such other restrictions as may be set forth in the LURA and certain other documents executed in connection with the issuance, sale and delivery of the Multifamily Bonds (the "Bond Documents").

**3. Multifamily Site Amenities Compliance**

To ensure that Developments receive the site amenities and benefits proposed by the Development. Applicant must check the appropriate box in the application for bond financing under the proposed section that pertains to their Development. If the completed Development does not conform to the site amenities and benefits as described in the Applicant's application to the JHFA, the Applicant may be prohibited from seeking funding bond allocation from the JHFA. The JHFA reserves the right to inspect the Development on an on-going basis as a means of ensuring compliance.

**4. Applicant Record**

The Applicant, Developer and its affiliates must demonstrate a proven record of maintaining the physical appearance of the Development and compliance with affordable housing program reporting requirements on a regular basis for previously or currently owned Developments. Developments presently owned by the Applicant or its affiliates must be current on the payment of loan obligations and clear of any past or present event of default.

**5. Jacksonville Small Emerging Business Program**

The JHFA encourages Applicants to utilize, to the extent practical, the services of firms that qualify as small and emerging businesses pursuant to Chapter 126, City of Jacksonville Ordinance Code, for the construction and/or rehabilitation of the Development funded through the Program.

**6. Other Compliance Requirements**

In addition to the criteria cited above, Bond Counsel shall review all applications to insure compliance with Federal and State law, regulations, court rulings, and other mandates in effect at the time an Application is approved.

## **EXHIBIT B - UPDATE**

### **PROGRAM INCOME AND RENT LIMITS**

Please refer to applicable limits as published by HUD and shown on the FHFC website.

**EXHIBIT C**

**INCOME CERTIFICATION**

**UTILIZE LATEST FORM APPROVED BY THE AUTHORITY'S COMPLIANCE MONITORING AGENT**

**EXHIBIT D**

**CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE**

**UTILIZE LATEST FORM APPROVED BY THE AUTHORITY'S COMPLIANCE MONITORING AGENT**



**EXHIBIT E**  
**FORM OF INDUCEMENT RESOLUTION**  
**RESOLUTION**

**RESOLUTION REGARDING THE OFFICIAL ACTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY RELATIVE TO THE ISSUANCE OF NOT TO EXCEED \$\_\_\_\_\_ IN AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (\_\_\_\_\_ APARTMENTS), SERIES \_\_\_\_\_, FOR THE PURPOSE OF ACQUIRING, REHABILITATING AND EQUIPPING OF A MULTIFAMILY RESIDENTIAL HOUSING FACILITY FOR PERSONS OR FAMILIES OF LOW, MIDDLE OR MODERATE INCOME; AND FURTHER AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT BY AND BETWEEN THE AUTHORITY AND \_\_\_\_\_ OR ITS PERMITTED SUCCESSORS AND ASSIGNS; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS,** \_\_\_\_\_ or its permitted successors and assigns (the "Company") has applied to the Jacksonville Housing Finance Authority (the "Authority") to: (i) issue its Multifamily Housing Mortgage Revenue Bonds (\_\_\_\_\_ Apartments), Series 200\_\_ in a principal amount not to exceed \$\_\_\_\_\_ (the "Bonds") for the purpose of financing all or a portion of the costs related to the acquisition, construction and equipping of a multifamily residential housing facility located at \_\_\_\_\_, Jacksonville, Duval County, Florida (the "County") consisting of approximately \_\_\_\_\_ units to be commonly known as \_\_\_\_\_ Apartments (the "Project"), to be occupied by persons or families of low, middle or moderate income in accordance with the Company's application submitted to the Authority and (ii) loan the proceeds of the Bonds to the Company pursuant to Chapter 159, Part IV, Florida Statutes, or such other provision or provisions of Florida law as the Authority may determine advisable (collectively, the "Act"); and

**WHEREAS,** a determination by the Authority to issue the Bonds under the Act, if so requested by the Company, in one or more issues or series not exceeding an aggregate principal amount of \$\_\_\_\_\_ and to loan the proceeds thereof to the Company to finance the Project under a loan agreement or other financing agreement which will provide that payments thereunder be at least sufficient to pay the principal of and interest and redemption premium, if any, on such Bonds and such other costs in connection therewith as may be incurred by the Authority, will assist the Company and promote the purposes provided in the Act; and

**WHEREAS,** the Company has submitted the Preliminary Agreement (the "Preliminary Agreement") relating to the issuance of the Bonds, attached hereto as Exhibit "A;" and

**WHEREAS,** in order to satisfy certain of the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, the Authority has scheduled a public hearing on

the proposed issuance of the Bonds for the purposes herein stated, which hearing is scheduled fourteen (14) days following the first publication of notice of such public hearing in a newspaper of general circulation in the County (a true and accurate copy of the notice of such public hearing is attached hereto as Exhibit B), which public hearing will be conducted in a manner that provides a reasonable opportunity for persons with differing views to be heard, both orally and in writing, on both the issuance of such Bonds and the location and nature of the portion of the Project to be financed with the proceeds therefrom.

**WHEREAS**, it is intended that this Resolution shall constitute official action toward the issuance of the Bonds within the meaning of the applicable United States Treasury Regulations.

**NOW, THEREFORE, BE IT DETERMINED AND RESOLVED BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY THAT:**

**SECTION 1. APPROVAL OF THE PROJECT.** The acquisition, construction and equipping of the Project and the financing thereof by the Authority through the issuance of the Bonds, pursuant to the Act, will promote the health and welfare of the citizens of the County and will thereby serve the public purposes of the Act.

**SECTION 2. EXECUTION AND DELIVERY OF THE PRELIMINARY AGREEMENT.** The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute, for and on behalf of the Authority, the Preliminary Agreement attached hereto as Exhibit "A" between the Authority and the Company providing understandings relative to the proposed issuance of the Bonds by the Authority to finance the Project in an aggregate principal amount not to exceed the lesser of: (a) \$\_\_\_\_\_ or (b) the cost of the Project, as determined by the Authority with such changes, modifications, deletions and insertions as the Chairman or Vice Chairman, with the advice of Authority's counsel and bond counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Authority.

**SECTION 3. AUTHORIZATION OF THE BONDS.** There is hereby authorized to be issued and the Authority hereby determines to issue the Bonds, if so requested by the Company and subject to the conditions set forth in the Preliminary Agreement attached hereto and any subsequent resolution of the Authority related to the Bonds, in one or more issues or series in an aggregate principal amount not to exceed \$\_\_\_\_\_ for the purpose of financing the Project. The Bonds shall be designated "Jacksonville Housing Finance Authority Multifamily Housing Mortgage Revenue Bonds (\_\_\_\_\_ Apartments), Series 200\_\_." The Bonds shall not be issued unless such Bonds, if publicly offered, are rated "AAA" by one or more of the three nationally recognized rating agencies. The rate of interest payable on the Bonds shall not exceed the rate permitted by law.

**SECTION 4. RECOMMENDATION FOR APPROVAL TO CITY COUNCIL OF THE CITY OF**

**JACKSONVILLE, FLORIDA.** The Authority hereby recommends the issuance of the Bonds and the financing of the Project for approval to the City Council of the City of Jacksonville, Florida (the "City"). The Authority hereby directs the Chairman or Vice Chairman, at the expense of the Company, to seek approval for the issuance of the Bonds and the financing of the Project by the City as the applicable elected representatives of the County under and pursuant to the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended.

**SECTION 5. GENERAL AUTHORIZATION.** The Chairman, the Vice Chairman, the Secretary and counsel for the Authority, the Authority's financial advisor and bond counsel, are hereby further authorized to proceed, upon execution of the Preliminary Agreement, with the undertakings provided for therein on the part of the Authority and are further authorized to take such steps and actions as may be required and necessary in order to cause the Authority to issue the Bonds subject to the terms and conditions set forth in the Preliminary Agreement authorized hereby.

**SECTION 6. AFFIRMATIVE ACTION.** This Resolution is an affirmative action of the Authority toward the issuance of the Bonds, as contemplated in the Preliminary Agreement, in accordance with the purposes of the laws of the State of Florida and the applicable United States Treasury Regulations.

**SECTION 7. APPROVAL OF NOTICE OF PUBLIC HEARING.** The form of notice of public hearing attached hereto as Exhibit B is hereby approved and the publishing thereof ratified by the Authority.

**SECTION 8. LIMITED OBLIGATIONS.** The Bonds and the interest thereon shall not constitute an indebtedness or pledge of the general credit or taxing power of the City, the County, the State of Florida or any political subdivision or agency thereof but shall be payable solely from the revenues pledged therefor pursuant to, among other things, an Indenture of Trust, a Loan Agreement and a Land Use Restriction Agreement prior to or contemporaneously with the issuance of the Bonds.

**SECTION 9. LIMITED APPROVAL.** The approval given herein shall not be construed as an approval of any necessary zoning applications nor for any other regulatory permits relating to the Project and the Authority shall not be construed by reason of its adoption of this Resolution to have waived any right of the City or estopping the City from asserting any rights or responsibilities it may have in that regard.

**SECTION 10. EFFECTIVE DATE.** This Resolution shall become effective immediately upon its passage.

**APPROVED AND ADOPTED** by the Jacksonville Housing Finance Authority this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

**JACKSONVILLE HOUSING  
FINANCE AUTHORITY**

\_\_ATTEST:

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

xxx

Title: Chair

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

Name: xxx

Title: Secretary

**APPROVED AS TO LEGAL SUFFICIENCY:**

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

Office of the General Counsel

## EXHIBIT F

### EXPENSE AND INDEMNITY AGREEMENT

Jacksonville Housing Finance Authority  
214 N. Hogan Street, 8<sup>th</sup> Floor

Jacksonville, FL 32202

Ladies and Gentlemen:

The undersigned (the "Applicant") has requested the Jacksonville Housing Finance Authority, Florida (the "Authority"), to consider its application for the issuance of the Bonds referred to below (the "Bonds") for the benefits of the Applicant and as an inducement to such consideration hereby agrees with the Authority as follows:

Section 1: Payment of Expenses. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold the Authority harmless against the payment of any and all expenses relating to the Bond issue, including, without limitation, administrative charges and out-of-pocket expenses, recording charges, expenses of printing offering circulars or official statements, and the cost of printing the Bonds and advertising the sale thereof and expenses of registering the Bonds with the securities commission of any state. The fees of the Authority's bond counsel, financial advisor, administrative staff, and Issuer's counsel shall be payable only if the Bonds are issued and delivered, but the Applicant shall in all events be liable for the payment of the disbursements and out-of-pocket expenses of such personnel. It is further agreed that the applicant fee is a separate fee, which shall not be used for the payment of the expenses delineated herein.

Section 2. Indemnity. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to indemnify the Authority, and each of its members, officers, agents, attorneys or employees against any and all claims and liability of whatsoever nature arising out of the Bond issue, including without limitation, claims based upon actual or alleged misrepresentation, fraud or other tortious conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or nonfeasance. In furtherance of the foregoing the Applicant agrees to pay any and all attorney's fees and court costs incurred in the defense of any of the claims here above enumerated upon the Authority's written demand thereof. It is further understood and agreed that the Authority or any of the persons here above indemnified shall be entitled to retain counsel acceptable to the Authority or them to defend any claim, but that neither the Authority nor any such person will enter into any settlement of the same without the prior written approval of the Applicant. It is further understood that

the Authority will give reasonable notice to the Applicant of the pendency of any such claims or liability and the Applicant shall have the opportunity to recommend counsel for selection by the Authority or its members. The actual selection of counsel, however, will be solely within the discretion of the Authority or its members.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by the Authority and the Applicant.

Dated: \_\_\_\_\_ Name of Applicant: \_\_\_\_\_

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

Description of  
Bond: \_\_\_\_\_

(Florida) Jacksonville Housing Finance Authority

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

## **EXHIBIT G**

### **MARKET ANALYSIS OUTLINE**

MARKET ANALYSIS SHOULD BE IN FORM ACCEPTABLE TO THE AUTHORITY'S CREDIT UNDERWRITER

## **EXHIBIT H**

### **QUALIFIED CENSUS TRACTS**

#### **DUVAL COUNTY TRACTS:**

See list as published by HUD/Us Treasury and shown on the FHFC website.



## **EXHIBIT I**

### **DEFINITIONS**

“Annual Household Income” means the gross income of a person, together with the gross income of all persons who intend to permanently reside with such person in the Development to be financed by the JHFA, as of the date of occupancy shown on the Income Certification promulgated by the JHFA.

“Applicant” means any person or legally formed entity that is seeking a loan or funding from the JHFA by submitting an Application.

“Application” means the forms and exhibits created by the JHFA for the purpose of providing the means to apply for JHFA bond financing. A completed Application may include additional supporting documentation provided by an Applicant.

“Board” or “Board of Directors” means the Board of Directors of the JHFA.

“Bond Counsel” means the attorney or law firm retained by the JHFA to provide the specialized services generally described in the industry as the role of bond counsel.

“Bond Trustee” or “Trustee” means a financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bond holders, and in some instances the JHFA, in enforcing the terms of the Program Documents.

“Contact Person” means the person with whom the JHFA will correspond concerning the Application and the Development.

“Cost of Issuance Fee” means the fee charged by the JHFA to the Applicant for the payment of the costs and expenses associated with the sale of Bonds and the loaning of the proceeds, including a fee for the JHFA.

“Credit Enhancement” means a letter of credit, third party guarantee, insurance contract or other collateral or security pledged to the JHFA or its Trustee for a minimum of ten years by a third party Credit Enhancer or financial institution securing, insuring or guaranteeing the repayment of the Mortgage Loan or Bonds.

“Credit Enhancer” means a financial institution, insurer or other third party which provides a Credit Enhancement or Guarantee Instrument acceptable to the JHFA securing repayment of the Mortgage Loan or Bonds issued by the JHFA.

“Credit Underwriter” means the independent contractor under contract with the Financial Advisor having the responsibility for providing Credit Underwriting services.

“Credit Underwriting” means an in-depth analysis by the Credit Underwriter of all documents submitted in connection with an Application.

“Credit Underwriting Report” means the report that is a product of Credit Underwriting.

“Difficult to Develop Area or “DDA” means areas designated by the Secretary of Housing and Urban Development as having high construction, land, and utility costs relative to area median gross income in accordance with Section 42(d)(5), or the IRC.

“Developer” means the individual, association, corporation, joint venture or partnership, which possesses the requisite skill, experience, and credit worthiness to successfully produce affordable housing as required in the Application.

“Developer Fee” means the fee earned by the Developer.

“Development Cost” means the total of all costs incurred in the completion of a Development excluding Developer Fee and total land cost as shown in the Development Cost line item on the development cost pro forma within the Application.

“Financial Advisor” means, with respect to an issue of Bonds, a professional who is either under contract with the JHFA who advises on matters pertinent to the issue, such as structure, timing, marketing, fairness of pricing, terms, bond ratings, cash flow, and investment matters.

“General Contractor” means a person or entity duly licensed in the state of Florida with the requisite skills, experience and credit worthiness to successfully provide the units required in the Application.

“HC” or “Housing Credit Program” means the rental housing program administered by the Florida Housing Finance Corporation in accordance with section 42 of the IRC and Section 420.5099, F.S., under which the Corporation is designated the Housing Credit agency for the state of Florida within the meaning of section 42(h)(7)(A) of the IRC, and Rule Chapter 67-48, F.A.C.

“HUD” means the United States Department of Housing and Urban Development.

“IRC” is the Internal Revenue Code of 1986, as in effect on the date of these policies, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

“Issuer” means the Jacksonville Housing Finance Authority.

“Lower Income Residents” means Families whose annual income does not exceed either 50

percent or 60 percent of the area median income as determined by HUD with adjustments for household size depending on the minimum set-aside elected In no event shall occupants of a Development unit be considered to be Lower Income Residents if all the occupants of a unit are students as defined in section 151(c)(4) of the IRC or if the residents do not comply with the provisions of the IRC defining Lower Income Residents. (See section 142 of the IRC.)

“LURA” or “Land Use Restriction Agreement” means an agreement among the JHFA, the Bond Trustee and the Applicant which sets forth certain set-aside requirements and other Development requirements.

“Loan Agreement” means the Program Documents or Loan Documents wherein the JHFA and the Applicant agree to the terms and conditions upon which the proceeds of the Bonds shall be loaned to the Applicant and the terms and conditions for repayment of the Loan.

“Note” means a unilateral agreement containing an express and absolute promise to pay to the JHFA a principal sum of money on a specified date, which provides the interest rate and is secured by a Mortgage.

“Principal” means an Applicant, any general partner of an Applicant, and any officer, director, or any shareholder of any Applicant or shareholder of any general partner of an Applicant.

“Private Placement” or “Limited Offering” means the sale of the JHFA Bonds directly or through an underwriter or placement agent to 35 or fewer initial purchasers who are not purchasing the Bonds with the intent to offer the Bonds for retail sale and who are Qualified Institutional Buyers.

“Program Documents or Loan Documents” means some or all of the following: the Loan Commitment, Loan Agreement, Note, Mortgage, Credit Enhancement, Land Use Restriction Agreement, Trust Indenture, Preliminary and Final Official Statements, Intercreditor Agreement, Assignments, Bond Purchase Agreement, Compliance Monitoring Agreement, Mortgage Servicing Agreement and such other ordinary and customary documents necessary to issue and secure repayment of the Bonds and Mortgage sufficient to protect the interests of the Bond owners and the JHFA.

“QCT” or “Qualified Census Tract” means any census tract which is designated by the Secretary of Housing and Urban Development as having either 50 percent or more of the households at an income which is less than 60 percent of the area median gross income, or a poverty rate of at least 25 percent, in accordance with section 42(d)(5)(C) of the IRC.

“Qualified Institutional Buyer” is sometimes called a “sophisticated investor” and specifically includes the following:

- (a) Any of the following entities, acting for its own account or the accounts of the Qualified Institutional Buyers that, in the aggregate, own and invest on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity:
  - 1. Any insurance company as defined in section 2(13) of the Securities Exchange

Act, which is adopted and incorporated herein by reference;

2. Any investment company registered under the Investment Company Act of 1940 or any business development company as defined in section 80a-2(a)(48) of that Act, which is adopted and incorporated herein by reference;

3. Any Small Business Investment Company licensed by the U.S. Small Business Administration under sections 301(c) or (d) of the Small Business Investment Act of 1958, which is adopted and incorporated herein by reference;

4. Any plan established and maintained by a state or state agency or any of its political subdivisions, on behalf of their employees;

5. Any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, which is adopted and incorporated herein by reference;

6. Trust funds of various types, except for trust funds that include participants' individual retirement accounts or H.R. 10 plans;

7. Any business development company as defined in section 80b-2(a)(22) of the Investment Advisors Act of 1940, which is adopted and incorporated herein by reference;

8. Any organization described in section 501(c)(3) of the IRC, corporation (except a bank or savings and loan defined in section 3(a)(2) or 3(a)(5)(A) of the Securities and Exchange Act, which is adopted and incorporated herein by reference, or a foreign bank or savings and loan or similar institution), partnership, Massachusetts or similar business trust, or any investment adviser registered under the Investment Advisors Act, which is adopted and incorporated herein by reference.

(b) Any dealer registered under section 15 of the Securities Exchange Act, which is adopted and incorporated herein by reference, acting on its own behalf or on the behalf of other Qualified Institutional Buyers who in the aggregate own and invest at least \$10 million of securities of issuers not affiliated with the dealer (not including securities held pending public offering).

(c) Any dealer registered under section 15 of the Securities Exchange Act, which is adopted and incorporated herein by reference, acting in a riskless principal transaction on behalf of a Qualified Institutional Buyer.

d) Any investment company registered under the Investment Company Act, which is adopted and incorporated herein by reference, that is part of a family of investment companies that together own at least \$100 million in securities of issuers, other than companies with which the investment company or family of investment companies is affiliated.

(e) Any entity, all of whose equity owners are Qualified Institutional Buyers.

(f) Any bank or savings and loan defined in section 3(a)(2) or 3(a)(5)(A) of the Securities Exchange Act, which is adopted and incorporated herein by reference, or foreign bank or savings and loan or similar institution that, in aggregate with the other Qualified Institutional Buyers, owns and invests in at least \$100 million in securities of affiliates that are not affiliated with it and that has an audited net worth of at least \$25 million as

demonstrated during the 16 to 18 months prior to the sale.

“Qualified Lending Institution” means any lending institution designated by the JHFA.

“Qualified Project Period” means Qualified Project Period as defined in Section 142(d) of the IRC.

“Single Room Occupancy” or “SRO” means housing consisting of single room dwelling units that is the primary residence of its occupant or occupants. An SRO does not include facilities for students.

“Taxable Bonds” means those Bonds on which the interest earned is included in gross income of the owner for federal income tax purposes pursuant to the IRC.

“Tax Exempt Bond-Financed Development” means a Development which has been financed by the issuance of tax-exempt bonds subject to applicable volume cap pursuant to Section 42(h)(4) of the IRC.

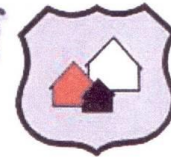
“Tax-exempt Bonds” means those Bonds on which all or part of the interest earned is excluded from gross income of the owner for federal income tax purposes pursuant to the IRC.

“TEFRA Hearing” means a public hearing held pursuant to the requirements of the IRC and in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA), section 147(f) of the IRC, at which members of the public or interested persons are provided an opportunity to present evidence or written statements or make comments regarding a requested application for Tax-exempt Bond financing of a Development by the JHFA.

“Total Development Cost” means the sum total of all costs incurred in the construction of a Development all of which shall be subject to the review and approval by the Credit Underwriter and the JHFA.



## Office of the Sheriff Jacksonville, Florida Crime Free Multi-Housing Program



The Jacksonville Sheriff's Office has implemented a community program called the **Jacksonville Crime Free Multi-Housing Program**. The program, which is endorsed by Sheriff John Rutherford, is a partnership between the Jacksonville Sheriff's Office, owners, managers and residents of our apartment communities. Our goal is to keep drugs and other illegal activity out of our communities.

### Crime Free Multi-Housing Program Overview

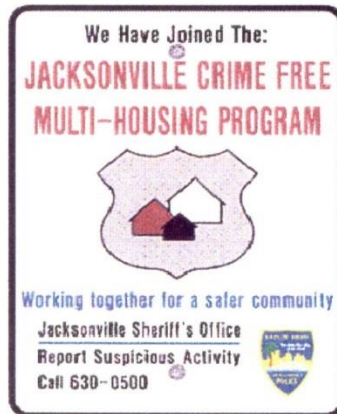
The program was successfully developed by the Mesa Arizona Police Department in 1992. The International Crime Free Multi-Housing Program has spread to nearly 2,000 cities in 44 states, 5 Canadian Provinces, and other countries.

The program consists of three phases that must be completed under the supervision of the Jacksonville Sheriff's Office.

- **Phase 1 – Management Training**
  - Property Managers, owners and staff receive eight hours of training in the operation of the Crime Free Multi-Housing Program.
    - Training consists of the following:
      - Crime Prevention Techniques
      - CPTED (physical security of their communities)
      - Benefits of resident Screening
      - Lease agreements and eviction issues
      - Crime Free Lease Addendum
      - Addressing drug activity and crime on their property
      - Training the community in crime awareness
- **Phase 2 – CPTED Survey**
  - A general CPTED (Crime Prevention through Environmental Design) survey is conducted on the apartment property.
    - A minimum safety standard must be met to participate in the Crime Free Multi-Housing Program. The following items are the minimum standards;
      - 180 degree eye viewers in all front doors
      - One inch deadbolts on all exterior doors
      - Minimum of two inch screws in strike plates on exterior doors (exception; steel framed door jambs)
      - Lift and slide protection on windows (accessible)
      - Lift and slide protection on sliding doors (accessible)
      - Adequate security lighting in working order (throughout the property)

- Properly trimmed landscaping throughout the property (3 and 7 foot rule – bushes and shrubbery trimmed below 3 feet and trees trimmed up to 7 feet)
  - Inoperable or expired vehicles tagged and removed from the property
  - A visible display of property address, seen from the roadway
- **Phase 3 – Resident Crime Prevention Meeting**
    - The apartment management must conduct an annual crime prevention meeting with their residents.
    - Community awareness and continuous participation is encouraged
- **Certification**
    - Apartment communities that successfully complete all three phases of the training are permitted to post signs on their properties (see example sign below).
    - Certified properties will also be given the following:
      - Authorization to use the Crime Free Logo in advertising and marketing of their property.
      - Once operable, apartment managers will receive daily e-mail notifications from JSO, providing calls for service information on their property.
      - JSO will place a list of certified properties on the JSO website.
    - If a property fails to keep their standards, at our minimum level, their certification will be revoked

**Sample Certified Membership Sign**



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# **Jacksonville Housing Finance Authority (“JHFA”)**

## **Credit Underwriting Report**

### **Millennia Housing Development, Ltd. Jacksonville Portfolio Acquisition/Rehab (“Millennia Portfolio”)**

### **Tax-Exempt Multifamily Mortgage Revenue Bonds (“MMRB”)**

#### **Section A: Report Summary**

#### **Section B: MMRB Loan Conditions**

#### **Section C: Supporting Information and Schedules**

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**Prepared by**

**First Housing Development Corporation of Florida**

**FINAL REPORT**

**September 11, 2018**



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**Section A**

**Report Summary**

## Recommendation

First Housing Development Corporation (“First Housing”) recommends Tax-Exempt Multifamily Mortgage Revenue Bonds in an amount up to \$81,600,000, but not to exceed the amount approved by R4 Capital Funding, LLC (“R4CF”), to finance the acquisition, rehabilitation and permanent financing of four properties: Valencia Way (f/k/a Eureka Gardens), The Weldon (f/k/a Moncrief Village), Palmetto Glen (f/k/a Southside) and Calloway Cove (f/k/a Washington Heights) (individually and collectively the “Subject”). First Housing to approve the final sizing of the amount of the permanent MMRB.

### DEVELOPMENT & SET-ASIDES

Development Name: Millennia Jacksonville FL TC, LP

RFA/Program Numbers: \_\_\_\_\_ / \_\_\_\_\_

Address: 1214 Labelle St.; 1650 Moncrief Village Dr. N.; 2301 Westmont St.; 4229 Moncrief Rd. West

City: Jacksonville Zip Code: \_\_\_\_\_ County: Duval County Size: Large

Development Category: Acquisition/Rehab Development Type: \_\_\_\_\_

Construction Type: Varies, but primarily wood frame, concrete block, brick veneer, stucco and/or vinyl siding

Demographic Commitment:

Primary: Family for 100% of the Units

Unit Composition:

# of ELI Units: \_\_\_\_\_ ELI Units Are Restricted to \_\_\_\_\_ AMI, or less. Total # of units with PBRA? 764

# of Link Units: \_\_\_\_\_ Are the Link Units Demographically Restricted? \_\_\_\_\_ # of NHTF Units: \_\_\_\_\_

### Jacksonville MSA / Duval County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
					Valencia	Way								
1	1.0	91	675	60%			\$ 787	\$ -	\$ 787	\$ 800	\$ 800	\$ 800	\$ 800	\$ 873,600
1	1.0	8	675	60%			\$ 787	\$ -	\$ 787	\$ 800	\$ 800	\$ 800	\$ 800	\$ 76,800
1	1.0	1	675	60%			\$ 787	\$ -	\$ 787	\$ -	\$ 787	\$ 787	\$ 787	\$ 9,444
2	1.0	105	864	60%			\$ 945	\$ -	\$ 945	\$ 925	\$ 925	\$ 925	\$ 925	\$ 1,165,500
2	1.0	88	864	60%			\$ 945	\$ -	\$ 945	\$ 925	\$ 925	\$ 925	\$ 925	\$ 976,800
2	1.0	3	864	60%			\$ 945	\$ -	\$ 945	\$ -	\$ 945	\$ 945	\$ 945	\$ 34,020
3	1.0	104	972	60%			\$ 1,090	\$ -	\$ 1,090	\$ 1,220	\$ 1,220	\$ 1,220	\$ 1,220	\$ 1,522,560
					The Weldon									
1	1.0	10	500	60%			\$ 787	\$ 58	\$ 729	\$ 683	\$ 683	\$ 683	\$ 683	\$ 81,960
2	1.0	84	580	60%			\$ 945	\$ 84	\$ 861	\$ 797	\$ 797	\$ 797	\$ 797	\$ 803,376
					Palmetto	Glen								
2	1.0	74	787	60%			\$ 945	\$ 102	\$ 843	\$ 805	\$ 805	\$ 805	\$ 805	\$ 714,840
					Calloway	Cove								
2	1.0	96	841	60%			\$ 945	\$ -	\$ 945	\$ 920	\$ 920	\$ 920	\$ 920	\$ 1,059,840
3	1.0	104	953	60%			\$ 1,090	\$ -	\$ 1,090	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,435,200
		768	629,738											\$ 8,753,940

Since there will be a single entity that owns all four properties, and since there will be a single bond issuance, one combined unit matrix is presented above for the sake of clarity. Please note that there are four units at the Valencia Way property which are not covered by a HAP Contract, although they will be subject to housing credit set-asides.

Buildings: Residential - 93 Non-Residential - 10  
 Parking: Parking Spaces - 908 Accessible Spaces - 32

Set Asides:	<b>Program</b>	<b>% of Units</b>	<b># of Units</b>	<b>% AMI</b>	<b>Term (Years)</b>
	MMRB	100.0%	768	60%	50
	HC	100.0%	768	60%	30

Absorption Rate \_\_\_\_\_ units per month for \_\_\_\_\_ months.

Occupancy Rate at Stabilization: Physical Occupancy 97.00% Economic Occupancy 97.00%  
 Occupancy Comments \_\_\_\_\_

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: Yes - 30%  
 Site Acreage: 47.93 Density: 16.00 Flood Zone Designation: X  
 Zoning: RMD-D (Residential, Medium Density) Flood Insurance Required?: No

#### PERMANENT FINANCING INFORMATION

	1st Source	2nd Source
Lien Position	First	Second
Lender/Grantor	R4 Capital Funding, LLC	GMP-Preservation of Affordability Corp.
Amount	\$50,250,000	\$11,700,000
Underwritten Interest Rate	5.22%	2.95%
All In Interest Rate	5.22%	2.95%
Loan Term	40	40
Amortization	40	-
Market Rate/Market Financing LTV	78%	96%
Restricted Market Financing LTV	85%	104%
Loan to Cost - Cumulative	39%	48%
Debt Service Coverage	1.10	0.99
Operating Deficit & Debt Service Reserves	\$2,782,493	
# of Months covered by the Reserves	4.0	

Deferred Developer Fee	\$15,881,184
As-Is Land Value	\$7,300,000
As-Is Value (Land & Building)	\$41,900,000
Market Rent/Market Financing Stabilized Value	\$64,600,000
Rent Restricted Market Financing Stabilized Value	\$59,400,000
Projected Net Operating Income (NOI) - Year 1	\$3,473,860
Projected Net Operating Income (NOI) - 15 Year	\$3,740,751
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Direct Purchase
Housing Credit (HC) Syndication Price	\$0.88
HC Annual Allocation - Equity Letter of Interest	\$4,680,468

## CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Bonds	R4 Capital Funding, LLC	\$72,177,907	\$50,250,000	\$65,430
Seller Soft Pay Loan	GMP-Preservation of Affordability Corp	\$11,700,000	\$11,700,000	\$15,234
GP Equity Contribution	Jacksonville TC Investment, LLC	\$9,700,000	\$9,700,000	\$12,630
Housing Credit Equity	R4 Capital, LLC	\$16,473,600	\$41,184,000	\$53,625
Deferred Developer Fee	Millennia Housing Development, Ltd.	\$15,881,184	\$15,881,184	\$20,679
<b>TOTAL</b>		<b>\$128,715,184</b>	<b>\$128,715,184</b>	<b>\$167,598</b>

Strengths:

1. The Principals, Developer, General Contractor and Management Company are experienced in affordable multifamily housing.
2. The Principals have sufficient experience and substantial financial resources to renovate and operate the properties.
3. The scope of renovations will enhance the Subject properties to continue to compete with new and/or existing affordable housing rental stock in the primary market area.

Other Considerations:

1. This transaction is occurring because HUD forced the sale of 37 multifamily properties owned by Global Ministries Foundation (“GMF”) entities. The portfolio sale was forced by HUD due to GMF’s extremely poor performance as owner, which resulted in deteriorated properties, numerous complaints, a large amount of negative publicity and ultimately local, state and federal investigations, including by the U.S. Securities and Exchange Commission and HUD.
2. The Subject properties are beneficiaries of Project-Based Section 8 HAP Contracts (“HAP Contract”) on 764 of the total 768 units. Two of the properties, Valencia Way and

Calloway Cove, will have 20-year renewal HAP Contracts signed at closing at new, higher rents, which First Housing utilized in the underwriting.

The other two properties, Palmetto Glen and The Weldon, are currently operating under 2001 HAP Contracts that won't expire until 2021 so HUD will have to provide a waiver to allow the rents to be increased beyond the existing contract amounts. Obtaining this waiver from HUD is time consuming so the Developer has decided to proceed to closing without the new, higher rents on Palmetto Glen and The Weldon. Underwritten rents for these two properties are based on the most recently approved OCAF adjustment that takes effect on November 1, 2018.

Mitigating Factors:

1. The properties are being purchased by a developer/manager with significant experience rehabilitating Section 8 properties and who has the size and financial strength to take on this type of portfolio transaction. In addition, the proposed renovation budget is extensive and should bring the properties up to a clean and safe living standard.
2. Although new, higher rents have not yet been approved by HUD for Palmetto Glen and The Weldon, the deal is structured so that if/when the new, higher rents are approved by HUD, the Borrower will qualify for a higher permanent loan amount. Feedback from the Applicant based on their discussions with HUD indicates they expect HUD to approve the higher rents and 20-year renewal HAP Contracts for Palmetto Glen and The Weldon prior to the end of the 28-month interest-only period for the MMRB. The underwriting assumptions in this CUR are based on the scenario in which the new, higher rents for Palmetto Glen and The Weldon are not approved by HUD.

Waiver Requests/Special Conditions:

The following waivers are requested by the Applicant for each of the four Subject properties:

1. The Applicant has 21 of the required 25 points and requests a Features & Amenities waiver. The other possible point-scoring items are either not-feasible (gated community), cost prohibitive (fire sprinklers in all units), or physically infeasible (washer-dryer hookups).
2. The Applicant is requesting a waiver from the feature dealing with sealed and insulated heating and cooling system ducts. The Applicant states: "We are able to meet each requirement other than the requirement to seal and insulate heating and cooling systems ducts (highlighted below). This requirement is financially infeasible due to the amount of extensive demolition to dry wall in order to access all of the duct work in each unit."

Additional Information:

The Borrower has applied to R4CF for acquisition, rehabilitation and permanent financing of the Subject through its Direct Bond Purchase Program. Upon closing and issuance of the MMRB, R4CF or its designee will purchase the MMRB and the proceeds will be lent to the borrowing entity, Millennia Jacksonville FL TC, LP (the “Borrower” or “Applicant”). The MMRB will be secured by a first priority lien on the land and improvements.

At closing, it is anticipated that JHFA will issue tax-exempt MMRB in an amount up to \$81,600,000. In order to reduce construction period interest, the MMRB will be funded on a draw basis, not more frequently than once per calendar quarter, and in amounts of not less than \$2,000,000 per draw. Funds necessary to renovate the Subject will be disbursed to the Borrower from the escrow upon required draw approvals and as construction progresses, but not more often than once per month.

There will be a 28-month interest-only period during construction, followed by a one-time special redemption of MMRB in the estimated amount of \$21,927,907, based on First Housing’s underwriting estimate. The special redemption will be concurrent with the final sizing of the MMRB at the stabilization date, as defined in the LPA. Upon stabilization, the final sizing of the MMRB will occur and is based on a minimum 1.10x debt service coverage (“DSC”) ratio.

Following the interest-only period and the special redemption, mandatory redemption of the MMRB shall occur, in part, on a monthly basis sufficient to fully amortize the MMRB over forty (40) years. Optional prepayment of the MMRB will not be permitted prior to the 16<sup>th</sup> anniversary of stabilization.

It should be pointed out that the scope of work and combined renovation budget is extensive and includes \$44,257,422, or \$57,627 per unit, in repairs covered under the four GC Contracts. Based on First Housing’s review of those contracts, as well as the third-party Document and Cost Review reports, all four properties are expected to be substantially brought up to current building code and safety standards. Any existing life-safety issues, critical repairs and deferred maintenance items will be addressed as part of the scope of work. The proposed rehab scope of work also addresses mechanical (HVAC), electrical and plumbing systems that are deficient and/or well past their expected useful life. In addition, public spaces will be modified for ADA accessibility, and the required number of accessible units under Section 504 will be provided, including 5%/2% for hearing/visual impairment.

**Issues and Concerns:**

If HUD does not approve the requested higher rents for Palmetto Glen and The Weldon prior to the permanent period sizing test at stabilization, the deal economics will require the Developer to defer an estimated 85.7% of its Developer Fee.



Recommendation:

First Housing recommends tax-exempt Multifamily Mortgage Revenue Bonds in an amount up to \$81,600,000, but not to exceed the amount approved by R4CF, to finance the acquisition, rehabilitation and permanent financing of the four subject properties: Valencia Way (f/k/a Eureka Gardens), The Weldon (f/k/a Moncrief Village), Palmetto Glen (f/k/a Southside) and Calloway Cove (f/k/a Washington Heights).

First Housing to approve the final sizing of the amount of the permanent MMRB.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the MMRB Loan Conditions (Section B). **This recommendation is only valid for six months from the date of the report.**

The reader is cautioned to refer to these sections for complete information.

Prepared by:



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Brian Borer  
Underwriter

Reviewed by:



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Ed Busansky  
Senior Vice President

## Overview

### Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Tax Exempt Bonds	R4 Capital Funding, LLC	\$76,020,000	\$81,600,000	\$72,177,907	5.43%	\$3,916,543
Seller Soft Pay Loan	GMP-Preservation of Affordability Corp.	\$0	\$11,700,000	\$11,700,000	2.95%	\$345,150
GP Equity Contribution	Jacksonville TC Investment, LLC	\$2,450,000	\$9,700,000	\$9,700,000	N/A	N/A
Deferred Op. Def. Reserve	Millennia Jacksonville FL TC, LP	\$0	\$0	\$2,782,493	N/A	N/A
Construction Period Income	Millennia Jacksonville FL TC, LP	\$4,563,033	\$4,303,926	\$0	N/A	N/A
Housing Credit Equity	R4 Capital, LLC	\$38,906,122	\$16,473,600	\$16,473,600	N/A	N/A
Deferred Developer Fee	Millennia Housing Development, Ltd.	\$3,626,245	\$9,045,015	\$15,881,184	N/A	N/A
Total		\$125,565,400	\$132,822,541	\$128,715,184		\$4,261,693

### First Mortgage:

First Housing is recommending issuance of up to \$81,600,000 in tax-exempt MMRB by JHFA for the acquisition and rehabilitation of the Subject. Based on First Housing's underwriting, it is estimated that only \$72,177,907 in MMRB will be needed during construction. The transaction will be structured under R4CF's Direct Bond Purchase Program whereby R4CF or a designated capital partner will purchase the MMRB after issuance by JHFA. Proceeds of the MMRB will be lent to the borrowing entity, Millennia Jacksonville FL TC, LP, under the terms of a loan agreement to pay for a portion of the Subject development costs. The fixed rate of interest on the MMRB will be established approximately five business days prior to closing and based upon the 15-Year MMD Index, published by Thomson Reuters, plus a spread of 2.25%. By way of example, as of September 6, 2018 the 15-Year MMD Index was 2.72%, which would result in a fixed interest rate of 4.97%, however 0.46% of bond fees must be added to the stack to achieve the all-in construction rate of 5.43%. During the construction period, bond fees consist of a 0.20% Issuer Fee, a \$4,500 Trustee Fee, and a 0.25% underwriting spread. Interest only will be payable on a monthly basis for the first twenty-eight (28) months after closing.

### Seller Loan

A loan in the amount of \$11,700,000 will be provided by the Seller at closing and it will bear interest at 2.95% and compound annually. Payment of principal and interest will be required on the earlier to occur of the sale of all four Subject properties or forty (40) years from the date of the note.

**General Partner Equity**

Equity in the amount of \$9,700,000 will be provided at closing by Jacksonville TC Investment, LLC, the General Partner of the Applicant.

**Deferred Operating Deficit Reserve**

Since the Operating Deficit Reserve (“ODR”) won’t be funded until after the construction period (once the Operating Deficit Guaranty Period has expired), First Housing has shown it as a deferred source of funding during construction.

**Housing Credit Equity:**

The Applicant will apply to Florida Housing Finance Corporation (“FHFC”) to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax-exempt bond financing. First Housing reviewed a letter of interest, dated August 3, 2018, indicating R4 Capital, LLC or one of its affiliates will acquire a 99.99% ownership interest in the Applicant. Based on the letter, the annual HC allocation is estimated to be in the amount of \$4,680,409, with a syndication rate of \$0.88 per dollar. R4 Capital, LLC anticipates a total net capital contribution of \$41,184,000 and has committed to fund 15% of the total net equity at closing, as well as \$16,473,600 or 40% of the total net equity during the construction period. An additional \$24,710,400 will be available once construction completion, stabilization, receipt of the Form 8609, and other conditions are met.

**Deferred Developer Fee:**

During construction, the Developer will be required to defer 85.7% of the Developer Fee or \$15,881,184.

**Permanent Financing Sources:**

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Bonds	R4 Capital Funding, LLC	\$0	\$60,240,000	\$50,250,000	40	40	5.22%	\$2,996,050
Seller Soft Pay Loan	GMP-Preservation of Affordability Corp.	\$0	\$11,700,000	\$11,700,000	40	0	2.95%	\$345,150
GP Equity Contribution	Jacksonville TC Investment, LLC	\$0	\$9,700,000	\$9,700,000	N/A	N/A	N/A	N/A
Deferred Op. Def. Reserve	Millennia Jacksonville FL TC, LP	\$0	\$0	\$0	N/A	N/A	N/A	N/A
Housing Credit Equity	R4 Capital, LLC	\$0	\$41,184,000	\$41,184,000	N/A	N/A	N/A	N/A
Deferred Developer Fee	Millennia Housing Development, Ltd.	\$0	\$9,998,541	\$15,881,184	N/A	N/A	N/A	N/A
<b>Total</b>		<b>\$0</b>	<b>\$132,822,541</b>	<b>\$128,715,184</b>				<b>\$3,341,200</b>

**First Mortgage:**

Based on R4CF's August 3, 2018 term sheet/LOI, the permanent period MMRB will be sized based on the following parameters: i) minimum 1.15x DSC; ii) maximum 90% LTV; and iii) minimum 90% occupancy for three consecutive months.

For purposes of underwriting, First Housing has sized the permanent loan such that Net Operating Income ("NOI") covers first mortgage MMRB debt service and fees to achieve no less than a 1.10x DSC, which is the minimum DSC required by FHFC. The NOI utilized to size the permanent loan was calculated assuming that HUD does not approve the new, higher rents requested for Palmetto Glen and The Weldon. Subsequent to closing, but prior to R4's stabilization test, if HUD does approve the higher rents requested for Palmetto Glen and The Weldon, then said rents will be utilized to re-calculate the NOI and re-size the permanent loan. In either event, and concurrently with the achievement of stabilization of the Subject, there will be a one-time special redemption of the tax-exempt MMRB such that the original amount of MMRB outstanding from the construction period will be reduced to the permanent period amount, whatever amount that may be resulting from the sizing test as described above. Based on First Housing's underwriting, a \$50,250,000 permanent MMRB amount is currently estimated, which would require a special redemption in the amount of \$21,927,907, based on the underwritten construction period MMRB of \$72,177,907. Funding for the special redemption would originate from the fourth housing credit equity installment.

During the permanent period, mandatory redemption of the MMRB will occur, in part, on a monthly basis sufficient to fully amortize the MMRB over forty (40) years. Upon the 16<sup>th</sup> anniversary of stabilization, the bondholder will have the option to require a mandatory tender of the MMRB. The fixed rate of interest on the MMRB will be established approximately five business days prior to closing and based upon the 15-Year MMD Index, published by Thomson Reuters, plus a spread of 2.25%. By way of example, as of September 6, 2018 the 15-Year MMD Index was 2.72%, which would result in a fixed interest rate of 4.97%, however a 0.25%

underwriting spread must be added to the stack to achieve the all-in permanent interest rate of 5.22%.

In addition to the interest rate, during the permanent period annual fees will include: i) a 0.04% Compliance Fee on the \$81,600,000 recommended amount of MMRB; ii) a Servicing Fee of 0.023% on the permanent period amount; iii) a \$4,500 Trustee Fee; iv) a 0.20% Issuer Fee on the permanent amount; and v) a Financial Monitoring Fee of 0.015% multiplied by the monthly outstanding balance of the MMRB.

#### Seller Loan

A loan in the amount of \$11,700,000 will be provided by the Seller at closing and it will bear interest at 2.95% and compound annually. Payment of principal and interest will be required on the earlier to occur of the sale of all four Subject properties or forty (40) years from the date of the note.

#### General Partner Equity

Equity in the amount of \$9,700,000 will be provided at closing by Jacksonville TC Investment, LLC, the General Partner of the Applicant.

#### Housing Credit Equity:

The Applicant will apply to Florida Housing Finance Corporation to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax-exempt financing. After construction completion and the achievement of stabilization, the remaining \$24,710,400 in housing credit equity will be available as a permanent source, resulting in an overall total of \$41,184,000 contributed by R4 Capital, LLC.

#### Deferred Developer Fee:

To balance the sources and uses of funds during the permanent phase, the Developer is required to defer 85.7% of the Developer Fee, or \$15,881,184.

Based on a letter of interest, dated August 3, 2018, R4 Capital, LLC will provide HC equity as follows:

**Syndication Contributions**

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$6,177,600	15.00%	Admission of the LP to the Partnership
2nd Installment	\$4,118,400	10.00%	Upon the later of 65% construction completion or October 1, 2019
3rd Installment	\$6,177,600	15.00%	Upon the later of 99%* construction completion or May 1, 2020
4th Installment	\$21,927,907	53.24%	Upon the later of Rental Achievement or January 1, 2021. Rental Achievement occurs when: i) all permanent financing has closed (or will close simultaneously with payment of the Rental Achievement Capital Contribution); ii) the LP has received IRS Form 8609 for each building; iii) all of the set-aside apartments in the Project have qualified for Credits; iv) occupancy of at least 95% and DSC of 1.15 (assuming 5% vacancy factor and greater of actual or underwritten assumptions) for 3 consecutive months; and v) the LP has received a certificate from the accountant stating the amount of the Credits, Eligible Basis, Qualified Basis, Applicable Percentage, the amount of annual Credits to which the Project is entitled, and the LP Credit Share.  Notwithstanding the foregoing, if all conditions for Rental Achievement have been satisfied except receipt of 8609's, provided that all information for such forms has been submitted to the Credit Agency, then 90% of the Rental Achievement Capital Contribution will be released with the balance to be released upon receipt of the 8609's.
5th Installment	\$2,782,493	6.76%	To fund the Operating Reserve upon the expiration of the Operating Deficit Guaranty.
<b>Total</b>	<b>\$41,184,000</b>	<b>100.00%</b>	

Annual Credit Per Syndication Agreement

\$4,680,468

Calculated HC Exchange Rate

\$0.88

Limited Partner Ownership Percentage

99.99%

Proceeds Available During Construction

\$16,473,600

*\*It should be noted that the current term sheet provided by R4 Capital, LLC lists the 3<sup>rd</sup> equity installment as payable upon the later of May 1, 2020 or 100% construction completion. However, First Housing has been assured that the condition for the 3<sup>rd</sup> installment will be changed in the LPA to "the later of May 1, 2020 or 99% construction completion."*

## Uses of Funds\*

*\*Since this is a single bond transaction, and although there are four separate GC contracts, the following pages contain one combined summary of uses for all four properties. For a detailed breakdown of uses by individual property, please see Exhibits 4-7.*

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Demolition	\$0	\$1,481,260	\$1,481,260	\$1,929
Recreational Amenities	\$549,400	\$0	\$0	\$0
Rehab of Existing Common Areas	\$6,122,220	\$0	\$0	\$0
Rehab of Existing Rental Units	\$30,041,975	\$35,450,025	\$35,450,025	\$46,159
Site Work	\$0	\$260,000	\$260,000	\$339
Constr. Contr. Costs subject to GC Fee	\$36,713,595	\$37,191,285	\$37,191,285	\$48,426
General Conditions	\$1,591,046	\$2,231,477	\$2,231,477	\$2,906
Overhead	\$530,349	\$743,826	\$743,826	\$969
Profit	\$1,591,046	\$2,231,477	\$2,231,477	\$2,906
General Liability Insurance	\$0	\$200,000	\$200,000	\$260
Payment and Performance Bonds	\$0	\$333,860	\$333,860	\$435
Contract Costs not subject to GC Fee	\$0	\$1,325,497	\$1,325,497	\$1,726
Total Construction Contract/Costs	\$40,426,036	\$44,257,422	\$44,257,422	\$57,627
Hard Cost Contingency	\$3,546,143	\$3,165,400	\$3,165,400	\$4,122
FF&E paid outside Constr. Contr.	\$0	\$200,000	\$200,000	\$260
Other: Cost Certification & Other Fees	\$0	\$660,000	\$660,000	\$859
Other: Other Ineligible Work	\$0	\$400,000	\$400,000	\$521
<b>Total Construction Costs:</b>	<b>\$43,972,179</b>	<b>\$48,682,822</b>	<b>\$48,682,822</b>	<b>\$63,389</b>

### Notes to the Combined Total Construction Costs:

1. The Applicant provided four (4) executed construction contracts, each between NEI General Contracting, Inc. ("Contractor") and Millennia Jacksonville FL TC, LP ("Owner") wherein the basis of payment is the cost of the work plus a fee with a guaranteed maximum price in the combined amount of \$44,257,422. Payments to the Contractor will be subject to 10% retainage until the work under the contract is 50% complete, with no retainage withheld thereafter. The contracts call for work to be substantially complete no later than 11, 14, 15 and 22 months after the commencement dates established in the Owner's notices to proceed for each property.
2. Overall Hard Cost Contingency is included at 7.2% of the construction contracts, which is less than the maximum of 15% of the total construction costs.

3. The general contractor fee for each contract is within the maximum 14% of hard costs. The combined GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees	\$0	\$72,000	\$72,000	\$94
Appraisal	\$0	\$32,000	\$58,000	\$76
Architect's Fee - Site/Building Design	\$1,638,457	\$1,306,352	\$1,306,352	\$1,701
Architect's Fee - Supervision	\$0	\$190,310	\$190,310	\$248
Capital Needs Assessment/Rehab	\$0	\$30,000	\$30,000	\$39
Engineering Fees	\$0	\$40,000	\$40,000	\$52
Environmental Report	\$20,400	\$40,800	\$40,800	\$53
FHFC Administrative Fees	\$832,358	\$409,647	\$421,242	\$548
FHFC Application Fee	\$0	\$12,000	\$12,000	\$16
FHFC Credit Underwriting Fee	\$0	\$56,776	\$56,776	\$74
FHFC Compliance Fee	\$0	\$328,302	\$423,964	\$552
Lender Inspection Fees / Const Admin	\$77,400	\$0	\$87,300	\$114
Insurance	\$302,253	\$302,253	\$0	\$0
Legal Fees - Organizational Costs	\$1,145,000	\$1,005,000	\$1,005,000	\$1,309
Market Study	\$26,000	\$26,000	\$26,000	\$34
Plan and Cost Review Analysis	\$0	\$0	\$16,400	\$21
Property Taxes	\$400,009	\$575,767	\$0	\$0
Survey	\$80,000	\$80,000	\$80,000	\$104
Tenant Relocation Costs	\$115,200	\$577,400	\$577,400	\$752
Title Insurance and Recording Fees	\$683,190	\$683,190	\$683,190	\$890
Soft Cost Contingency	\$0	\$0	\$282,187	\$367
Other: Organization Costs	\$115,000	\$30,000	\$30,000	\$39
Other: Owner Rep Costs	\$0	\$252,500	\$227,500	\$296
Other: SE Blue Print	\$0	\$26,000	\$26,000	\$34
Other: Transfer Tax	\$0	\$233,500	\$233,500	\$304
<b>Total General Development Costs:</b>	<b>\$5,435,267</b>	<b>\$6,309,797</b>	<b>\$5,925,921</b>	<b>\$7,716</b>

#### Notes to the Combined General Development Costs:

- General Development Costs are the Applicant's updated estimates, which appear reasonable.
- The Property Tax and Insurance line items are each shown as \$0 in this Combined General Development Costs section because First Housing has accounted for them in the calculation of NOI, and NOI is used as an offset to the Construction Interest, Property Tax and Insurance budget items. To include them here would be "double-counting." Builder's Risk Insurance is included in the Applicant's property insurance, as evidenced by the Acord provided to First Housing.



3. First Housing has utilized actual costs for: FHFC Credit Underwriting, FHFC Application Fee, Appraisal, Market Study, Capital Needs Assessment and Plan and Cost Review.
4. The FHFC Administrative Fee is based on 9% of the expected annual HC allocation of \$4,680,468. This amount is subject to change based on credit underwriting for FHFC.
5. The FHFC HC Compliance Fee is based on a 30-year set-aside period.
6. The Tenant Relocation Cost line item represents the cost of temporarily moving tenants who have been dislocated during the renovation process. At least one building at each property will be renovated at the beginning of the process, and then tenants will gradually be moved to that building while the units in their original building are renovated. This on-site “hoteling” for each set of tenants will take approximately one month before tenants are moved back into their renovated units.
7. The Soft Cost Contingency line item is equal to 5% of General Development Costs (excluding the Soft Cost Contingency), as allowed for rehab developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Construction Loan Origination Fee	\$0	\$0	\$1,224,000	\$1,594
Construction Loan Interest	\$0	\$2,911,161	\$1,226,043	\$1,596
Permanent Loan Origination Fee	\$0	\$741,275	\$0	\$0
Local HFA Application Bond Fee	\$0	\$14,070	\$30,000	\$39
Local HFA Bond Underwriting Fee	\$0	\$0	\$112,800	\$147
Local HFA Bond Origination Fee	\$255,284	\$255,284	\$0	\$0
Local HFA Bond Trustee Fee	\$0	\$120,000	\$120,000	\$156
Local HFA Bond Cost of Issuance	\$0	\$599,400	\$0	\$0
Local HFA Bond Closing Costs	\$0	\$0	\$6,000	\$8
Local HFA Legal - Bond Counsel	\$0	\$0	\$154,400	\$201
Local HFA Legal - Issuer's Counsel	\$0	\$0	\$15,000	\$20
Local HFA Legal - U/W's Counsel	\$0	\$0	\$17,500	\$23
Initial TEFRA Fee	\$0	\$0	\$500	\$1
Other:	\$5,326,336	\$74,000	\$0	\$0
Other:	\$545,000	\$0	\$0	\$0
Other: JHFA Development Feasibility Fee	\$0	\$0	\$12,000	\$16
Other: JHFA Admin Fee	\$0	\$0	\$204,000	\$266
Other: Financial Advisor Fees & Expenses	\$0	\$0	\$171,200	\$223
<b>Total Financial Costs:</b>	<b>\$6,126,620</b>	<b>\$4,715,190</b>	<b>\$3,293,443</b>	<b>\$4,288</b>
<b>Dev. Costs before Acq., Dev. Fee &amp; Reserves</b>	<b>\$55,534,066</b>	<b>\$59,707,809</b>	<b>\$57,902,186</b>	<b>\$75,393</b>

Notes to the Combined Financial Costs:

1. Construction Loan Origination Fee is based on the R4CF Letter of Intent and equal to 1.5% of the \$81,600,000 recommended amount of MMRB.
2. Construction Loan Interest has been partially offset since the Subject will still be generating NOI during the renovation. Based on a draft of the loan draw schedule, First Housing assumed a \$70 million average outstanding loan balance during the 28-month interest-only period. NOI was calculated assuming that HUD does not approve the new, higher rents proposed for The Weldon and Palmetto Glen. Based on these assumptions, First Housing estimates that \$1,226,043 will be needed in the budget for Construction Loan Interest.
3. Local HFA Bond Application Fee is comprised of a \$7,500 application fee for each of the four properties, even though there is only one bond issue.
4. Other: JHFA Admin Fee is equal to the greater of \$20,000 or 25 basis points of the principal amount of the MMRB.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Building Acquisition Cost	\$47,030,000	\$47,410,768	\$45,100,621	\$58,725
Developer Fee on Non-Land Acq. Costs	\$0	\$7,700,000	\$8,118,112	\$10,570
<b>Total Non-Land Acquisition Costs:</b>	<b>\$47,030,000</b>	<b>\$55,110,768</b>	<b>\$53,218,733</b>	<b>\$69,295</b>

Notes to the Combined Non-Land Acquisition Costs:

1. First Housing reviewed a Purchase Agreement dated December 27, 2016 by and among numerous entities owned and controlled by GMF as the Seller, and Millennia Housing Development, Ltd. as the Purchaser (the Subject properties will have to be assigned to the Borrower at closing). In addition, First Housing reviewed a First Amendment to Purchase Agreement dated December 6, 2017, and a Second Amendment to Purchase Agreement dated May 14, 2018. The Purchase Agreement and amendments cover 37 properties, establish a formula-based purchase price, and conclude to an outside closing date for all properties of December 31, 2018.

There is one lump sum combined purchase price for all 37 properties that is defined as \$11,000,000 plus the total of the individual mortgage balances, bond defeasance costs and the remaining pre-closing repair costs, less the amount of the reserve accounts. The Seller's net proceeds from the sale of each of the 37 properties will be accumulated into a single account and such funds will be used to satisfy any shortfalls with respect to any of the other properties so that the Seller will receive overall net proceeds equal to \$11,000,000 for all 37 properties. Thus, there is no breakdown in the Purchase Agreement for the

amount of the acquisition cost for each of the four Subject properties. However, in conjunction with the MMRB applications to JHFA, the Applicant assigned an acquisition cost to each of the four Subject properties that included an allocation for land and an allocation for improvements. Since HUD has forced GMF to sell the portfolio of properties, First Housing has underwritten the Building Acquisition Cost line item to the lesser of the allocated acquisition cost or the appraised value based on post-rehab Section 8 rents.

2. Developer Fee on Non-Land Acquisition Costs is equal to the maximum 18% of the Building Acquisition Cost.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	\$12,850,000	\$10,400,000	\$10,422,393	\$13,571
<b>Total Other Development Costs:</b>	<b>\$12,850,000</b>	<b>\$10,400,000</b>	<b>\$10,422,393</b>	<b>\$13,571</b>

Notes to Combined Developer Fee on Non-Acquisition Costs:

1. The recommended Developer Fee does not exceed 18% of Total Development Cost before Developer Fee, Operating Deficit Reserves and Escrows.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land Acquisition Cost	\$5,670,000	\$4,789,232	\$4,299,379	\$5,598
<b>Total Acquisition Costs:</b>	<b>\$5,670,000</b>	<b>\$4,789,232</b>	<b>\$4,299,379</b>	<b>\$5,598</b>

Notes to Combined Land Acquisition Costs:

1. Land Acquisition Cost for each of the four Subject properties is based on the lesser of the land value established in the appraisal or the current land value as concluded by the Duval County Property Assessor. See above for a discussion of the Purchase Agreement.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Lender)	\$4,361,334	\$2,724,732	\$2,782,493	\$3,623
Reserves - Start-Up/Lease-up Expenses	\$120,000	\$90,000	\$90,000	\$117
<b>Total Reserve Accounts:</b>	<b>\$4,481,334</b>	<b>\$2,814,732</b>	<b>\$2,872,493</b>	<b>\$3,740</b>

Notes to Combined Reserve Accounts:

1. Operating Deficit Reserve is equal to the amount established by R4 Capital, LLC and R4CF and is calculated as four months of expenses, replacement reserves and debt service. The ODR is funded after the Operating Deficit Guaranty expires, which will be no earlier than 60 months after construction completion. See General Conditions in Section B of this underwriting memo for detail on use restrictions of the ODR after the Compliance Period.
2. Start-Up/Lease-Up Reserve is equal to \$90,000 and will be funded by the syndicator at 50% construction completion. The purpose of the reserve is to fund operating deficits and lease-up costs until the fourth equity installment is funded.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
<b>TOTAL DEVELOPMENT COSTS:</b>	<b>\$125,565,400</b>	<b>\$132,822,541</b>	<b>\$128,715,184</b>	<b>\$167,598</b>

Notes to Combined Total Development Costs:

1. Combined Total Development Costs have increased by \$3,149,784 or 2.5% , from \$125,565,400 to \$128,715,184 since the Application.

**Consolidated Operating Pro Forma**  
**(Valencia Way, The Weldon, Palmetto Glen & Calloway Cove)**

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			\$8,753,940	\$11,398
	Ancillary Income			\$116,800	\$152
	Gross Potential Income			\$8,870,740	\$11,550
	Less:				
	Economic Loss	Percentage:	0.00%		\$0.00
	Physical Vac. Loss	Percentage:	3.00%	\$266,122	\$347
	Collection Loss	Percentage:	0.00%		\$0
Total Effective Gross Income				\$8,604,618	\$11,204
EXPENSES:	Fixed:				
	Real Estate Taxes			\$809,110	\$1,054
	Insurance			\$317,200	\$413
	Variable:				
	Management Fee	Percentage:	4.00%	\$344,196	\$448
	General and Administrative			\$399,500	\$520
	Payroll Expenses			\$1,003,952	\$1,307
	Utilities			\$1,119,600	\$1,458
	Maintenance and Repairs/Pest Control			\$906,800	\$1,181
	Reserve for Replacements			\$230,400	\$300
Total Expenses				\$5,130,758	\$6,681
Net Operating Income				\$3,473,860	\$4,523
Debt Service Payments					
First Mortgage - MMRB				\$2,996,050	\$3,901
Second Mortgage - Seller Soft Pay Loan				\$345,150	\$449
First Mortgage Fees - MMRB Annual Fees				\$156,611	\$204
Total Debt Service Payments				\$3,497,811	\$4,554
Cash Flow after Debt Service				-\$23,951	-\$31
FINANCIAL COSTS:				Annual	Per Unit
Debt Service Coverage Ratios					
DSC - First Mortgage plus Fees				1.10x	
DSC - Second Mortgage plus Fees				0.99x	
DSC - All Mortgages and Fees				0.99x	
Financial Ratios					
Operating Expense Ratio				59.63%	
Break-even Economic Occupancy Ratio (all debt)				97.39%	

Notes to the Consolidated Operating Pro Forma:

1. The summary above presents the NOI, debt service, fees and ratios after the 28-month interest-only period has ended and the MMRB have been sized for the permanent period. For purposes of underwriting, First Housing has sized the permanent amount such that NOI covers first mortgage MMRB debt service and fees to achieve no less than a 1.10x DSC, which is the minimum DSC required by FHFC. The second mortgage (Seller Note) is soft pay, and principal and accumulated interest are due on the earlier of a sale of the Subject properties or forty (40) years from the date of the note. It should be noted that the breakeven occupancy ratio above appears high, the combined DSC for all mortgages appears low, and the projected cash flow appears negative due to the inclusion in the model calculations of the soft pay debt service on the Seller Note.

A breakdown of income and expenses on an individual property basis can be found in Exhibits 4-7 of this underwriting memo.

2. The Subject properties are beneficiaries of Project-Based Section 8 HAP Contracts on 764 of the total 768 units. Two of the properties, Valencia Way and Calloway Cove, will have 20-year renewal HAP Contracts signed at closing at new, higher rents, which First Housing utilized in the underwriting below.

The other two properties, Palmetto Glen and The Weldon, are currently operating under 2001 HAP Contracts that won't expire until 2021 so HUD will have to provide a waiver to allow the rents to be increased beyond the existing contract amounts. Obtaining this waiver from HUD is time consuming so the Developer has decided to proceed to closing without the new, higher rents on Palmetto Glen and The Weldon. Underwritten rents for these two properties are based on the most recently approved OCAF adjustment that takes effect on November 1, 2018.

Although higher rents have not yet been approved by HUD for Palmetto Glen and The Weldon, the deal is structured so that if/when the new rents are approved by HUD, then the higher rents will be utilized to re-calculate the NOI and re-size the permanent loan to a higher, supportable amount. Feedback from the Applicant based on their discussions with HUD indicates they expect HUD to approve the higher rents and 20-year renewal HAP Contracts for Palmetto Glen and The Weldon prior to the end of the 28-month interest-only period for the MMRB. The underwriting assumptions in this CUR are based on the scenario in which the new, higher rents for Palmetto Glen and The Weldon are not approved by HUD.

3. Under the JHFA Bond Program, the Applicant has committed to set aside 100% of the units (768 units) at 60% AMI for 50 years. The Applicant has also committed to set aside 100% of the units at 60% AMI for 30 years under the HC program. Below is a consolidated unit matrix for the Subject:

## Jacksonville MSA, Duval County, FL

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
					Valencia	Way								
1	1.0	91	675	60%			\$ 787	\$ -	\$ 787	\$ 800	\$ 800	\$ 800	\$ 800	\$ 873,600
1	1.0	8	675	60%			\$ 787	\$ -	\$ 787	\$ 800	\$ 800	\$ 800	\$ 800	\$ 76,800
1	1.0	1	675	60%			\$ 787	\$ -	\$ 787	\$ -	\$ 787	\$ 787	\$ 787	\$ 9,444
2	1.0	105	864	60%			\$ 945	\$ -	\$ 945	\$ 925	\$ 925	\$ 925	\$ 925	\$ 1,165,500
2	1.0	88	864	60%			\$ 945	\$ -	\$ 945	\$ 925	\$ 925	\$ 925	\$ 925	\$ 976,800
2	1.0	3	864	60%			\$ 945	\$ -	\$ 945	\$ -	\$ 945	\$ 945	\$ 945	\$ 34,020
3	1.0	104	972	60%			\$ 1,090	\$ -	\$ 1,090	\$ 1,220	\$ 1,220	\$ 1,220	\$ 1,220	\$ 1,522,560
					The Weldon									
1	1.0	10	500	60%			\$ 787	\$ 58	\$ 729	\$ 683	\$ 683	\$ 683	\$ 683	\$ 81,960
2	1.0	84	580	60%			\$ 945	\$ 84	\$ 861	\$ 797	\$ 797	\$ 797	\$ 797	\$ 803,376
					Palmetto	Glen								
2	1.0	74	787	60%			\$ 945	\$ 102	\$ 843	\$ 805	\$ 805	\$ 805	\$ 805	\$ 714,840
					Calloway	Cove								
2	1.0	96	841	60%			\$ 945	\$ -	\$ 945	\$ 920	\$ 920	\$ 920	\$ 920	\$ 1,059,840
3	1.0	104	953	60%			\$ 1,090	\$ -	\$ 1,090	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,435,200
		768	629,738											\$ 8,753,940

4. Overall Vacancy & Collection Loss is underwritten at 3.00% since that is the combined amount supported by the data in the appraisals. Typically, vacancy at properties with Section 8 HAP Contracts is negligible due to the high demand for Section 8 units in the market. As an example, the wait list to rent at Valencia Way was in excess of 100 units at the time of Moran's inspection for the CNA.
5. Other Income is typically comprised of revenue from interest income, late charges, special service fees, vending machines, community laundry facilities, etc. The combined total Other Income amount of \$152 per unit is supported by the appraisals.
6. The Applicant has submitted individual Management Agreements which include a Management Fee equal to 4% of the adjusted total revenue or the maximum allowed by HUD guidelines. This amount is supported by the appraisals.
7. The landlord is responsible for all utility expenses at Valencia Way and Calloway Cove, but just water, sewer, trash and natural gas at The Weldon and Palmetto Glen (no electric). Due to energy efficiency components proposed as part of the renovation, the

overall combined Utilities Expense line item is estimated at \$1,458 per unit, which is slightly lower than the historical expense at the four properties.

8. Based on the proposed scope of work for the renovation and the resulting improved condition of the properties, the overall combined Maintenance & Repairs line item is estimated at \$1,181 per unit.
9. The Replacement Reserves line item is underwritten to \$300/unit, which is supported by the DCR's and the appraisals.
10. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing concludes that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
11. Please see Exhibit 1 for a 15-year pro forma escalating income at 2% per annum and expenses at 3% per annum.



**Section B**

**MMRB Loan Conditions**

**Special Conditions**

This recommendation is contingent upon the review and approval of the following items by JHFA, its Counsel, and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the Note pricing date and/or closing date. For competitive Note sales, these items must be reviewed and approved prior to issuance of the notice of Note sale:

1. Satisfactory receipt and review of updated financials within 90 days of closing, or audited financials for the last fiscal year end for the Guarantors and the Developer.
2. Satisfactory receipt and review of bank and trade references for Malisse J. Sinito.
3. Satisfactory receipt and review of a final appraisal on each Subject property.
4. Satisfactory receipt and review of a final document and cost review that corrects minor typographical errors.
5. An executed letter which certifies that certain features and amenities required by JHFA are included within the plans and scope of work, as recommended by Moran Construction Consultants, L.L.C. ("Moran") in the document and cost review.
6. Receipt and satisfactory review of final signed, sealed "approved for construction" plans and specifications by the construction consultant and the Servicer.
7. Firm loan commitment from R4 Capital Funding, LLC which indicates first mortgage loan terms that are consistent with this report.
8. After final uses are confirmed during closing, if Developer equity is still required to balance the sources and uses, then the full amount of the equity required must be deposited with the Trustee.
9. Confirmation that the ODR will be funded after construction.
10. Confirmation of the HC set-aside term and associated HC Compliance Fees.
11. Fully executed Management Agreement for each of the four Subject properties.
12. Fully executed Architect's Agreement for each of the four Subject properties.

13. First Housing to approve the final sizing of the amount of the permanent MMRB.
14. Any other reasonable requirements of the Servicer, JHFA, or its legal counsel.

### **General Conditions**

This recommendation is contingent upon the review and approval of the following items by JHFA, its Counsel, and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Payment of any outstanding arrearages to JHFA, its legal counsel, or the Servicer.
2. Moran is to act as construction inspector during the construction phase.
3. At all times there will be undisbursed loan funds (collectively held by JHFA, the first mortgage lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development Costs or to deposit additional equity with JHFA which is sufficient (in JHFA's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to JHFA in its sole discretion.
4. During construction/rehabilitation, the Developer is only allowed to draw a maximum of 50% of the total Developer Fee but in no case more than the payable Developer Fee during construction/rehabilitation, which is determined to be "Developer's overhead." No more than 35% of "Developer's overhead" will be funded at closing. The remainder of the "Developer's overhead" will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by JHFA and the Servicer. The remaining unpaid Developer Fee (if applicable) shall be considered attributable to "Developer's profit," and may not be funded until the development has achieved 100% lien free completion, and only after retainage has been released.
5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by JHFA, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to JHFA, Florida Housing, and its legal counsel, as well as

the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of JHFA.

6. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
7. Final “as permitted” (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications, if applicable.
8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided.
9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. The closing draw must include appropriate backup and ACH wiring instructions.
10. Evidence of general liability, flood (if applicable), builder’s risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting JHFA as Loss Payee/Mortgagee, with coverage, deductibles, and amounts satisfactory to JHFA.
11. A 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, JHFA must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. JHFA and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include “evergreen” language and be in a form satisfactory to JHFA, its Servicer and its Legal Counsel.

12. Architect, Construction Consultant, and Developer Certifications will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.
13. Borrower is to comply with any and all recommendations noted in the document and cost review prepared by Moran.
14. At the end of the compliance period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay JHFA debt; if there is no JHFA loan debt on the Development at the end of the compliance period, any remaining balance shall be used to pay any outstanding JHFA fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amount to the Applicant or the Developer from the Reserve account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations. Any and all terms and conditions of the ODR must be acceptable to JHFA, its Servicer, and its legal counsel.

This recommendation is contingent upon the review and approval by JHFA, and its legal counsel, and Servicer **at least 30 days prior to Real Estate Loan Closing**. Failure to receive approval of these items, along with all other items listed on JHFA counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Award of HC and purchase of HC by R4 Capital, LLC or an affiliate under terms consistent with the assumptions of this report.
2. An acceptable updated Environmental Audit Report, together with a reliance letter to JHFA and FHFC, prepared within 180 days of closing, unless otherwise approved by JHFA, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.
3. JHFA and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. JHFA shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.
4. UCC Searches for the Borrower, its partnerships, as requested by counsel.

**Additional Conditions**

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. The operating agreement from R4 Capital, LLC or an affiliate shall be in a form and of financial substance satisfactory to JHFA, JHFA's Counsel and FHDC.
2. All amounts necessary to complete construction must be deposited with the Fiscal Agent prior to closing, or any phased HC Equity pay-in amount necessary to complete construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC's, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) shall be deposited with the Fiscal Agent at the MMRB Loan closing unless a lesser amount is approved by JHFA prior to closing. If bridge loan proceeds are used in lieu of HC equity funding during construction, said loan must close simultaneously or prior to the MMRB loan, and sufficient amounts will be drawn from the bridge loan at MMRB Loan closing in order to satisfy the 15% requirement.
3. Guarantors to provide the standard JHFA Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.
4. For the MMRB, Guarantors are to provide the standard JHFA Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15x debt service coverage ratio on the MMRB Loan as determined by JHFA or its agent and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all certified by an independent Certified Public Accountant, and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by JHFA or its agent. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.
5. Guarantors to provide the Standard JHFA Environmental Indemnity.
6. Guarantors to provide the Standard JHFA Guaranty of Recourse Obligations.

7. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgage Lender, Trustee, or the Servicer. In the event the reserve account is held by JHFA's Loan(s) servicing agent, the release of funds shall be at JHFA's sole discretion.
8. Replacement Reserves in the amount of \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or JHFA's Loan(s) servicing agent.
9. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. The GC contract indicates a 10% retainage holdback through 50% completion then no further retainage holdback thereafter, which satisfies the minimum requirement.
10. Closing of all funding sources prior to or simultaneous with the MMRB loan.
11. Any other reasonable requirements of the Servicer, JHFA, or its legal counsel.

**Section C**

**Supporting Information & Schedules**

**September 11, 2018**



## Additional Development & Third Party Supplemental Information

**Site Inspections:** First Housing conducted a site inspection of each of the four Subject properties on April 12, 2018. Three of the properties were 97% occupied at the time of the inspection and one property, Southside (tbk as Palmetto Glen), was 93% occupied.

**Appraised Values:** First Housing reviewed separate draft update appraisals of each of the four Subject properties, and all were prepared by Novogradac & Company LLP with effective dates of August 6, 2018. At the time of the writing of this CUR, the appraisals were substantially complete in draft form, but will be finalized and reviewed prior to closing. Please note that the As-Proposed Values for The Weldon and Palmetto Glen are based on the previously referenced higher rents that have not yet been approved by HUD. Since the Developer believes that the higher rents will be approved by HUD prior to the end of the construction period, the As-Proposed Values were based on the higher rents. The appraisals are signed and certified by John Cole, MAI and Brad Weinberg, MAI. Their Florida State Certified General Real Estate Appraiser license numbers are RZ3595 and RZ3249, respectively, and each is valid through November 30, 2018. Although eight values were provided in each appraisal, following is a table with the two values First Housing considered most relevant in underwriting:

Novogradac Appraisals - Effective Dates August 6, 2018:

Property	Number of Units	As-Is Value*	As-Is Per Unit	As-Proposed Value (After Rehab) New Sec. 8 Contract	As-Proposed Per Unit
Valencia Way (f/k/a Eureka Gardens)	400	\$24,000,000	\$60,000	\$31,400,000	\$78,500
The Weldon (f/k/a Moncrief Village)	94	\$4,100,000	\$43,617	\$5,700,000	\$60,638
Palmetto Glen (f/k/a Southside)	74	\$3,800,000	\$51,351	\$6,100,000	\$82,432
Calloway Cove (f/k/a Washington Heights)	200	\$10,000,000	\$50,000	\$16,200,000	\$81,000
<b>Combined Totals</b>	<b>768</b>	<b>\$41,900,000</b>	<b>\$54,557</b>	<b>\$59,400,000</b>	<b>\$77,344</b>

\*The As-Is Value listed in the table above for each property is the greater of the appraiser's As-Is Value under the current Section 8 HAP Contract or the Hypothetical As-Is Value assuming current market rents.

Market Studies: In February 2018, a separate market study was prepared by Novogradac & Company LLP for each of the four properties, however since they are all located in the Jacksonville, FL MSA, First Housing will summarize Novogradac's conclusions for the overall Jacksonville market, followed by a separate discussion for each property submarket.

### Jacksonville Overview

The Subject properties are located in Jacksonville, Florida. The city of Jacksonville and Duval County are located within the Jacksonville, FL Metropolitan Statistical Area ("MSA"), which is comprised of five counties in north Florida, including Duval County, Clay County, St. Johns County, Nassau County, and Baker County. The Jacksonville MSA was estimated to have a population of 1,488,558 in 2016, which ranked as the fourth largest metropolitan area in Florida. As of 2015, Duval County had a population of 913,010.

The MSA transportation network includes Interstates 10 and 95, which provide access all the way across the country to California (I-10) and access all the way up and down the eastern seaboard of the United States (I-95). Jacksonville International Airport is the largest airport in Northeast Florida and is served by all major carriers. In 2016 the airport served a total of 5,591,886 passengers. The Jacksonville MSA is also home to a major seaport. JAXPORT is a full-service, international trade seaport situated at the crossroads of the nation's rail and highway network. The port owns, maintains and markets three cargo terminals, a cruise terminal and an intermodal rail terminal along the St. Johns River.

Major Jacksonville employers are concentrated in the military, education, healthcare, and financial services sectors. The Jacksonville area's two major military installations, Naval Air Station (NAS) Jacksonville and Naval Station (NS) Mayport, account for nearly 30,000 jobs alone, making the military an integral part of the area's economy. Other employment in the market is concentrated in the healthcare/social assistance, retail trade, and transportation/warehousing industries. From 2010 through 2017 year-to-date, employment growth in the MSA outpaced national

employment growth and surpassed pre-recessionary peak employment in 2013. Overall, the MSA has demonstrated strong economic growth and appears to be in an expansionary phase, according to the market analyst.

The apartment vacancy rate in Jacksonville was 6.7 percent in the fourth quarter of 2017, which is similar to the previous year and slightly higher than the national rate. The vacancy rate is projected by the market analyst to increase to approximately 7.7 percent by 2022.

Asking rent growth increased in Jacksonville from 2011 through 2017, and it is projected by the analyst to continue to grow through 2022, although at a lower rate. Average rent growth in 2017 was 4.3 percent, which is approximately 1.4 percent higher than 2016. However, rent growth is expected to drop to approximately 1.7 percent in 2018 and 1.0 percent in 2022.

#### Individual Property Submarkets/PMA's

For all of the properties except Palmetto Glen, the market analyst defines the submarket as the same as the primary market area ("PMA"), a 5-mile radius. The Palmetto Glen submarket is similar to its PMA, however due to its proximity to the St. Johns River, the submarket is limited to an area on the east bank of the river, just south of Downtown Jacksonville.

#### Valencia Way (f/k/a Eureka Gardens) PMA

The general boundaries that define the Subject's PMA are W. Beaver Street/US-90 to the north, Chaffee Road W. to the west, FL-134 to the south, and Roosevelt Boulevard/US-17, the St. John's River, and Stockton Street to the east. The Subject neighborhood consists of single-family homes in fair to average condition, commercial uses, and retail uses. North of the Subject is a house of worship. Further north of the Subject is the Wayman Academy of the Arts, a public charter school with grades kindergarten through fifth grade. East of the Subject is a used car dealership and auto body repair shops. Further east of the Subject are single-family homes in fair to average condition. South of the Subject are retail uses and car dealerships. Further south of the Subject is house of worship and more car

dealerships. West of the Subject are single-family homes. According to the market analyst, the Subject is compatible with the existing surroundings, and the surrounding properties appear to be in average to good condition.

Population and household growth rates in the PMA have been similar to the nation but slower than the MSA since 2010. The market analyst expects this trend to continue through 2022. The increasing population and number of households in the PMA is a positive indication of future demand for all types of housing.

The median household income of the PMA is lower than that of the MSA and the nation, as of the end of 2017. The growth rate of median household income in the PMA is anticipated to be similar to the MSA but outpace the national rate through 2022, while remaining below both in absolute terms. This bodes well for affordable housing such as the Subject, Valencia Way.

The weighted average physical occupancy rate in the submarket is 94.5 percent, which meets the FHFC requirement that the submarket must have an average physical occupancy rate of 92.0 percent or greater. The overall occupancy rates among the comparables range from 92 to 99 percent, with a weighted average of 95.8 percent. The affordable comparables reported a weighted average occupancy rate of 95.6 percent, while the market rate comparables reported a weighted average occupancy rate of 95.9 percent.

Novogradac estimates that there are a total of 6,885 income eligible renter households in the PMA. Valencia Way would need to capture 5.5% of these households in order to stabilize at 95% occupancy.

According to the Florida Housing Finance Corporation's allocation list, there are no FHFC Guarantee Fund Developments within a five-mile radius of Valencia Way.

*The Weldon (f/k/a Moncrief Village) PMA*

The general boundaries that define The Weldon's PMA are Trout River Boulevard and Broward Road to the north, Interstate 295 to the west, FL-90 to the south, and The St. John's River and Trout River to the east. The Subject neighborhood consists of single-

family homes in fair to average condition, commercial uses, and retail uses. North of the Subject are railroad tracks as well as White Harvest Farms. East of the Subject is a public park, tennis courts, golf course and the A. Phillip Randolph High School. South of the Subject is the Palm Trace Apartments, which is a 96-unit market rate apartment property. West of the Subject are an electrical substation, single-family homes, industrial uses and Northwestern Middle School. According to the market analyst, The Weldon is compatible with the existing surroundings, and the surrounding properties appear to be in fair to average condition.

Population and household growth rates in the PMA have been similar to the nation but slower than the MSA since 2010. The market analyst expects this trend to continue through 2022. The increasing population and number of households in the PMA is a positive indication of future demand for all types of housing.

The median household income of the PMA is lower than that of the MSA and the nation, as of the end of 2017. The growth rate of median household income in the PMA is anticipated to be similar to the MSA but outpace the national rate through 2022, while remaining below both in absolute terms. This bodes well for affordable housing such as the Subject.

The weighted average physical occupancy rate in the submarket is 95.4 percent, which meets the FHFC requirement that the submarket must have an average physical occupancy rate of 92.0 percent or greater. The overall occupancy rates among the comparables range from 86 to 100 percent, with a weighted average of 95.4 percent. The affordable comparables reported a weighted average occupancy rate of 98.9 percent, while the market rate comparables reported a weighted average occupancy rate of 92.8 percent.

Novogradac estimates that there are a total of 15,693 income eligible renter households in the PMA. The Weldon would need to capture 0.6% of these households in order to stabilize at 95% occupancy.

According to the Florida Housing Finance Corporation's allocation list, there are no FHFC Guarantee Fund Developments within a five-mile radius of The Weldon.

*Calloway Cove (f/k/a Washington Heights) PMA*

The general boundaries that define Calloway Cove's PMA are Trout River Boulevard and Broward Road to the north, Interstate 295 to the west, FL-90 to the south, and The St. John's River and Trout River to the east. The Subject neighborhood consists of single-family homes in fair to good condition, commercial uses, and retail uses. North of the Subject are single-family homes and the Ribault River. East of the Subject are single-family homes. South of the Subject are single-family homes, a Dollar General and a local supermarket. West of the Subject is a regional park, SA Hull Elementary School, a public elementary school, and retail uses which include Walgreens, Winn-Dixie and Dollar General. According to the market analyst, Calloway Cove is compatible with the existing surroundings, and the surrounding properties appear to be in fair to average condition.

Population and household growth rates in the PMA have been similar to the nation but slower than the MSA since 2010. The market analyst expects this trend to continue through 2022. The increasing population and number of households in the PMA is a positive indication of future demand for all types of housing.

The median household income of the PMA is lower than that of the MSA and the nation, as of the end of 2017. The growth rate of median household income in the PMA is anticipated to be similar to the MSA but outpace the national rate through 2022, while remaining below both in absolute terms. This bodes well for affordable housing such as the Subject.

The weighted average physical occupancy rate in the submarket is 94.7 percent, which meets the FHFC requirement that the submarket must have an average physical occupancy rate of 92.0 percent or greater. The overall occupancy rates among the comparables range from 86 to 100 percent, with a weighted average of 94.7 percent. The affordable comparables reported a weighted average occupancy rate of 98.9 percent, while the market rate comparables reported a weighted average occupancy rate of 91.5 percent.

Novogradac estimates that there are a total of 8,950 income eligible renter households in the PMA. Calloway Cove would need to capture 2.1% of these households in order to stabilize at 95% occupancy.

According to the Florida Housing Finance Corporation's allocation list, there are no FHFC Guarantee Fund Developments within a five-mile radius of Calloway Cove.

*Palmetto Glen (f/k/a Southside) PMA*

The general boundaries that define Palmetto Glen's PMA are Interstate 95, the St. Johns River, and the Arlington Expressway to the north, Southside Boulevard to the east, Butler Boulevard/State Highway 202 – continuing straight to the river from its terminus – to the south, and the St. Johns River to the west. The Subject neighborhood consists of single-family homes in fair condition, commercial uses, retail uses, places of worship and single-family homes. North of the Subject are multiple houses of worship, auto body shops and auto repair shops. East of the Subject are single-family homes and Spring Park Elementary. Immediately south of the Subject is industrial space and a gas station. West of the Subject are industrial uses, a local restaurant/grocery store and a house of worship. According to the market analyst, Palmetto Glen is compatible with the existing surroundings, and the surrounding properties appear to be in fair to good condition.

Population and household growth rates in the PMA have been similar to the nation but slower than the MSA since 2010. The market analyst expects this trend to continue through 2022. The increasing population and number of households in the PMA is a positive indication of future demand for all types of housing.

The median household income of the PMA is lower than that of the MSA and the nation, as of the end of 2017. The growth rate of median household income in the PMA is anticipated to be similar to the MSA but outpace the national rate through 2022, while remaining below both in absolute terms. This bodes well for affordable housing such as the Subject.

The weighted average physical occupancy rate in the submarket is 98.6 percent, which meets the FHFC requirement that the submarket

must have an average physical occupancy rate of 92.0 percent or greater. The overall occupancy rates among the comparables range from 96 to 100 percent, with a weighted average of 98.6 percent. The affordable comparables reported a weighted average occupancy rate of 98.5 percent, while the market rate comparables reported a weighted average occupancy rate of 98.7 percent.

Novogradac estimates that there are a total of 5,947 income eligible renter households in the PMA. Palmetto Glen would need to capture 1.2% of these households in order to stabilize at 95% occupancy.

According to the Florida Housing Finance Corporation's allocation list, there are no FHFC Guarantee Fund Developments within a five-mile radius of Palmetto Glen.

Environmental Reports: First Housing reviewed a Phase I Environmental Site Assessment ("ESA") for each of the four subject properties, and all were prepared by ATC Group Services LLC ("ATC") to the ASTM E 1527-13 Standard. In addition, ATC prepared a Limited Asbestos Survey and Lead-Based Paint Survey for each property. Following is a summary of report findings for each property:

Valencia Way (f/k/a Eureka Gardens) Environmental

The October 10, 2017 ATC Phase I ESA revealed *no evidence of Recognized Environmental Conditions* ("REC") in connection with the property. ATC notes the following regarding non-scope items:

- Lead in drinking water testing was conducted by ATC. Water sample analytical results indicate all lead concentrations were found to be below the EPA maximum allowable contaminant level of 15 µg/L.
- ATC conducted a limited visual mold screening survey for readily observable mold and conditions conducive to mold on the property. Based on the results of the physical observation, ATC did not find evidence indicating potentially significant mold impact at the property, but rather more limited areas at various locations throughout the property. ATC notes that several of the units inspected contained minor amounts of suspect visual mold growth due to the neglect of regular household maintenance and cleaning. Properly trained maintenance staff can address the minor suspect mold growth observed on the areas observed.



- Based on their findings in the Phase I ESA, ATC recommends no further investigation of Valencia Way at this time.

A Limited Asbestos Survey dated July 24, 2017 was conducted by ATC and asbestos-containing materials (“ACM”) were documented onsite at Valencia Way.

- Two-hundred eight (208) samples, taken from sixty-five (65) homogenous areas, were collected and submitted for analysis by polarized light microscopy. Based on the analytical results, eight (8) of the materials sampled were identified as ACM.
- ATC concludes that any ACMs classified by the Environmental Protection Agency (“EPA”) in National Emission Standards for Hazardous Air Pollutants (“NESHAP”) must be removed by a State of Florida licensed asbestos abatement contractor prior to demolition and renovation commencement.

A Lead-based Paint (“LBP”) Survey dated July 28, 2017 was prepared by ATC to HUD standards and LBP was documented onsite at Valencia Way.

- Ten (10) samples out of two thousand six hundred eight (2,608) samples were found to be LBP: the white ceramic tile on the bathroom window sill of Building 19, Apartment 195; the yellow ceramic tile on the bathroom window sill in Building 19, Apartment 195; the black paint on the column, stair risers, stair stringer, and stair railing of the exterior of Building 9; the black paint on the column of the exterior of Building 16; and the black paint on the column, stair stringer, and stair railing of the exterior of Building 12.
- Abatement will be required prior to demolition and renovation commencement.

*The Weldon (f/k/a Moncrief Village) Environmental*

The October 10, 2017 ATC Phase I ESA revealed *no evidence of Recognized Environmental Conditions* in connection with the property. However, the following *Controlled Recognized Environmental Condition* (“CREC”)\* was identified in connection with The Weldon:

- The property is one of 53 parcels of land located within “Area C” of the 250-acre Brown’s Dump Superfund Alternative Site. From the late 1940s until mid-1950s, the City of Jacksonville (“COJ”)

operated a landfill known as Brown's Dump. Operations included the disposal of ash from municipal incinerators, which resulted in soil impacts at the landfill and surrounding areas. ATC's historical research and FDEP records revealed that portions of Brown's Dump were located immediately adjacent to the west of the property. The primary contaminants of concern have been identified as lead, arsenic, and polyaromatic hydrocarbons. Past investigations and annual sampling events confirmed that groundwater was not significantly impacted by ash contamination at the Brown's Dump site. Cleanup of the Brown's Dump site is being funded and led by the responsible party (COJ), with oversight provided by the Florida Department of Environmental Protection ("FDEP"), the EPA, and the Army Corps of Engineers.

An excavation plan for the Subject parcel was obtained from the FDEP's MapDirect Information Portal. The plan, originally drawn in April 2008 and revised October 2010, revealed that excavation and clean backfilling of the upper two (2) feet of soil was planned for portions of the property, with other portions not requiring any remediation. At this time, institutional controls ("IC") were described as being needed at the property beneath portions of buildings, paved areas, and trees to remain on-site during the remediation. No reports documenting completion of the proposed excavation were identified in the FDEP records; however, an October 2016 status update for the Brown's Dump site reviewed on the FDEP online information portal states that remediation on the property parcel has been completed "per the 2006 Brown's Dump Record of Decision" and a "Completion Report with ICs" has been approved for the Subject parcel. As directed by Ms. Julie Hudson, Environmental Manager with the FDEP Northeast District, ATC attempted to contact the COJ for specific information regarding the remediation and placement of ICs superficially on the property in connection with Brown's Dump. At the time of submittal of the ATC Phase I ESA report, a response was still pending.

Remediation of impacts to the property soil as a direct result of the Brown's Dump Superfund Alternative Site has reportedly been completed at the property and subsequently approved by the

appropriate regulatory agencies overseeing cleanup of the site. The presence and extent of impacts beneath impervious surfaces or the two feet of clean backfill in the apparent excavated areas is unknown at this time. However, the reported placement of an engineering control (two feet of clean backfill) along with ICs outlined for the entire Brown's Dump site, as recorded in a 2008 Consent Decree, serve to reduce human exposure to ash-related impacts. Therefore, the assumed presence of residual ash-related impacted soil at the property is considered to represent a *Controlled Recognized Environmental Condition\** at this time.

\*It should be noted that a controlled recognized environmental condition, or CREC, is a recognized environmental condition resulting from a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority (for example, as evidenced by the issuance of a no further action letter or equivalent, or meeting risk-based criteria established by regulatory authority), with hazardous substances or petroleum products allowed to remain in place subject to the implementation of required controls (for example, property use restrictions, activity and use limitation, institutional controls, or engineering controls).

ATC notes the following regarding non-scope items for The Weldon Phase I ESA:

- Lead in drinking water testing was conducted by ATC. Water sample analytical results indicate all lead concentrations were found to be below the EPA maximum allowable contaminant level of 15 µg/L.
- ATC completed a limited visual assessment for the presence of water intrusion and suspect visual mold growth ("VMG"), conditions conducive to mold, and evidence of moisture intrusion in readily accessible areas of the property. ATC observed the office, the community room, laundry room, maintenance room, common areas and a total of ten (10) units during the site reconnaissance. The following units were observed: 6, 8, 11, 22, 41, 42, 53, 67, 68, and 94. Based on the results of the physical observation, ATC did not find evidence indicating potentially significant mold impact at the property, but rather more limited areas at various locations throughout the property. ATC notes that several of the units inspected contained minor amounts (less than two square feet) of suspect VMG due to the neglect of regular household maintenance and cleaning that may be addressed by properly trained maintenance staff. Additionally,

less than three (3) square feet of water damage was observed on the south wall at the ceiling of the maintenance room, which was reportedly due to a past roof leak.

A Lead-based Paint Survey dated July 21, 2017 was prepared by ATC to HUD standards.

- Results of the inspection concluded that there were no painted surfaces tested at The Weldon that were above the HUD and the EPA allowable level of 1.0 mg/cm<sup>2</sup> when analyzed using an X-Ray Fluorescence instrument.

*Calloway Cove (f/k/a Washington Heights) Environmental*

The October 11, 2017 ATC Phase I ESA revealed *evidence of a Recognized Environmental Condition* in connection with the property and recommended conducting a limited subsurface investigation to document subsurface conditions. The REC described in the Phase I is as follows:

- The current property buildings have been used as apartments since their construction in 1969, however the property address is associated with an historical cleaner database. The facility was registered for operations starting in 1969, the year of the reported construction date of the Calloway Cove buildings. It is presumed that the likely location for the former dry cleaner to have operated is within one of the small retail buildings located on the southern portion of the property. Based on the lack of additional information regarding the exact operations and waste management practices associated with this former tenant, and the presumed use and storage of hazardous substances associated with dry cleaning, ATC considered this database listing to represent a *Recognized Environmental Condition* to the property. Based upon the findings of this Phase I ESA, ATC recommended conducting a limited subsurface investigation to document subsurface conditions.

As a result of the Phase I findings for Calloway Cove, ATC conducted a Limited Phase II ESA on October 20, 2017 and reported their findings in a report dated November 20, 2017.

- In the Limited Phase II ESA, ATC oversaw the completion of four (4) borings for the collection of soil and groundwater samples. The borings were completed by using direct push

technology drilling technology, and were terminated at a maximum depth of eight (8) feet below ground surface (bgs), approximately four feet below the encountered depth of groundwater (4 feet bgs). Laboratory analyses from the soil sampling event on October 20, 2017 indicated concentrations of acetone, fluoranthene, 4-isopropyltoluene, pyrene, and tetrachloroethene were detected either at or above their respective method detection limit in soil samples collected from SB-1 through SB-4; *however, none of the reported concentrations exceeded its Soil Cleanup Target Levels (SCTLs), as defined in Chapter 62-777 of the Florida Administrative Code (F.A.C.).*

- Laboratory analyses from the groundwater sampling event on October 20, 2017, indicated acetone, chloromethane, benzo(b)fluoranthene, benzo(g,h,i)perylene, fluoranthene, naphthalene, and pyrene were detected at or above their respective method detection limit in groundwater samples collected from GW-1 through GW-4; *however, none of the reported concentrations exceeded its GCTLs, as defined in Chapter 62-777 of the F.A.C.*
- As a result of the Phase II ESA, no further investigation was recommended by ATC.

A Limited Asbestos Survey dated July 23, 2017 was conducted by ATC and asbestos-containing materials (“ACM”) were documented onsite at Calloway Cove.

- Five hundred eighty-five (585) samples, taken from two hundred (200) homogenous areas, were collected and submitted for analysis by polarized light microscopy. Based on the analytical results, various materials sampled in the residential structures, community center, mixed-use structure and former retail structure were identified as ACM.
- ATC concludes that any ACMs classified by the Environmental Protection Agency (“EPA”) in National Emission Standards for Hazardous Air Pollutants (“NESHAP”) must be removed by a State of Florida licensed asbestos abatement contractor prior to demolition and renovation commencement.

A Lead-based Paint Survey dated July 21, 2017 was prepared by ATC to HUD standards.

- Results of the inspection concluded that there were no painted surfaces tested at Calloway Cove that were above the HUD and the EPA allowable level of 1.0 mg/cm<sup>2</sup> when analyzed using an X-Ray Fluorescence instrument.

Property Condition  
Assessments:

Moran Construction Consultants, L.L.C. (“Moran”) prepared Property Condition Assessment (“PCA”) reports for each of the four properties. A summary of the results for each report follows:

Valencia Way (f/k/a Eureka Gardens) PCA

Valencia Way was built in 1968 and 1970 and consists of 37 two-story apartment buildings containing 400 total units, plus a leasing office, activity center and maintenance building. First Housing reviewed a final Property Condition Assessment report on Valencia Way dated August 8, 2018. The purpose of the report is to assess and document the major building components and their condition, and to identify any deferred maintenance, critical repairs, non-critical repairs, or building code violations and to estimate the cost to repair those items.

According to the report, at the time of Moran’s inspection, there was extensive deferred maintenance throughout the property. Major items of note include a sanitary sewer backup near Building 29, as well as three down units that were in critical need of repairs. The sanitary sewer backup was under repair at the time of inspection. The three down units include: #369, #275 and #140. Unit 140 is currently down due to a fire and units 275 and 369 are currently down due to flooding from tenant bathtubs overflowing. Moran accounted for costs associated with the deferred maintenance within the critical repair section of the report, and their concluded total for critical repairs is \$101,230.

Moran noted that the certain operational repairs will be completed at Valencia Way prior to the 1st year, including (but not limited to) the following:

- a. Installation of site accessibility and signage;
- b. Trimming and/or cutback of overgrown trees, shrubs and other vegetation;
- c. Installation or new/upgrades to site lighting/lamps to LED lighting for increased night time security;

- d. Amenity upgrades, to include new equipment, mailboxes, etc.;
- e. Masonry repairs; pressure wash, clean and tuck-pointing as scheduled;
- f. Fix, replace or repair interior finishes, fixtures and equipment;
- g. Fix, patch, repair or replace existing roofing, windows, siding, gutters and downspouts;
- h. Structural and other modifications to accommodate ADA and audio/visual impaired units;
- i. Renovate and expand the existing clubhouse to become the property leasing office and community center; to include ADA-compliant computer lab, kitchen and bathrooms. Renovate the existing leasing office to become a new, larger laundry facility to include ADA-compliant accessibility and bathrooms; and
- j. Upgrade existing site security.

*The Weldon (f/k/a Moncrief Village) PCA*

The Weldon was originally built in 1957 and consists of 25 one- and two-story apartment buildings containing 94 total units, plus a leasing office, activity center and maintenance building. First Housing reviewed a final Property Condition Assessment report on The Weldon dated August 8, 2018. The purpose of the report is to assess and document the major building components and their condition, and to identify any deferred maintenance, critical repairs, non-critical repairs, or building code violations and to estimate the cost to repair those items.

According to the report, at the time of Moran's inspection, there was extensive deferred maintenance throughout the property. Major items of note include two down units located within Building 25 (units 4655 & 4657). The down units were observed with extensive water damage due to a backup in the storm sewer system. The units and all interior finishes were noted to be in poor condition and beyond repair so a complete renovation of these two units is included in the scheduled scope of work. Evidence of mold was present. Moran accounted for costs associated with the deferred maintenance within the critical repair section of the report, and their concluded total for critical repairs is \$67,160.

Moran noted that the certain operational repairs will be completed at The Weldon prior to the 1st year, including (but not limited to) the following:

- a. Installation of site accessibility and signage;
- b. Trimming and/or cutback of overgrown trees, shrubs and other vegetation;
- c. Installation or new/upgrades to building lighting/lamps to LED lighting for increased night time security;
- d. Amenity upgrades, to include new equipment, mailboxes, furnishings, etc.;
- e. Fix, replace or repair interior finishes, fixtures and equipment;
- f. Fix, patch, repair or replace existing roofing, windows, siding, soffits, trim and stairs;
- g. Structural and other modifications to accommodate ADA and audio/visual impaired units;
- h. Converting existing leasing office into a new maintenance office / storage area as well as the construction of a new clubhouse / leasing office. New clubhouse to include: main office, large community space, business center (5 computers), ADA compliant kitchen, ADA compliant restrooms, fitness center, and laundry facility with 4 new washers and 4 new dryers. New clubhouse / leasing office to be built in the location of the existing community center. Existing community center to be demolished.

*Palmetto Glen (f/k/a Southside) PCA*

Palmetto Glen was originally built in 1969 and consists of 11 two-story, “townhouse” style apartment buildings containing 74 total units, plus a leasing office, maintenance building and laundry center. First Housing reviewed a final Property Condition Assessment report on Palmetto Glen dated August 6, 2018. The purpose of the report is to assess and document the major building components and their condition, and to identify any deferred maintenance, critical repairs, non-critical repairs, or building code violations and to estimate the cost to repair those items.

According to the report, Moran’s inspection did not reveal any systems that were in critical need of repairs, nor did they observe any



systems currently affecting the building components or ones that would negatively impact building components in the future. No major systems and/or components were in need of critical repairs or modifications.

Moran noted that the certain operational repairs will be completed at Palmetto Glen prior to the 1st year, including (but not limited to) the following:

- a. Installation of site accessibility and signage;
- b. Installation or new/upgrades to site lighting/lamps to LED lighting for increased night time security;
- c. Amenity upgrades, to include new leasing office / community center, playground equipment, etc.;
- d. Stucco / masonry repairs; pressure wash, clean and tuck-pointing as scheduled;
- e. Fix, replace or repair interior finishes, fixtures and equipment;
- f. Fix, patch, repair or replace existing roofing, windows, siding, gutters and downspouts;
- g. Structural and other modifications to accommodate audio/visual impaired units;
- h. Construction of a new clubhouse to become the property leasing office and community center (to include ADA-compliant computer lab, kitchen and bathrooms, larger laundry facility with ADA-compliant accessibility and bathrooms); and
- i. Upgrade existing site security.

Moran specifically noted that all existing units at Palmetto Glen are “townhouse” style, with bathrooms located on the second floor. Thus, conversion (of the standard 5%) of existing units into accessible units is not feasible and, therefore, will not be required. The rehab scope is proposed to include code compliant ADA accessibility and parking for access to the leasing office / community building, laundry facility, mail kiosk, playground and dumpster enclosures.

*Calloway Cove (f/k/a Washington Heights) PCA*

Calloway Cove was originally built in 1969 and consists of 20 two-story apartment buildings containing 200 total units, plus a leasing

office, activity center and maintenance/retail building. First Housing reviewed a final Property Condition Assessment report on Calloway Cove dated August 7, 2018. The purpose of the report is to assess and document the major building components and their condition, and to identify any deferred maintenance, critical repairs, non-critical repairs, or building code violations and to estimate the cost to repair those items.

According to the report, at the time of Moran's inspection, there was extensive deferred maintenance throughout the property. Major items of note include 5 missing or severely damaged second floor access stairs and one down unit. The down unit was observed with a hole in the roof (2017 storm damage) along with evidence of water damage and mold. A roof leak (hole in structure) was reported to be the result of a fallen tree from a recent storm. The property manager stated the conditions have remained unchanged, and the unit rendered "down" since the event in 2017. The unit and all interior finishes were noted to be in poor condition and beyond repair. Complete renovation of the unit is included in the scheduled scope of work. Moran accounted for costs associated with the deferred maintenance within the critical and priority repairs section of the report. Their estimate for the total cost of the critical repairs is \$40,723 and the estimated cost for the priority repairs totals \$54,750.

Moran noted that the certain operational repairs will be completed at Calloway Cove prior to the 1st year, including (but not limited to) the following:

- a. Installation of site accessibility and signage;
- b. Trimming and/or cutback of overgrown trees, shrubs and other vegetation;
- c. Installation or new/upgrades to building lighting/lamps to LED lighting for increased night time security;
- d. Amenity upgrades, to include new equipment, mailboxes, furnishings, etc.;
- e. Masonry repairs; pressure wash, clean and tuck-pointing as scheduled;
- f. Fix, replace or repair interior finishes, fixtures and equipment;
- g. Fix, patch, repair or replace existing roofing, windows, siding, soffits, trim and stairs;

- h. Structural and other modifications to accommodate ADA and audio/visual impaired units;
- i. Renovate the existing property leasing office and maintenance areas to include ADA-compliant computer, lab, kitchen and bathrooms. Renovate the existing laundry facility to include ADA-compliant accessibility and bathrooms, and paint the interior of the existing community building.

Document and Cost  
Reviews:

Moran Construction Consultants, L.L.C. prepared a Document and Cost Review (“DCR”) report for each of the four properties. A summary of each of the reports follows.

Valencia Way (f/k/a Eureka Gardens) DCR

First Housing reviewed a DCR for Valencia Way that is dated August 6, 2018.

The property currently includes 479 on-grade parking spaces with 16 of the spaces designated as ADA accessible. The renovation scope does not currently include parking counts but does indicate 43 ADA accessible spaces providing accessible routes to on-site amenities as required. In addition to ADA accessible parking, the proposed renovation will provide 20 ADA accessible units and 8 audio / visually impaired units.

The proposed renovation generally includes removal and replacement of the following finishes: kitchen cabinets, counter tops, bathroom vanities, floor finishes, drywall patch / repair as necessary, new interior doors, new door hardware, interior paint, new appliances, new fixtures and new lighting. In addition to the removal and replacement of existing finishes, each unit is to receive: new plumbing fixtures, new supply plumbing, new electrical devices and new HVAC equipment. In addition to renovations at all apartment buildings, the existing community building will be renovated and expanded to include: a new fitness room, new business center, new leasing office, large community room, ADA compliant kitchen and ADA accessible bathrooms. Outdoor seating will be provided at the rear of the community building with a trellis structure and new patio. The exiting leasing office / laundry building will be reconfigured into one large laundry facility and the maintenance shop will also receive upgrades. Other onsite amenities are proposed to include: a carwash

facility, (6) new picnic pavilions, (2) mail kiosks, new monument signage, playgrounds, benches and waste receptacles across the property. The renovation work is scheduled to complete in 18 phases over a 22-month period. Interior and exterior renovations will be completed on multiple buildings at one time with phases currently anticipated to complete in approximately 30 to 35 days.

Moran's report noted that the format and terms of the GC Contract are in line with industry standards and appear appropriate for the project type. In addition, the construction drawings reviewed appear to have adequate information for construction and have been stamped by the professional of record.

The DCR concludes that the unit cost is within the typical range for projects of similar size and scope. Based on the current itemized Schedule of Values, available contingency and Moran's understanding of project procurement, the budget does appear adequate to complete the proposed scope of work. According to Moran, the greatest risk for potential cost changes exist in the following scopes: demolition (unforeseen conditions), replacement of sanitary plumbing, abatement, modification of existing stair foundations, soffit repair, fascia repair and floor prep. The DCR concludes that the hard cost contingency should be adequate for the scope of work included in the GC Contract.

Moran's DCR report noted the following outstanding items at the time of issuance:

1. Building permit(s);
2. Final survey;
3. Final sources and uses budget; and
4. Post-renovation parking space count (is not indicated on current drawings).

Although Moran's report is in substantially complete form, a final DCR addressing the above items is a condition to closing.

*The Weldon (f/k/a Moncrief Village) DCR*

First Housing reviewed a DCR report for The Weldon that is dated August 8, 2018.

The renovation scope indicates 60 on-grade parking spaces including 8 ADA accessible spaces to provide accessible routes to on-site amenities as required. In addition to ADA accessible parking, the proposed renovation will provide 6 ADA accessible units and 2 audio / visually impaired units.

The proposed renovation generally includes removal and replacement of the following finishes: kitchen cabinets, counter tops, bathroom vanities, floor finishes, drywall patch / repair as necessary, new interior doors (50%), new door hardware (50%), interior paint, new appliances (66 ranges remain), new fixtures and new lighting. In addition to the removal and replacement of existing finishes, each unit is to receive: new plumbing fixtures new water heaters (50%), new electrical devices and new HVAC equipment (50%). In addition to renovations at all apartment buildings, the existing leasing office and laundry facility will be converted into a maintenance office. The existing maintenance building will be demolished, and a new leasing office / community building is to be constructed. The new office will include: a fitness room, business center, leasing office, large community room, ADA compliant kitchen, ADA accessible bathrooms and a laundry facility. Other on-site amenities are proposed to include: a new picnic pavilion, a new mail kiosk, new monument signage, new playground, a basketball court (half court), benches, grills, (3) new dumpster enclosures and waste receptacles across the property. The renovation work is currently scheduled to complete in 12 phases over a 14-month period. Interior and exterior renovations will be completed on multiple buildings at one time with phases currently anticipated to complete in approximately 25 days.

Moran's report noted that the format and terms of the GC Contract are in line with industry standards and appear appropriate for the project type. In addition, the construction drawings reviewed appear to have adequate information for construction and have been stamped by the professional of record.

The DCR concludes that the unit cost is within the typical range for projects of similar size and scope. Based on the current itemized Schedule of Values, available contingency and Moran's understanding of project procurement, the budget does appear adequate to complete the proposed scope of work. According to

Moran, the greatest risk for potential cost changes exist in the following: demolition (unforeseen conditions), replacement of plumbing, abatement, soffit repair, fascia repair and floor prep. The DCR concludes that the hard cost contingency should be adequate for the scope of work included in the GC Contract.

Moran's DCR report on The Weldon noted the following outstanding items at the time of issuance:

1. Building permit(s);
2. Executed architect contract;
3. Final owner sources & uses budget; and
4. Final survey.

Although Moran's report is in substantially complete form, a final DCR addressing the above items is a condition to closing.

*Palmetto Glen (f/k/a Southside) DCR*

First Housing reviewed a DCR report for Palmetto Glen that is dated August 6, 2018.

The proposed renovations include site revisions to provide code compliant ADA parking and accessible routes to on-site amenities. Of the proposed 40 parking spaces 6 will be designated as ADA accessible. Due to the "townhouse" nature of the existing structures, with all existing bathrooms on the second floor, no ADA unit conversions are planned in the renovation. The proposed renovation will provide 2 audio / visually impaired units.

The proposed renovation generally includes removal and replacement of the following finishes: kitchen cabinets, counter tops, bathroom vanities, floor finishes, drywall patch / repair as necessary, new interior doors, new door hardware, interior paint, new appliances (28 new ranges), new fixtures and new lighting. In addition to the removal and replacement of existing finishes, each unit is to receive: new plumbing fixtures (tubs to remain), new dishwashers, new hot water heaters (50%) and new HVAC equipment (50%). Electrical renovations appear to be limited to lighting replacement, smoke / CO detectors, power to new HVAC equipment, GFCI outlets as required and horns / strobes for audio and visually impaired units. In addition to renovations at all

apartment buildings, the existing leasing office and laundry facility will be converted into a maintenance office. The existing maintenance building will be demolished, and a new leasing office / community building is to be constructed. The new office will include: a fitness room, business center, leasing office, large community room, ADA compliant kitchen and ADA accessible bathrooms. An outdoor trellis for seating will be provided at the front of the community room. Other on-site amenities are proposed to include: a new picnic pavilion, a new mail kiosk, new monument signage, new playground, benches, 3 new dumpster enclosures and waste receptacles across the property. The renovation work is scheduled to complete in 10 phases over a 11-month period. Interior and exterior renovations will be completed on multiple buildings at one time with phases currently anticipated to complete in approximately 20 to 25 days.

Moran's report noted that the format and terms of the GC Contract are in line with industry standards and appear appropriate for the project type. In addition, the construction drawings reviewed appear to have adequate information for construction and have been stamped by the professional of record.

The DCR concludes that the unit cost is within the typical range for projects of similar size and scope. Based on the current itemized Schedule of Values, available contingency and Moran's understanding of project procurement, the budget does appear adequate to complete the proposed scope of work. According to Moran, demolition (unforeseen conditions), replacement of galvanized plumbing, abatement and floor prep. The DCR concludes that the hard cost contingency should be adequate for the scope of work included in the GC Contract.

Moran's DCR report on Palmetto Glen noted the following outstanding items at the time of issuance:

1. Building permit(s);
2. Final survey;
3. Executed owner architect agreement;
4. Final sources and uses budget;
5. Letter from City of Jacksonville stating ADA unit conversions will not be required.

Although Moran's report is in substantially complete form, a final DCR addressing the above items is a condition to closing.

*Calloway Cove (f/k/a Washington Heights) DCR*

First Housing reviewed a DCR report for Calloway Cove that is dated August 7, 2018.

The renovation scope indicates 12 ADA accessible parking spaces to provide accessible routes to on-site amenities as required. In addition to ADA accessible parking, the proposed renovation will provide 10 ADA accessible units and 4 audio / visually impaired units.

Exterior renovations are to include new windows and doors, new front entry stairs, repair to existing rear stairs, new exterior cladding and new trim. 16 of the 19 buildings are to receive new 30-year architectural asphalt shingles. The remaining 3 buildings have asphalt shingle roofs that were recently replaced and do not require replacement. Existing brick veneer is to be cleaned, tuck pointed and patched as necessary.

The proposed renovation generally includes removal and replacement of the following finishes: kitchen cabinets, counter tops, bathroom vanities, floor finishes, drywall patch / repair as necessary, 125 new interior doors, 125 sets of door hardware, interior paint, 159 new ranges, new refrigerators, new fixtures and new lighting. In addition to the removal and replacement of existing finishes, each unit is to receive: new plumbing fixtures, new water heaters (50%), new electrical devices and new HVAC equipment. In addition to renovations at all apartment buildings, the existing community building is scheduled to receive new interior paint and the leasing office will be remodeled with updated finishes and ADA accessible restrooms. The multipurpose building will be renovated to accommodate a laundry facility, multipurpose room, fitness room, clinic rooms, ADA accessible restrooms and maintenance areas. Other on-site amenities are proposed to include: one new bike rack per building, two new picnic pavilions, picnic tables, grills, new monument signage, benches and waste receptacles across the property. The renovation work is scheduled to complete in 11 phases over a 15-month period. Interior and exterior renovations will be



completed on multiple buildings at one time with phases currently anticipated to complete in approximately 25 to 30 days.

Moran's report noted that the format and terms of the GC Contract are in line with industry standards and appear appropriate for the project type. In addition, the construction drawings reviewed appear to have adequate information for construction and have been stamped by the professional of record.

The DCR concludes that the unit cost is within the typical range for projects of similar size and scope. Based on the current itemized Schedule of Values, available contingency and Moran's understanding of project procurement, the budget does appear adequate to complete the proposed scope of work. According to Moran, the greatest risk for potential cost changes exist in the following: demolition (unforeseen conditions), replacement of sanitary plumbing, abatement, modification of existing stair foundations, soffit repair, fascia repair and floor prep. The DCR concludes that the hard cost contingency should be adequate for the scope of work included in the GC Contract.

Moran's DCR report on Calloway Cove noted the following outstanding items at the time of issuance:

1. Building permit(s);
2. Executed architect contract;
3. Final owner sources & uses budget;
4. Final survey.

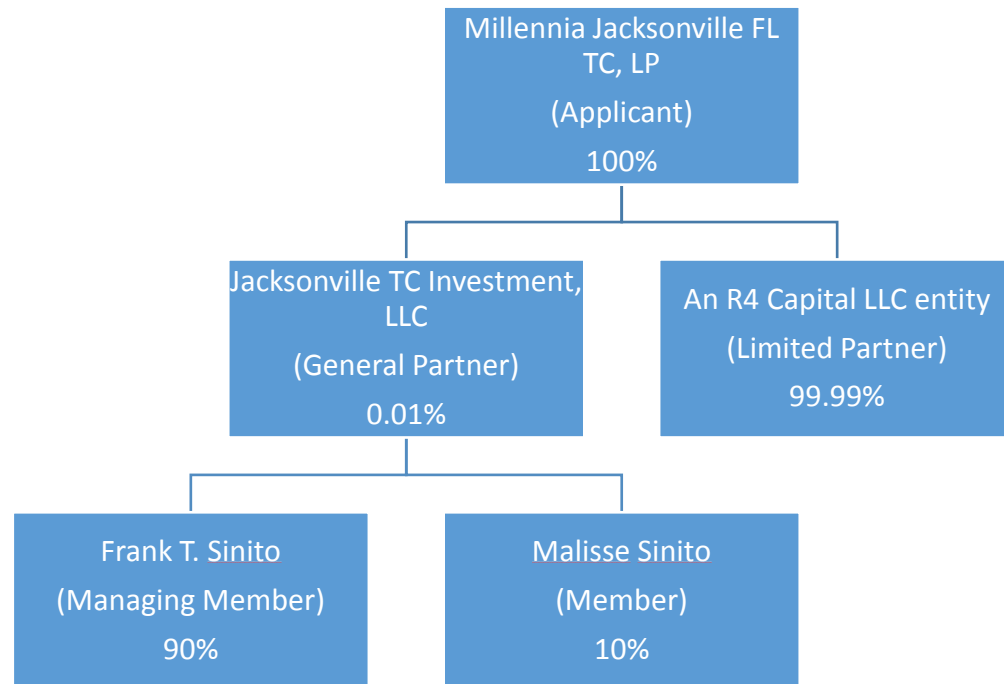
Although Moran's report is in substantially complete form, a final DCR addressing the above items is a condition to closing.

## Applicant Information

Applicant: Millennia Jacksonville FL TC, LP

Type: Florida limited partnership

Ownership  
Structure:



Millennia Jacksonville FL TC, LP was formed on May 25, 2017. Jacksonville TC Investment, LLC owns 0.01% of the Applicant and was formed as an Ohio limited liability company on May 15, 2017. The Developer is Millennia Housing Development, Ltd., which has Frank T. Sinito as the Managing Member and 20% owner, and Malisse J. Sinito as the Member and 80% owner.

Contact Person: Stephanie Sinito, Manager of Operations  
4000 Key Tower, 127 Public Square  
Cleveland, Ohio 44114-1309  
216.520.1250  
[ssinito@mhmltd.com](mailto:ssinito@mhmltd.com)

Experience: The Millennia Companies (“Millennia”) is a vertically integrated real estate company headquartered in Cleveland, Ohio. The family of companies is comprised of Millennia Housing Management (“MHM”), Millennia Housing Development (“MHD”), Millennia Housing Capital (“MHC”), and American

Preservation Builders (“APB”). Millennia specializes in the acquisition, rehabilitation and management of affordable and market rate multifamily communities. Millennia has operations in 23 states and employs over 1,000 people, and of the nearly 23,000 units the company manages, over 20,000 of the units are identity-of-interest management, with the remainder being fee management.

Millennia Housing Development, Ltd.’s stated mission is to acquire, preserve and rehabilitate Section 8, Section 202, Section 236, Section 538, Section 515 and pre-1995 LIHTC properties utilizing the 4% and 9% LIHTC. Based on the 100+ years of experience of the key personnel of MHD, the development company has added nearly 8,000 units of affordable housing since 2004.

Frank T. Sinito is the CEO of Millennia, which he founded in 1995 to meet the mission of owning, managing, and transforming multifamily housing communities. Mr. Sinito’s experience ranges from acquiring, managing, developing and constructing affordable housing projects, to acting as the general contractor for the rehabilitation of conventional and subsidized residential housing, in addition to developing a commercial property. Mr. Sinito has utilized his education and experience in all financial aspects of real estate development and has used conventional and insured financing and LIHTC to develop properties since 1988. Mr. Sinito is a member of the Northeast Ohio Apartment Association and the Midwest Affordable Housing Management Association. He is a past trustee of the Ohio Canal Corridor and of the Independence Cuyahoga Valley Business Association. He was Person of the Year 2001 for the Independence Cuyahoga Valley Chamber of Commerce. Mr. Sinito earned a Bachelor of Arts with a major in Economics and a minor in Finance from Cleveland State University.

Credit Evaluation:	First Housing received a satisfactory credit report for Frank T. Sinito, Malisse J. Sinito and Millennia Housing Development, Ltd. The Applicant and General Partner are newly formed single-purpose entities; therefore, a Dun and Bradstreet Report is not available for them.
Bank/Trade References:	First Housing received satisfactory bank and trade references for Frank T. Sinito and Millennia Housing Development, Ltd. Bank and trade references for the Applicant and General Partner are not available (single-purpose entities).
Financial Statements:	The Applicant and General Partner are newly formed single-purpose entities; therefore, financial statements and tax returns are not available for them. First

Housing received the 2015 and 2016 tax returns for the Millennia Housing Development, Ltd. and the 2015 and 2016 tax returns for Frank T. Sinito and Malisse J. Sinito. Extensions for the 2017 tax returns were also received for both the Developer and the Sinitos.

First Housing reviewed the following satisfactory unaudited financial statement for Frank T. and Malisse J. Sinito:

Frank T. and Malisse J. Sinito Unaudited Personal Financial Statement June 30, 2018	
Cash & Equivalents	\$21,222,000
Total Assets	\$348,957,400
Total Liabilities	\$26,000,000
Total Equity	\$322,957,400

First Housing reviewed a Statement of Financial/Credit Affairs executed by Frank & Malisse Sinito on August 22, 2018. The statement lists a number of affordable multifamily properties in their portfolio that currently have occupancy rates below 85%. However, the majority of these properties are in the process of either minor or major renovation, which aligns with the Sinito's goal of preserving and rehabilitating affordable units. In addition, the REO Schedule provided lists significant equity and ownership interests in over 23,000 units.

The Sinitos also list \$155,605,400 in contingent liabilities, which consist primarily of guarantees on mortgage notes for existing apartment properties in their portfolio.

First Housing reviewed the following satisfactory unaudited financial statement for the developer entity:

Millennia Housing Development, Ltd. Unaudited Financial Statement June 30, 2018	
Cash & Equivalents	\$293,067
Total Assets	\$43,257,616
Total Liabilities	\$23,369,012
Total Equity	\$19,888,604

First Housing reviewed a Statement of Financial/Credit Affairs executed by Millennia Housing Development, Ltd. on August 20, 2018. According to the statement, the developer entity does not have any contingent liabilities as endorser or co-maker of a note, however there are completion, operating deficit and developer fee guaranties listed for 59 properties.

**Summary:** Based upon its review of the financial statements and the schedules of contingent liabilities, First Housing concludes that Frank T. Sinito, Malisse Sinito and Millennia Housing Development, Ltd. have the requisite financial strength to complete the renovations and operate the developments.

## Guarantor Information

**Guarantors:** Millennia Jacksonville FL TC, LP, Frank T. Sinito, Malisse J. Sinito, and Jacksonville TC Investment, LLC to sign all guarantees. Millennia Housing Development, Ltd. to only sign Construction Completion and Operating Deficit Guarantee.

**Nature of Guarantees:** The Guarantors will sign standard JHFA Construction Completion, Environmental Indemnity, Recourse Obligation, and Operating Deficit Guarantees. The Construction Completion Guarantee will be released upon 100% lien free completion as approved by the Servicer.

For the MMRB, Guarantors are to provide the standard JHFA Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15x debt service coverage ratio on the MMRB Loan as determined by JHFA or its agent and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all certified by an independent Certified Public Accountant, and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by JHFA or its agent. Notwithstanding the above, the Operating Deficit Guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.

**Financial Statements:** Financial Statements for the key Guarantors were summarized in the “Applicant Information” section of this credit underwriting report. The Applicant and General Partner are newly formed entities and do not yet have financial statements.

**Contingent Liabilities:** Contingent Liabilities for the Guarantors were summarized in the “Applicant Information” section of this credit underwriting report.

**Summary:** Based upon review of the financial statements and contingent liabilities, First Housing concludes that the above referenced Guarantors have sufficient net worth for the purpose of collateralizing the JHFA Guarantees.

**General Contractor Information**

General Contractor: NEI General Contracting, Inc.

Type: A Massachusetts Corporation licensed to do business in the State of Florida

Contact: Richard L. Ionelli, Jr., Director of Southeast Construction  
(Florida Certified General Contractor License Number CGC1521796 valid through August 31, 2020)

2707 Rew Circle  
Ocoee, Florida 34761  
407.347.4417 Telephone  
407.395.9581 Facsimile

Experience: NEI General Contracting, Inc., (“NEI”) was incorporated in the Commonwealth of Massachusetts on February 17, 1998 as a general contractor in both the public and private sectors. The company is engaged in fixed-price, unit price, and cost-plus contracts in the public and private sectors. Contracts are typically located within New England, Florida and Ohio. The company employs a non-union work force and it has two stockholders: Kevin Fish and Josef Rettman, each with a 50% ownership interest in the company. NEI reports a management team of 10 people, an office team of 55 people, a field team of 75 people, and also approximately 500 subcontractors under contract at a given time.

NEI has completed nearly \$1 billion in construction projects spanning a wide variety of types and programs, and the company has completed multifamily tax credit projects with contract amounts totaling just over \$410 million and comprising 3,405 units.

Corporate financial results for NEI are reported as part of the consolidated financial statement of Northeast Consolidated Group.

Credit Evaluation: First Housing has reviewed a satisfactory Dun & Bradstreet Business Information Report, dated August 29, 2018, NEI General Contracting, Inc.

References: First Housing received satisfactory bank and trade references for NEI General Contracting, Inc.

Financial Statements: First Housing was provided with 2015-2017 audited financial statements for Northeast Consolidated Group, of which NEI General Contracting, Inc. is a subsidiary. A summary of the 2017 audited statement follows below:

Northeast Consolidated Group Audited Financial Statement Dated December 31, 2017	
Cash and Equivalents	\$8,870,832
Total Assets	\$51,267,378
Total Liabilities	\$43,338,057
Total Equity	\$7,929,321

Summary: First Housing recommends that NEI General Contracting, Inc. be accepted as the contractor for the rehabilitation of these developments. A 100% Payment and Performance Bond will be required.



## Syndication Information

Syndicator Name: R4 Capital, LLC

Contact Person: Brian Blue  
 Senior Vice President, Chief Underwriter  
 R4 Capital, LLC  
 155 Federal Street, Suite 1004  
 Boston, MA 02110  
 Tel: 617.502.5940  
 Email: [bblue@r4cap.com](mailto:bblue@r4cap.com)

Experience: R4 Capital is a national affordable housing syndicator founded in 2011 by its President and CEO, Marc Schnitzer and the Regis Group, a 60-year-old, London-based, privately-held residential property investment firm.

R4 Capital's senior executive team has on average more than 25 years of Housing Tax Credit experience, with a track record that includes over \$15 billion of LIHTC equity investments on behalf of more than 200 corporate investors. R4 Capital has longstanding relationships with the nation's top LIHTC developers built over 30 years in more than 2,000 transactions. The firm maintains offices in New York, NY, Boston, MA, Newport Beach, CA, and Austin, TX.

Since May 2012, R4 Capital has raised more than \$2.0 billion of LIHTC equity investments from more than 60 institutional investors in 14 multi-investor funds and seven proprietary funds. R4 Capital's portfolio includes more than 229 properties located in 37 states, the District of Columbia, Puerto Rico, and the Northern Mariana Islands.

Financial Statements:

R4 Capital, LLC and Subsidiaries Audited Financial Statement December 31, 2017	
Cash	\$3,271,500
Total Assets	\$237,614,775
Total Liabilities	\$231,850,847
Equity	\$5,763,928

Summary: R4 Capital, LLC has demonstrated that it has the experience and financial strength to serve as the syndicator for this development.

**Property Management Information**

Management Company:	Millennia Housing Management, Ltd.
FEI:	34-1816464
Contact:	Stephanie Sinito, Manager of Operations 4000 Key Tower, 127 Public Square Cleveland, Ohio 44114-1309 216.520.1250 <a href="mailto:ssinito@mhmltd.com">ssinito@mhmltd.com</a>
Experience:	Millennia Housing Management, Ltd. was established in December 1995 to manage a newly acquired portfolio for both HUD subsidized and Low-Income Housing Tax Credit housing. Frank T. Sinito is its Chief Executive Officer and Founder, and the firm pursues opportunities in both fee management and acquisitions in the affordable multi-family industry. Collectively, Millennia Housing Management's executive team possesses over 125 years of experience in developing and managing Section 8 housing, LIHTC properties and market rate properties. Mr. Sinito's company currently manages over 27,000 apartment units. Over 23,000 of these units are identity-of-interest management, with the remainder being fee management. Over 50% of all residential units are designated for elderly and/or disabled residents. The elderly units include both HUD assisted and LIHTC properties. About 70% of all Millennia managed properties are Section 8 housing.
Management Agreement:	First Housing received an unexecuted Management Agreement between Millennia Housing Management, Ltd. and Millennia Jacksonville FL TC, LP for each of the four Subject properties. The agreements reflect a management fee of 4% of the adjusted total revenue or the maximum allowed by HUD guidelines.
Management Plan:	The applicant has submitted a Management Plan for each property, which outlines the various policies and procedures to be implemented in managing the subject development.

**Summary:**

The management company has an acceptable amount of experience in the management of affordable multifamily housing. First Housing recommends Millennia Housing Management, Ltd. as the management entity for each Subject development.

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>OPERATING PRO FORMA</b>																
<b>INCOME:</b>	Gross Potential Rental Income	\$8,753,940	\$8,929,019	\$9,107,599	\$9,289,751	\$9,475,546	\$9,665,057	\$9,858,358	\$10,055,525	\$10,256,636	\$10,461,769	\$10,671,004	\$10,884,424	\$11,102,113	\$11,324,155	\$11,550,638
	Ancillary Income	\$116,800	\$119,136	\$121,519	\$123,949	\$126,428	\$128,957	\$131,536	\$134,166	\$136,850	\$139,587	\$142,379	\$145,226	\$148,131	\$151,093	\$154,115
	Gross Potential Income	\$8,870,740	\$9,048,155	\$9,229,118	\$9,413,700	\$9,601,974	\$9,794,014	\$9,989,894	\$10,189,692	\$10,393,486	\$10,601,355	\$10,813,383	\$11,029,650	\$11,250,243	\$11,475,248	\$11,704,753
	Less:															
	Economic Loss Percentage: 0.00%															
	Physical Vac. Loss Percentage: 3.00%	\$266,122	\$271,445	\$276,874	\$282,411	\$288,059	\$293,820	\$299,697	\$305,691	\$311,805	\$318,041	\$324,401	\$330,890	\$337,507	\$344,257	\$351,143
	Collection Loss Percentage: 0.00%															
<b>Total Effective Gross Income</b>		<b>\$8,604,618</b>	<b>\$8,776,710</b>	<b>\$8,952,244</b>	<b>\$9,131,289</b>	<b>\$9,313,915</b>	<b>\$9,500,193</b>	<b>\$9,690,197</b>	<b>\$9,884,001</b>	<b>\$10,081,681</b>	<b>\$10,283,315</b>	<b>\$10,488,981</b>	<b>\$10,698,761</b>	<b>\$10,912,736</b>	<b>\$11,130,991</b>	<b>\$11,353,610</b>
<b>EXPENSES:</b>	Fixed:															
	Real Estate Taxes	\$809,110	\$833,383	\$858,385	\$884,136	\$910,660	\$937,980	\$966,120	\$995,103	\$1,024,956	\$1,055,705	\$1,087,376	\$1,119,997	\$1,153,597	\$1,188,205	\$1,223,851
	Insurance	\$317,200	\$326,716	\$336,517	\$346,613	\$357,011	\$367,722	\$378,753	\$390,116	\$401,819	\$413,874	\$426,290	\$439,079	\$452,251	\$465,819	\$479,793
	Variable:															
	Management Fee Percentage: 4.00%	\$344,196	\$351,080	\$358,102	\$365,264	\$372,569	\$380,020	\$387,621	\$395,373	\$403,281	\$411,346	\$419,573	\$427,965	\$436,524	\$445,254	\$454,159
	General and Administrative	\$399,500	\$411,485	\$423,830	\$436,544	\$449,641	\$463,130	\$477,024	\$491,335	\$506,075	\$521,257	\$536,895	\$553,001	\$569,591	\$586,679	\$604,280
	Payroll Expenses	\$1,003,952	\$1,034,071	\$1,065,093	\$1,097,045	\$1,129,957	\$1,163,856	\$1,198,771	\$1,234,734	\$1,271,776	\$1,309,930	\$1,349,228	\$1,389,704	\$1,431,395	\$1,474,337	\$1,518,567
	Utilities	\$1,119,600	\$1,153,188	\$1,187,784	\$1,223,417	\$1,260,120	\$1,297,923	\$1,336,861	\$1,376,967	\$1,418,276	\$1,460,824	\$1,504,649	\$1,549,788	\$1,596,282	\$1,644,170	\$1,693,495
	Maintenance and Repairs/Pest Control	\$906,800	\$934,004	\$962,024	\$990,885	\$1,020,611	\$1,051,230	\$1,082,767	\$1,115,250	\$1,148,707	\$1,183,168	\$1,218,663	\$1,255,223	\$1,292,880	\$1,331,666	\$1,371,616
	Reserve for Replacements	\$230,400	\$230,400	\$230,400	\$230,400	\$230,400	\$230,400	\$230,400	\$230,400	\$230,400	\$230,400	\$237,312	\$244,431	\$251,764	\$259,317	\$267,097
	<b>Total Expenses</b>	<b>\$5,130,758</b>	<b>\$5,274,327</b>	<b>\$5,422,134</b>	<b>\$5,574,305</b>	<b>\$5,730,969</b>	<b>\$5,892,261</b>	<b>\$6,058,316</b>	<b>\$6,229,278</b>	<b>\$6,405,290</b>	<b>\$6,586,504</b>	<b>\$6,779,986</b>	<b>\$6,979,190</b>	<b>\$7,184,286</b>	<b>\$7,395,449</b>	<b>\$7,612,860</b>
<b>Net Operating Income</b>		<b>\$3,473,860</b>	<b>\$3,502,383</b>	<b>\$3,530,111</b>	<b>\$3,556,984</b>	<b>\$3,582,946</b>	<b>\$3,607,933</b>	<b>\$3,631,881</b>	<b>\$3,654,724</b>	<b>\$3,676,391</b>	<b>\$3,696,811</b>	<b>\$3,708,995</b>	<b>\$3,719,571</b>	<b>\$3,728,450</b>	<b>\$3,735,542</b>	<b>\$3,740,751</b>
<b>Debt Service Payments</b>																
First Mortgage -		\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050	\$2,996,050
Second Mortgage -		\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150	\$345,150
First Mortgage Fees -		\$156,611	\$155,825	\$154,997	\$154,124	\$153,205	\$152,237	\$151,217	\$150,143	\$149,011	\$147,819	\$146,562	\$145,239	\$143,845	\$142,376	\$140,829
<b>Total Debt Service Payments</b>		<b>\$3,497,811</b>	<b>\$3,497,025</b>	<b>\$3,496,197</b>	<b>\$3,495,324</b>	<b>\$3,494,405</b>	<b>\$3,493,437</b>	<b>\$3,492,417</b>	<b>\$3,491,343</b>	<b>\$3,490,211</b>	<b>\$3,489,019</b>	<b>\$3,487,762</b>	<b>\$3,486,439</b>	<b>\$3,485,045</b>	<b>\$3,483,576</b>	<b>\$3,482,029</b>
<b>Cash Flow after Debt Service</b>		<b>-\$23,951</b>	<b>\$5,359</b>	<b>\$33,914</b>	<b>\$61,660</b>	<b>\$88,540</b>	<b>\$114,495</b>	<b>\$139,464</b>	<b>\$163,381</b>	<b>\$186,180</b>	<b>\$207,792</b>	<b>\$221,233</b>	<b>\$233,132</b>	<b>\$243,405</b>	<b>\$251,965</b>	<b>\$258,721</b>
<b>Debt Service Coverage Ratios</b>																
DSC - First Mortgage plus Fees		1.10	1.11	1.12	1.13	1.14	1.15	1.15	1.16	1.17	1.18	1.18	1.18	1.19	1.19	1.19
DSC - Second Mortgage plus Fees		0.99	1.00	1.01	1.02	1.03	1.03	1.04	1.05	1.05	1.06	1.06	1.07	1.07	1.07	1.07
DSC - All Mortgages and Fees		0.99	1.00	1.01	1.02	1.03	1.03	1.04	1.05	1.05	1.06	1.06	1.07	1.07	1.07	1.07
<b>Financial Ratios</b>																
Operating Expense Ratio		59.63%	60.09%	60.57%	61.05%	61.53%	62.02%	62.52%	63.02%	63.53%	64.05%	64.64%	65.23%	65.83%	66.44%	67.05%
Break-even Economic Occupancy Ratio (all debt)		97.39%	97.06%	96.75%	96.47%	96.20%	95.95%	95.72%	95.52%	95.33%	95.16%	95.07%	95.01%	94.96%	94.92%	94.91%

**50% Test**

Tax-Exempt Bond Amount	\$72,177,907
Less: Debt Service Reserve Funded with Tax Exempt Bond Proceeds	\$0
Less Proceeds Used for Cost of Issuance	\$843,400
Other:	\$0
Equals Net Tax-Exempt Bond Amount	\$73,021,307
Total Depreciable Cost	\$79,315,184
Plus Building/Land Cost	\$49,400,000
Aggregate Basis	\$128,715,184
Net Tax-Exempt Bond to Aggregate Basis Ratio	56.08%

1. Based on the development budget, the development appears to meet the 50% test for 4% Housing Credits.

**Features and Amenities – Millennia Jacksonville Portfolio****Valencia Way (f/k/a Eureka Gardens)****Features & Amenities**

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds

Unit amenities (in addition to those required) include:

- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

The Applicant has 21 of the required 25 points and requests a waiver. The other possible point-scoring items are either not-feasible (gated community), cost prohibitive (fire sprinklers in all units), or physically infeasible (washer-dryer hookups).

Development amenities include:

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment
- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court

Mandatory Energy Conservation features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments

- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

The Applicant is requesting a waiver from the feature dealing with sealed and insulated heating and cooling system ducts. The Applicant states: *"We are able to meet each requirement other than the requirement to seal and insulate heating and cooling systems ducts (highlighted below). This requirement is financially infeasible due to the amount of extensive demolition to dry wall in order to access all of the duct work in each unit."*

Other energy conservation features:

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum

Design, Amenity & Energy Efficiency Issues:

- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work
- Recommend granting waiver on unit amenities

**The Weldon (f/k/a Moncrief Village)  
Features & Amenities**

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds

Unit amenities (in addition to those required) include:



- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

The Applicant has 21 of the required 25 points and requests a waiver. The other possible point-scoring items are either not-feasible (gated community), cost prohibitive (fire sprinklers in all units), or physically infeasible (washer-dryer hookups).

Development amenities include:

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment
- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court

Mandatory Energy Conservation features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments
- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

The Applicant is requesting a waiver from the feature dealing with sealed and insulated heating and cooling system ducts. The Applicant states: *"We are able to meet each requirement other than the requirement to seal and insulate heating and cooling systems ducts (highlighted below). This*

*requirement is financially infeasible due to the amount of extensive demolition to dry wall in order to access all of the duct work in each unit."*

Other energy conservation features:

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum

Design, Amenity & Energy Efficiency Issues:

- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work
- Recommend granting waiver on unit amenities

**Palmetto Glen (f/k/a Southside)  
Features & Amenities**

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds

Unit amenities (in addition to those required) include:

- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

The Applicant has 21 of the required 25 points and requests a waiver. The other possible point-scoring items are either not-feasible (gated community), cost prohibitive (fire sprinklers in all units), or physically infeasible (washer-dryer hookups).

Development amenities include:

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment

- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court

Mandatory Energy Conservation features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments
- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

The Applicant is requesting a waiver from the feature dealing with sealed and insulated heating and cooling system ducts. The Applicant states: *"We are able to meet each requirement other than the requirement to seal and insulate heating and cooling systems ducts (highlighted below). This requirement is financially infeasible due to the amount of extensive demolition to dry wall in order to access all of the duct work in each unit."*

Other energy conservation features:

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum

Design, Amenity & Energy Efficiency Issues:

- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work

- Recommend granting waiver on unit amenities

**Calloway Cove (f/k/a Washington Heights)  
Features & Amenities**

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds

Unit amenities (in addition to those required) include:

- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

The Applicant has 21 of the required 25 points and requests a waiver. The other possible point-scoring items are either not-feasible (gated community), cost prohibitive (fire sprinklers in all units), or physically infeasible (washer-dryer hookups).

Development amenities include:

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment
- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court

Mandatory Energy Conservation features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;

- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments
- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

The Applicant is requesting a waiver from the feature dealing with sealed and insulated heating and cooling system ducts. The Applicant states: *"We are able to meet each requirement other than the requirement to seal and insulate heating and cooling systems ducts (highlighted below). This requirement is financially infeasible due to the amount of extensive demolition to dry wall in order to access all of the duct work in each unit."*

Other energy conservation features:

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum

Design, Amenity & Energy Efficiency Issues:

- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work
- Recommend granting waiver on unit amenities

**Exhibit 4**

**Valencia Way (f/k/a Eureka Gardens)  
Property Specific Detail**

## Uses of Funds by Individual Property:

Valencia Way (f/k/a Eureka Gardens)

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Demolition		\$540,800	\$540,800	\$1,352
Recreational Amenities	\$549,400			\$0
Rehab of Existing Common Areas	\$6,122,220			\$0
Rehab of Existing Rental Units	\$12,385,814	\$19,741,895	\$19,741,895	\$49,355
Site Work		\$260,000	\$260,000	\$650
Constr. Contr. Costs subject to GC Fee	\$19,057,434	\$20,542,695	\$20,542,695	\$51,357
General Conditions	\$1,143,446	\$1,232,562	\$1,232,562	\$3,081
Overhead	\$381,149	\$410,854	\$410,854	\$1,027
Profit	\$1,143,446	\$1,232,562	\$1,232,562	\$3,081
General Liability Insurance		\$200,000	\$200,000	\$500
Payment and Performance Bonds		\$155,174	\$155,174	\$388
Contract Costs not subject to GC Fee		\$665,644	\$665,644	\$1,664
Total Construction Contract/Costs	\$21,725,475	\$24,439,490	\$24,439,491	\$61,099
Hard Cost Contingency	\$1,905,743	\$1,500,000	\$1,500,000	\$3,750
FF&E paid outside Constr. Contr.		\$50,000	\$50,000	\$125
Other: Other Ineligible Work		\$100,000	\$100,000	\$250
<b>Total Construction Costs:</b>	<b>\$23,631,218</b>	<b>\$26,089,490</b>	<b>\$26,089,491</b>	<b>\$65,224</b>

## Notes to Valencia Way Construction Costs:

1. The Applicant provided an executed Construction Contract between NEI General Contracting, Inc. ("Contractor") and Millennia Jacksonville FL TC, LP ("Owner") wherein the basis of payment is the cost of the work plus a fee with a guaranteed maximum price in the amount of \$24,439,491. Payments to the Contractor will be subject to 10% retainage until the work under the contract is 50% complete, with no retainage withheld thereafter. The contract calls for work to be substantially complete no later than twenty-two (22) months after the commencement date established in the Owner's notice to proceed.
2. Hard Cost Contingency is included at 6.1% of the construction contract, which is less than the maximum of 15% of the total construction costs.
3. The general contractor fee is within the maximum 14% of hard costs. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees		\$18,000	\$18,000	\$45
Appraisal		\$8,000	\$14,500	\$36
Architect's Fee - Site/Building Design	\$829,797	\$549,460	\$549,460	\$1,374
Architect's Fee - Supervision		\$107,040	\$107,040	\$268
Capital Needs Assessment/Rehab		\$7,500	\$7,500	\$19
Engineering Fees		\$10,000	\$10,000	\$25
Environmental Report		\$10,200	\$10,200	\$26
FHFC Administrative Fees	\$401,504	\$215,688	\$219,397	\$548
FHFC Application Fee		\$3,000	\$3,000	\$8
FHFC Credit Underwriting Fee		\$14,194	\$14,194	\$35
FHFC Compliance Fee		\$107,502	\$220,815	\$552
Lender Inspection Fees / Const Admin	\$18,200		\$36,300	\$91
Insurance	\$157,423	\$157,423	\$0	\$0
Legal Fees - Organizational Costs	\$395,000	\$320,000	\$320,000	\$800
Market Study	\$6,500	\$6,500	\$6,500	\$16
Plan and Cost Review Analysis			\$4,600	\$12
Property Taxes	\$197,723	\$325,943	\$0	\$0
Survey	\$20,000	\$20,000	\$20,000	\$50
Tenant Relocation Costs	\$60,000	\$320,000	\$320,000	\$800
Title Insurance and Recording Fees	\$253,500	\$253,500	\$253,500	\$634
Soft Cost Contingency			\$116,500	\$291
Other: Organization Expense		\$7,500	\$7,500	\$19
Other: Owner Rep Costs		\$50,000	\$50,000	\$125
Other: SE Blue Print		\$7,500	\$7,500	\$19
Other: Transfer Tax		\$130,000	\$130,000	\$325
<b>Total General Development Costs:</b>	<b>\$2,339,647</b>	<b>\$2,648,950</b>	<b>\$2,446,506</b>	<b>\$6,116</b>

## Notes to Valencia Way General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Valencia Way Property Tax and Insurance line items are each shown as \$0 in this General Development Costs section because First Housing has accounted for them in the calculation of NOI, and NOI is used as an offset to the Construction Interest, Property Tax and Insurance budget items. To include them here would be "double-counting." Builder's Risk Insurance is included in the Applicant's property insurance, as evidenced by the Acord provided to First Housing.
3. First Housing has utilized actual costs for: FHFC Credit Underwriting, FHFC Application Fee, Appraisal, Market Study, Capital Needs Assessment and Plan and Cost Review.
4. The FHFC HC Compliance Fee is based on a 30-year set-aside period.



5. The Soft Cost Contingency line item is equal to 5% of General Development Costs (excluding the Soft Cost Contingency), as allowed for rehab developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Construction Loan Origination Fee			\$637,500	\$1,594
Construction Loan Interest		\$1,627,675	\$638,564	\$1,596
Permanent Loan Origination Fee		\$409,375		\$0
Local HFA Application Bond Fee			\$15,625	\$39
Local HFA Bond Underwriting Fee			\$58,750	\$147
Local HFA Bond Origination Fee	\$63,821	\$63,821		\$0
Local HFA Bond Trustee Fee		\$35,000	\$62,500	\$156
Local HFA Bond Cost of Issuance		\$327,500		\$0
Local HFA Bond Closing Costs			\$3,125	\$8
Local HFA Legal - Bond Counsel			\$80,417	\$201
Local HFA Legal - Issuer's Counsel			\$7,813	\$20
Local HFA Legal - U/W's Counsel			\$9,115	\$23
Initial TEFRA Fee			\$260	\$1
Other: Misc. Financing Costs	\$2,590,740	\$18,500		\$0
Other: Owner Costs	\$457,500			\$0
Other: JHFA Development Feasibility Fee			\$6,250	\$16
Other: JHFA Admin Fee			\$106,250	\$266
Other: Financial Advisor Fees & Expenses			\$89,167	\$223
<b>Total Financial Costs:</b>	<b>\$3,112,061</b>	<b>\$2,481,871</b>	<b>\$1,715,336</b>	<b>\$4,288</b>
<b>Dev. Costs before Acq., Dev. Fee &amp; Reserves</b>	<b>\$29,082,926</b>	<b>\$31,220,311</b>	<b>\$30,251,333</b>	<b>\$75,628</b>

Notes to Valencia Way Financial Costs:

1. The Underwriter's Financial Costs above for Valencia Way are only weighted averages based on the overall Financial Costs since this is a single MMRB transaction covering all four properties and an individual breakdown of these costs is not possible. Please see the Financial Costs section for the entire MMRB transaction in the main body of this underwriting memo.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Building Acquisition Cost	\$23,000,000	\$24,218,750	\$24,218,750	\$60,547
Developer Fee on Non-Land Acq. Costs		\$4,000,000	\$4,359,375	\$10,898
<b>Total Non-Land Acquisition Costs:</b>	<b>\$23,000,000</b>	<b>\$28,218,750</b>	<b>\$28,578,125</b>	<b>\$71,445</b>

Notes to Valencia Way Non-Land Acquisition Costs:

1. Since this is a forced portfolio sale by HUD, the Building Acquisition Cost line item above is underwritten to the lesser of acquisition cost or the appraised value utilizing post-rehab Section 8 rents. Total Valencia Way acquisition cost is \$26,000,000 (less a \$1,781,250 allocation for land), which is less than Novogradac's \$31,400,000 As-Proposed Value assuming post-rehab Section 8 rents. Thus, Building Acquisition Cost above equals \$24,218,750. See this same section in the main body of the CUR for a discussion of the Purchase Agreement.
2. Developer Fee on Non-Land Acquisition Costs is equal to 18% of the Building Acquisition Cost.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	\$6,700,000	\$5,400,000	\$5,445,240	\$13,613
<b>Total Other Development Costs:</b>	<b>\$6,700,000</b>	<b>\$5,400,000</b>	<b>\$5,445,240</b>	<b>\$13,613</b>

Notes to Valencia Way Developer Fee on Non-Acquisition Costs:

1. The recommended Developer Fee on Non-Acquisition Costs does not exceed 18% of total development cost before developer fee, operating deficit reserves and escrows.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land Acquisition Cost	\$3,000,000	\$1,781,250	\$1,781,250	\$4,453
<b>Total Acquisition Costs:</b>	<b>\$3,000,000</b>	<b>\$1,781,250</b>	<b>\$1,781,250</b>	<b>\$4,453</b>

Notes to Valencia Way Land Acquisition Costs:

1. Land Acquisition Cost is equal to the current assessed value calculated by the Duval County Property Appraiser and is less than the \$4,000,000 land value calculated in the August 6, 2018 (Effective Date) appraisal prepared by Novogradac & Company LLP.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Lender)	\$2,229,557	\$1,433,596	\$1,433,596	\$3,584
Reserves - Start-Up/Lease-up Expenses	\$30,000	\$30,000	\$30,000	\$75
<b>Total Reserve Accounts:</b>	<b>\$2,259,557</b>	<b>\$1,463,596</b>	<b>\$1,463,596</b>	<b>\$3,659</b>

Notes to Valencia Way Reserve Accounts:

1. Although a separate Operating Deficit Reserve for Valencia Way is listed above, it is just an allocation since only one ODR covering all four properties will be provided under the terms of the LOI issued by R4 Capital, LLC. The overall estimated ODR is \$2,782,493 and it is calculated as four months of expenses, replacement reserves and debt service. See this section in the main body of the CUR for discussion.
2. Start-Up/Lease-Up Expense Reserve will be funded at 50% construction completion and used to fund lease-up costs until the 4<sup>th</sup> equity installment is made by the Limited Partner.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
<b>TOTAL DEVELOPMENT COSTS:</b>	\$64,042,483	\$68,083,907	\$67,519,544	\$168,799

### Operating Pro Forma – Valencia Way

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
<b>OPERATING PRO FORMA</b>					
<b>INCOME:</b>	Gross Potential Rental Income			<b>\$4,658,724</b>	<b>\$11,647</b>
	Rent Subsidy (ODR)			\$0	\$0
	Other Income				
	Ancillary Income			\$70,000	\$175
	Gross Potential Income			<b>\$4,728,724</b>	<b>\$11,822</b>
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	\$141,862	\$355
	Collection Loss	Percentage:	0.00%		\$0
	<b>Total Effective Gross Income</b>			<b>\$4,586,862</b>	<b>\$11,467</b>
<b>EXPENSES:</b>	Fixed:				
	Real Estate Taxes			\$428,015	\$1,070
	Insurance			\$160,000	\$400
	Variable:				
	Management Fee	Percentage:	4.00%	\$183,474	\$459
	General and Administrative			\$210,000	\$525
	Payroll Expenses			\$490,452	\$1,226
	Utilities			\$560,000	\$1,400
	Maintenance and Repairs/Pest Control			\$480,000	\$1,200
	Reserve for Replacements			\$120,000	\$300
	<b>Total Expenses</b>			<b>\$2,631,941</b>	<b>\$6,580</b>
	<b>Net Operating Income</b>			<b>\$1,954,921</b>	<b>\$4,887</b>

Notes to Valencia Way Operating Pro Forma:

- Under the JHFA Bond Program, the Applicant has committed to set aside 100% of the Valencia Way units (400 units) at 60% of AMI for 50 years. The Applicant has also committed to set aside 100% of the units at 60% AMI for 30 years under the HC program. In conjunction with closing, a 20-year Project-Based Section 8 HAP Contract will be signed on 396 of the 400 Valencia Way units. Below is a unit mix for Valencia Way:

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	91	675	60%			\$787	\$0	\$ 787	\$ 800	\$ 800	\$ 800	\$ 800	\$ 873,600
1	1.0	8	675	60%			\$787	\$0	\$ 787	\$ 800	\$ 800	\$ 800	\$ 800	\$ 76,800
1	1.0	1	675	60%			\$787	\$0	\$ 787		\$ 787	\$ 787	\$ 787	\$ 9,444
2	1.0	105	864	60%			\$945	\$0	\$ 945	\$ 925	\$ 925	\$ 925	\$ 925	\$ 1,165,500
2	1.0	88	864	60%			\$945	\$0	\$ 945	\$ 925	\$ 925	\$ 925	\$ 925	\$ 976,800
2	1.0	3	864	60%			\$945	\$0	\$ 945		\$ 945	\$ 945	\$ 945	\$ 34,020
3	1.0	104	972	60%			\$1,090	\$0	\$ 1,090	\$ 1,220	\$ 1,220	\$ 1,220	\$ 1,220	\$ 1,522,560
		400	337,932											\$ 4,658,724

2. Vacancy & Collection Loss is underwritten at 3% at Valencia Way since that is the amount supported by the data in the appraisal. Typically, vacancy at properties with Section 8 HAP Contracts is negligible due to the high demand for Section 8 units in the market. The wait list to rent at Valencia Way was in excess of 100 units at the time of Moran's inspection for the CNA.
3. Other Income is typically comprised of revenue from interest income, late charges, special service fees, vending machines, community laundry facilities, etc. Total Other Income for Valencia Way of \$175 per unit is supported by the appraisal.
4. The Applicant has submitted a Management Agreement for Valencia Way which includes a Management Fee equal to 4% of the adjusted total revenue or the maximum allowed by HUD guidelines. This amount is supported by the appraisal.
5. The landlord is responsible for all utility expenses at Valencia Way, which would result in a relatively high historical amount of approximately \$1,800/unit for the line item. However, due to energy efficiency components proposed as part of the renovation, the appraiser concludes to a lower \$1,400/unit for the Utilities Expense line item, post renovation.
6. Based on the proposed scope of work for the renovation and the resulting improved condition of the property, the appraiser concludes to \$1,200/unit for the Maintenance & Repairs line item at Valencia Way.
7. The Valencia Way Replacement Reserves line item is underwritten to \$300/unit, which is supported by the DCR and the appraisal.
8. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing concludes that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

**Exhibit 5**  
**The Weldon (f/k/a Moncrief Village)**  
**Property Specific Detail**

**Uses of Funds by Individual Property:****The Weldon (f/k/a Moncrief Village)**

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Demolition		\$246,526	\$246,526	\$2,623
Rehab of Existing Rental Units	\$3,760,000	\$3,656,759	\$3,656,759	\$38,902
Constr. Contr. Costs subject to GC Fee	\$3,760,000	\$3,903,285	\$3,903,285	\$41,524
General Conditions	\$225,600	\$234,197	\$234,197	\$2,491
Overhead	\$75,200	\$78,066	\$78,066	\$830
Profit	\$225,600	\$234,197	\$234,197	\$2,491
Payment and Performance Bonds		\$46,410	\$46,410	\$494
Contract Costs not subject to GC Fee		\$153,605	\$153,605	\$1,634
Total Construction Contract/Costs	\$4,286,400	\$4,649,760	\$4,649,760	\$49,466
Hard Cost Contingency	\$376,000	\$401,000	\$401,000	\$4,266
FF&E paid outside Constr. Contr.		\$50,000	\$50,000	\$532
Other: Other Ineligible Work		\$100,000	\$100,000	\$1,064
<b>Total Construction Costs:</b>	<b>\$4,662,400</b>	<b>\$5,200,760</b>	<b>\$5,200,760</b>	<b>\$55,327</b>

**Notes to The Weldon Construction Costs:**

1. The Applicant provided an executed Construction Contract between NEI General Contracting, Inc. ("Contractor") and Millennia Jacksonville FL TC, LP ("Owner") wherein the basis of payment is the cost of the work plus a fee with a guaranteed maximum price in the amount of \$4,649,760. Payments to the Contractor will be subject to 10% retainage until the work under the contract is 50% complete, with no retainage withheld thereafter. The contract calls for work to be substantially complete no later than eleven (11) months after the commencement date established in the Owner's notice to proceed.
2. Hard Cost Contingency is included at 8.6% of the construction contract, which is less than the maximum of 15% of the total construction costs.
3. The general contractor fee is within the maximum 14% of hard costs. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees		\$18,000	\$18,000	\$191
Appraisal		\$8,000	\$14,500	\$154
Architect's Fee - Site/Building Design	\$167,900	\$141,549	\$141,549	\$1,506
Architect's Fee - Supervision		\$20,050	\$20,050	\$213
Capital Needs Assessment/Rehab		\$7,500	\$7,500	\$80
Engineering Fees		\$10,000	\$10,000	\$106
Environmental Report	\$10,200	\$10,200	\$10,200	\$109
FHFC Administrative Fees	\$113,251	\$44,371	\$51,558	\$548
FHFC Application Fee		\$3,000	\$3,000	\$32
FHFC Credit Underwriting Fee		\$14,194	\$14,194	\$151
FHFC Compliance Fee		\$56,400	\$51,891	\$552
Lender Inspection Fees / Const Admin	\$33,000		\$13,200	\$140
Insurance	\$36,995	\$36,995	\$0	\$0
Legal Fees - Organizational Costs	\$215,000	\$150,000	\$150,000	\$1,596
Market Study	\$6,500	\$6,500	\$6,500	\$69
Plan and Cost Review Analysis			\$3,800	\$40
Property Taxes	\$42,649	\$70,323	\$0	\$0
Survey	\$20,000	\$20,000	\$20,000	\$213
Tenant Relocation Costs	\$14,100	\$75,200	\$75,200	\$800
Title Insurance and Recording Fees	\$92,500	\$92,500	\$92,500	\$984
Soft Cost Contingency			\$38,482	\$409
Other: Organization Costs		\$7,500	\$7,500	\$80
Other: Owner Rep Costs		\$50,000	\$25,000	\$266
Other: SE Blue Print		\$3,500	\$3,500	\$37
Other: Transfer Tax		\$30,000	\$30,000	\$319
<b>Total General Development Costs:</b>	<b>\$752,095</b>	<b>\$875,782</b>	<b>\$808,124</b>	<b>\$8,597</b>

## Notes to The Weldon General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Weldon Property Tax and Insurance line items are each shown as \$0 in this General Development Costs section because First Housing has accounted for them in the calculation of NOI, and NOI is used as an offset to the Construction Interest, Property Tax and Insurance budget items. To include them here would be "double-counting." Builder's Risk Insurance is included in the Applicant's property insurance, as evidenced by the Acord provided to First Housing.
3. First Housing has utilized actual costs for: FHFC Credit Underwriting, FHFC Application Fee, Appraisal, Market Study, Capital Needs Assessment and Plan and Cost Review.
4. The FHFC HC Compliance Fee is based on a 30-year set-aside period.



5. The Soft Cost Contingency line item is equal to 5% of General Development Costs (excluding the Soft Cost Contingency), as allowed for rehab developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Construction Loan Origination Fee			\$149,813	\$1,594
Construction Loan Interest		\$257,943	\$150,063	\$1,596
Permanent Loan Origination Fee		\$64,875		\$0
Local HFA Application Bond Fee			\$3,672	\$39
Local HFA Bond Underwriting Fee			\$13,806	\$147
Local HFA Bond Origination Fee	\$63,821	\$63,821		\$0
Local HFA Bond Trustee Fee		\$15,000	\$14,688	\$156
Local HFA Bond Cost of Issuance		\$51,900		\$0
Local HFA Bond Closing Costs			\$734	\$8
Local HFA Legal - Bond Counsel			\$18,898	\$201
Local HFA Legal - Issuer's Counsel			\$1,836	\$20
Local HFA Legal - U/W's Counsel			\$2,142	\$23
Initial TEFRA Fee			\$61	\$1
Other: Financing Costs	\$781,696	\$18,500		\$0
Other: Owner Costs	\$87,500			\$0
Other: JHFA Development Feasibility Fee			\$1,469	\$16
Other: JHFA Admin Fee			\$24,969	\$266
Other: Financial Advisor Fees & Expenses			\$20,954	\$223
<b>Total Financial Costs:</b>	<b>\$933,017</b>	<b>\$472,039</b>	<b>\$403,105</b>	<b>\$4,288</b>
<b>Dev. Costs before Acq., Dev. Fee &amp; Reserves</b>	<b>\$6,347,512</b>	<b>\$6,548,581</b>	<b>\$6,411,989</b>	<b>\$68,213</b>

Notes to The Weldon Financial Costs:

1. The Underwriter's Financial Costs above for The Weldon are only weighted averages based on overall Financial Costs since this is a single MMRB transaction covering all four properties and an individual breakdown of these costs is not possible. Please see the Financial Costs section for the entire MMRB transaction in the main body of this underwriting memo.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Building Acquisition Cost	\$5,400,000	\$5,400,000	\$3,789,853	\$40,318
Developer Fee on Non-Land Acq. Costs		\$900,000	\$682,174	\$7,257
<b>Total Non-Land Acquisition Costs:</b>	<b>\$5,400,000</b>	<b>\$6,300,000</b>	<b>\$4,472,027</b>	<b>\$47,575</b>

Notes to The Weldon Non-Land Acquisition Costs:

1. Since this is a forced portfolio sale by HUD, the Building Acquisition Cost line item above would be underwritten to the lesser of acquisition cost or the appraised value utilizing post-rehab Section 8 rents. However, since HUD has not yet approved the Applicant's requested Section 8 rents for The Weldon, First Housing must conclude to the lesser of acquisition cost or the As-Is Value assuming current Section 8 rents. The Weldon acquisition cost is \$6,000,000 (less a \$310,147 allocation for land), which is greater than Novogradac's \$4,100,000 As-Is Value assuming current Section 8 rents. Thus, the Building Acquisition Cost line item above equals \$4,100,000 less the land allocation, for a total of \$3,789,853. See this same section in the main body of the CUR for a discussion of the Purchase Agreement.
2. Developer Fee on Non-Land Acquisition Costs is equal to 18% of the Building Acquisition Cost.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	\$1,450,000	\$1,000,000	\$1,154,158	\$12,278
<b>Total Other Development Costs:</b>	<b>\$1,450,000</b>	<b>\$1,000,000</b>	<b>\$1,154,158</b>	<b>\$12,278</b>

Notes to The Weldon Developer Fee on Non-Acquisition Costs:

1. The recommended Developer Fee on Non-Acquisition Costs does not exceed 18% of total development cost before developer fee, operating deficit reserves and escrows.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land Acquisition Cost	\$600,000	\$600,000	\$310,147	\$3,299
<b>Total Acquisition Costs:</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$310,147</b>	<b>\$3,299</b>

Notes to The Weldon Land Acquisition Costs:

1. Land Acquisition Cost is equal to the current assessed value calculated by the Duval County Property Appraiser and is less than the \$940,000 land value calculated in the August 6, 2018 (Effective Date) appraisal prepared by Novogradac & Company LLP.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Lender)	\$500,065	\$280,996	\$298,170	\$3,172
Reserves - Start-Up/Lease-up Expenses	\$30,000			\$0
<b>Total Reserve Accounts:</b>	<b>\$530,065</b>	<b>\$280,996</b>	<b>\$298,170</b>	<b>\$3,172</b>

## Notes to The Weldon Reserve Accounts:

1. Although a separate Operating Deficit Reserve for The Weldon is listed above, it is just an allocation since only one ODR covering all four properties will be provided under the terms of the LOI issued by R4 Capital, LLC. The overall estimated ODR is \$2,782,493 and it is calculated as four months of expenses, replacement reserves and debt service. See this section in the main body of the CUR for discussion.

<b>TOTAL DEVELOPMENT COSTS</b>	<b>Applicant Costs</b>	<b>Revised Applicant Costs</b>	<b>Underwriters Total Costs - CUR</b>	<b>Cost Per Unit</b>
<b>TOTAL DEVELOPMENT COSTS:</b>	<b>\$14,327,577</b>	<b>\$14,729,577</b>	<b>\$12,646,491</b>	<b>\$134,537</b>

## Operating Pro Forma – The Weldon

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			\$885,336	\$9,418
	Rent Subsidy (ODR)			\$0	\$0
	Other Income				
	Ancillary Income			\$9,400	\$100
	Gross Potential Income			\$894,736	\$9,518
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	\$26,842	\$286
	Collection Loss	Percentage:	0.00%		\$0
Total Effective Gross Income				\$867,894	\$9,233
EXPENSES:	Fixed:				
	Real Estate Taxes			\$77,989	\$830
	Insurance			\$37,600	\$400
	Variable:				
	Management Fee	Percentage:	4.00%	\$34,750	\$370
	General and Administrative			\$49,350	\$525
	Payroll Expenses			\$138,800	\$1,477
	Utilities			\$103,400	\$1,100
	Marketing and Advertising				\$0
	Maintenance and Repairs/Pest Control			\$112,800	\$1,200
	Reserve for Replacements			\$28,200	\$300
	Total Expenses				\$582,889
Net Operating Income				\$285,005	\$3,032

### Notes to The Weldon Operating Pro Forma:

- Under the JHFA Bond Program, the Applicant has committed to set aside 100% of the 94 units at The Weldon for 50 years at 60% of AMI. The Applicant has also committed to set aside 100% of the units at 60% AMI for 30 years under the HC program.

Sometime after closing, a renewal 20-year Project-Based Section 8 HAP Contract is expected to be signed for 100% of the units at The Weldon. The property is currently the beneficiary of an existing 20-year Project-Based Section 8 HAP Contract that was signed in 2001 and won't expire until 2021. As such, the Applicant has requested a waiver from HUD to increase the rents beyond what is currently paid in the HAP Contract, however it is expected that HUD will not have the waiver approved prior to closing so the Applicant has decided to close with the existing rents as approved in the latest OCAF adjustment.

Once the waiver is approved by HUD (expected prior to the 28-month interest-only period under the MMRB), the Applicant will be able to include the higher rents in the income calculation for sizing the permanent debt.

First Housing's underwriting for The Weldon is based on the existing OCAF adjusted rents and not on the proposed rents included in the Applicant's waiver request to HUD. Below is a unit mix for The Weldon:

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	10	500	60%			\$787	\$58	\$ 729	\$ 683	\$ 683	\$ 683	\$ 683	\$ 81,960
2	1.0	84	580	60%			\$945	\$84	\$ 861	\$ 797	\$ 797	\$ 797	\$ 797	\$ 803,376
		94	53,720											\$ 885,336

- Vacancy & Collection Loss is underwritten at 3% at The Weldon since that is the amount supported by the data in the appraisal. Typically, vacancy at properties with Section 8 HAP Contracts is negligible due to the high demand for Section 8 units in the market.
- Other Income is typically comprised of revenue from interest income, late charges, special service fees, vending machines, community laundry facilities, etc. Total Other Income for The Weldon of \$100 per unit is supported by the appraisal.
- The Applicant has submitted a Management Agreement for The Weldon which includes a Management Fee equal to 4% of the adjusted total revenue or the maximum allowed by HUD guidelines. This amount is supported by the appraisal.
- The landlord is responsible for water, sewer, trash and natural gas at The Weldon, but not electric. Due to energy efficiency components proposed as part of the renovation, the appraiser concludes to \$1,100/unit for the Utilities Expense line item, which is slightly lower than the historical expense.
- Based on the proposed scope of work for the renovation and the resulting improved condition of the property, the appraiser concludes to \$1,200/unit for the Maintenance & Repairs line item at The Weldon.
- The Replacement Reserves line item for The Weldon is underwritten to \$300/unit, which is supported by the DCR and the appraisal.
- Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing concludes that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

**Exhibit 6**  
**Palmetto Glen (f/k/a Southside)**  
**Property Specific Detail**

## Uses of Funds by Individual Property:

*Palmetto Glen (f/k/a Southside)*

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Demolition		\$259,460	\$259,460	\$3,506
Rehab of Existing Rental Units	\$3,700,000	\$3,539,978	\$3,539,978	\$47,838
Constr. Contr. Costs subject to GC Fee	\$3,700,000	\$3,799,438	\$3,799,438	\$51,344
General Conditions	\$222,000	\$227,966	\$227,966	\$3,081
Overhead	\$74,000	\$75,989	\$75,989	\$1,027
Profit	\$222,000	\$227,966	\$227,966	\$3,081
Payment and Performance Bonds		\$43,575	\$43,575	\$589
Contract Costs not subject to GC Fee		\$134,808	\$134,808	\$1,822
Total Construction Contract/Costs	\$4,218,000	\$4,509,742	\$4,509,742	\$60,942
Hard Cost Contingency	\$370,000	\$370,000	\$370,000	\$5,000
FF&E paid outside Constr. Contr.		\$50,000	\$50,000	\$676
Other: Cost Cert & Other Fees		\$260,000	\$260,000	\$3,514
Other: Other Ineligible Work		\$100,000	\$100,000	\$1,351
<b>Total Construction Costs:</b>	<b>\$4,588,000</b>	<b>\$5,289,742</b>	<b>\$5,289,742</b>	<b>\$71,483</b>

## Notes to Palmetto Glen Construction Costs:

1. The Applicant provided an executed Construction Contract between NEI General Contracting, Inc. ("Contractor") and Millennia Jacksonville FL TC, LP ("Owner") wherein the basis of payment is the cost of the work plus a fee with a guaranteed maximum price in the amount of \$4,509,742. Payments to the Contractor will be subject to 10% retainage until the work under the contract is 50% complete, with no retainage withheld thereafter. The contract calls for work to be substantially complete no later than fourteen (14) months after the commencement date established in the Owner's notice to proceed.
2. Hard Cost Contingency is included at 8.2% of the construction contract, which is less than the maximum of 15% of the total construction costs.
3. The general contractor fee is within the maximum 14% of hard costs. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees		\$18,000	\$18,000	\$243
Appraisal		\$8,000	\$14,500	\$196
Architect's Fee - Site/Building Design	\$215,500	\$202,063	\$202,063	\$2,731
Architect's Fee - Supervision		\$18,500	\$18,500	\$250
Capital Needs Assessment/Rehab		\$7,500	\$7,500	\$101
Engineering Fees		\$10,000	\$10,000	\$135
Environmental Report	\$10,200	\$10,200	\$10,200	\$138
FHFC Administrative Fees	\$98,398	\$40,755	\$40,588	\$548
FHFC Application Fee		\$3,000	\$3,000	\$41
FHFC Credit Underwriting Fee		\$14,194	\$14,194	\$192
FHFC Compliance Fee		\$44,400	\$40,851	\$552
Lender Inspection Fees / Const Admin	\$8,000		\$16,800	\$227
Insurance	\$29,123	\$29,123	\$0	\$0
Legal Fees - Organizational Costs	\$210,000	\$210,000	\$210,000	\$2,838
Market Study	\$6,500	\$6,500	\$6,500	\$88
Plan and Cost Review Analysis			\$3,800	\$51
Property Taxes	\$36,979	\$35,202	\$0	\$0
Survey	\$20,000	\$20,000	\$20,000	\$270
Tenant Relocation Costs	\$11,100	\$22,200	\$22,200	\$300
Title Insurance and Recording Fees	\$83,690	\$83,690	\$83,690	\$1,131
Soft Cost Contingency			\$42,794	\$578
Other: Owner Costs	\$57,500	\$7,500	\$7,500	\$101
Other: Owner Rep Costs		\$75,000	\$75,000	\$1,014
Other: SE Blue Print		\$7,500	\$7,500	\$101
Other: Transfer Tax		\$23,500	\$23,500	\$318
<b>Total General Development Costs:</b>	<b>\$786,990</b>	<b>\$896,827</b>	<b>\$898,680</b>	<b>\$12,144</b>

## Notes to Palmetto Glen General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Property Tax and Insurance line items are each shown as \$0 in this General Development Costs section because First Housing has accounted for them in the calculation of NOI, and NOI is used as an offset to the Construction Interest, Property Tax and Insurance budget items. To include them here would be "double-counting." Builder's Risk Insurance is included in the Applicant's property insurance, as evidenced by the Acord provided to First Housing.
3. First Housing has utilized actual costs for: FHFC Credit Underwriting, FHFC Application Fee, Appraisal, Market Study, Capital Needs Assessment and Plan and Cost Review.
4. The FHFC HC Compliance Fee is based on a 30-year set-aside period.



5. The Soft Cost Contingency line item is equal to 5% of General Development Costs (excluding the Soft Cost Contingency), as allowed for rehab developments.

<b>FINANCIAL COSTS:</b>	<b>Applicant Costs</b>	<b>Revised Applicant Costs</b>	<b>Underwriters Total Costs - CUR</b>	<b>Cost Per Unit</b>
Construction Loan Origination Fee			\$117,938	\$1,594
Construction Loan Interest		\$233,093	\$118,134	\$1,596
Permanent Loan Origination Fee		\$46,900		\$0
Local HFA Application Bond Fee		\$14,070	\$2,891	\$39
Local HFA Bond Underwriting Fee			\$10,869	\$147
Local HFA Bond Origination Fee	\$63,821	\$63,821		\$0
Local HFA Bond Trustee Fee		\$35,000	\$11,563	\$156
Local HFA Bond Cost of Issuance		\$55,000		\$0
Local HFA Bond Closing Costs			\$578	\$8
Local HFA Legal - Bond Counsel			\$14,877	\$201
Local HFA Legal - Issuer's Counsel			\$1,445	\$20
Local HFA Legal - U/W's Counsel			\$1,686	\$23
Initial TEFRA Fee			\$48	\$1
Other: Financing Costs	\$523,780	\$18,500		\$0
Other: JHFA Development Feasibility Fee			\$1,156	\$16
Other: JHFA Admin Fee			\$19,656	\$266
Other: Financial Advisor Fees & Expenses			\$16,496	\$223
<b>Total Financial Costs:</b>	<b>\$587,601</b>	<b>\$466,384</b>	<b>\$317,337</b>	<b>\$4,288</b>
<b>Dev. Costs before Acq., Dev. Fee &amp; Reserves</b>	<b>\$5,962,591</b>	<b>\$6,652,953</b>	<b>\$6,505,759</b>	<b>\$87,916</b>

Notes to Palmetto Glen Financial Costs:

1. The Underwriter's Financial Costs for Palmetto Glen are only weighted averages based on overall Financial Costs since this is a single MMRB transaction covering all four properties and an individual breakdown of these costs is not possible. Please see the Financial Costs section for the entire MMRB transaction in the main body of this underwriting memo.

<b>NON-LAND ACQUISITION COSTS</b>	<b>Applicant Costs</b>	<b>Revised Applicant Costs</b>	<b>Underwriters Total Costs - CUR</b>	<b>Cost Per Unit</b>
Building Acquisition Cost	\$4,230,000	\$4,292,018	\$3,392,018	\$45,838
Developer Fee on Non-Land Acq. Costs		\$800,000	\$610,563	\$8,251
<b>Total Non-Land Acquisition Costs:</b>	<b>\$4,230,000</b>	<b>\$5,092,018</b>	<b>\$4,002,581</b>	<b>\$54,089</b>

Notes to Palmetto Glen Non-Land Acquisition Costs:

1. Since this is a forced portfolio sale by HUD, the Building Acquisition Cost line item above would be underwritten to the lesser of acquisition cost or the appraised value utilizing post-rehab Section 8 rents. However, since HUD has not yet approved the Applicant's requested

Section 8 rents for Palmetto Glen, First Housing must conclude to the lesser of acquisition cost or the Hypothetical As-Is Value assuming current market rents. The Palmetto Glen acquisition cost is \$4,700,000 (less a \$407,982 allocation for land), which is greater than Novogradac's \$3,800,000 Hypothetical As-Is Value assuming current market rents. Thus, the Building Acquisition Cost line item above equals \$3,800,000 less the land allocation, for a total of \$3,392,018 See this same section in the main body of the CUR for a discussion of the Purchase Agreement.

2. Developer Fee on Non-Land Acquisition Costs is equal to 18% of the Building Acquisition Cost.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	\$1,350,000	\$1,000,000	\$1,171,037	\$15,825
<b>Total Other Development Costs:</b>	<b>\$1,350,000</b>	<b>\$1,000,000</b>	<b>\$1,171,037</b>	<b>\$15,825</b>

Notes to Palmetto Glen Developer Fee on Non-Acquisition Costs:

1. The recommended Developer Fee on Non-Acquisition Costs does not exceed 18% of total development cost before developer fee, operating deficit reserves and escrows.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land Acquisition Cost	\$470,000	\$407,982	\$407,982	\$5,513
<b>Total Acquisition Costs:</b>	<b>\$470,000</b>	<b>\$407,982</b>	<b>\$407,982</b>	<b>\$5,513</b>

Notes to Palmetto Glen Land Acquisition Costs:

1. Land Acquisition Cost is equal to the current assessed value calculated by the Duval County Property Appraiser and is less than the \$560,000 land value calculated in the August 6, 2018 (Effective Date) appraisal prepared by Novogradac & Company LLP.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Lender)	\$397,731	\$230,318	\$230,318	\$3,112
Reserves - Start-Up/Lease-up Expenses	\$30,000	\$30,000	\$30,000	\$405
<b>Total Reserve Accounts:</b>	<b>\$427,731</b>	<b>\$260,318</b>	<b>\$260,318</b>	<b>\$3,518</b>

Notes to Palmetto Glen Reserve Accounts:

1. Although a separate Operating Deficit Reserve for Palmetto Glen is listed above, it is just an allocation since only one ODR covering all four properties will be provided under the terms of the LOI issued by R4 Capital, LLC. The overall estimated ODR is \$2,782,493 and it is calculated as four months of expenses, replacement reserves and debt service. See this section in the main body of the CUR for discussion.
2. Start-Up/Lease-Up Expense Reserve will be funded at 50% construction completion and used to fund lease-up costs until the 4<sup>th</sup> equity installment is made by the Limited Partner.

<b>TOTAL DEVELOPMENT COSTS</b>	<b>Applicant Costs</b>	<b>Revised Applicant Costs</b>	<b>Underwriters Total Costs - CUR</b>	<b>Cost Per Unit</b>
<b>TOTAL DEVELOPMENT COSTS:</b>	<b>\$12,440,322</b>	<b>\$13,413,271</b>	<b>\$12,347,677</b>	<b>\$166,861</b>

## Operating Pro Forma – Palmetto Glen

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			\$714,840	\$9,660
	Rent Subsidy (ODR)			\$0	\$0
	Other Income				
	Ancillary Income			\$7,400	\$100
	Gross Potential Income			\$722,240	\$9,760
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	\$21,667	\$293
	Collection Loss	Percentage:	0.00%		\$0
Total Effective Gross Income				\$700,573	\$9,467
EXPENSES:	Fixed:				
	Real Estate Taxes			\$82,896	\$1,120
	Insurance			\$29,600	\$400
	Variable:				
	Management Fee	Percentage:	4.00%	\$28,000	\$378
	General and Administrative			\$35,150	\$475
	Payroll Expenses			\$97,100	\$1,312
	Utilities			\$96,200	\$1,300
	Marketing and Advertising				\$0
	Maintenance and Repairs/Pest Control			\$74,000	\$1,000
	Reserve for Replacements			\$22,200	\$300
Total Expenses				\$465,146	\$6,286
Net Operating Income				\$235,427	\$3,181

### Notes to Palmetto Glen Operating Pro Forma:

- Under the JHFA Bond Program, the Applicant has committed to set aside 100% of the 74 units at Palmetto Glen for 50 years at 60% of AMI. The Applicant has also committed to set aside 100% of the units at 60% AMI for 30 years under the HC program.

Sometime after closing, a renewal 20-year Project-Based Section 8 HAP Contract is expected to be signed for 100% of the units at Palmetto Glen. The property is currently the beneficiary of an existing 20-year Project-Based Section 8 HAP Contract that was signed in 2001 and won't expire until 2021. As such, the Applicant has requested a waiver from HUD to increase the rents beyond what is currently paid in the HAP Contract, however it is expected that HUD will not have the waiver approved prior to closing so the Applicant has decided to close with the existing rents as approved in the latest OCAF adjustment.

Once the waiver is approved by HUD (expected prior to the 28-month interest-only period under the MMRB), the Applicant will be able to include the higher rents in the income calculation for sizing the permanent debt.

First Housing's underwriting for Palmetto Glen is based on the existing OCAF adjusted rents and not on the proposed rents included in the Applicant's waiver request to HUD. Below is a unit mix for Palmetto Glen:

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
2	1.0	74	787	60%			\$945	\$102	\$ 843	\$ 805	\$ 805	\$ 805	\$ 805	\$ 714,840
		74	58,238											\$ 714,840

2. Vacancy & Collection Loss is underwritten at 3% at Palmetto Glen since that is the amount supported by the data in the appraisal. Typically, vacancy at properties with Section 8 HAP Contracts is negligible due to the high demand for Section 8 units in the market.
3. Other Income is typically comprised of revenue from interest income, late charges, special service fees, vending machines, community laundry facilities, etc. Total Other Income for Palmetto Glen of \$100 per unit is supported by the appraisal.
4. The Applicant has submitted a Management Agreement for Palmetto Glen which includes a Management Fee equal to 4% of the adjusted total revenue or the maximum allowed by HUD guidelines. This amount is supported by the appraisal.
5. The landlord is responsible for water, sewer, trash and natural gas at Palmetto Glen, but not electric. Due to energy efficiency components proposed as part of the renovation, the appraiser concludes to \$1,300/unit for the Utilities Expense line item.
6. Based on the proposed scope of work for the renovation and the resulting improved condition of the property, the appraiser concludes to \$1,000/unit for the Maintenance & Repairs line item at Palmetto Glen.
7. The Replacement Reserves line item for Palmetto Glen is underwritten to \$300/unit, which is supported by the DCR and the appraisal.
8. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing concludes that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

**Exhibit 7**  
**Calloway Cove (f/k/a Washington Heights)**  
**Property Specific Detail**

**Uses of Funds by Individual Property:****Calloway Cove (f/k/a Washington Heights)**

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Demolition		\$434,474	\$434,474	\$2,172
Rehab of Existing Rental Units	\$10,196,161	\$8,511,393	\$8,511,393	\$42,557
Constr. Contr. Costs subject to GC Fee	\$10,196,161	\$8,945,867	\$8,945,867	\$44,729
General Conditions		\$536,752	\$536,752	\$2,684
Overhead		\$178,917	\$178,917	\$895
Profit		\$536,752	\$536,752	\$2,684
Payment and Performance Bonds		\$88,701	\$88,701	\$444
Contract Costs not subject to GC Fee		\$371,440	\$371,440	\$1,857
Total Construction Contract/Costs	\$10,196,161	\$10,658,429	\$10,658,429	\$53,292
Hard Cost Contingency	\$894,400	\$894,400	\$894,400	\$4,472
FF&E paid outside Constr. Contr.		\$50,000	\$50,000	\$250
Other: Cost Cert and Other Fees		\$400,000	\$400,000	\$2,000
Other: Other Ineligible Work		\$100,000	\$100,000	\$500
<b>Total Construction Costs:</b>	<b>\$11,090,561</b>	<b>\$12,102,829</b>	<b>\$12,102,829</b>	<b>\$60,514</b>

## Notes to Calloway Cove Construction Costs:

1. The Applicant provided an executed Construction Contract between NEI General Contracting, Inc. ("Contractor") and Millennia Jacksonville FL TC, LP ("Owner") wherein the basis of payment is the cost of the work plus a fee with a guaranteed maximum price in the amount of \$10,658,429. Payments to the Contractor will be subject to 10% retainage until the work under the contract is 50% complete, with no retainage withheld thereafter. The contract calls for work to be substantially complete no later than fifteen (15) months after the commencement date established in the Owner's notice to proceed.
2. Hard Cost Contingency is included at 8.4% of the construction contract, which is less than the maximum of 15% of the total construction costs.
3. The general contractor fee is within the maximum 14% of hard costs. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees		\$18,000	\$18,000	\$90
Appraisal		\$8,000	\$14,500	\$73
Architect's Fee - Site/Building Design	\$425,260	\$413,280	\$413,280	\$2,066
Architect's Fee - Supervision		\$44,720	\$44,720	\$224
Capital Needs Assessment/Rehab		\$7,500	\$7,500	\$38
Engineering Fees		\$10,000	\$10,000	\$50
Environmental Report		\$10,200	\$10,200	\$51
FHFC Administrative Fees	\$219,205	\$108,833	\$109,698	\$548
FHFC Application Fee		\$3,000	\$3,000	\$15
FHFC Credit Underwriting Fee		\$14,194	\$14,194	\$71
FHFC Compliance Fee		\$120,000	\$110,407	\$552
Lender Inspection Fees / Const Admin	\$18,200		\$21,000	\$105
Insurance	\$78,712	\$78,712	\$0	\$0
Legal Fees - Organizational Costs	\$325,000	\$325,000	\$325,000	\$1,625
Market Study	\$6,500	\$6,500	\$6,500	\$33
Plan and Cost Review Analysis			\$4,200	\$21
Property Taxes	\$122,658	\$144,299	\$0	\$0
Survey	\$20,000	\$20,000	\$20,000	\$100
Tenant Relocation Costs	\$30,000	\$160,000	\$160,000	\$800
Title Insurance and Recording Fees	\$253,500	\$253,500	\$253,500	\$1,268
Soft Cost Contingency			\$84,410	\$422
Other: Owner Costs	\$57,500	\$7,500	\$7,500	\$38
Other: Transfer Tax		\$77,500	\$77,500	\$388
Other: SE Blue Print		\$7,500	\$7,500	\$38
Other: Arch & Cost Reviewer		\$50,000	\$50,000	\$250
<b>Total General Development Costs:</b>	<b>\$1,556,535</b>	<b>\$1,888,238</b>	<b>\$1,772,609</b>	<b>\$8,863</b>

## Notes to Calloway Cove General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Property Tax and Insurance line items are each shown as \$0 in this General Development Costs section because First Housing has accounted for them in the calculation of NOI, and NOI is used as an offset to the Construction Interest, Property Tax and Insurance budget items. To include them here would be "double-counting." Builder's Risk Insurance is included in the Applicant's property insurance, as evidenced by the Acord provided to First Housing.
3. First Housing has utilized actual costs for: FHFC Credit Underwriting, FHFC Application Fee, Appraisal, Market Study, Capital Needs Assessment and Plan and Cost Review.
4. The FHFC HC Compliance Fee is based on a 30-year set-aside period.



5. The Soft Cost Contingency line item is equal to 5% of General Development Costs (excluding the Soft Cost Contingency), as allowed for rehab developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Construction Loan Origination Fee			\$318,750	\$1,594
Construction Loan Interest		\$792,450	\$319,282	\$1,596
Permanent Loan Origination Fee		\$220,125		\$0
Local HFA Application Bond Fee			\$7,813	\$39
Local HFA Bond Underwriting Fee			\$29,375	\$147
Local HFA Bond Origination Fee	\$63,821	\$63,821		\$0
Local HFA Bond Trustee Fee		\$35,000	\$31,250	\$156
Local HFA Bond Cost of Issuance		\$165,000		\$0
Local HFA Bond Closing Costs			\$1,563	\$8
Local HFA Legal - Bond Counsel			\$40,208	\$201
Local HFA Legal - Issuer's Counsel			\$3,906	\$20
Local HFA Legal - U/W's Counsel			\$4,557	\$23
Initial TEFRA Fee			\$130	\$1
Other: Financing Costs	\$1,430,120	\$18,500		\$0
Other: JHFA Development Feasibility Fee			\$3,125	\$16
Other: JHFA Admin Fee			\$53,125	\$266
Other: Financial Advisor Fees & Expenses			\$44,583	\$223
<b>Total Financial Costs:</b>	<b>\$1,493,941</b>	<b>\$1,294,896</b>	<b>\$857,667</b>	<b>\$4,288</b>
<b>Dev. Costs before Acq., Dev. Fee &amp; Reserves</b>	<b>\$14,141,037</b>	<b>\$15,285,963</b>	<b>\$14,733,105</b>	<b>\$73,666</b>

Notes to Calloway Cove Financial Costs:

- The Underwriter's Financial Costs above for Calloway Cove are only weighted averages based on overall Financial Costs since this is a single MMRB transaction covering all four properties and an individual breakdown of these costs is not possible. Please see the Financial Costs section for the entire MMRB transaction in the main body of this underwriting memo.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Building Acquisition Cost	\$14,400,000	\$13,500,000	\$13,700,000	\$68,500
Developer Fee on Non-Land Acq. Costs		\$2,000,000	\$2,466,000	\$12,330
<b>Total Non-Land Acquisition Costs:</b>	<b>\$14,400,000</b>	<b>\$15,500,000</b>	<b>\$16,166,000</b>	<b>\$80,830</b>

Notes to Calloway Cove Non-Land Acquisition Costs:

- Since this is a forced portfolio sale by HUD, the Building Acquisition Cost line item above is underwritten to the lesser of acquisition cost or the appraised value utilizing post-rehab

Section 8 rents. Total Calloway Cove acquisition cost is \$15,500,000 (less a \$1,800,000 allocation for land), which is less than Novogradac's \$16,200,000 As-Proposed Value assuming post-rehab Section 8 rents. Thus, Building Acquisition Cost above equals \$13,700,000. See this same section in the main body of the CUR for a discussion of the Purchase Agreement.

2. Developer Fee on Non-Land Acquisition Costs is equal to 18% of the Building Acquisition Cost.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	\$3,350,000	\$3,000,000	\$2,651,959	\$13,260
<b>Total Other Development Costs:</b>	<b>\$3,350,000</b>	<b>\$3,000,000</b>	<b>\$2,651,959</b>	<b>\$13,260</b>

Notes to Calloway Cove Developer Fee on Non-Acquisition Costs:

1. The recommended Developer Fee on Non-Acquisition Costs does not exceed 18% of total development cost before developer fee, operating deficit reserves and escrows.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land Acquisition Cost	\$1,600,000	\$2,000,000	\$1,800,000	\$9,000
<b>Total Acquisition Costs:</b>	<b>\$1,600,000</b>	<b>\$2,000,000</b>	<b>\$1,800,000</b>	<b>\$9,000</b>

Notes to Calloway Cove Land Acquisition Costs:

1. The land allocation is equal to the current appraised value of the land and is less than the amount calculated by the Duval County Property Appraiser (\$2,007,500).

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Lender)	\$1,233,981	\$779,822	\$779,822	\$3,899
Reserves - Start-Up/Lease-up Expenses	\$30,000	\$30,000	\$30,000	\$150
<b>Total Reserve Accounts:</b>	<b>\$1,263,981</b>	<b>\$809,822</b>	<b>\$809,822</b>	<b>\$4,049</b>

Notes to Calloway Cove Reserve Accounts:

1. Although a separate Operating Deficit Reserve for Calloway Cove is listed above, it is just an allocation since only one ODR covering all four properties will be provided under the terms of the LOI issued by R4 Capital, LLC. The overall estimated ODR is \$2,782,493

and it is calculated as four months of expenses, replacement reserves and debt service. See this section in the main body of the CUR for discussion.

2. Start-Up/Lease-Up Expense Reserve will be funded at 50% construction completion and used to fund lease-up costs until the 4<sup>th</sup> equity installment is made by the Limited Partner.

<b>TOTAL DEVELOPMENT COSTS</b>	<b>Applicant Costs</b>	<b>Revised Applicant Costs</b>	<b>Underwriters Total Costs - CUR</b>	<b>Cost Per Unit</b>
<b>TOTAL DEVELOPMENT COSTS:</b>	<b>\$34,755,018</b>	<b>\$36,595,785</b>	<b>\$36,160,886</b>	<b>\$180,804</b>

## Operating Pro Forma – Calloway Cove

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			\$2,495,040	\$12,475
	Rent Subsidy (ODR)			\$0	\$0
	Other Income				
	Ancillary Income			\$30,000	\$150
	Gross Potential Income			\$2,525,040	\$12,625
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	\$75,751	\$379
	Collection Loss	Percentage:	0.00%		\$0
Total Effective Gross Income				\$2,449,289	\$12,246
EXPENSES:	Fixed:				
	Real Estate Taxes			\$220,210	\$1,101
	Insurance			\$90,000	\$450
	Variable:				
	Management Fee	Percentage:	4.00%	\$97,972	\$490
	General and Administrative			\$105,000	\$525
	Payroll Expenses			\$277,600	\$1,388
	Utilities			\$360,000	\$1,800
	Maintenance and Repairs/Pest Control			\$240,000	\$1,200
	Reserve for Replacements			\$60,000	\$300
Total Expenses				\$1,450,782	\$7,254
Net Operating Income				\$998,507	\$4,993

### Notes to Calloway Cove Operating Pro Forma:

- Under the JHFA Bond Program, the Applicant has committed to set aside 100% of the Calloway Cove units (200 units) at 60% of AMI for 50 years. The Applicant has also committed to set aside 100% of the units at 60% AMI for 30 years under the HC program. In conjunction with closing, a 20-year Project-Based Section 8 HAP Contract will be signed on all 200 Calloway Cove units. Below is a unit mix for Calloway Cove:

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
2	1.0	96	841	60%			\$945	\$0	\$ 945	\$ 920	\$ 920	\$ 920	\$ 920	\$ 1,059,840
3	1.0	104	953	60%			\$1,090	\$0	\$ 1,090	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,435,200
		200	179,848											\$ 2,495,040

- Vacancy & Collection Loss is underwritten at 3% at Calloway Cove since that is the amount supported by the data in the appraisal. Typically, vacancy at properties with Section 8 HAP Contracts is negligible due to the high demand for Section 8 units in the market.

3. Other Income is typically comprised of revenue from interest income, late charges, special service fees, vending machines, community laundry facilities, etc. Total Other Income for Calloway Cove of \$150 per unit is supported by the appraisal.
4. The Applicant has submitted a Management Agreement for Calloway Cove which includes a Management Fee equal to 4% of the adjusted total revenue or the maximum allowed by HUD guidelines. This amount is supported by the appraisal.
5. The landlord is responsible for all utility expenses at Calloway Cove, which would result in a relatively high historical amount of approximately \$2,000/unit for the line item. However, due to energy efficiency components proposed as part of the renovation, the appraiser concludes to a lower \$1,800/unit for the Utilities Expense line item, post renovation.
6. Based on the proposed scope of work for the renovation and the resulting improved condition of the property, the appraiser concludes to \$1,200/unit for the Maintenance & Repairs line item at Calloway Cove.
7. The Calloway Cove Replacement Reserves line item is underwritten to \$300/unit, which is supported by the DCR and the appraisal.
8. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing concludes that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

**A RESOLUTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY APPROVING AND AUTHORIZING THE ISSUANCE OF JACKSONVILLE HOUSING FINANCE AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS (MILLENNIA JACKSONVILLE PROJECT), SERIES 2018, IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$90,000,000 FOR THE PURPOSE OF ACQUIRING, REHABILITATING AND EQUIPPING MULTIFAMILY RESIDENTIAL HOUSING FACILITIES LOCATED IN THE CITY OF JACKSONVILLE, FLORIDA AS DESCRIBED HEREIN; APPOINTING THE UNDERWRITER NAMED HEREIN FOR THE SALE OF THE BONDS; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND LOAN AGREEMENT TO SECURE PAYMENT OF SUCH BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LAND USE RESTRICTION AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SUBORDINATION AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ASSIGNMENT OF MORTGAGE DOCUMENTS; DESIGNATING FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA AS THE INITIAL ISSUER SERVICER, COMPLIANCE AGENT AND FINANCIAL MONITORING AGENT; AND APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A COMPLIANCE MONITORING AGREEMENT, A FINANCIAL MONITORING AGREEMENT AND A CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT; APPROVING A CREDIT UNDERWRITING REPORT; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; APPROVING A NEGOTIATED SALE OF THE BONDS TO RBC CAPITAL MARKETS, LLC, AS UNDERWRITER; APPOINTING A TRUSTEE; AUTHORIZING ALL OTHER NECESSARY ACTIONS, AGREEMENTS, CERTIFICATES OR INSTRUMENTS REQUIRED TO ISSUE AND DELIVER THE BONDS; AND PROVIDE AN EFFECTIVE DATE.**

**WHEREAS**, the Legislature of the State of Florida (the "State") has enacted the Florida Housing Finance Authority Law, Sections 159.601 through 159.623 Part IV, Florida Statutes, as amended (the "Act"), pursuant to which the State has empowered each county in the State to create by ordinance a separate public body corporate and politic to be known as a housing finance authority of the county for the purpose of alleviating a shortage of housing and creating capital for investment in housing in the area of operation of such housing finance authority; and

**WHEREAS**, the Jacksonville Housing Finance Authority (the "Issuer") is empowered to issue its revenue bonds, notes or other evidences of indebtedness to finance the acquisition,

construction and development of multifamily rental housing for persons of low and moderate income at prices or rentals they can afford; and

**WHEREAS**, the Issuer has the power to issue revenue bonds for the purposes described in the Act, including, without limitation, to refund outstanding obligations of the Issuer, to finance the purchase of mortgage loans originated to persons of low and moderate income and to stimulate the acquisition, construction and rehabilitation of housing within the County; and

**WHEREAS**, the Issuer has determined that there exists a shortage of safe and sanitary housing for persons and families of moderate middle and lesser income within Duval County, Florida; and

**WHEREAS**, pursuant to the Act, and the Indenture of Trust by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), dated as of September 1, 2018 (the "Indenture"), Millennia Jacksonville FL TC LP (the "Borrower") has requested that the Issuer issue its Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018; and

**WHEREAS**, the Issuer has determined to issue, sell, and deliver its not to exceed \$90,000,000 Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Bonds") for the purpose of funding the loan; and

**WHEREAS**, the Issuer authorized the issuance of the Bonds pursuant to that certain Resolution adopted by the Issuer on August 17, 2017, as amended and restated pursuant to that certain Resolution adopted by the Issuer on September 19, 2017; and

**WHEREAS**, to secure payment of the Bonds, the Issuer and the Trustee will enter into the Indenture to provide for, among other things, the security for the Bonds; and

**WHEREAS**, the Issuer and the Borrower will enter into the hereinafter described Loan Agreement (the "Loan Agreement") with respect to the Bonds, pursuant to which a mortgage loan to the Borrower in the amount of the Bonds (the "Loan") for the financing of the acquisition, rehabilitation and equipping of (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments; and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments (collectively, the "Project Facilities") will be made and secured; and

**WHEREAS**, as a condition of facilitating the Loan and in connection with the issuance of the Bonds, the Issuer, the Trustee and the Borrower will enter into the hereinafter described Land Use Restriction Agreement in order to preserve the tax-exempt status of the Bonds; and

**WHEREAS**, the Loan shall be evidenced by a mortgage note (the “Note”), which Loan and Note shall be secured by a first mortgage (the “Mortgage”) from the Borrower to and in favor of the Authority, and assigned to the Trustee; and

**WHEREAS**, the Issuer desires to assign certain of its rights under the Loan Agreement, the Mortgage and the Note to the Trustee pursuant to that certain Assignment of Mortgage Documents from the Authority to the Trustee with the consent of the Borrower (the “Assignment”); and

**WHEREAS**, the Issuer has determined that a negotiated sale of the Bonds is in the best interest of the Issuer; and

**WHEREAS**, in connection with the negotiated sale of the Bonds, the Issuer desires to enter into a Bond Purchase Agreement by and among the Issuer, the Borrower and RBC Capital Markets, LLC, as Underwriter (the “Underwriter”); and

**WHEREAS**, GMF-Jacksonville Pool, LLC, (the “Seller”) as subordinate lender (the “Subordinate Lender”) has agreed to make a subordinate loan to the Borrower in an amount equal to \$11,700,000 or such other amount as may be agreed to by the parties (the “Subordinate Loan”); and

**WHEREAS**, the Issuer, the Trustee, the Subordinate Lender and the Borrower will enter into a Subordination Agreement (the “Subordination Agreement”), setting forth rights of the parties with respect to the Loan and Subordinate Loan; and

**WHEREAS**, in order to further secure payment of the Bonds, certain guaranties will be provided by the Borrower, Millennia Jacksonville FL TC LP, Jacksonville TC Investment, LLC, Millennia Housing Development, Ltd., Malisse J. Sinito and Frank T. Sinito, individually, in favor of the Issuer and assigned to the Trustee; and

**WHEREAS**, the Issuer desires to appoint The Bank of New York Mellon Trust Company, N.A. as Trustee; and

**WHEREAS**, First Housing Development Corporation of Florida, a Florida corporation (“First Housing”) will initially be the financial monitor, issuer servicer and compliance monitoring agent with respect to the Bonds; and

**WHEREAS**, the Issuer desires to approve the Credit Underwriting Report prepared by First Housing for the Issuer dated the date thereof (the “Credit Underwriting Report”); and

**WHEREAS**, the Issuer desires to grant to its appropriate officers the authority to do and perform and execute all other documents and instruments, not mentioned herein, necessary to issue the Bonds; and



**NOW, THEREFORE, BE IT RESOLVED BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY:**

**Section 1. Findings and Determinations.** The Issuer hereby finds and determines that:

(a) All statements and provisions of the foregoing recitals are incorporated herein as findings and determinations of the Issuer.

(b) A negotiated sale of the Bonds is in the best interest of the Issuer in light of the prevailing unsettled condition of the bond market, and the necessity of complying with provisions of the Internal Revenue Code of 1986, as amended, which make it essential that the Issuer have maximum flexibility in structuring the Bonds, which flexibility would not be possible in competitive bidding.

(c) Based upon such findings, the Issuer approves the negotiated sale of the Bonds to the Underwriter.

(d) Prior to executing and delivering the Indenture, the Issuer shall have received disclosure statements from the Underwriter setting forth the information required by Section 218.385, Florida Statutes, as amended.

(e) In addition to the words and terms defined or described herein, and unless the context otherwise requires, the terms defined in the documents identified and described in the foregoing recitals and in this Resolution shall have the meanings that are ascribed to them in the Indenture and/or the Loan Agreement.

**Section 2. Authorization and Details of the Bonds.** The Issuer hereby authorizes the issuance of not to exceed \$90,000,000 total aggregate principal amount of the Bonds to be designated as "Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds, (Jacksonville Millennia Project), Series 2018", or such other name or series designation or in one or more series, all as may be determined by the Issuer. The Bonds shall bear interest payable at such times and in such manner, and shall have maturity dates (not to exceed 43 years from the date of issuance) and shall be subject to redemption, all as described in the Indenture. The Bonds are issuable only as fully registered bonds in the denominations as provided in the Indenture.

**Section 3. Approval of Indenture.** The Issuer hereby approves the form and content of the Indenture between the Issuer and the Trustee attached hereto as **EXHIBIT A**. The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Indenture on behalf of the Issuer in substantially the form attached hereto as **EXHIBIT A**, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer, with the advice of Bond Counsel and the Office of the General Counsel may deem

necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer.

**Section 4. Approval of Loan Agreement.** The Issuer hereby approves the form and content of the Loan Agreement by and between the Issuer and the Borrower attached hereto as **EXHIBIT B**. The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Loan Agreement on behalf of the Issuer in substantially the form attached hereto as **EXHIBIT B**, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer, with the advice of Bond Counsel and the Office of the General Counsel may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer.

**Section 5. Approval of Land Use Restriction Agreement.** The Issuer hereby approves the form and content of the Land Use Restriction Agreement by and among the Issuer, the Borrower and the Trustee attached hereto as **EXHIBIT C** (the "Land Use Restriction Agreement"). The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Land Use Restriction Agreement on behalf of the Issuer in substantially the form attached hereto as **EXHIBIT C**, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer, with the advice of Bond Counsel and the Office of the General Counsel may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer.

**Section 6. Approval of Subordination Agreement.** The Issuer hereby approves the form and content of the Subordination Agreement by and among the Issuer, the Trustee, the Subordinate Lender and the Borrower attached hereto as **EXHIBIT D**. The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Subordination Agreement on behalf of the Issuer in substantially the form attached hereto as **EXHIBIT D**, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer, with the advice of Bond Counsel and the Office of the General Counsel may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer

**Section 7. Approval of Compliance Monitoring Agreement, Financial Monitoring Agreement, Construction Loan and Mortgage Servicing Agreement and Credit Underwriting Report.** First Housing is hereby appointed to perform the duties of compliance monitoring agent pursuant to the Compliance Monitoring Agreement by and among the Issuer, the Borrower, the Trustee and First Housing (the "Compliance Monitoring Agreement"), the duties of financial monitoring agent pursuant to the Financial Monitoring Agreement by and among the Issuer, the Borrower, the Trustee and First Housing (the "Financial Monitoring Agreement"), and the duties of Issuer Servicer under the Indenture, the Loan Agreement, the Land Use Restriction Agreement and the Construction Loan and Mortgage Servicing Agreement by and among the Issuer, the Borrower, the Trustee and First Housing (the "Mortgage Servicing Agreement"). The forms of the Compliance Monitoring Agreement, the Financial Monitoring Agreement and the Mortgage Servicing Agreement attached hereto as

**EXHIBITS E, F and G**, respectively, are hereby approved. The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Compliance Monitoring Agreement, the Mortgage Servicing Agreement and the Financial Monitoring Agreement on behalf of the Issuer in substantially the forms attached hereto as **EXHIBITS E, F and G**, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer, with the advice of Bond Counsel and the Office of the General Counsel may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer. The Issuer hereby approves the Credit Underwriting Report prepared by First Housing in connection with the Project Facilities and delivered to the Issuer.

**Section 8. Approval of Bond Purchase Agreement.** The Issuer hereby approves the form and content of the Bond Purchase Agreement by and among the Issuer, RBC Capital Markets, LLC and the Borrower attached hereto as **EXHIBIT H** (the "Bond Purchase Agreement"). The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Bond Purchase Agreement on behalf of the Issuer in substantially the form attached hereto as **EXHIBIT H**, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer, with the advice of Bond Counsel and the Office of the General Counsel may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer.

**Section 9. Approval of Assignment of Mortgage Documents.** The Issuer hereby approves the form and content of the Assignment attached hereto as **EXHIBIT I**. The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Assignment on behalf of the Issuer in substantially the form attached hereto as **EXHIBIT I**, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer, with the advice of Bond Counsel and the Office of the General Counsel may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer.

**Section 10. Execution of Bonds.** The Chair, Vice Chair or any member of the Issuer and Secretary or Assistant Secretary of the Issuer are hereby authorized and directed to execute, by manual or facsimile signature, the Bonds in definitive form. The Bonds shall be in substantially the form set forth in the Indenture, with such changes, modifications, insertions and deletions as the Chair, Vice Chair or any member of the Issuer may deem necessary and appropriate. The execution and delivery of the Bonds by the aforementioned persons shall be conclusive evidence of the Issuer's approval and authorization thereof.

**Section 11. Authentication and Delivery of Bonds.** Upon their execution in the form and manner set forth in the Indenture, the Issuer shall deliver the Bonds to the Trustee for authentication, and the Trustee is hereby authorized and directed to authenticate and to deliver said Bonds to the designated purchaser or purchasers of the Bonds.

**Section 12. Appointment of Underwriter and Trustee.** RBC Capital Markets, LLC is hereby appointed as Underwriter in connection with the issuance of the Bonds and The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Trustee.

**Section 13. Authorizations and Further Actions.** The Chair, Vice Chair or other member of the Issuer, the Finance Director and such other officers and employees or agents of the Issuer as may be designated by the Chair, are each designated as agents of the Issuer in connection with the issuance and delivery of the Bonds and are authorized and empowered, collectively or individually, to take all actions and steps, to approve, execute and deliver, if appropriate, all contracts, agreements and such other instruments, to approve the form of and approve such changes and complete all omissions and blank spaces in such instruments, documents and contracts, including the exhibits thereto, and to take such other and further actions as they may deem necessary or desirable to accomplish the intent thereof, including the sale, issuance and delivery of the Bonds, including, but not limited to, in consultation with the Issuer's Financial Advisors, Bond Counsel and the Office of the General Counsel, executing and delivering certain additional documents as may be necessary; provided, however, that such terms and conditions set forth in such additional documents shall not be inconsistent with the provisions of this Resolution.

**Section 14. Severability.** If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall continue in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity or ineffectiveness of such section, paragraph, clause or provision.

**Section 15. Repealing Clause.** All resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**Section 16. Effective Date.** This Resolution shall take effect immediately upon its adoption.

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**APPROVED AND ADOPTED** by the Jacksonville Housing Finance Authority this 19th day of September, 2018.

**JACKSONVILLE HOUSING FINANCE  
AUTHORITY**

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

Name: William I. Gulliford, III

Title: Chair

**ATTEST:**

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

Name:

Title: Assistant Secretary

**FORM APPROVED:**

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

Office of the General Counsel

## **EXHIBIT LIST**

EXHIBIT A	FORM OF INDENTURE OF TRUST
EXHIBIT B	FORM OF LOAN AGREEMENT
EXHIBIT C	FORM OF LAND USE RESTRICTION AGREEMENT
EXHIBIT D	FORM OF SUBORDINATION AGREEMENT
EXHIBIT E	FORM OF COMPLIANCE MONITORING AGREEMENT
EXHIBIT F	FORM OF FINANCIAL MONITORING AGREEMENT
EXHIBIT G	FORM OF CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT
EXHIBIT H	FORM OF BOND PURCHASE AGREEMENT
EXHIBIT I	FORM OF ASSIGNMENT OF MORTGAGE DOCUMENTS

**EXHIBIT A**  
**FORM OF INDENTURE OF TRUST**

**EXHIBIT B**  
**FORM OF LOAN AGREEMENT**



**EXHIBIT C**  
**FORM OF LAND USE RESTRICTION AGREEMENT**

**EXHIBIT D**  
**FORM OF SUBORDINATION AGREEMENT**

**EXHIBIT E**  
**FORM OF COMPLIANCE MONITORING AGREEMENT**

**EXHIBIT F**  
**FORM OF FINANCIAL MONITORING AGREEMENT**

**EXHIBIT G**

**FORM OF CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT**

**EXHIBIT H**  
**FORM OF BOND PURCHASE AGREEMENT**

**EXHIBIT I**

**FORM OF ASSIGNMENT OF MORTGAGE DOCUMENTS**

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**INDENTURE OF TRUST**

**by and between**

**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**

**as Trustee**

**Dated as of September 1, 2018**

**Relating to:**

**\$ \_\_\_\_\_**

**Jacksonville Housing Finance Authority  
Multifamily Housing Revenue Bonds  
(Millennia Jacksonville Project), Series 2018**

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## INDENTURE OF TRUST

This **INDENTURE OF TRUST** (as amended, modified, supplemented or restated from time to time, this "Indenture"), dated as of September 1, 2018, made and entered into by and between the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a public body corporate and politic duly created, organized and existing under the laws of the State (together with its successors and assigns, the "Issuer"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association authorized to exercise corporate trust powers in the State and authorized to accept and execute the trusts of the character herein set out, as trustee (together with any successor trustee hereunder and their respective successors and assigns, (the "Trustee"),

### W I T N E S S E T H:

**WHEREAS**, by virtue of the authority of the laws of the State, and particularly the Act, the Issuer is empowered to issue its revenue bonds, notes or other evidences of Indebtedness to finance the acquisition, rehabilitation and development of multifamily rental housing for persons of low, moderate and middle income at prices or rentals they can afford; and

**WHEREAS**, the Issuer has determined to issue and sell its Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018, in the original aggregate principal amount of \$[\_\_\_\_\_] (the "Bonds") for the purpose of financing a portion of the costs of the acquisition and rehabilitation of existing multifamily residential housing facilities located in Jacksonville, Duval County, Florida, consisting of a total of (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments (the "Valencia Project"), (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments (the "Weldon Project"), (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments ( the "Palmetto Glen Project") and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments (the "Calloway Cove Project") (each a "Project" and collectively, the "Project Facilities") all pursuant to this Indenture and the Loan Agreement, dated as of September 1, 2018 (as amended, modified, supplemented or restated from time to time, the "Loan Agreement"), between the Issuer and Millennia Jacksonville FL TC LP, a Florida limited partnership duly organized and existing under the laws of the State (together with its permitted successors and assigns, the "Borrower"); and

**WHEREAS**, the Issuer is authorized to enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done to finance the Project Costs by the issuance of the Bonds, all as hereinafter provided; and

**WHEREAS**, all acts, conditions and things required to happen, exist, and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed in order to make the Bonds, when issued, delivered and authenticated, valid obligations of the Issuer in accordance with the terms thereof

and hereof, and in order to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

**WHEREAS**, the Trustee has accepted the trusts created by this Indenture and has accepted its obligations hereunder, and in evidence thereof, this Indenture has been executed and delivered thereby.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE COVENANTS AND UNDERTAKINGS HEREIN EXPRESSED, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO AGREE AS FOLLOWS:

### **GRANTING CLAUSES**

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Holders thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b), (c) and (d) below (said property being herein referred to as the "Security"), to wit:

(a) All moneys from time to time paid by the Borrower pursuant to the terms of the Loan Agreement, the Note and the Bond Documents and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement, the Bond Documents and the Note (but in each instance excluding the Reserved Rights, as defined herein); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding the Rebate Fund and excluding amounts required to be rebated to the U.S. Treasury under Section 148(f) of the Code, as amended, whether or not held in the Rebate Fund; and

(c) Any and all property, rights and interests (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee, which the Trustee is hereby authorized to receive at any and all times and to hold and apply the same subject to the terms of this Indenture; and

(d) All of the proceeds of the foregoing (except the amounts payable to or on behalf of the Issuer on account of its Reserved Rights), including without limitation investments thereof;

TO HAVE AND TO HOLD, all and singular, the Security with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as herein otherwise expressly provided;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of and premium, if any, on such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article V (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on Bonds, except Bonds purchased or paid and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest thereon payable to the Holders thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Security is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the respective Holders from time to time of the Bonds as follows:

## ARTICLE I DEFINITIONS

**Section 1.1 Defined Terms.** In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

**“Absolute and Unconditional Guaranty of Completion”** means the Absolute and Unconditional Guaranty of Completion, dated as of the date hereof, by the Borrower, the General Partner, the Developer, Malisse J. Sinito and Frank T. Sinito to and for the benefit of the Issuer and the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Absolute and Unconditional Guaranty of Operating Deficits”** means the Absolute and Unconditional Guaranty of Operating Deficits, dated as of the date hereof, by the Borrower, the General Partner, the Developer, Malisse J. Sinito and Frank T. Sinito to and for the benefit of the Issuer and the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Accountant”** means \_\_\_\_\_, or such other accounting firm approved in writing by the Controlling Person.

**“Accounts”** means all funds and accounts established under this Indenture from time to time.

**“Act”** means the Florida Housing Finance Authority Law, Part IV, Chapter 159, Florida Statutes, as amended and supplemented from time to time, Chapter 52 Ordinance Code of the City, as amended, Ordinance 2014-185-E of the City, Resolution No. 2017-671-A of the City adopted on October 24, 2017, a Resolution of the Issuer adopted on August 17, 2017 and a Resolution of the Issuer adopted on September 19, 2017.

**“Advance”** means any disbursement from the Project Fund established under this Indenture made or to be made by the Trustee pursuant to the terms of the Loan Agreement.

**“Affiliate”** means, with respect to any designated Person, each Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another designated Person, pursuant to the organizational document(s) of an entity or by other express, written agreement.

**“Allocated Amount”** shall mean, with respect to a Project, the allocated portion of the Outstanding amount of the Bonds as of the Issue Date pursuant to Section 3.4(b) hereof based on the following percentages: \_\_\_\_ % with respect to the Valencia Project, \_\_\_\_ % with respect to the Weldon Project, \_\_\_\_ % with respect to the Palmetto Glen Project and \_\_\_\_ % with respect to the Calloway Cove Project. Such Allocated Amount may be changed at Final Completion upon

receipt of a no adverse effect opinion of Bond Counsel and receipt by the Issuer of any changes to the Allocated Amounts.

**“Annual Budget”** means, for any Fiscal Year, the capital and operating budget adopted by the Borrower and approved by the Controlling Person, or deemed approved, pursuant to Section 6.24 of the Loan Agreement.

**“Anti-Terrorism Regulations”** shall have the meaning ascribed to such term in Section 6.23 of the Loan Agreement.

**“Approved Buyer”** means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act, as in effect on the date hereof, (2) an “accredited investor” as defined in Regulation D promulgated under the Securities Act or (3) any other transferee expressly permitted under the Investor Letter, (iii) an Affiliate of Deutsch Bank AG, New York Branch ; or (iv) a trust or custodial arrangement in which all of the beneficial ownership interests would be owned by one or more other Approved Buyers.

**“Architect”** means Dimit Architects, LLC, for Valencia and the Architectural Group for the other three (3) Projects.

**“Architect’s Agreement”** means the contract with respect to each project dated [\_\_\_\_\_] between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the rehabilitation thereof, including ongoing monthly inspection of the Improvements during the rehabilitation of the Improvements, certification of Requisitions and certification of Final Completion, among other things, as the same may be amended, modified, supplemented or restated from time to time.

**“Assignment of Capital Contributions”** means the Assignment of Capital Contributions, dated the date hereof, by the Borrower for the benefit of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Assignment of HAP Contract”** means collectively with respect to each Project the Assignment of Housing Assistance Payments Contract, dated as of the date hereof, made by the Borrower to the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Assignment of Management Agreements”** means the Assignment of Management Agreements, dated as of the date hereof, by the Borrower to and for the benefit of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Assignment of Project Documents”** means the Assignment of Project Documents, dated as of the date hereof, made by the Borrower in favor of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.



**“Authorized Denomination”** means \$250,000, and any amount in excess of \$250,000, but not in excess of the aggregate principal amount of Bonds then Outstanding.

**“Authorized Person”** means one or more individuals duly authorized to bind the Borrower in connection with the administration of the Project Facilities. The initial Authorized Persons of the Borrower are Frank T. Sinito and Laura R. Anderson.

**“Bankruptcy Code”** means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

**“Beneficial Owner”** means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a DTC Participant or an Indirect Participant on the records of such Securities Depository, DTC Participant or Indirect Participant, as the case may be, or such Person’s subrogee.

**“Bond”** or **“Bonds”** shall have the meaning given to such term in the recitals to this Indenture.

**“Bond Counsel”** means an attorney, or firm of attorneys, nationally recognized, designated by the Issuer and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds, reasonably acceptable to the Controlling Person.

**“Bond Coupon Rate”** means \_\_\_\_\_% per annum.

**“Bond Documents”** means, collectively, the Bonds, this Indenture, the Loan Agreement, the Note, the Land Use Restriction Agreement, the Tax Certificate, the Purchase Agreement, the Mortgage, the Environmental Indemnity, the Assignment of Management Agreement and Consent, the Issuer Assignment, the Assignment of HAP Contract, the Continuing Disclosure Agreement, the Replacement Reserve Agreement, the Assignment of Project Documents, the General Partner Pledge, the Developer Fee Pledge, the Assignment of Capital Contributions, the Guaranty of Recourse Obligations, the Guaranty of Debt Service and Stabilization and the Guaranty of Completion, the Issuer Guaranties, and all other agreements or instruments relating to, or executed in connection with the issuance and delivery of the Bonds, including all modifications, amendments or supplements thereto.

**“Bond Fund”** means the fund of that name created pursuant to Section 4.1(a) hereof.

**“Bond Proceeds Account”** means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

**“Bondholder”** or **“Holder”** or words of similar import, when used with reference to the Bonds, means the registered owner or owners or Beneficial Owner or Beneficial Owners of the Bonds, as applicable.

**“Book-Entry System”** means a book-entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 2.11 hereof.

**“Borrower”** shall have the meaning given to such term in the recitals to this Indenture.

**“Business Day”** means any day on which the offices of the Trustee, are open for business and on which The New York Stock Exchange is not closed.

**“Capital Expenditures”** means the capital expenditures relating to any construction, rehabilitation, repair and replacement of the Improvements or made pursuant to the recommendations of the Engineering Consultant.

**“Capital Event”** shall mean the sale, refinancing or other disposition of all or substantially all of a Project.

**“Capitalized Interest Account”** means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

**“Change Order”** means a change made to the Plans and Specifications relating to the Project Facilities, as evidenced by a written change order request in accordance with the terms of the Construction Contract.

**“City”** means the City of Jacksonville, Florida.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder.

**“Collateral”** means all property of the Borrower in which the Issuer or Trustee is granted a security interest to secure payment of the Loan.

**“Completion Date”** means the date by which the rehabilitation of the Improvements must achieve Final Completion. The initial Completion Date for the rehabilitations is June 1, 2020; provided, however, that at the request of the Borrower and with the prior written approval of the Controlling Person, the Completion Date may be extended one or more times for such periods as the Controlling Person may approve in its sole discretion, upon delivery of such other information and funds as reasonably requested by the Controlling Person or the Majority Owner. The approval of the Controlling Person shall not be unreasonably withheld, conditioned or delayed in connection with any reasonably required extension of the Completion Date as a result of any Force Majeure event.

**“Compliance Monitoring Agreement”** means the Compliance Monitoring Agreement, dated as of September 1, 2018, by and among the Issuer, the Borrower, the Issuer Servicer and the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Condemnation Award”** means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys’ fees, in obtaining such award.

**“Construction Loan and Mortgage Servicing Agreement”** means the Construction Loan and Servicing Agreement, dated as of September 1, 2018, by and among the Issuer, the Borrower, the Issuer Servicer and the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Construction Contract”** means collectively, the contract with respect to each Project, each dated on or about July 24, 2018, between the Borrower and the Contractor, providing for the rehabilitation of the Improvements and certification of Requisitions, among other things, as the same may be amended, modified, supplemented or restated from time to time.

**“Contamination”** means the uncontained release, discharge or disposal of any Hazardous Substances at, on, upon or beneath the Project Facilities, whether or not originating at the Project Facilities, or arising from the Project Facilities into or upon any land or water or air, or otherwise into the environment, which may require remediation under any applicable Legal Requirements.

**“Continuing Disclosure Agreement”** means the Continuing Disclosure Agreement, dated as of the date hereof, between the Borrower and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, as the same may be amended, modified, supplemented or restated from time to time.

**“Continuing, Absolute and Unconditional Guaranty of Recourse Obligations”** means the Continuing, Absolute and Unconditional Guaranty of Recourse Obligations, dated as of the date hereof, by the Borrower, the General Partner, Malisse J. Sinito and Frank T. Sinito to and for the benefit of the Issuer and the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Contractor”** means NEI General Contracting, Inc., a Massachusetts Corporation.

**“Control”** (including, with the correlative meanings, the terms “controlling”, “controlled by” and “under common control with”) means, as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such other Person, or of the Person, whether through contract, stock ownership, partnership interests, membership, voting rights, governing boards, committees, divisions or other bodies with one or more common members, directors, trustees or other managers, or otherwise.

**“Controlling Person”** means any entity designated in writing by the Majority Owner to act as a Controlling Person hereunder, in accordance with Article IX hereof. If at any time a Controlling Person has not been designated by the Majority Owner, all references herein and in other Bond Documents to “Controlling Person” shall refer to the Majority Owner. The initial Controlling Person is R4 Servicer LLC.

**“Costs of Issuance Account”** means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

**“Counsel”** means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States or the District of Columbia, including any Bond Counsel.

**“Default”** means an event or condition which is, or which after giving notice or lapse of time or both would be, an Event of Default.

**“Default Interest”** means interest payable at the Default Rate.

**“Default Rate”** means a rate per annum equal to ten percent (10%) per annum; provided that such rate shall in no event exceed the maximum rate allowed by law.

**“Determination of Taxability”** means a determination that the interest accrued or paid on any of the Bonds is included in gross income of the Holders or former Holders for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(i) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by the Commissioner or any District Director of the IRS that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(ii) the day on which the Borrower receives notice from the Trustee in writing that the Trustee has received (1) a notice in writing by any Holder or former Holder that the IRS has issued a statutory notice of deficiency or similar notice to such Holder or former Holder that asserts in effect that the interest on the Bonds received by such Holder or former Holder is included in the gross income of such Holder or former Holder for federal income tax purposes, or (2) an Opinion of Bond Counsel that concludes in effect that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(iii) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by the Commissioner or any District Director of the IRS that there has been issued a public or private ruling of the IRS or a technical advice memorandum issued by the national office of the IRS that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes; or

(iv) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by Counsel that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the interest on the Bonds is included in the

gross income of any Holder or former Holder thereof for federal income tax purposes;

provided, however, no Determination of Taxability shall occur to the extent that the interest on any of the Bonds is included in the gross income of any Holder or former Holder for federal income tax purposes solely because such Bond was held by a Person who is a Substantial User or a Related Person.

**“Developer”** means Millennia Housing Development, Ltd., an Ohio limited liability company authorized to conduct its business in the State, together with its successors and assigns approved by the Controlling Person.

**“Developer Fee Pledge”** means the Developer Limited Guaranty, Pledge and Security Agreement dated as of the date hereof from Developer in favor of the Trustee.

**“Development Budget”** means the budget for the implementation and completion of the acquisition, rehabilitation and equipping of the Project Facilities, initially as attached to the Loan Agreement as Schedule 4, together with any modifications or amendments thereto made in accordance with the Loan Agreement and with the prior written consent of the Controlling Person.

**“DTC Participant”** means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

**“Effective Gross Revenues”** of the Borrower means, for the three (3) month period prior to the determination of Stabilized NOI, the annualized aggregate revenues during such period generated from all tenants and others occupying or having a right to occupy or use the Project Facilities or any portion thereof pursuant to leases, including (at the Controlling Person’s reasonable discretion, taking into account whether such income is recurring and is appropriate for a stabilized property), vending machine income, cable TV revenues, laundry service and parking income, as adjusted in the Controlling Person’s judgment for factors including but not limited to: (i) seasonal fluctuation in the rental rate in the market in which the Project Facilities are located; (ii) evidence of rent deterioration; (iii) concessions, reductions, inducements or forbearances (such as any cash reduction in monthly rent during the term of a lease, any free rent before, during or after the term of a lease, any rent coupons, gift certificates and tangible goods or any other form of rent reduction or forbearance); (iv) economic vacancy at the higher of: (1) five percent (5.0%) and (2) actual economic vacancy based on the annualized vacancies of the Project Facilities; (v) 30-day or more delinquencies; (vi) low-income restrictions required by any applicable federal, state or local subsidy program or any restrictive covenant or regulatory agreement; and (vii) other applicable adjustments as reasonably determined by the Controlling Person. Effective Gross Revenues shall exclude revenues from Section 8 vouchers to the extent such revenues cause the rent on any unit to exceed the maximum allowable tax credit rent designated for such unit.

**“Engineer’s Agreement”** means the agreement, if any, between the Borrower and the structural engineer for the Project Facilities approved by the Controlling Person, relating to the

rehabilitation of the Improvements, as the same may be amended, modified, supplemented or restated from time to time.

**“Engineering Consultant”** means a consultant licensed to practice in the State and chosen by the Controlling Person.

**“Environmental Audit”** means the written Phase I environmental site assessment for each Project prepared by ATC Group Services LLC and provided to the Controlling Person.

**“Environmental Completion Conditions”** shall have the meaning set forth in the Partnership Agreement.

**“Environmental Indemnity”** means the Environmental Indemnity Agreement dated as of the date hereof, by the Borrower and Guarantors named therein in favor of the Trustee.

**“Environmental Laws”** means all Legal Requirements governing or relating to the protection of the environment, natural resources or human health concerning (i) activities at any of the Project Facilities, (ii) repairs or rehabilitation of any Improvements, (iii) handling of any materials at any of the Project Facilities, (iv) releases into or upon the air, soil, surface water or ground water from any of the Project Facilities, and (v) storage, distribution, use, treatment, transport or disposal of any waste at or connected with any activity at any of the Project Facilities, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq., as amended from time to time; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 5101 et seq., as amended from time to time; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as amended from time to time; the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq., as amended from time to time; and comparable State statutes.

**“Environmentally Sensitive Area”** means (i) a wetland or other “water of the United States” for purposes of Section 404 of the federal Clean Water Act or any similar area regulated under any State or local Legal Requirements, (ii) a floodplain or other flood hazard area as defined pursuant to any applicable state Legal Requirements, (iii) a portion of the coastal zone for purposes of the federal Coastal Zone Management Act, or (iv) any other area development of which is specifically restricted under applicable Legal Requirements by reason of its physical characteristics or prior use.

**“EPA”** shall have the meanings ascribed to such term in Section 6.14(e) of the Loan Agreement.

**“Equity Account”** means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

**“ERISA”** shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

**“ERISA Affiliate”** shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

**“Event of Default”** means, with respect to this Indenture, any of the events specified in Section 6.1 hereof, or with respect to the Loan Agreement, any of the events specified in Section 7.1 thereof.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

**“Executive”** means any one of Chair or Vice Chair of the Issuer.

**“Expenses”** means the aggregate annualized operating expenses (including replacement reserves) of the Project Facilities as reasonably determined by the Controlling Person in an amount equal to the greater of: (i) the actual amount of aggregate annualized Expenses for the three (3) month period prior to the determination of Stabilized NOI, provided that such actual expenses reflect normalized/stabilized operations as reasonably determined by the Controlling Person; and (ii) \$Underwritten Amount Established at Closing per annum increased on an annual basis commencing January 1, 20\_\_ by 3%, adjusted to reflect actual cost of utilities, insurance and Impositions (provided that for Impositions constituting real property taxes, if any, the cost shall be based on the full assessed value of the Project after taking into account completion of rehabilitation), plus all required deposits into the Replacement Reserve Fund established under the Indenture.

**“Favorable Opinion of Bond Counsel”** means an opinion of Bond Counsel, addressed to the Issuer, the Trustee and the Majority Owner, with a copy to the Controlling Person, to the effect that a proposed action, event or circumstance (i) does not affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and (ii) does not affect the treatment of interest on the Bonds as not being an item of tax preference for purposes of the federal alternative minimum tax, which opinion may be subject to customary assumptions and exclusions.

**“Final Completion”** means, with respect to the Project Facilities, that each of the following conditions has been satisfied:

- (i) the Controlling Person shall have received a copy of the final Plans and Specifications containing all Change Orders and there shall have been no Material Change Orders other than Material Change Orders approved by the Controlling Person;

- (ii) the Borrower shall have obtained the Governmental Actions, if any, required by the Legal Requirements and all Governmental Authorities associated with the Project Facilities, including use and occupancy permits or their equivalent (if any are required), and shall have furnished true copies of all such Governmental Actions to the Controlling Person. Temporary certificates of occupancy, as opposed to final certificates of occupancy or their equivalent, shall be acceptable: provided, that (A) the Punchlist Items do not have a total cost to complete exceeding two percent (2%) of the contract price

of the Work, nor an estimated time to complete, as reasonably determined by the Engineering Consultant, exceeding forty-five (45) days (except for items such as landscaping, the completion of which is subject to seasonal conditions), (B) such Punchlist Items do not substantially interfere with or prevent the use and occupancy of the Project Facilities, (C) such Punchlist Items do not include major appliances or materially affect the systems (including plumbing, electrical, HVAC, mechanical, roofing and sprinklers) serving the Project Facilities or major structural components of the Project Facilities and (D) adequate reserves, in amounts equal to 110% of the cost of completion of such items as estimated by the Architect and approved by the Engineering Consultant (or 110%, with respect to the items described in subsection (A) as being subject to seasonal conditions) have been deposited into the Project Fund;

(iii) as to all such Governmental Actions, no appeal or other action or proceeding challenging any such Governmental Actions shall have been filed or, if filed and decided, there shall have been no appeal (or further appeal) taken and all other statutory appeal periods must have expired, and there shall be no claim, litigation or governmental proceeding pending against the Borrower or the Project Facilities challenging the validity or the issuance of any zoning, subdivision or other land use ordinance, variance, permit or approval, or any Governmental Action of the kind described in this subparagraph (iii). In addition, as to all of such permits, approvals and certificates having statutory, regulatory or otherwise expressly specified and determinable appeal periods, such periods, if any, must have expired without an appeal having been taken (or any such appeal shall have been denied or shall have affirmed the granting of such Governmental Action);

(iv) the Controlling Person shall have received from the Architect, and the Engineering Consultant shall have approved, a certificate of the Architect in the form customary for projects of the scope of the Work for the Project Facilities with respect to substantial completion of the Work at the Project Facilities;

(v) all Work set forth in the Plans and Specifications for the Project Facilities other than Punchlist Items shall have been incorporated into the Improvements at the Project Facilities;

(vi) except for Permitted Encumbrances and Impositions not then due and payable, the Project Facilities shall be free of any and all private or governmental charges, claims or Liens (filed or not) of any nature, excepting only the liens and security interests in favor of the Trustee and any other encumbrances approved by the Controlling Person in writing or otherwise permitted by the Loan Agreement;

(vii) with respect to all contractors and subcontractors and materialmen (for contracts less than \$50,000, only as required by the Title Company; provided that the Title Company insures over any mechanics' and materialmen's liens arising from such excepted contractors, subcontractors or materialmen), either (i) the Borrower shall have



obtained an unconditional waiver and release upon final payment of mechanics' and materialmen's liens if there are no Punchlist Items or (ii) if there are Punchlist Items, the Borrower shall have obtained an unconditional waiver and release upon progress payment of mechanics' and materialmen's liens for all of the Improvements at the Project Facilities except for the Punchlist Items, and true copies thereof have been delivered to the Controlling Person; however, if the Borrower is contesting in good faith any obligation to a contractor or materialmen, then the Borrower may provide, in lieu of a waiver and release, a bond in the form and substance acceptable to the Controlling Person;

(viii) the final complete use of proceeds and completion certificates in the form required under the Loan Agreement shall have been provided to the Controlling Person and shall be reasonably acceptable to the Controlling Person;

(ix) an endorsement down-dating the Title Policy insuring the Mortgage as a first lien, subject to Permitted Encumbrances;

(x) if construction work is contemplated which would result in new structures or expansion of foot prints of the existing structures, the Trustee shall have received an as-built ALTA/ACSM Urban Class Survey certified to the Trustee and the Controlling Person; and

(xi) the Borrower has, in form and substance reasonably acceptable to the Controlling Person, completed the Environmental Completion Conditions.

**"Financial Monitoring Agreement"** means the Financial Monitoring Agreement, dated as of September 1, 2018, by and among the Issuer, the Borrower, the Issuer Servicer and the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**"Financing Statements"** means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture.

**"First Interest Payment Date"** means the first (1st) calendar day of the second full calendar month following the Issue Date.

**"First Principal Payment Date"** means [February 1, 2036].

**"First Optional Call Date"** means [February 1, 2037].

**"First Put Date"** means \_\_\_\_\_, 20\_\_.

**"Fiscal Year"** means the annual accounting year of the Borrower, which currently begins on January 1 of each calendar year.

**“Fitch”** means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by notice to the Borrower, the Issuer and the Trustee.

**“Force Majeure”** means any acts of God, strikes, walkouts or other labor disputes, riots, civil strife, war, acts of a public enemy, lightning, fires, explosions, storms or floods or shortages of labor or materials or other causes of a like nature beyond the control of the Borrower; provided, however, that the unavailability of sources of financing, the insufficiency of funds, the loss of a tenant or changes in market conditions shall not constitute Force Majeure.

**“GAAP”** means generally accepted accounting principles in effect in the United States from time to time, consistently applied.

**“General Partner”** means Jacksonville TC Investment, LLC, an Ohio limited liability company authorized to conduct its business in the State, the general partner of the Borrower, together with its successors and assigns, as permitted by the Controlling Person and the restrictions described in the definition of “Permitted Transfer” herein.

**“General Partner Pledge”** means the Limited Guaranty, Pledge of Partnership Interests and Security Agreement, dated the date hereof, by the General Partner, in favor of the Trustee.

**“Government Obligations”** means (i) direct obligations of the United States for the full and timely payment of which the full faith and credit of the United States is pledged and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the U.S. Treasury), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

**“Governmental Action”** means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, and notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to rehabilitate, use, operate and maintain any of the Project Facilities.

**“Governmental Authority”** means any federal, state, or local governmental or quasi - governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the Borrower and/or the Project Facilities.

**“Granting Clauses”** means the granting clauses in the preamble hereof.

**“Guarantors”** means, as applicable with respect to each Guarantor Document, the Borrower, Jacksonville TC Investments, LLC, Millennia Housing Development, Ltd., Frank T. Sinito, a resident of the State of Ohio, and Malisse Sinito, a resident of the State of Ohio, together with their respective heirs, executors, personal and legal representatives and permitted successors and assigns.

**“Guarantor Documents”** means, collectively, (i) the Guaranty of Recourse Obligations to be dated as of September 1, 2018 from the Guarantors named therein for the benefit of the Trustee, (ii) the Guaranty of Completion to be dated as of September 1, 2018 from the Guarantors named therein for the benefit of the Trustee, (iii) the Guaranty of Debt Service and Stabilization to be dated as of September 1, 2018 from the Guarantors named therein for the benefit of the Trustee, (iv) the Environmental Indemnity, (v) the Environmental Indemnity Agreement (the Issuer) to be dated as of September 1, 2018, by the Borrower and the Guarantors named therein in favor of the Issuer and the Trustee, (vi) the Continuing, Absolute and Unconditional Guaranty of Recourse Obligations to be dated as of September 1, 2018, by the Borrower, the General Partner and the Guarantors named therein for the benefit of the Issuer and the Trustee, (vii) the Absolute and Unconditional Guaranty of Completion to be dated as of September 1, 2018, by the Borrower, the General Partner, the Developer and the Guarantors named therein for the benefit of the Issuer and the Trustee, and (viii) the Absolute and Unconditional Guaranty of Operating Deficits to be dated as of September 1, 2018 by the Borrower, the General Partner and the Guarantors named therein for the benefit of the Issuer and the Trustee.

**“Guaranty of Completion”** means the Guaranty of Completion, dated as of the date hereof, made by the Guarantors in favor of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Guaranty of Debt Service and Stabilization”** means the Guaranty of Debt Service and Stabilization, dated as of the date hereof, made by the Guarantors in favor of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Guaranty of Recourse Obligations”** means the Guaranty of Recourse Obligations, dated as of the date hereof, made by the Guarantors in favor of the Trustee and the beneficiaries named therein, as the same may be amended, modified, supplemented or restated from time to time.

**“HAP Contracts”** means the Housing Assistance Payments Contract No. \_\_\_\_\_, dated as of [\_\_\_\_], between HUD and the Borrower, the Housing Assistance Payments Contract No. \_\_\_\_\_, dated as of [\_\_\_\_], between HUD and the Borrower and the Housing Assistance Payments Contract No. \_\_\_\_\_, dated as of [\_\_\_\_], between HUD and the Borrower, in each case as the same may be amended, modified, supplemented or restated from time to time.

**“Hazardous Substances”** means any petroleum or petroleum products and their by-products, flammable explosives, radioactive materials, toxic chemicals and substances, radon, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and

polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, Mold, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of “hazardous substances” as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, “regulated substances” within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws.

**“Holder” or “Owner”** means the Person who shall be the registered owner of any Bond.

**“HUD”** means the U.S. Department of Housing and Urban Development.

**“Impositions”** means, with respect to the Project Facilities, all taxes including, without limitation, all real and personal property taxes, water charges and sewer rents, any special assessments, charges or claims and any other item which at any time may be or become a lien upon the Project Facilities.

**“Improvements”** means all buildings and other improvements included in the Project Facilities.

**“Indebtedness”** means, collectively, and includes all present and future indebtedness, liabilities and obligations of any kind or nature whatsoever of the Borrower to the Issuer, the Controlling Person, the Trustee or to the Holders from time to time of the Bonds, now existing and hereafter arising, under or in connection with this Indenture or any of the other Bond Documents, including future advances, principal, interest, indemnities, other fees, late charges, enforcement costs and other costs and expenses whether direct or contingent, matured or unmatured and all other obligations of the Borrower to the Controlling Person, the Trustee, the Issuer or the Holders from time to time of the Bonds.

**“Indemnified Parties”** shall have the meaning given to such term in Section 2.5 of the Loan Agreement.

**“Indenture”** shall have the meaning given to such term in the first paragraph hereof.

**“Indirect Participant”** means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a DTC Participant.

**“Initial Purchaser”** means RBC Capital Markets, LLC, together with its successors and assigns under the Purchase Agreement.

**“Insurance and Condemnation Proceeds Account”** means the account within the Project Fund created pursuant to Section 4.1(a) hereof.

**“Insurance Proceeds”** means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project Facilities, less the actual costs incurred, including attorneys’ fees, in the collection of such proceeds.

**“Interest Payment Date”** means the first (1st) calendar day of each month that the Bonds are Outstanding, commencing on the First Interest Payment Date.

**“Investor Limited Partner”** means R4 JPFL Acquisition LLC, a Delaware limited liability company, and its successors and assigns in such capacity pursuant to the Partnership Agreement.

**“Investor Letter”** means that certain Investor Letter, substantially in the form attached hereto as Exhibit B and Exhibit C.

**“IRS”** means the U.S. Internal Revenue Service.

**“Issue Date”** means September \_\_\_\_, 2018, the date on which the Bonds are the initial draw of the Bonds are issued and delivered to the purchaser or purchasers thereof.

**“Issuer”** means the Jacksonville Housing Finance Authority, a public body corporate and politic, duly created, organized and existing under the laws of the State, including the Act, or any successor to its rights and obligations under the Loan Agreement and this Indenture.

**“Issuer Assignment”** means that certain Assignment of Mortgage Documents, dated as of September 1, 2018, from the Issuer to the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Issuer Guaranties”** means the Environmental Indemnity (the Issuer), the Continuing, Absolute and Unconditional Guaranty of Recourse Obligations, the Absolute and Unconditional Guaranty of Completion and the Absolute and Unconditional Guaranty of Operating Deficits made by the guarantors named therein and each for the benefit of the Issuer and the Trustee.

**“Issuer Guarantors”** means collectively, jointly and severally, the Borrower, Jacksonville TC Investments, LLC, Millennia Housing Development, Ltd., Malisse J. Sinito and Frank T. Sinito.

**“Issuer Servicer”** means First Housing Development Corporation of Florida, a Florida corporation, its successors and assigns, or any other servicer appointed by the Issuer to service the Loan on behalf of Issuer and to monitor the Project.

**“Issuer Servicer Documents”** means the Construction Loan and Servicing Agreement, the Financial Monitoring Agreement and the Compliance Monitoring Agreement.

**“Land”** shall have the meaning assigned to such term in the Mortgage.

**“Land Use Restriction Agreement”** means the land use restriction agreement, dated as of September 1, 2018, among the Issuer, the Trustee and the Borrower, as the same may be amended, modified, supplemented or restated from time to time.

**“Lease”** shall have the meaning assigned to such term in the Mortgage.

**“Legal Requirements”** means all statutes, codes, laws, ordinances, regulations, rules, policies, or other federal, state, local and municipal requirements of any Governmental Authority whether now or hereafter enacted or adopted, and all judgments, decrees, injunctions, writs, orders or like action of an arbitrator or a court or other Governmental Authority of competent jurisdiction (including those pertaining to health, safety or the environment).

**“Lien”** means any lien, mortgage, security interest, tax lien, pledge, encumbrance, conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of Indebtedness, whether arising by agreement or under any statute or law, or otherwise.

**“Loan”** means the loan of proceeds of the Bonds from the Issuer to the Borrower, as evidenced by the Note and pursuant to the terms of the Loan Agreement.

**“Loan Agreement”** shall have the meaning given to such term in the recitals to this Indenture.

**“Local Time”** means eastern time (daylight or standard, as applicable) in New York, New York.

**“Majority Owner”** means any one Person that is the [Beneficial] Owner of the Outstanding Bonds; provided, however, if no one Person is the [Beneficial] Owner of all of the Outstanding Bonds, “Majority Owner” means the [Beneficial] Owner or [Beneficial] Owners of at least fifty-one percent (51%) in aggregate principal amount of all Outstanding Bonds.

**“Major Contract”** shall mean any subcontract for labor or materials, or both, in connection with the Improvements which is for an aggregate contract price equal to or greater than \$250,000, whether pursuant to one contract or agreement or multiple contracts or agreements, after taking into account all change orders.

**“Management Agreement”** shall have the meaning ascribed to such term in Section 6.19 of the Loan Agreement.

**“Managing Agent”** means Millennia Housing Management, Ltd., an Ohio limited liability company, together with any successor manager of the Project Facilities approved by the Controlling Person and their respective successors and assigns.

**“Material Adverse Effect”** means a material adverse effect on the business operations, assets, condition (financial or otherwise) or prospects of the Borrower.

**“Material Change Order”** means, with respect to the Project Facilities, a Change Order which (i) would result in an increase or decrease of \$50,000 in the aggregate contract price of the Work to be performed on the Project Facilities; (ii) when aggregated with other Change Orders

previously effected, would result in an increase or decrease in excess of \$250,000 in the aggregate contract price for the Work to be performed on the Project Facilities; (iii) would reduce the number of apartment units in the Project Facilities; (iv) would materially reduce the aggregate useable square footage of the apartment units or the parking areas in the Project Facilities; (v) would change the number of one-, two- and three- bedroom apartments in the Project Facilities; (vi) would alter the scope of the recreational facilities or ancillary facilities of the Project Facilities; (vii) would alter the number of apartment units in the Project Facilities designated for occupancy by low and moderate income tenants; (viii) makes a substitution for any material or product that is of lesser quality, in the Controlling Person's determination, than that specified in the Plans and Specifications relating to the Project Facilities; or (ix) would materially adversely impair the value of the Project Facilities once the Work is completed.

**"Material Contract"** means each indenture, mortgage, agreement or other written instrument or contract to which the Borrower is a party or by which any of its assets are bound (including, without limitation, any employment or executive compensation agreement, collective bargaining agreement, agreement relating to an Obligation, agreement for the acquisition, rehabilitation, repair or disposition of real or personal property, agreement for the purchasing or furnishing of services, operating lease, joint venture agreement, agreement relating to the acquisition or disposition of an Affiliate or agreement of merger or consolidation) which (i) evidences, secures or governs any outstanding obligation of the Borrower of \$100,000 or more per annum, or (ii) if canceled, breached or not renewed by any party thereto, would have a Material Adverse Effect.

**"Maturity Date"** means February 1, 2061.

**"Moisture Management Program"** shall have the meaning ascribed to such term in Section 6.14(e) of the Loan Agreement.

**"Mold"** shall have the meaning ascribed to such term in Section 6.14(e) of the Loan Agreement.

**"Monitoring Fee"** shall have the meaning given to such term in Section 2.2(a) of the Loan Agreement.

**"Monthly Tax and Insurance Amount"** means an amount equal to the sum of (i) one-twelfth (1/12th) of the annual Impositions plus (ii) one-twelfth (1/12th) of the annual insurance premiums for the insurance coverages for the Project Facilities required by Section 6.4 of the Loan Agreement, as any such amounts may be increased if the Controlling Person determines that funds in the Tax and Insurance Escrow Fund will be insufficient to pay Impositions and insurance premiums when due.

**"Moody's"** means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency,

“Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by notice to the Borrower, the Issuer and the Trustee.

“**Mortgage**” means the Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of the date hereof, made by the Borrower to the Issuer and assigned to the Trustee covering the Project Facilities.

“**Note**” means the promissory note of the Borrower, dated the Issue Date, as endorsed by the Issuer to the Trustee, in the form attached as Exhibit A to the Loan Agreement.

“**Obligations**” means any and all obligations of the Borrower for the payment of money including without limitation any and all (i) obligations for money borrowed, (ii) obligations evidenced by bonds, debentures, notes, guaranties or other similar instruments, (iii) construction contracts, installment sale agreements and other purchase money obligations in connection with the performance of work, sale of property or rendering of services, (iv) leases evidencing the acquisition of capital assets, (v) obligations under any applicable ground lease, (vi) reimbursement obligations in connection with letters of credit and other credit enhancement facilities, (vii) obligations for unfunded pension liabilities, (viii) guaranties of any such obligation of a third party, and (ix) any such obligations of third parties secured by assets of the Borrower; but excluding obligations under contracts for supplies, services and pensions allocable to current Expenses during the current or future Fiscal Years in which the supplies are to be delivered, the services rendered or the pension paid.

“**OFAC**” means the Office of Foreign Assets Control of the U.S. Treasury.

“**OFAC Violation**” shall have the meanings ascribed to such term in Section 6.23 of the Loan Agreement.

“**Operating Reserve Fund**” means the Operating Reserve Fund created pursuant to Section 8.4 of the Loan Agreement prior to the occurrence of an Operating Reserve Trigger and thereafter the fund of that name created pursuant to Section 4.1(a) hereof.

“**Operating Reserve Trigger**” shall have the meaning ascribed to such term in Section 8.4 of the Loan Agreement.

“**Opinion of Bond Counsel**” means any opinion of Bond Counsel delivered pursuant to this Indenture with respect to the excludability of interest on the Bonds from gross income of the Holders thereof for federal income tax purposes or other matters specified in this Indenture. Each such opinion shall be addressed to the Trustee, the Majority Owner, the Controlling Person and the Issuer.

“**Origination Fee**” shall have the meaning given to such term in Section 2.2(a) of the Loan Agreement.



**“Outstanding”** means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (xii) Bonds cancelled or delivered for cancellation at or prior to such date;
- (xiii) Bonds deemed to be paid in accordance with Section 5.2 hereof;
- (xiv) Bonds in lieu of which others have been authenticated under Sections 2.8 and 2.9 hereof;
- (xv) Bonds authorized but not yet drawn-down and delivered to Purchaser;  
and
- (xvi) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the Issuer, the Borrower or any Affiliate of the Borrower; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being outstanding only Bonds known by the Trustee by actual notice thereof to be so held; provided, further, that if all of the Bonds are at any time held by or for the account of the Borrower or any Affiliate of the Borrower, then such Bonds shall be deemed to be Outstanding at such time for the purposes of this subparagraph (v).

**“Partnership Agreement”** means the Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of September 1, 2018, as may be amended, modified, supplemented or restated from time to time.

**“Payment and Performance Bonds”** shall mean dual-obligee payment and performance bonds (or a letter of credit in lieu of such bonds) relating to the Contractor (or, if required by Controlling Person, each contractor that enters into a Major Contract with Borrower), issued by a surety company or companies authorized to do business in the State and acceptable to Controlling Person, and in form and content reasonably acceptable to Controlling Person, in each case in an amount not less than the full contract price; together with a dual obligee and modification rider naming the Trustee and in the form and substance acceptable to Controlling Person which shall be attached thereto.

**“PBGC”** shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

**“Permitted Encumbrances”** means only:

- (i) the Land Use Restriction Agreement;

(ii) the Mortgage;

(iii) Impositions not yet due and payable or being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted (1) if such proceedings do not in the opinion of the Controlling Person involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities and (2) provided that the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person, and any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed;

(iv) statutory liens of landlords and liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested by appropriate proceedings promptly initiated and diligently conducted (1) if such proceedings do not in the opinion of the Controlling Person involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities and (2) provided such liens have been bonded or the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person;

(v) the exceptions listed in the Title Policy and any other matters affecting title which are approved in writing by the Controlling Person; and

(vi) The Seller Mortgage.

**“Permitted Investments”** means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

(i) Bonds or other obligations of the United States;

(ii) Bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States;

(iii) Direct obligations issued by the United States or obligations guaranteed in full as to principal and interest by the United States or repurchase agreements with a qualified depository bank or securities dealers fully collateralized by such obligations, maturing on or before the date when such funds will be required for disbursement;

(iv) Obligations of state and local government and municipal bond issuers which are rated investment-grade by either S&P or Moody’s or other non-rated obligations of such issuers guaranteed or credit-enhanced by a Person whose long-term debt or long-term deposits or other obligations are rated investment-grade by either S&P

or Moody's;

(v) Prime commercial paper rated either "A-1" by S&P or "P-1" by Moody's and, if rated by both, not less than "A-1" by S&P and "P-1" by Moody's;

(vi) Bankers' acceptances drawn on and accepted by commercial banks;

(vii) Interests in any money market fund or trust, the investments of which are restricted to obligations described in clauses (i) through (vi) of this definition or obligations determined to be of comparable quality by the board of directors of such fund or trust, including, without limitation, any such money market fund or trust for which the Trustee, an affiliate of the Trustee, a Qualified Custodian or an affiliate of the Qualified Custodian serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian; and

(viii) Such other investments selected by the Borrower as may be authorized by applicable law and consented to by the Controlling Person.

**"Permitted Transfer"** means (i) a transfer by devise or descent or by operation of law upon the death of a direct or indirect owner in the Borrower, so long as such transfer does not result in a change of management or control of the affected entity, (ii) the transfer of a direct or indirect ownership interest in the General Partner for estate planning purposes, so long as such transfer does not result in a change of management or control of the General Partner, (iii) a transfer of partnership interests in Borrower to the Investor Limited Partner, (iv) a transfer of the limited partner interests of the Investor Limited Partner in the Borrower to an Affiliate of such Investor Limited Partner, (v) a transfer of indirect shares or ownership interests in the Investor Limited Partner so long as the direct ownership interests in the Investor Limited Partner are owned or controlled by Investor Limited Partner, (vi) a transfer of any shares or ownership interests in the Investor Limited Partner after the contributions by the owners of the Investor Limited Partner of all installments of capital contributions required to be made by the Investor Limited Partner under the Partnership Agreement, (vii) transfers of any interests in the General Partner so long as the Guarantor, or one or more members of the Guarantor, controls the Borrower after such transfer occurs, (viii) the removal and replacement of the General Partner pursuant to the Partnership Agreement, (ix) after the payment in full of all capital contributions under the Partnership Agreement, any other transfer, assignment, pledge, hypothecation or conveyance of limited partner interests in, or change in the limited partners of, the Borrower (and the owners of such limited partners) not described above, in accordance with the terms of the Partnership Agreement, or (x) the extension, amendment or replacement of commercial leases approved by the Controlling Person. For purposes herein, a transfer to a trust or heirs of the General Partner will not result in a change of management or control of the General Partner.

**"Person"** means any individual, for-profit or not-for-profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

**“Plans and Specifications”** means, with respect to the Project Facilities, the plans and specifications for the rehabilitation of Improvements prepared by the Architect and more particularly identified on Schedule 5 attached to the Loan Agreement and approved by the Controlling Person, as the same may be amended, modified or supplemented as permitted under the Loan Agreement through Change Orders or otherwise.

**“Principal Payment Date”** means the first (1st) calendar day of each month, commencing on the First Principal Payment Date.

**“Project Costs”** means the costs, fees, and expenses associated with the acquisition, rehabilitation, and equipping of the Project Facilities for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, payment of capitalized interest, payment of certain costs and expenses incidental to the issuance of the Bonds and payment of any other costs shown on the Development Budget.

**“Project Facilities”** has the meaning given to such term in the recitals which are being financed by the proceeds of the Bonds.

**“Project Fund”** means the fund of that name created pursuant to Section 4.1(a) hereof.

**“Proposed Budget”** shall have the meaning given to such term in Section 6.24 of the Loan Agreement.

**“Punchlist Items”** means any items (i) that are not completed at the time of the issuance of a temporary use and occupancy permit to complete fully the rehabilitation of the Project Facilities in accordance with the Plans and Specifications for the Project Facilities and (ii) that are required for the issuance of a final certificate of occupancy or its equivalent.

**“Purchase Agreement”** means the Bond Purchase Agreement, dated September \_\_\_\_, 2018, among the Issuer, the Borrower, and the Initial Purchaser, as the same may be amended, modified, supplemented or restated from time to time.

**“Qualified Custodian”** means a bank or trust company with trust powers organized under the laws of the United States or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

**“Qualified Project Costs”** means the actual costs incurred to acquire, rehabilitate and equip the Project Facilities which (i) are or were incurred after August 17, 2017, (ii) are (A) chargeable to the Project Facilities’ capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of U.S. Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project Facilities’ capital account are or would have been deducted only through an allowance for depreciation or (B) made for the acquisition of land, to the extent allowed in Section

147(c) of the Code, and (iii) are made exclusively with respect to a “qualified residential rental project” within the meaning of Section 142(d) of the Code.

**“Rating Agency”** means Fitch, Moody’s or S&P.

**“Rebate Amount”** shall have the meaning given to such term in Section 6.10(c) of the Loan Agreement.

**“Rebate Analyst”** shall have the meaning given to such term in Section 6.10(c) of the Loan Agreement and shall be reasonably acceptable to the Controlling Person.

**“Rebate Fund”** means the fund of that name created pursuant to Section 4.1(a) hereof.

**“Rebate Report”** shall have the meaning given to such term in Section 6.10(c) of the Loan Agreement.

**“Record Date”** means with respect to each Interest Payment Date, the Trustee’s close of business on the day before such Interest Payment Date occurs, regardless of whether such day is a Business Day.

**“Redemption Fund”** means the account of that name created pursuant to Section 4.1(a) hereof.

**“Register”** means the register of the record Owners of Bonds maintained by the Trustee.

**“Regulatory Agreement Default”** shall have the meaning given to such term in Section 7.9(b) of the Loan Agreement.

**“Related Person”** with reference to any Substantial User, means a “related person” within the meaning of Section 147(a)(2) of the Code.

**“Rents”** shall have the meaning assigned to such term in the Mortgage.

**“Repayments”** means all payments of principal and interest on the Loan required to be paid by the Borrower to the Trustee, as the assignee of the Issuer, pursuant to the Loan Agreement.

**“Replacement Reserve Agreement”** means the Replacement Reserve and Security Agreement, dated as of the date hereof, made by the Borrower in favor of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

**“Replacement Reserve Fund”** means the fund of that name created pursuant to Section 4.1(a) hereof.

**“Required Equity Funds”** means all installments of equity contributions to be made to the Borrower by the Investor Limited Partner through achievement of Stabilization and funding

of the Operating Reserve Fund, subject to and in accordance with the terms of the Partnership Agreement.

**“Requisition”** means a requisition in the form attached to the Loan Agreement as Exhibit B, together with all invoices, bills of sale, schedules, applications for payment, certifications and other submissions required for the disbursement of the proceeds of the Bonds from the Project Fund pursuant to the terms hereof.

**“Reserved Rights”** means the rights of the Issuer pursuant to Sections 2.5, 4.2, 6.10, 10.5 and 10.13 of the Loan Agreement and the rights of the Issuer pursuant to other sections of the Loan Agreement providing that notices, reports and other statements be given to the Issuer.

**“Retainage”** means a holdback of \_\_\_ percent (\_\_\_%) of the hard costs of rehabilitation of the Improvements under each contract or subcontract. [Conform to Construction Contract.]

**“S&P”** means Standard & Poors Global Ratings, a division of Standard & Poor’s Financial Services LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns and, if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by notice to the Borrower, the Issuer and the Trustee.

**“Sale”** means the direct or indirect sale, agreement to sell, assignment, transfer, conveyance, hypothecation, lien, mortgage, grant of a security interest in or a deed to secure debt or deed of trust with respect to, encumbrance, lease, sublease or other disposition of the Project Facilities, or any part thereof or interest therein whether voluntary, involuntary, by operation of law or otherwise, other than (i) the leasing of individual residential units to tenants, (ii) the extension, amendment, renewal or replacement of commercial leases currently in effect and (iii) the grant of easements for utilities and similar purposes in the ordinary course, provided such easements do not impair the use of the Project Facilities or diminish the value of the Project Facilities. “Sale” shall also include the direct or indirect sale, transfer, assignment, pledge, hypothecation or conveyance of legal or beneficial ownership of (a) equity ownership interests in the Borrower, (b) a controlling interest in the aggregate, at any time or times, of the equity ownership interests in the General Partner or (c) the substitution of a new General Partner in the Borrower without the Controlling Person’s written consent, which it may withhold in its sole discretion; provided, however, that “Sale” shall not include a Permitted Transfer or a Permitted Encumbrance.

**“SEC”** means the U.S. Securities and Exchange Commission.

**“Secondary Market Transaction”** shall have the meaning given to such term in Section 10.12(a) of the Loan Agreement.

**“Securities”** shall have the meaning given to such term in Section 10.12(a) of the Loan Agreement.

**"Securities Act"** means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

**"Securities Depository"** means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

**"Securities Depository Nominee"** means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

**"Security"** shall have the meaning given to such term in the Granting Clauses.

**"Security Interest"** or **"Security Interests"** means the security interests created herein and shall have the meanings set forth in the U.C.C.

**"Seller Note"** means the promissory note in the amount of \$11,700,000 from the Borrower to GMF-Jacksonville Pool, LLC, as Seller.

**"Seller Mortgage"** means \_\_\_\_\_

**"Stabilization"** means the point at which (i) the Improvements have been at least ninety percent (90%) occupied by qualified tenants meeting the requirements of the Bond Documents in each of the prior three (3) consecutive months, (ii) the ratio of Stabilized NOI in each of the prior three (3) consecutive months to maximum principal, interest, Issuer fees and Trustee fees payable in any month [other than the month in which the Maturity Date occurs] on the amount of Bonds Outstanding equals or exceeds [1.15] to 1.0; (iii) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be then continuing under the Bond Documents; (iv) the Project Facilities shall have achieved Final Completion, (v) the Borrower shall have deposited an amount equal to approximately \$\_\_\_\_\_, or such other amount as reasonably approved by the Controlling Person, in the Operating Fund, and (vi) \$20,050,000 of Bonds have been redeemed pursuant to Section 3.4(b)(vii) hereof, all as reasonably determined or approved by the Controlling Person.

**"Stabilization Date"** February 1, 2021.

**"Stabilized NOI"** means, for any period, (x) Effective Gross Revenues for such period less (y) Expenses for such period, as determined or approved by the Controlling Person.

**"State"** means the State of Florida.

**"Subordinate Lender"** means GMF-Jacksonville Pool, LLC.

**“Subordinate Loan”** means the loan in the amount of \$11,700,000 made by GMF-Jacksonville Pool, LLC to the Borrower.

**“Substantial Completion Date”** means the date that is three (3) months prior to the Completion Date.

**“Substantial Completion”** means satisfaction of the items (ii) and (iii) in the definition of Final Completion and the Controlling Person has determined that rehabilitation of the Improvements is sufficiently complete such that the Improvements can be occupied by tenants as a multifamily residential rental project.

**“Substantial User”** means, with respect to any “facilities” (as the term “facilities” is used in Section 144(a) of the Code), a “substantial user” of such “facilities” within the meaning of Section 147(a) of the Code.

**“Surplus Bond Proceeds”** means all moneys and any unliquidated investments remaining in the Bond Proceeds Account of the Project Fund upon Final Completion and after payment in full of the Project Costs (except for proceeds of the Bonds being retained to pay for Project Costs not then due and payable for which the Trustee shall have retained amounts pursuant to the Loan Agreement).

**“Surplus Fund”** means the fund of that name created pursuant to Section 4.1(a) hereof.

**“Tax and Insurance Escrow Fund”** means the fund of that name created pursuant to Section 4.1(a) hereof.

**“Tax Certificate”** means, collectively, the Arbitrage Rebate Agreement, dated the Issue Date, by and between the Issuer and the Borrower and acknowledged by the Trustee as to certain obligations, and the Borrower Proceeds Certificate, dated the Issue Date, from the Borrower, as each may be amended, modified or supplemented from time to time.

**“Third Party Costs”** means the ongoing fees of the Issuer, the Trustee, the Rebate Analysts or any other third party in connection with the Bonds.

**“Title Company”** means the title insurance company insuring the lien of the Mortgage on the Issue Date together with any successor title company approved by the Controlling Person.

**“Title Policy”** means the mortgagee’s title insurance policy relating to the Project Facilities issued by the Title Company to the Trustee, effective on the date of recording of the Mortgage, as the same may be subsequently down-dated or endorsed from time to time, with the approval of the Controlling Person.

**“Trustee”** shall have the meaning given to such term in the first paragraph of this Indenture.



**“U.C.C.”** means the Uniform Commercial Code of the State as now in effect or hereafter amended.

**“U.S. Treasury”** means the U.S. Department of the Treasury.

**“U.S. Treasury Regulations”** means the then-in-effect regulations promulgated under the Code, including any successor regulations or provisions therein.

**“Underwriter Group”** shall have the meaning given to such term in Section 10.12 of the Loan Agreement.

**“Underwritten Management Fee”** means 4.5% of Effective Gross Revenues received from the Project Facilities on account of rents, service fees, late charges, penalties and other charges under Leases.

**“United States”** or **“U.S.”** means the United States of America.

**“Work”** means the items of rehabilitation of the Improvements required to be performed under the Plans and Specifications.

**Section 1.2 Rules of Construction.** Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) All terms defined in the Loan Agreement and not defined herein shall have the meaning given to such terms in the Loan Agreement.

(b) Words importing the singular number shall include the plural number and vice versa.

(c) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(e) All references in this Indenture to particular Articles or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

## ARTICLE II GENERAL TERMS AND PROVISIONS OF THE BONDS

**Section 2.1    Ratably Secured.** All Bonds issued hereunder are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

**Section 2.2    Security.** The Bonds and the interest and any premium thereon shall be limited obligations of the Issuer as provided in Section 10.9 hereof and shall be secured by and payable from the Security pledged and assigned to the Trustee by the Issuer pursuant to the Granting Clauses.

**Section 2.3    Payment of Bonds and Performance of Covenants.** The Issuer shall promptly pay, but only out of the Security, the principal of, premium, if any, and interest on the Bonds at the place, on the dates and in the manner provided in the Bonds. The Issuer shall promptly perform and observe all covenants, undertakings and obligations set forth herein, in the Bonds or in the other Bond Documents to which the Issuer is a party on its part to be performed or observed. The Issuer shall fully cooperate with the Trustee in the enforcement by the Trustee of any such rights granted to the Issuer under the Loan Agreement and the other Bond Documents to which the Issuer is a party.

**Section 2.4    Execution; Limited Obligation.**

(a)    The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Executive of the Issuer. In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

(b)    The Bonds shall be limited obligations of the Issuer. The Bonds and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the Issuer, the State or any political subdivision or agency thereof within the meaning of any State constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the State or any such political subdivision or agency. The Bonds and the interest thereon are payable solely from and secured by the Security, all as described in and subject to limitations set forth in this Indenture, for the equal and ratable benefit of the Holders, from time to time, of the Bonds.

**Section 2.5 Certificate of Authentication.** No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form of Exhibit A, attached hereof, executed by an authorized representative of the Trustee and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

**Section 2.6 Form of Bonds.**

(a) The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the form set forth as Exhibit A hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officer of the Issuer executing such Bonds, as evidenced by such officer's execution of the Bonds.

(b) Bonds shall be in either typewritten or printed form. Any expenses, including but not limited to expenses of printing, incurred in connection with the preparation of the form of the Bonds shall be paid by the Borrower.

**Section 2.7 Delivery of Bonds.**

(a) Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them through the Securities Depository in the manner described in Section 2.11(a) hereof.

(b) Prior to the delivery by the Trustee of the Bonds, there shall be provided to the Trustee:

(i) A certified copy of all resolutions adopted and proceedings had by the Issuer authorizing execution of this Indenture, the Loan Agreement and the other Bond Documents to which the Issuer is a party and the issuance of the Bonds;

(ii) An original executed copy of each Bond Document (and with respect to the Note, endorsed without recourse by the Issuer to the Trustee);

(iii) Copies of any Financing Statements required to be filed to perfect the security interests in the Security or under Section 3.2 of the Loan Agreement;

(iv) A copy of completed IRS Form 8038 to be filed by or on behalf of the Issuer pursuant to Section 149(e) of the Code;

(v) A copy of the Tax Certificate;

(vi) An Opinion of Bond Counsel or counsel to the Issuer to the effect that this Indenture, the Loan Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer;

(vii) An approving Opinion of Bond Counsel that the Bonds have been duly authorized and validly issued, that this Indenture creates a valid lien on the Security, that interest on the Bonds will be excludable from gross income of the Holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, that the Bonds are not required to be registered under the Securities Act of 1933, as amended, and that the Indenture need not be qualified under the Trust Indenture Act of 1939, as amended;

(viii) An opinion of Counsel for the Borrower, and the Issuer Guarantors to the effect that the Continuing Disclosure Agreement and the Bond Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower in accordance with their respective terms, subject to customary qualification and exceptions and in form and substance acceptable to the Issuer and the Majority Owner, and such other opinions as are required by the Purchase Agreement or reasonably requested by the Controlling Person or the Majority Owner;

(ix) A pro forma title insurance policy reasonably acceptable to the Controlling Person;

(x) Reliance letters for, or address of the opinions to, the Controlling Person and Majority Owner with respect to each of the opinions provided to the Trustee;

(xi) An executed copy of the Guarantor Documents; and

(xii) Such other documents as may be required by the Issuer, Trustee, Bond Counsel, or Controlling Person.

(c) Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds as provided in the written instructions of the Issuer to the Trustee.

**Section 2.8 Mutilated, Lost, Stolen or Destroyed Bonds.** If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender

thereof. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section.

**Section 2.9    Exchangeability and Transfer of Bonds; Persons Treated as Owners.**

(a)    The Register and all other records relating to the registration of the Bonds and the registration of transfer of the Bonds as provided herein shall be kept by the Trustee.

(b)    Any Holder of a Bond, in person or by his/her duly authorized attorney, may transfer title to his/her Bond on the Register upon surrender thereof at the principal office of the Trustee, by providing the Trustee with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's attorney, duly authorized in writing, and thereupon the Issuer shall execute, and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same aggregate principal amount and tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations and upon receipt of an Investor Letter in the form attached hereto as Exhibit B.

(c)    Bonds may be exchanged upon surrender thereof at the principal office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

(d)    Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Issuer shall be paid by the Borrower.

(e)    The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or his/her duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(f)    All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

(g) Notwithstanding the foregoing, for so long as the Bonds are held under the Book-Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository, as more fully described in Section 2.11 hereof.

**Section 2.10 Non-presentment of Bonds.** In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, all liability of the Issuer and the Borrower to the owner thereof for the payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his/her part on, or with respect to, said Bond, or portion thereof.

**Section 2.11 Book-Entry System.**

(a) On the date of issuance and delivery of the Bonds, one Bond in the aggregate principal amount of the Bonds and registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository and held in its custody. The Book-Entry System will be maintained by the Securities Depository and the DTC Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with registration of transfers of ownership effected on the records of the Securities Depository, the DTC Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the DTC Participants and the Indirect Participants. The principal of and interest on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Register as the registered Holder of such Bond or his/her registered assigns or legal representatives at the principal office of the Trustee. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Bonds for all purposes except as otherwise provided herein. Transfer of principal and interest payments or notices to DTC Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfer of principal and interest payments or notices to Beneficial Owners will be the responsibility of the DTC Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the DTC Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the Register maintained by the Trustee or by

such other method of payment as the Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

(b) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds or (ii) the Borrower, on behalf of the Issuer, with the consent of the Controlling Person, elects to remove the Securities Depository, then the Borrower, on behalf of the Issuer, with the consent of the Controlling Person, may appoint a new Securities Depository.

(c) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds or has been removed and the Borrower fails to appoint a new Securities Depository, (ii) the Controlling Person or the Borrower, with the consent of the Controlling Person, determines that continuation of a Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Beneficial Owners or (iii) 100% of the Bondholders so elect, then the Book-Entry System will be discontinued, in which case the Trustee will deliver replacement Bonds in the form of fully registered certificates in Authorized Denominations in exchange for the Outstanding Bonds as required by the Trustee and the Beneficial Owners.

**Section 2.12 Authority.** The Issuer represents and warrants that (i) it is duly authorized under the laws of the State to issue the Bonds and to execute, deliver and perform the terms of the Loan Agreement and this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of the Bond Documents to which it is a party has been duly taken; (iii) the Bonds, upon issuance and authentication, and the Bond Documents to which it is a party, upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of the Security; (v) it has not received any payments under the Loan Agreement; (vi) without making any independent investigation, it has no knowledge of any right of set-off, defense or counterclaim to payment or performance of the terms or conditions of the Loan Agreement; and (vii) the execution, delivery and performance of the Bond Documents to which it is a party and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound and no other approval, consent or notice from any governmental agency is required on the part of the Issuer.

**Section 2.13 No Litigation.** The Issuer represents and warrants that there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, this Indenture or the

other Bond Documents to which the Issuer is a party, or (ii) the exclusion from gross income of interest on the Bonds.

**Section 2.14 Further Assurances.** The Issuer covenants that it will cooperate to the extent necessary with the Borrower and the Trustee in their defenses of the Security against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging of the Security. Except for any amendment, modification, supplement, waiver or consent related to the Reserved Rights, the Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement without the prior written consent of the Trustee, which consent shall be governed by Article VIII hereof.

**Section 2.15 No Other Encumbrances; No Dissolution.** The Issuer covenants that (i) except as otherwise provided herein and in the Loan Agreement, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Security and (ii) to the fullest extent permitted by applicable law, for so long as the Bonds are Outstanding, it will not dissolve, terminate or permit itself to be dissolved or terminated without a successor to its obligations hereunder and under the Bonds having assumed its obligations hereunder and under the Bonds.

**Section 2.16 No Personal Liability.** No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bonds or the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such trustee, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

### ARTICLE III INTEREST RATE AND REDEMPTION OF BONDS

**Section 3.1 Authorized Amount of Bonds.** No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of



Bonds that may be issued and Outstanding hereunder is expressly limited to \$\_\_\_\_\_. The Bonds shall be designated "Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018." The form of Bonds attached as Exhibit A to this Indenture shall be the form of Bonds referred to herein. The Bonds shall be issued as draw-down Bonds in accordance with Section 3.2(e) below.

**Section 3.2    Issuance of Bonds.**

(a)    The Bonds shall bear interest from the Issue Date until paid or exchanged, as applicable, at the rate set forth in Section 3.3 hereof computed on the basis set forth in the form of the Bonds, and the Bonds shall mature, unless sooner paid, on the Maturity Date, on which date all unpaid principal of and interest on the Bonds shall be due and payable.

(b)    The Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations only. The Bonds shall be numbered from R-1 upwards bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Trustee.

(c)    The Bonds shall be dated the Issue Date and initially issued as provided herein and in the written instructions from the Issuer. Interest on the Bonds shall be computed from the most recent Interest Payment Date to which interest has been paid or duly provided for or if no interest has been paid or provided for, from the Issue Date. The Bonds shall mature on the Maturity Date, on which date all unpaid principal of and interest on the Bonds shall be due and payable. The Bonds are subject to mandatory sinking fund redemption as provided in Section 3.4(c) hereof. In any case that an Interest Payment Date or Principal Payment Date shall occur on a day that is not a Business Day, such payments shall be made on the next succeeding Business Day.

(d)    The principal of and the interest on the Bonds shall be payable in lawful currency of the United States. The principal of the Bonds shall be payable at the principal office of the Trustee upon presentation and surrender of the Bonds; provided, however, that Bonds need not be presented for payment upon redemption pursuant to Section 3.4(c) of this Indenture. Payments of interest on the Bonds will be mailed to the persons in whose names the Bonds are registered on the Register at the close of business on the Record Date next preceding each Interest Payment Date; provided that, any Holder of a Bond or Bonds in an aggregate principal amount of not less than \$250,000 may, by prior written instructions provided to the Trustee (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments be made by wire transfer to an account in the continental United States or other means acceptable to the Trustee.

(e)    The Bonds are issued as draw-down Bonds. The Initial Purchaser shall fund the purchase price of the Bonds from time to time, in accordance with the Purchase Agreement, to provide funds for deposit in Bond Proceeds Account of the Project Fund for disbursement therefrom pursuant to the Requisitions. The initial purchase of Bonds by the Initial

Purchaser on the Issue Date will be in an amount equal to not less than \$51,000. The Trustee shall record amounts funded in such manner in the Bond recordkeeping system maintained by the Trustee. The Holders may request exchange of the Bonds for Bonds reflecting the principal draw-down from time to time in accordance with Section 2.9. Upon deposit by the Purchaser of each installment of the purchase price of each draw-down Bond, the aggregate amount of Bonds purchased shall be deemed Outstanding and shall begin to accrue interest. Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bonds funded by the Initial Purchaser may not exceed the authorized amount set forth in Section 3.1, and no additional amounts may be funded after the last day of the third calendar year following the Issue Date unless there is delivered a Favorable Opinion of Bond Counsel. The Issuer and the Trustee acknowledge that the Borrower and the Initial Purchaser have agreed pursuant to the Purchase Agreement that under certain circumstances the Bonds may be converted from a draw-down bond issue to a fully funded issue, and each of the Issuer and the Trustee agrees to take all actions reasonably required of it in connection with such a conversion of the Bonds to a fully funded bond issue.

**Section 3.3     Interest Rate on Bonds.** The Bonds shall bear interest at the Bond Coupon Rate from the Issue Date to the date of payment in full of the Bonds, calculated in the manner set forth in the form of the Bonds. Interest accrued on the Bonds shall be paid on each Interest Payment Date and on the Maturity Date and any date of redemption prior to the Maturity Date; provided, however, that in the event that principal of or interest payable on the Bonds is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate, as more fully set forth in Section 6.8 hereof.

**Section 3.4     Redemption of Bonds.**

(a)     Optional Redemption of Bonds. The Bonds are subject to optional redemption in whole but not in part, at the direction of the Borrower upon not less than thirty (30) days written notice to the Trustee and the Controlling Person (which notice shall be unconditional and irrevocable), in Authorized Denominations on any Interest Payment Date occurring on or after the First Optional Call Date, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to, but not including, the redemption date.

(b)     The Bonds are subject to optional redemption in part at the direction of the Borrower upon not less than thirty (30) days written notice to the Trustee and the Controlling Person (which notice shall be unconditional and irrevocable), in the Allocated Amount with respect to such Project on any Interest Payment Date occurring on or after the First Optional Call Date, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to, but not including, the redemption date in connection with a Capital Event with respect to such Project.

(c)     Mandatory Redemption of Bonds.

(i) Surplus Fund. The Bonds are subject to mandatory redemption from, and to the extent of, amounts on deposit in the Surplus Fund (subject to Section 4.4 hereof) on the First Interest Payment Date for which notice of redemption can be given in accordance with this Indenture, following the deposit of Surplus Bond Proceeds in the Surplus Fund at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(ii) Insurance or Condemnation. The Bonds are subject to mandatory redemption in whole or in part on the First Interest Payment Date for which notice of redemption can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project Facilities are deposited in the Project Fund and are not to be used to repair or restore the Project Facilities at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(iii) Achievement of Stabilization. The Bonds are subject to mandatory redemption in part on the First Interest Payment Date for which notice of redemption can be given in accordance with this Indenture, in the amount as specified by the Controlling Person to the Trustee necessary to cause the Project Facilities to meet the requirements of clause (ii) of the definition of "Stabilization" if the Project Facilities have not achieved Stabilization by the Stabilization Date at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(iv) Extraordinary Events. The Bonds are subject to extraordinary mandatory redemption in whole or in part, at the direction of the Controlling Person to the Trustee and the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the First Interest Payment Date for which notice of redemption can be given in accordance with this Indenture following receipt by the Trustee of the direction of the Controlling Person, within one hundred eighty (180) days of the occurrence of any of the following events:

(1) the Project Facilities shall have been damaged or destroyed to such an extent that in the reasonable judgment of the Controlling Person (A) it cannot reasonably be restored within a period of three (3) consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Borrower is thereby prevented from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months, or (C) it would not be economically feasible for the Borrower to replace, repair, rebuild or restore the same;

(2) title in and to, or the temporary use of, all or substantially all of the Project Facilities shall have been taken under the exercise of the power of eminent domain by any Governmental Authority or any Person acting under Governmental Authority (including such a taking as, in the judgment of the

Controlling Person, results in the Borrower being prevented thereby from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months);

(3) as a result of any changes in the Constitution of the State, or the Constitution of the United States or by legislative or administrative action (whether state or federal) or by final decree, judgment, decision or order of any court or administrative body (whether state or federal), any material provision of the Loan Agreement or the Bond Documents, in the judgment of the Controlling Person, shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein;

(4) unreasonable burdens or excessive liabilities shall have been imposed on the Borrower with respect to the operations of the Project Facilities, including, without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Indenture that, in the judgment of the Controlling Person, render the continued operation of the Project Facilities uneconomical;

(5) changes which the Borrower cannot reasonably control or overcome in the economic availability of materials, supplies, labor, equipment and other properties and things necessary for the efficient operation of the Project Facilities for the purposes contemplated by the Loan Agreement shall have occurred or technological changes that the Borrower cannot reasonably overcome shall have occurred that, in the judgment of the Controlling Person, render the continued operation of the Project Facilities uneconomical;

(6) legal curtailment of the Borrower's use and occupancy of all or substantially all of the Project Facilities for any reason other than that set forth in (ii) above, which curtailment shall, in the judgment of the Controlling Person, prevent the Borrower from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months; or

(7) the Loan Agreement is terminated prior to its expiration for any reason, including the occurrence of an Event of Default under the Loan Agreement.

(v) Determination of Taxability. The Bonds are subject to mandatory redemption in whole at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the First Interest Payment Date for which notice of redemption can be given in accordance with this Indenture within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if mandatory redemption on account of a Determination of Taxability of less than all the Bonds would result, in the opinion of Bond Counsel, in the interest on the Bonds

Outstanding following such mandatory redemption being excludable from the gross income of the Holders of such Bonds Outstanding, then the Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

(vi) First Put Date. The Bonds are subject to mandatory redemption in whole on any Interest Payment Date specified by the Controlling Person on or after the First Put Date, if the Controlling Person directs redemption by providing notice to the Borrower, the Trustee and the Issuer at least one hundred eighty (180) days prior to the Interest Payment Date specified in such notice on which the Bonds are to be redeemed at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to, but not including, the redemption date. The direction of the Controlling Person to redeem the Bonds shall be irrevocable and shall be binding on the Holders of all of the Bonds and on any transferee(s) of such Holders.

(vii) Special Redemption. The Bonds are subject to mandatory redemption in part on any Interest Payment Date specified by the Borrower and consented to by the Controlling Person on any date after Final Completion but not later than the Stabilization Date in the principal amount of \$20,050,000 at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed without premium or penalty plus interest accrued thereon to, but not including, the redemption date.

(d) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption in part on each Principal Payment Date, from amounts paid by the Borrower to the Trustee for deposit into the Redemption Fund pursuant to Sections 2.3(d) and 8.3 of the Loan Agreement (in the amount set forth on Schedule 3 of the Loan Agreement), at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(e) Selection of Bonds to be Redeemed. If less than all the Outstanding Bonds shall be called for redemption, the Trustee or, if the Bonds are held in the Book-Entry System, the Securities Depository shall select or arrange for the selection of Bonds to be redeemed by lot or otherwise in accordance with the procedures of the Securities Depository pursuant to its rules and procedures, in Authorized Denominations, provided that any Bond or portion thereof remaining Outstanding shall be in an Authorized Denomination. If the Bonds are held in the Book-Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in said system the partial redemption and the Trustee shall either (i) exchange the Bond or Bonds held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Bond is presented to the Trustee by the Securities Depository, or (ii) obtain from the Securities Depository a written confirmation of the reduction in the principal amount of the Bonds held by such Securities Depository.

(f) Partial Redemption of Bonds; Reamortization. In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the operations office

of the Trustee of such Bond by the Holder thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Holder, of any Authorized Denomination of like tenor, or if less than the minimum Authorized Denomination, an amount necessary to equal the unredeemed portion of the principal amount of the Bond; provided, however, such surrender of Bonds shall not be required for payment of the redemption price pursuant to Section 3.4(c) hereof. For all purposes of this Indenture (including exchange and transfer), the Bond so issued in less than a minimum Authorized Denomination shall be deemed to have been issued in an Authorized Denomination. Bonds so presented and surrendered shall be canceled in accordance with this Indenture. In the event of a partial redemption of Bonds other than pursuant to Section 3.4(c) hereof, the mandatory sinking fund schedule set forth on Schedule 3 of the Loan Agreement shall be adjusted to provide for level debt service in respect of the Bonds remaining Outstanding after such partial redemption, on the basis of the number of months remaining in the original 480-month amortization schedule. The Controlling Person shall provide the Trustee and the Borrower with a new Schedule 3 reflecting such adjustment promptly following any such partial redemption.

(g) Redemption Price. Other than as described in Section 6.8 hereof, any redemption of Bonds shall be at a redemption price equal to 100% of the principal amount of Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, without premium, penalty or charge.

(h) Right of Borrower to Purchase Bonds. Subject to delivery of a Favorable Opinion of Bond Counsel, provided that such opinion shall not be required if the Bonds are held by a Substantial User or Related Person to a Substantial User, the Borrower shall have the option, by written notice to the Trustee and the Controlling Person given not less than five (5) Business Days (forty-five (45) days in case of a redemption pursuant to Section 3.4(b)(vi) hereof) in advance of such redemption date, to purchase the Bonds in lieu of redemption on the redemption date. The purchase price of the Bonds so purchased in lieu of redemption shall be equal to the redemption price thereof, and shall be payable on the redemption date. Bonds so purchased in lieu of redemption shall be registered to or according to the direction of the Borrower.

Notwithstanding anything to the contrary within this Indenture or the Loan Agreement, the Borrower (and any "related party" to the Borrower as defined in Section 1.150-1(b) of the U.S. Treasury Regulations and Section 144(a)(3) of the Code) and the Issuer (and any "related party" to the Issuer as defined in Sections 1.150-1(b) and 1.150-1(e) of the U.S. Treasury Regulations) shall not be permitted to purchase the Bonds in an amount related to the amount of the Note or the Loan.

**Section 3.5 Notice of Redemption.** Notice of redemption shall be mailed by the Trustee by first-class mail, postage prepaid, at least thirty (30) days before the redemption date to each Holder of the Bonds to be redeemed in whole or in part at his/her last address appearing

on the Register, with a copy to the Controlling Person, but no defect in or failure to give such notice of redemption to any person shall affect the validity of the redemption as to any other person; provided, however, that no notice of redemption shall be required for mandatory sinking fund redemption pursuant to Section 3.4(c) hereof. All Bonds properly called for redemption and for which monies for payment of the redemption price are held by the Trustee will cease to bear interest on the date fixed for redemption, and, thereafter, the Holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond for any portion not redeemed. Notwithstanding the foregoing, with respect to any Bonds held under the Book Entry System, notices of redemption shall be provided in accordance with the rules and procedures for giving notice established by the Securities Depository, as more fully described in Section 2.11 hereof.

**Section 3.6    Payments Due on Non-Business Days.** In any case where the date of maturity of, interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

## **ARTICLE IV FUNDS**

**Section 4.1    Establishment of Funds and Accounts; Applications of Proceeds of the Bonds and Other Amounts.**

- (a) The following are hereby created and established as special trust funds:
  - (i) the Project Fund, consisting of:
    - (A) the Bond Proceeds Account;
    - (B) the Costs of Issuance Account (containing a Bond Proceeds Subaccount and an Equity Subaccount);
    - (C) the Equity Account;
    - (D) the Capitalized Interest Account (containing a Bond Proceeds Subaccount and an Equity Subaccount);
    - (E) the Insurance and Condemnation Proceeds Account;
  - (ii) the Replacement Reserve Fund;
  - (iii) the Tax and Insurance Escrow Fund;
  - (iv) the Rebate Fund;

- (v) the Bond Fund;
- (vi) the Surplus Fund;
- (vii) the Redemption Fund;
- (viii) the Operating Reserve Fund;
- (ix) the Net Sales Proceeds Account.

(b) All the Accounts created by subsection (a) of this Section 4.1 shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) The proceeds of the sale of the Bonds (\$\_\_\_\_\_), [amounts received from the Borrower (\$\_\_\_\_\_)] and the initial installment of Required Equity Funds (\$[\_\_\_\_\_]) shall be applied as follows:

(i) \$[\_\_\_\_\_], representing a portion of the proceeds of the sale of the Bonds, shall be deposited in the Bond Proceeds Account of the Project Fund;

(ii) \$[\_\_\_\_\_], representing a portion of the proceeds of the sale of the Bonds, shall be deposited into the Bond Proceeds Subaccount of the Capitalized Interest Account of the Project Fund and a portion of the initial installment of Required Equity Funds in the amount of \$\_\_\_\_\_, shall be deposited in the Equity Subaccount of the Capitalized Interest Account of the Project Fund;]

(iii) \$[\_\_\_\_\_], representing a portion of the proceeds of the sale of the Bonds shall be deposited into the Bond Proceeds Subaccount of the Costs of Issuance Account of the Project Fund and \$\_\_\_\_\_, representing a portion of the initial installment of Required Equity Funds shall be deposited in the Equity Subaccount of the Costs of Issuance Account of the Project Fund; and

(iv) \$[\_\_\_\_\_], representing the balance of the initial installment of Required Equity Funds, shall be deposited in the Equity Account of the Project Fund;

In connection with the issuance of the Bonds, certain moneys may be deposited with the Trustee before the Issue Date pursuant to one or more letters of instruction from the provider or providers of such moneys. Such moneys will be held by the Trustee subject to the terms and conditions of the Indenture in addition to terms provided in such letter(s) of instruction. For such purpose the standards of care, provisions regarding responsibilities and indemnification and other sections relating to the Trustee contained in this Indenture and the Loan Agreement (the "Effective Provisions") shall be effective as of the first date of receipt by the Trustee of such moneys. The Effective Provisions shall be deemed incorporated into such letter(s) of instructions.

#### **Section 4.2 Bond Fund.**



(a) There is hereby separately created and established with the Trustee the Bond Fund. There shall be deposited in the Bond Fund (i) all Repayments specified in the Loan Agreement to be deposited in the Bond Fund, including all proceeds resulting from the enforcement of the Security or its realization as collateral, and (ii) all other moneys received by the Trustee under the Loan Agreement for deposit by it in the Bond Fund.

(b) Moneys in the Bond Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the interest on the Bonds, for the payment of principal of the Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption prior to the Maturity Date, and for the payment of the acceleration premium set forth in Section 2.3(c) of the Loan Agreement.

(c) After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and upon payment of any amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Bond Fund shall be paid to the Borrower.

#### **Section 4.3    Project Fund.**

(a) The Trustee shall deposit all amounts specified in Section 4.1 hereof into the specified accounts and subaccounts of the Project Fund. The Trustee will receive and deposit installments of the purchase price of the Bonds, as set forth in Section 3.2(e) hereof, into the Bond Proceeds Account of the Project Fund. The Trustee will receive and deposit into the Equity Account amounts received as future installments of Required Equity Funds from the Investor Limited Partner and the General Partner, in accordance with the provisions of the Partnership Agreement and the Assignment of Capital Contributions. The Trustee shall deposit any other amounts received, to the extent not otherwise directed herein, in such Accounts as directed by the Controlling Person.

(b) The Trustee is hereby authorized and directed to use moneys in the Project Fund for payment or reimbursement to the Borrower upon the receipt of a fully executed Requisition approved in writing by the Controlling Person and the Issuer Servicer in accordance with the provisions of the Loan Agreement. Except as otherwise consented to in writing by the Controlling Person, through approval of a Requisition or otherwise, moneys in the Project Fund shall be applied for payment or reimbursement of Project Costs, and at least 95% of moneys on deposit in the Bond Proceeds Account of the Project Fund shall be applied to Qualified Project Costs. After Final Completion of the Project Facilities, but in no event later than the Stabilization Date, all Surplus Bond Proceeds remaining in the Bond Proceeds Account of the Project Fund shall be transferred to the Surplus Fund. Upon achievement of Stabilization all remaining amounts in the Equity Account of the Project Fund shall be paid to the Borrower (upon receipt of the prior written approval of the Controlling Person, which approval shall not be unreasonably withheld or delayed).

(c) **Capitalized Interest Account.** The Trustee shall and is hereby authorized to transfer funds from the Capitalized Interest Account to the Bond Fund to pay interest on the Bonds accruing up to and including: (i) the Completion Date with respect to amounts in the Bond Proceeds Subaccount; and (ii) achievement of Stabilization with respect to the Equity Subaccount without submission of any Requisition. With respect to any such transfer, the Trustee shall first transfer amounts from proceeds of the sale of the Bonds. The Trustee shall transfer any Surplus Bond Proceeds remaining in the Capitalized Interest Account after Final Completion of the Project Facilities, but in no event later than the Stabilization Date, to the Surplus Fund.

(d) **Costs of Issuance Account.** Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Issue Date and thereafter only to pay costs of issuance pursuant to a closing memorandum attached to a Requisition signed by the Borrower, the Controlling Person and the Issuer Servicer identifying the amount to be paid and the payee. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than [thirty (30) days] following the Issue Date, shall be transferred to the Bond Proceeds Account or Equity Account of the Project Fund, as applicable.

(e) **Insurance and Condemnation Proceeds Account.** Moneys representing a Condemnation Award or Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund, and notice of such deposit thereof shall be given by the Trustee to the Controlling Person and the Majority Owner. To the extent there has been a determination pursuant to the Bond Documents to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be expended for such purposes in accordance with the provisions of the Bond Documents. In the event there is a determination pursuant to the Bond Documents not to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Bond Fund and applied to the redemption of Bonds in accordance with Section 3.4 hereof or (ii) released to the Borrower if the Borrower obtains an Opinion of Bond Counsel that such release will not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes, all in accordance with direction of the Controlling Person to the Trustee and subject to the provisions of the Bond Documents.

(f) The Trustee shall transfer moneys between Accounts as directed in writing by the Controlling Person and consented to by the Borrower, provided that no consent shall be required following the occurrence and during the continuance of a Default or Event of Default hereunder. Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Project Fund may be disbursed at the direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine.

**Section 4.4 Surplus Fund.** The Surplus Fund shall receive all Surplus Bond Proceeds transferred thereto in accordance with the provisions of this Indenture. The deposit of Surplus Bond Proceeds in the Surplus Fund shall be, and shall be deemed to be, a joint direction by the

Borrower and the Controlling Person to the Trustee to redeem the greatest principal amount of the Bonds possible to be redeemed from such deposit pursuant to Section 3.4(b)(i) hereof on the earliest redemption date on which the Bonds may be redeemed, and on such redemption date (or, if such day is not a Business Day, the immediately preceding Business Day) an amount equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the redemption date shall be transferred from the Surplus Fund to the Bond Fund and used for such redemption. After such transfer, if and to the extent that there are moneys remaining in the Surplus Fund, such moneys in the Surplus Fund shall be transferred to the Bond Fund and shall be used for payment of interest on or principal of the Bonds.

**Section 4.5    Net Sales Proceeds Account.** The Net Sales Proceeds Account shall receive funds from pursuant to Section 8.3 of the Loan Agreement and be used to redeem Bonds in the Allocated Amount pursuant to Section 3.4(b) hereof. Any excess funds in the Net Sales Proceeds Account shall be used [as provided in Section 4.6 hereof].

**Section 4.6    Use of Certain Additional Funds and Accounts.**

(a)    Redemption Fund.

(i)    There shall be deposited in the Redemption Fund (a) all payments specified in Section 8.3 of the Loan Agreement to be deposited in the Redemption Fund, and (b) all other moneys received by the Trustee under the Loan Agreement or this Indenture for deposit by it in the Redemption Fund. Moneys in the Redemption Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the redemption of Bonds pursuant to Section 3.4 hereof. On each Principal Payment Date or redemption date and as otherwise required hereunder or at the written direction of the Controlling Person, the Trustee shall transfer such amounts from the Redemption Fund to the Bond Fund and call and redeem Bonds as provided in Section 3.4 hereof. After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and the payment of any amounts owing to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Redemption Fund shall be paid to the Borrower as soon as practicable.

(ii)   Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Redemption Fund may be disbursed at the direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine.

(b)    Tax and Insurance Escrow Fund. There shall be deposited in the Tax and Insurance Escrow Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to Section 8.2 of the Loan Agreement. Moneys in the Tax and Insurance Escrow Fund shall be applied to payment of Impositions and insurance premiums at the direction of the

Borrower, subject to the prior written consent of the Controlling Person; provided, however, that upon the occurrence and continuation of an Event of Default hereunder, all money and investments held in the Tax and Insurance Escrow Fund may be disbursed at the direction of the Controlling Person to pay costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine. Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Tax and Insurance Escrow Fund shall be paid to the Borrower as soon as practicable.

(c) Rebate Fund. The Issuer recognizes that investment of the proceeds of the Bonds will be at the written direction of the Borrower but agrees that it will commit no act, or omit any action, that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the applicable regulations thereunder. There is hereby established with the Trustee a Rebate Fund. Any provisions in this Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder. The Issuer and the Trustee will observe the covenants contained in the Tax Certificate as if fully set forth herein.

(d) Replacement Reserve Fund. There shall be deposited in the Replacement Reserve Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to the Replacement Reserve Agreement. Moneys in the Replacement Reserve Fund shall be disbursed by the Trustee upon receipt of a written request therefor executed by the Borrower and approved in writing by the Controlling Person (such approval not to be reasonably withheld, conditioned or delayed), in accordance with the terms of the Replacement Reserve Agreement; provided that, upon the occurrence and continuation of an Event of Default hereunder, all moneys and investments in the Replacement Reserve Fund (other than moneys held to pay costs required to be paid but not yet payable) may be disbursed at the direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine. Upon the payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Replacement Reserve Fund shall be paid to the Borrower as soon as practicable.

(e) Operating Reserve Fund. Upon the occurrence of an Operating Reserve Trigger, there shall be deposited in the Operating Reserve Fund all moneys received for such purpose pursuant to Section 8.4 of the Loan Agreement; provided, however, prior to the occurrence of an Operating Reserve Trigger, the Operating Reserve Fund shall be established and

maintained by the Borrower, and the funds therein shall be held and disbursed in accordance with Section 8.4 of the Loan Agreement. Upon the occurrence of an Operating Reserve Trigger, Funds shall be disbursed from the Operating Reserve Fund, at the request of the Borrower, but only with the Controlling Person's written consent, to fund any debt-service payments, operating deficits or expenses of the Borrower or for any other operating or capital needs of the Project Facilities. Upon receipt by the Trustee from the Borrower of a written request together with the written approval of the Controlling Person, which approval shall not be unreasonably withheld or delayed, the Trustee shall disburse funds from the Operating Reserve Fund in accordance with such written request. Upon the occurrence and continuation of an Event of Default all moneys and investments in the Operating Reserve Fund may be disbursed at the direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay any costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine. Interest earnings on amounts held in the Operating Reserve Fund shall be released not more frequently than annually to the Borrower upon its written request and with the prior written consent of the Controlling Person. Upon payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and upon payment of amounts payable to the U.S. Treasury pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Operating Reserve Fund shall be paid to the Borrower as soon as practicable.

#### **Section 4.7    Records.**

(a)     The Trustee shall cause to be kept and maintained records pertaining to all funds and accounts maintained by the Trustee hereunder and all disbursements therefrom and shall periodically deliver to the Borrower, with a copy to Controlling Person, monthly statements of activity and statements indicating the investments made with moneys in all such funds during the applicable period. Upon written request, the Trustee shall provide the Borrower and the Controlling Person, within a reasonable period of time, with a report stating the principal amount of Bonds Outstanding and a list of the registered owners of the Bonds as of the date specified by the Borrower or the Controlling Person in its request.

(b)     The Trustee shall provide the Borrower and the Controlling Person with a written report, on a monthly basis through the calendar month in which the last obligation of the Bonds is retired, identifying the Permitted Investments in which the moneys held as part of the Accounts were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Borrower and the Controlling Person in its regular monthly investment reports.

**Section 4.8    Investment of Funds.** Subject to the provisions of Section 4.8 and Article V hereof, all moneys held hereunder shall be invested and reinvested in Permitted Investments as instructed in writing by the Borrower (with the prior written consent of the Controlling Person provided to the Trustee); provided, however, that any moneys held by the Trustee to pay the principal of or interest that has become payable with respect to the Bonds shall not be invested.

All Permitted Investments shall be held in the name of Trustee, as Trustee under this Indenture, and by or under the control of the Trustee, and investment earnings shall be deemed at all times to be a part of the fund and account which was used to purchase the same. The Trustee may act as principal or agent in the making or disposing of any investment and may make any and all such investments through its own bond or investment department or the bond or investment department of any trust company under common control with the Trustee and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Ratings of investments, for the purposes of determining whether such investments constitute Permitted Investments, shall be determined at the time of purchase of such investments and without regard to ratings subcategories. Although the Issuer and the Borrower each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Borrower hereby agree that confirmations of Permitted Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. All Permitted Investments shall be deemed at all times to be a part of the fund or account which was the source of the moneys used to acquire such investments and any interest accruing thereon, and any profit realized from Permitted Investments shall be credited to the respective fund or account, and any loss resulting from Permitted Investments shall be similarly charged. The Trustee is authorized to cause to be sold and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account hereunder is or will be insufficient to make a requested or required disbursement. The Trustee shall not be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale, so long as the Trustee performs its obligations hereunder in accordance with the terms of this Indenture. Absent specific, written instructions from the Borrower approved by the Controlling Person to invest cash balances in Permitted Investments hereunder, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Permitted Investments.

**Section 4.9 Yield Restriction.** Funds representing proceeds of the Bonds in (a) the Project Fund (other than the Capitalized Interest Account therein) remaining on the third anniversary of the Issue Date and (b) the Bond Fund, the Redemption Fund the Net Proceeds Sale Account and the Capitalized Interest Account which do not qualify as a bona fide debt service fund, in excess of \$100,000, the allowable minor portion, will not be invested at an overall yield in excess of the yield on the Bonds, which has been computed to be not greater than [\_\_]% per annum, unless the Borrower, the Trustee, the Controlling Person and the Majority Owner receive an Opinion of Bond Counsel that the investment of such funds at an overall yield in excess of such amount does not adversely affect the excludability of interest on the Bonds by the Holders thereof for federal income tax purposes.

**Section 4.10 Guaranties.** Any amounts realized by the Trustee under the Guaranty of Completion, the Guaranty of Debt Service and Stabilization, the Guaranty of Recourse Obligations, the Environmental Indemnity or the Issuer Guaranties shall be used or applied or invested by the Issuer or the Trustee as directed in writing by the Controlling Person, as applicable.

## ARTICLE V DISCHARGE OF LIEN

**Section 5.1    Discharge of Lien and Security Interest.** Upon payment in full of all of the Bonds and all other amounts payable under the Loan Agreement and other Bond Documents, these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee shall, upon receipt by the Trustee of a no-adverse-effect opinion of Counsel and an opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, (a) cancel and discharge this Indenture and the Security Interests; (b) execute and deliver to the Issuer and the Borrower, at the Borrower's expense, such instruments in writing as shall be required to cancel and discharge this Indenture and the Security Interests and reconvey to the Issuer and the Borrower the Security and assign and deliver to the Issuer and the Borrower so much of the Security as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds; and (c) mark as cancelled the Note and satisfy, discharge and release the Mortgage; provided, however, that the cancellation and discharge of this Indenture pursuant to this Section 5.1 shall not terminate the powers and rights granted to the Trustee with respect to the payment, registration of transfer and exchange of the Bonds; provided, further, that the rights of the Issuer and the Trustee to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and discharge of this Indenture pursuant to this Section 5.1.

Upon payment in full of the Allocated Amount in connection with partial redemption of the Bonds pursuant to a Capital Event with respect to a Project as provided in Section 3.4(a) herein, the Trustee shall, upon receipt by the Trustee of a no adverse effect opinion of Counsel and the direction of the Controlling Person, execute and deliver, at the Borrower's expense, such instruments in writing as shall be required to cancel and discharge the Mortgage and the related Security Interests with respect to such Project.

### **Section 5.2    Defeasance.**

(a) Bonds shall be deemed to have been paid within the meaning of Section 5.1 hereof if:

(i) there shall have been irrevocably deposited in the Bond Fund sufficient money or Government Obligations of such maturities and interest payment dates and bearing such interest as will, in the opinion of a nationally recognized firm of certified public accountants, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient for the payment at their respective maturities or redemption dates prior to maturity of the principal of the Bonds not later than the earliest redemption date possible under Section 3.4 (and any earlier partial redemption date required herein) and interest to accrue thereon, and redemption premium, if any, through such maturity or redemption dates, as the case may be;

(ii) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer and the Trustee, due or to become due; and

(iii) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from the Borrower to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

(b) Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the Government Obligations described in this Section 5.2 for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary (but subject to Section 5.2(a)(i) hereof), all funds deposited with the Trustee as provided in this Section may be invested and reinvested, at the direction of the Borrower, in Government Obligations (or in a money market fund that invests solely in Government Obligations and is rated no lower than the second highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the second highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

**Section 5.3 Discharge of this Indenture.** Notwithstanding the fact that the lien of this Indenture upon the Security may have been discharged and cancelled in accordance with Section 5.1 hereof, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Security may have been discharged and cancelled, shall nevertheless continue and subsist after payment in full of the Bonds or the deemed payment in full of the Bonds in accordance with Section 5.2 hereof until the Trustee shall have returned to the Borrower all funds held by the Trustee which the Borrower is entitled to receive pursuant to this Indenture after all Bonds have been paid at maturity or redeemed on the date set for redemption. Upon payment in full or defeasance of the Bonds, payment of amounts payable to the United States pursuant to any rebate requirement and payment of all other amounts owing hereunder and under the Loan Agreement, all remaining amounts held by the Trustee shall be paid to the Borrower.

## **ARTICLE VI DEFAULT PROVISIONS AND REMEDIES**



**Section 6.1    Events of Default.** Any one of the following shall constitute an Event of Default hereunder:

(a) Failure to pay interest on any Bond when and as the same shall have become due;

(b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof or by acceleration;

(c) Failure to observe or perform any other of the covenants, agreements or conditions on the part of the Issuer included in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer and the Borrower has been given by the Controlling Person, the Majority Owner (with a copy to the Trustee) or the Trustee; or

(d) The occurrence and continuance of an Event of Default under the Loan Agreement or the failure by the Borrower to perform or comply with any of the other terms or conditions contained in any other Bond Documents to which the Borrower is a party and continuation of such failure beyond the expiration of any notice, grace or cure period provided in the Loan Agreement or the Bond Documents (as applicable).

**Section 6.2    Acceleration.**

(a) Upon the direction of the Controlling Person after an Event of Default has occurred, the Trustee shall immediately, by notice in writing sent to the Issuer, the Borrower, the Majority Owner, the Investor Limited Partner and the Controlling Person, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and interest shall become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately exercise such rights as it may have under the Loan Agreement and the Note to declare all Repayments to be immediately due and payable. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon (including Default Interest, if any) and which will accrue thereon to the date of payment and all unpaid interest on the Bonds on the date of payment, and the acceleration premium described in Section 6.8 hereof (if applicable). The Investor Limited Partner shall have the right, but not the obligation to cure any Event of Default of the Borrower under the Bond Documents within the same applicable cure periods as the Borrower.

(b) Immediately following any such declaration of acceleration, the Trustee shall cause to be mailed notice of such declaration by first-class mail, postage prepaid, to each Holder of a Bond at his/her last address appearing on the Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

**Section 6.3    Other Remedies; Rights of Holders.**

(a) Upon the happening and continuance of an Event of Default hereunder, the Trustee may, with the prior written consent of the Controlling Person, and shall upon the direction of the Controlling Person, with or without taking action under Section 6.2 hereof, pursue any available remedy to enforce the performance of or compliance with any Bond Documents.

(b) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee, the Controlling Person, the Majority Owner or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Majority Owner, the Controlling Person or to the Holders hereunder or now or hereafter existing.

(c) No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(d) No waiver of any Default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

(e) The Trustee, as the assignee of substantially all right, title and interest of the Issuer in and to the Loan Agreement and the Note, shall be empowered to enforce each and every right granted to the Issuer under the Loan Agreement and the Note other than Reserved Rights.

(f) Notwithstanding anything contained herein or in the Mortgage to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Laws, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action.

#### **Section 6.4    Right of Controlling Person to Direct Proceedings.**

(a) Anything in this Indenture to the contrary notwithstanding, the Controlling Person shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

(b) No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless (1) such Holder has given the Trustee and the Borrower and

the Investor Limited Partner written notice of an Event of Default, (2) the Controlling Person shall have requested the Trustee in writing to institute such proceeding, (3) the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, (4) there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and (5) the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act or otherwise to enforce (i) the payment of the principal of, acceleration premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, acceleration premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

**Section 6.5    Discontinuance of Default Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Issuer and the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

**Section 6.6    Waiver.** The Trustee, with the consent of the Controlling Person may, and shall upon the written direction of the Controlling Person, waive any Default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal; provided, however, that there shall be no such waiver or rescission unless all principal of, acceleration premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for.

**Section 6.7    Application of Moneys.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than moneys held for the redemption of Bonds) of (i) the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee and (ii) any sums due to the Issuer under the Loan Agreement (other than Repayments), such moneys shall be applied in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

**First:** To the payment of all installments of interest then due on the Bonds in order of priority first to installments past due for the greatest period and, if the amount available

shall not be sufficient to pay in full any particular installment, then to the ratable payment of the amounts due on such installment;

**Second:** To the payment of the unpaid principal of and acceleration premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such acceleration premium, then to the ratable payment of the amounts due on such date;

**Third:** To the payment of the amounts required to reimburse the Issuer and the Owners of the Bonds for any legal or other out-of-pocket costs incurred by them in connection with exercising their remedies hereunder; and

**Fourth:** The balance shall be paid to the Borrower (subject to any required deposits to the Rebate Fund).

(b) If the principal of all the Bonds shall have become or been declared due and payable, then all such moneys shall be applied to the payment of the principal, acceleration premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due respectively for principal, premium and interest to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article, then, subject to subsection (b) of this Section in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with subsection (a) of this Section.

(d) Notwithstanding anything contained herein to the contrary, the Controlling Person may, with express written consent of the Majority Owner, by written notice to the Trustee direct the application of funds other than in the manner set forth in Section 6.7(a) above, including, without limitation, the application of funds between the principal or acceleration premium of or interest on the Bonds.

(e) Whenever moneys are to be applied pursuant to this Section, the Trustee shall fix the date, which shall be not more than seven (7) calendar days after such acceleration, upon which such application is to be made, and upon such date interest on the principal amount of Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

**Section 6.8 Default Interest and Acceleration Premium.** In the event that principal or interest payable on the Bonds is not paid when due, there shall be payable on the amount not

timely paid interest at the Default Rate, to the extent permitted by law. This interest shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full. In the event there shall have occurred an acceleration of the Bonds or the Borrower's obligations under the Loan Agreement following an Event of Default on or before the First Optional Call Date, any tender of payment of any amount necessary to pay the Bonds in full shall include the acceleration premium set forth in Section 2.3(c) of the Loan Agreement.

## **ARTICLE VII THE TRUSTEE**

**Section 7.1 Appointment of Trustee.** The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties either directly or by or through attorneys, agents, custodians, nominees, receivers or employees appointed with due care. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder, and the advice of such Counsel or any opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon. The Trustee may in all cases pay such reasonable compensation to all such attorneys, agents, custodians, nominees, receivers and employees. The Trustee may act upon the opinion or advice of Counsel, accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Issuer, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) Except as provided in Section 7.8 hereof, the Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture, of any Financing Statements or continuation statements, or for insuring the Security or the Project Facilities, except as instructed by the Controlling Person, or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Project Facilities or otherwise as to the maintenance of the Security. The Trustee shall not be liable to the Borrower, any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.7 or Article V hereof in good faith as instructed by the Borrower in accordance with the provisions of this Indenture, and with the prior written consent of the Controlling Person, as applicable. The Trustee shall have no duty or responsibility with respect to any information, statements or recital in any preliminary or final placement memorandum, offering memorandum, official statement, offering circular or similar disclosure material prepared or distributed with respect to the Bonds (except for information expressly provided by the Trustee concerning itself for inclusion therein) and shall have no

responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(c) The Trustee shall not be accountable (x) for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer, (y) for the use or application by the Borrower of the proceeds of the Bonds advanced to the Borrower as provided in the Loan Agreement in accordance with the provisions of this Indenture or (z) for the use and application of money received by any paying agent. The Trustee may become the owner of Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee shall be protected in acting upon opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any notices, directions, consents, approvals or requests provided to the Trustee pursuant to the terms of this Indenture or any of the Bond Documents shall not be effective until provided in writing. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The permissive right of the Trustee to do things enumerated in this Indenture or the Loan Agreement shall not be construed as duties. The Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not be answerable therefor other than to the extent of its gross negligence, bad faith or willful misconduct in the performance of those express duties.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project Facilities.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of said trust and powers or otherwise in respect of this Indenture.

(h) Before taking any action requested hereunder by the Holders which may require it to expend its own funds, the Trustee may require satisfactory security or indemnification for the reimbursement of all expenses to which it may be put and to protect it against such liability, except such liability which is adjudicated to have resulted from its gross negligence, bad faith or willful misconduct in connection with any action so taken. The Trustee shall not be entitled to indemnification as a precondition to giving notices of default or taking other actions at the direction of the Majority Owner or the Controlling Person which do not require the Trustee to expend its own funds or for which funds have been advanced by the Majority Owner or the Controlling Person to the Trustee in advance of its taking such action.

(i) All moneys received by the Trustee, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and the Trustee shall not otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Borrower or the Issuer under the Loan Agreement or this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (other than under Section 6.1(a) or (b), or Section 6.1(c) if written notice thereof has been received by the Trustee) or the occurrence of a Determination of Taxability, except (i) in the event the Borrower fails to pay any Repayment when due, (ii) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest payment on the Bonds, (iii) in the event of written notification of a Determination of Taxability by the Holder of any Bonds, (iv) in the event of written notification of such Default by the Controlling Person, the Majority Owner or two or more Holders with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, or (v) in the event of receipt of an Opinion of Bond Counsel concluding that a Determination of Taxability has occurred, and in the absence of such notice the Trustee may conclusively presume there is no Determination of Taxability and no default except as aforesaid. The Trustee may nevertheless require the Issuer and the Borrower to furnish information regarding performance of their obligations under the Loan Agreement and this Indenture but is not obligated to do so.

(k) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(l) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer and the Borrower at all reasonable times. All Bonds shall be made available for authentication, exchange and registration of transfer at the principal office of the Trustee.

(m) The Trustee shall have no duty to inspect or oversee the rehabilitation or completion of the Improvements or to verify the truthfulness or accuracy of the certifications made by the Borrower in any Requisition.

(n) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal

or state tax-exempt status of the Bonds or the interest thereon, (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Bonds under Section 148 of the Code or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(o) No provision of this Indenture, the Loan Agreement or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(p) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part and except as otherwise expressly set forth herein, rely upon a written certificate of the Controlling Person or the Majority Owner.

(q) In the absence of a direction from the Controlling Person or the Majority Owner, if the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, then the directions given by the group of Holders which holds the largest percentage of the principal amount of the Bonds shall be controlling, and the Trustee shall follow such directions.

(r) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(s) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Borrower and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Borrower, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(t) The Trustee may conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, Requisition, direction, opinion or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of the Bonds shall be



conclusive and binding upon all future owners of the same Bonds and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall have the right to accept and act upon directions or instructions given pursuant to this Indenture or any other document reasonable relating to the Bonds and delivered using Electronic Means (as defined below); provided, however, that the Issuer, the Borrower, the Controlling Person or the Majority Owner, as the case may be, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such directions and instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer, the Borrower, the Controlling Person or the Majority Owner elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such direction or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The Issuer, the Borrower, the Controlling Person and the Majority Owner each understand and agree that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Issuer, the Borrower, the Controlling Person and the Majority Owner, as the case may be, shall each be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Trustee and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. Each of the Issuer, the Borrower, the Controlling Person and the Majority Owner agree: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

(u) The Trustee shall have no responsibility or obligation to DTC Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Bonds, or to any Beneficial Owner of Bonds in respect of (1) the accuracy of any records maintained by the Securities Depository, the Securities Depository Nominee or any DTC

Participant or Indirect Participant, (2) the payment by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant of any amount in respect of the principal of or interest on the Bonds, (3) any notice which is permitted or required to be given under this Indenture, (4) the selection by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds or (5) any consent given or other action taken by the Securities Depository or the Securities Depository Nominee as Holder.

(v) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section.

## **Section 7.2 Compensation and Indemnification of Trustee; Trustee's Prior Claim.**

(a) The Loan Agreement provides that the Borrower will pay the reasonable fees and expenses of the Trustee under this Indenture and all other amounts which may be payable to the Trustee under this Section, such fees and expenses to be paid when due and payable by the Borrower directly to the Trustee for its own account. Except as set forth in Section 6.7, the Trustee shall not have a lien on the Security for the payment of its fees or expenses and shall not be entitled to pay its fees and expenses from amounts held in the funds and accounts hereunder. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

(b) The Borrower shall (i) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (ii) pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture and the Loan Agreement (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its own gross negligence, willful misconduct or bad faith, and (iii) indemnify the Trustee and its officers, directors, agents and employees (each, a "Trustee Indemnified Party") for, and to hold each such Trustee Indemnified Party harmless against, any loss, liability, expense, losses or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts) asserted or arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of such Trustee Indemnified Party's duties hereunder or under the Loan Agreement, including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to such Trustee Indemnified Party's own gross negligence, willful misconduct or bad faith. "Trustee," for purposes of this Section shall include any predecessor Trustee, but the gross negligence, willful misconduct or bad faith of any Trustee,

shall not affect the indemnification of any other Person. The obligations of the Borrower under this Section shall survive the termination of this Indenture.

**Section 7.3 Intervention in Litigation.** In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall so intervene if requested in writing by the Controlling Person, the Majority Owner or the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

**Section 7.4 Resignation; Successor Trustees.**

(a) The Trustee and any successor Trustee may resign at any time upon giving prior written notice to the Issuer, the Borrower, the Controlling Person and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the Controlling Person and the acceptance of such appointment by the successor Trustee. If no successor is appointed within sixty (60) days after the notice of resignation, the Controlling Person may appoint a Trustee or the resigning Trustee may petition any court of competent jurisdiction to appoint a successor Trustee, until a successor shall have been appointed as provided above. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Security to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder, and such writing shall be provided to the Issuer, the Controlling Person and the Borrower.

(b) Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, reorganization or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder without the execution or filing of any paper of any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation in any such merger or consolidation, the Trustee shall give notice of such event to the Borrower and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor corporation.

**Section 7.5 Removal of Trustee.** The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Issuer, the Controlling Person and the Borrower and signed by the Majority Owner. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by the Controlling Person, with notice to the Borrower. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the

Controlling Person and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Security in the same manner as provided in Section 7.4 hereof.

**Section 7.6    Instruments of Holders.**

(a) Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof; and

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

(b) The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in clauses (a) (i) or (ii) above that the original such instrument is no longer reliable. In the absence of direction from the Controlling Person, if the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, then the directions given by the group of Holders which holds the largest percentage of the principal amount of the Bonds shall be controlling and the Trustee shall follow such directions.

**Section 7.7    Power to Appoint Co-Trustees.**

(a) At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Project Facilities may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper (i) to appoint one or more persons approved by the Trustee and the Borrower either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Project Facilities or to act as a separate co-trustee or separate co-trustees of all or any part of the Project Facilities and (ii) to vest in such person or persons, in such capacity, such title to the Project Facilities or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

(b) Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

(c) The Trustee and co-trustees, if any, may by written instrument between or among them, as applicable, designate and assign either the Trustee or any one of the co-trustees or any combination of the foregoing to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

(d) If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee and the Borrower shall have the power to make such appointment.

(e) The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

(f) Each co-trustee or separate trustee appointed pursuant to this Section 7.7, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(i) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(iv) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee at any time, by an instrument in writing, with the consent of the Issuer, may accept the resignation of any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the consent of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(vi) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(vii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(g) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the security interest in the Security and with such rights, powers, duties, trusts or obligations as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone), subject to all the terms of this Indenture. A copy of every such acceptance shall be filed with the Trustee.

(h) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the security interest in the Security and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.4 hereof.

#### **Section 7.8 Filing of Financing Statements.**

(a) Upon the issuance of the Bonds, the Borrower shall file or record or cause to be filed or recorded all Financing Statements that are required in order fully to protect and preserve the Security Interests and the priority thereof and the rights and powers of the Trustee in connection therewith. Thereafter, the Trustee, at the direction of the Controlling Person, shall file or record or cause to be filed or recorded all Financing Statements that are required in order fully to protect and preserve the Security Interests and the priority thereof and the rights and powers of the Trustee in connection therewith, including without limitation all continuation statements, provided that a copy of the filed original Financing Statement is timely delivered to the Trustee, for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the U.C.C., and (ii) any previously filed continuation statements that shall have been filed as required herein. The Trustee, at the direction

of the Controlling Person, shall also file the financing and continuation statements required under Section 3.2 of the Loan Agreement, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Trustee shall have been notified in writing by the Issuer or Controlling Person that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section 7.8 and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower will pay all costs of filing the Financing Statements and all financing and continuation statements required under Section 3.2 of the Loan Agreement.

(b) To the extent not inconsistent with paragraph (a) above, the Borrower agrees (i) to cause all Financing Statements related to this Indenture and all supplements hereto and all continuations thereof to be recorded and filed in such manner and in such places as may from time to time be required by law in order to preserve and protect fully the security of the Owners of the Bonds and the rights of the Trustee hereunder and (ii) to take or cause to be taken any and all other action necessary to perfect the security interest created by this Indenture shall be filed in accordance with Section 3.a(4) of that certain Construction Loan and Mortgage Servicing Agreement dated as of September 1, 2018 by and among the Issuer, the Borrower, the Trustee and the Issuer Servicer.

## **ARTICLE VIII**

### **AMENDMENTS, SUPPLEMENTAL INDENTURES**

#### **Section 8.1 Supplemental Indentures.**

(a) The Issuer and the Trustee, with the prior written consent of the Controlling Person and the Borrower, but without the consent of or notice to any Holders, may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(i) to grant to or confer upon the Trustee for the benefit of the Holders, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(ii) to grant or pledge to the Trustee for the benefit of Holders, any additional security other than that granted or pledged under this Indenture;

(iii) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust

Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(iv) to appoint a successor Trustee or co-trustees in the manner provided in Article VII hereof;

(v) to modify, amend or supplement this Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book-Entry System and issuance of replacement Bonds to the Beneficial Owners;

(vi) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders; or

(vii) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the exclusion of the interest on any Outstanding Bonds from gross income of the Holders thereof for federal income tax purposes.

(b) When requested by the Issuer, and if all conditions precedent under this Indenture have been met, and there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms and will not adversely affect the excludability of interest on the Bonds from the gross income of the Holders thereof for federal income tax purposes, the Trustee will join the Issuer in the execution of such supplemental indenture, but shall not be required to join the Issuer in the execution of any such supplemental indenture unless it is reasonably compensated for additional obligations on the Trustee not initially contemplated and the indemnification rights of the Trustee cover any changes in the Trustee's rights and immunities under this Indenture or otherwise. Any additional compensation or the expansion of any indemnity obligation shall be the sole responsibility of the Borrower.

(c) The Trustee shall provide copies of all such supplemental indentures to the Borrower. The Trustee shall cause notice of any supplemental indenture described above to be given by first-class mail, postage prepaid, to the Borrower and the Holders of the Outstanding Bonds then shown on the Register.

**Section 8.2 Amendments to Indenture; Consent of Majority Owner, Holders, and Borrower.**

(a) Exclusive of supplemental indentures covered by Section 8.1 hereof and subject to the terms and provisions contained in this Section 8.2 and not otherwise, anything contained in this Indenture to the contrary notwithstanding, no indenture or indentures supplemental hereto for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any



supplemental indenture shall be effective without delivery of a Favorable Opinion of Bond Counsel, the written consent of the Majority Owner and execution and delivery by the Trustee (acting upon the direction of the Majority Owner) and the Issuer; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the prior written consent of the Holders of all Outstanding Bonds, (i) an extension of the maturity of the principal of, or the optional, extraordinary or mandatory redemption date of, or interest on, any Bond, (ii) a reduction in the principal amount of or the rate of interest on, any Bond, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) the creation of a lien on the Security prior to the lien of this Indenture, or (v) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the prior written consent of the Trustee, the Trustee shall not be required to join the Issuer in the execution of any supplemental indenture unless it is reasonably compensated for additional obligations on the Trustee not initially contemplated and the indemnification rights of the Trustee covering any changes in the Trustee's rights and immunities under this Indenture or otherwise. Any additional compensation or the expansion of any indemnity obligation shall be the sole responsibility of the Borrower. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to Section 8.5 hereof.

(b) Anything herein to the contrary notwithstanding, a supplemental indenture, amendment or other document described under this Article that affects any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented to the execution of such supplemental indenture, amendment or other document.

**Section 8.3 Amendments to the Loan Agreement or the Note Not Requiring Consent of Holders.**

(a) The Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement, the Note or the Mortgage without the prior written consent of the Trustee, the Borrower and the Controlling Person. The Issuer may, with the consent of the Controlling Person, but without the consent of or notice to any other Holders, enter into or permit (and the Trustee shall consent to) any amendment of the Loan Agreement or the Note acceptable to the Borrower as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders, (ii) to grant or pledge to the Issuer or Trustee, for the benefit of the Holders any additional security, (iii) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion of interest on any Outstanding Bonds from gross income of the Holders thereof for federal income tax purposes or (iv) in connection with any other change therein which, in the judgment of the Trustee acting in reliance upon an opinion of Counsel, is not materially prejudicial to the interests of the Trustee and the Holders of the Bonds; provided, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

(b) The Issuer and the Borrower shall provide copies of any such amendments to the Loan Agreement, the Note or the Mortgage to the Trustee and the Controlling Person.

**Section 8.4 Amendments to the Loan Agreement or the Mortgage Requiring Consent of Holders.** Except as provided in Section 8.3 hereof, the Issuer shall not enter into, and the Trustee shall not consent to, any other modification or amendment of the Loan Agreement, the Note or the Mortgage, nor shall any such modification or amendment become effective, without delivery of a Favorable Opinion of Bond Counsel and the prior written consent of the Majority Owner, such consent to be obtained in accordance with Section 8.5 hereof. No such amendment may, without the consent of the Holders of all the Outstanding Bonds, reduce the amounts or delay the times of payment of Repayments under the Loan Agreement, the Note or the Mortgage. The Issuer and the Borrower shall provide copies of all such amendments to the Loan Agreement, the Note or the Mortgage to the Trustee, the Controlling Person and the Majority Owner.

**Section 8.5 Notice to and Consent of Holders.** If consent of the Controlling Person, the Majority Owner or any other Holder is required under the terms of this Indenture for the amendment of this Indenture, the Loan Agreement, the Note or for any other similar purpose, the Trustee shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid, to the Controlling Person, the Majority Owner or any other applicable Holder then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the principal office of the Trustee for inspection by all Holders. If, within forty five (45) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Controlling Person, the Majority Owner or the Holders of all, as the case may be, of the principal amount of the Bonds Outstanding by instruments provided to the Trustee shall have consented to the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed.

## **ARTICLE IX CONTROLLING PERSON; SERVICING**

**Section 9.1 Majority Owner to Appoint Controlling Person.** The Majority Owner may engage a Person, collaterally assign some or all of its rights hereunder to a Person, or otherwise provide for a Person, at the Majority Owner's sole cost and expense, to act on behalf of the Majority Owner under the Bond Documents as the "Controlling Person." The Majority Owner may at any time and from time to time terminate or remove and replace any such Controlling Person. The Majority Owner shall give written notice to the Trustee, the Issuer and the Borrower of its appointment, termination, removal or replacement of any Controlling Person, and the parties may rely on any such notice until any subsequent notice is given. Initially, the Majority Owner has engaged R4 Servicer LLC to act as the "Controlling Person" hereunder, and R4 Servicer LLC has accepted such engagement. The Majority Owner is under no obligation to

appoint a Controlling Person; if at any time a Controlling Person has not been designated by the Majority Owner, then all references to the "Controlling Person" herein and in the other Bond Documents shall refer to the Majority Owner. Any opinion or certificate provided for herein, in the Loan Agreement or in any other Bond Document that is directed to the Controlling Person shall also be directed to, and may be relied upon by, the Majority Owner. The Majority Owner will have no liability to the Issuer, the Borrower, the Trustee or any other Person for any act or omission of the Controlling Person unless the Controlling Person is the Majority Owner or such act or omission was expressly approved by the Majority Owner in each particular case.

## **Section 9.2    Servicing.**

(a)    The Majority Owner has appointed the Controlling Person to be the servicer of the Loan, and the Controlling Person has accepted such appointment. Satisfactory arrangements have previously been made for the payment of servicing fees and expenses in connection with the Controlling Person's servicing obligations hereunder, and the Borrower, the Majority Owner and the Trustee have no obligation for such payments. Without limiting the foregoing, the Controlling Person shall have no right or claim to any transfer or assumption fees, late charges, acceleration premium or Default Interest payable under this Indenture or the Bond Documents; provided, however that, to the extent permitted under the Bond Documents, the Controlling Person shall be entitled to collect from the Borrower its normal and customary incidental fees and charges for any requested review, approval or other action, including, without limitation, in connection with any proposed transfer, loan assumption, easement, subordinate financing, release of collateral, condemnation proceeding, non-disturbance agreement or other similar action, unless such review, approval or other action is performed solely by the Majority Owner.

(b)    The Controlling Person shall be responsible for the performance of the following servicing duties:

(i)    The Controlling Person shall perform the duties expressly given to the Controlling Person under the Bond Documents and this Indenture.

(ii)    The Controlling Person shall prepare monthly bills to the Borrower in accordance with the Bond Documents for payments to the Trustee of principal and interest under the Loan and for deposits into the Tax and Insurance Escrow Fund and the Replacement Reserve Fund. The Controlling Person shall notify the Borrower of the amount payable by the Borrower to the Trustee. Such notification may be delivered by electronic mail or by facsimile. The Controlling Person shall diligently attempt to collect all of the following at the times they are due and payable under this Indenture and the Bond Documents:

- (1)    The principal and interest due and payable on the Note;
- (2)    The Trustee's fee and Issuer's fee, as applicable;
- (3)    Any monthly Replacement Reserve Fund deposit;

- (4) Any Monthly Tax and Insurance Amounts;
- (5) Any other escrow or reserve deposits required by this Indenture or Bond Documents;
- (6) Any assumption or transfer fee required by this Indenture or Bond Documents;
- (7) Any acceleration premium; and
- (8) Dissemination Agent fees and Rebate Analyst fees.

(c) All payments received under this Indenture or Bond Documents shall be applied in the following order unless otherwise instructed by the Majority Owner or expressly set forth in this Indenture or the Bond Documents:

- (i) To the principal and interest due and payable on the Note;
- (ii) To the Issuer's fee and Trustee's fee, as applicable;
- (iii) To the acceleration premium, if applicable;
- (iv) To required deposits to the Replacement Reserve Fund;
- (v) To required deposits in the Tax and Insurance Escrow Fund;
- (vi) To other escrow or reserve deposits required by this Indenture or the other Bond Documents;
- (vii) To Default Interest and any late fees; and
- (viii) To other amounts due under the Bond Documents.

(d) Any payment received by the Controlling Person from or on behalf of the Borrower under this Indenture or the Bond Documents shall be remitted by the Controlling Person to the Trustee no later than the second (2nd) Business Day after receipt by the Controlling Person or sooner if so required under this Indenture or Bond Documents. The Controlling Person shall make any remittance to the Trustee by wire transfer in accordance with the instructions received from the Trustee or to any other party entitled to such remittances pursuant this Indenture or the Bond Documents in accordance with the instructions received from the Majority Owner.

(e) The Controlling Person shall review the Tax and Insurance Escrow Fund and the Replacement Reserve Fund on an annual basis and adjust required monthly escrow payments in accordance with terms of Bond Documents. The Controlling Person shall notify the Majority Owner and the Trustee of such adjustment.

(f) Upon request of the Majority Owner, the Controlling Person shall furnish to the Majority Owner, monthly account statements received from the Trustee with respect to the Accounts under this Indenture, including disbursements from the Accounts under this Indenture, loan history schedules, outstanding loan balances and escrow balances.

(g) The Controlling Person shall provide immediate written notice to the Majority Owner of any Event of Default of which it receives notice or has actual knowledge or any event which, with the giving of notice or the passage of time, or both, would constitute any Event of Default of which it receives notice or has actual knowledge.

(h) The Controlling Person shall refer to the Trustee all Borrower requests for a quote of a payoff amount for the Loan, shall request a copy of any such quote from the Trustee, and shall notify the Majority Owner of the Borrower's request. The Controlling Person shall prepare payoff letters and delinquency and default notices when necessary, as required by the Bond Documents or this Indenture or otherwise as directed by the Majority Owner.

(i) The Controlling Person shall use its best efforts to obtain financial statements and other reports from the Borrower at the times and to the extent required under the Bond Documents and deliver the same to the Majority Owner and.

(j) The Controlling Person shall obtain, and shall provide to the Majority Owner a copy of the Borrower's certificates of compliance with the Land Use Restriction Agreement or other evidence of such compliance submitted by the Borrower to the Issuer or the Issuer's designee within thirty (30) days after the later of (i) the date it is required to be submitted to the Issuer or the Issuer's designee and (ii) the date it is actually so submitted.

(k) The Controlling Person may perform additional duties with respect to the Loan during rehabilitation of the Project Facilities or during the period following an Event of Default at the request of the Majority Owner.

**Section 9.3 The Issuer Servicer.** Notwithstanding anything in this Indenture to the contrary and without limiting the Issuer's obligations under this Indenture, the Loan shall be serviced for compliance and other monitoring duties on behalf of the Issuer by the Issuer Servicer pursuant to the Land Use Restriction Agreement and the Issuer Servicer Documents.

## ARTICLE X MISCELLANEOUS

**Section 10.1 Right of Trustee to Pay Taxes and Other Charges.** If any tax, assessment or governmental or other charge upon any part of the Project Facilities is not paid as required, the Trustee may, subject to any indemnity required pursuant to Section 7.1(h) hereof, pay such tax, assessment or governmental or other charge (without prejudice, however, to any rights of the Trustee hereunder arising in consequence of such failure), and any amount at any time so paid under this Section, with interest thereon from the date of payment until paid at the greater of the rate of interest borne by the Bonds or the per annum rate of interest announced from time to time

by the bank serving as Trustee as its “prime rate,” shall become so much additional Indebtedness secured by this Indenture, shall be given a preference in payment over the Bonds, and shall be paid out of the Security.

**Section 10.2 Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Controlling Person and the Borrower any legal or equitable right, remedy or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained (this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Controlling Person and the Borrower as herein provided).

**Section 10.3 Severability.** If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture shall not affect the remaining portions of this Indenture or any part thereof.

**Section 10.4 Notices.** Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or electronic mail (with confirmed receipt) to the address or e-mail address set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the Borrower, the Trustee, the Majority Owner, the Controlling Person and the Investor Limited Partner may, by written notice given hereunder, designate any different addresses, phone numbers and e-mail addresses to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

**To the Issuer:**

Jacksonville Housing Finance Authority  
214 N. Hogan Street, 7<sup>th</sup> Floor  
Jacksonville, Florida 32202  
Attention: Finance Director  
E-mail: lstagner@coj.net

**To the Borrower:**

Millennia Jacksonville FL TC LP  
c/o Millennia Housing Development, Ltd.  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114-1309  
Attention: Frank T. Sinito  
E-mail: fsinito@mhmlltd.com

**With a copies to:**

The Millennia Companies  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114-1309  
Attention: Laura R. Anderson, General  
Counsel  
E-mail: landerson@mhmlltd.com

Baker Hostetler LLP  
127 Public Square, Suite 2000  
Cleveland, Ohio 44114-1214  
Attention: Lawrence Lindberg  
E-mail: llindberg@bakerlaw.com

**To the Trustee:**

The Bank of New York Mellon Trust  
Company, N.A.  
10161 Centurion Parkway N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department  
Facsimile: (904) 645-1998

**To the Majority Owner:**

At the address set forth on the Register  
maintained by the Trustee

**To the Controlling Person:**

R4 Servicer LLC  
155 Federal Street, Suite 1004  
Boston, Massachusetts 02110  
Attention: Greg Doble  
E-mail: gdoble@r4cap.com

**With a copy to:**

Kutak Rock LLP  
Two Liberty Place, Suite 28B  
50 S. Sixteenth Street  
Philadelphia, Pennsylvania 19102  
Attention: Andrew P. Schmutz, Esquire  
Email: Andrew.schmutz@kutakrock.com

**If to Investor Limited Partner:**

R4 JPFL Acquisition LLC  
c/o R4 Capital LLC  
780 Third Avenue, 10<sup>th</sup> Floor  
New York, New York 10017  
Attention: Marc Schnitzer  
Telephone: (646) 576-7659  
Email: mschnitzer@R4cap.com

**With a copy to:**

Frost Brown Todd LLC  
400 West Market Street, Suite 3200  
Louisville, Kentucky 40202  
Attention: Amy Curry  
Telephone: (502) 779-8587  
E-mail: acurry@fbtlaw.com

**Section 10.5 Binding Effect.** This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

**Section 10.6 Captions.** The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

**Section 10.7 Governing Law.** This Indenture shall be governed by and interpreted in accordance with the laws of the State, without regard to conflict of laws principles.

**Section 10.8 Limited Liability of Issuer.** Notwithstanding anything to the contrary, any liability for payment of money and any other liability or obligation which the Issuer may incur under the Bonds, this Indenture, the Loan Agreement, the Purchase Agreement or any other Bond Document shall not constitute a general obligation of the Issuer but shall constitute limited obligations of the Issuer payable solely from and enforced only against the Security.

**Section 10.9 Execution in Counterparts; Electronic Signatures.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile



or electronically transmitted signatures shall constitute original signatures for all purposes under this Indenture.

**Section 10.10 Waiver of Jury Trial.** THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING UNDER THIS AGREEMENT, ANY OF THE OTHER BOND DOCUMENTS OR OTHERWISE IN CONNECTION THEREWITH.

**[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.]**

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its authorized official, and the Trustee has caused this Indenture to be executed in its name by its duly authorized representative, all as of the day and year first above written.

**JACKSONVILLE HOUSING FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
Name: William I. Gulliford, III  
Title: Chair

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee**

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

**EXHIBIT A  
FORM OF BOND**

**JACKSONVILLE HOUSING FINANCE AUTHORITY  
Multifamily Housing Revenue Bonds  
(Millennia Jacksonville Project), Series 2018**

No. R-\_\_\_

<u>DATED DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>CUSIP NO.</u>
		_____ % [until	
		_____ 1, 20__ and	
_____, 20__	_____, 20__	____ % thereafter]	[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ MILLION \_\_\_\_\_ HUNDRED THOUSAND  
DOLLARS (\$\_\_\_\_\_)

The Jacksonville Housing Finance Authority (the "Issuer"), a public body corporate and politic duly created, organized and existing under the laws of the State of Florida, for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption), (A) on each Principal Payment Date and the Maturity Date specified above, the applicable portion of the Principal Amount specified above, and (B) interest thereon, at the Bond Coupon Rate (as defined in the Indenture), payable on the first Business Day of each month, commencing \_\_\_\_\_, 20\_\_ to the person whose name appears on the registration books on the day before such day (whether or not a Business Day) (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined).

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), or its successor.

Interest on this Bond shall be computed on the basis of a 360-day year, comprised of twelve 30 day months. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other

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arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

This Bond is one of an issue of duly authorized Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), pursuant to the provisions of the Act as such term is defined in the Indenture.

This is a draw-down Bond. The principal amount of this Bond as of any given date shall be equal to (i) the total amount of principal advanced by the Initial Purchaser, less (ii) any payment of principal on the Bonds received by the Holders thereof. Principal amounts advanced by the Initial Purchaser shall be noted on the recordkeeping system maintained by the Trustee.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of September 1, 2018 (as amended, modified or supplemented from time to time, the "Loan Agreement"), between the Issuer and the Borrower, to finance the acquisition, rehabilitation and equipping of the Project Facilities. The Borrower's payment obligations under the Loan Agreement will be evidenced by the Note and secured by the Mortgage.

The Bonds are issued under and are equally and ratably secured by an Indenture of Trust, dated as of September 1, 2018 (as amended, modified or supplemented from time to time, the "Indenture"), between the Issuer and the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the manner in which interest is computed on this Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, INCOME AND RECEIPTS OF THE ISSUER PLEDGED TO THE PAYMENT THEREOF. THE BONDS DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION, OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR

POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE BONDS DO NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE BONDS. THE ISSUER HAS NO TAXING POWER.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this Bond, the registered owner hereof agrees to the appointment of the Controlling Person as provided in the Indenture and authorizes the Controlling Person to exercise such rights and remedies afforded to the Controlling Person on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of an Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the State to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the trustees, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Trustee shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and attested by the manual or facsimile signature of its Secretary all as of the Dated Date hereof.

**JACKSONVILLE HOUSING FINANCE  
AUTHORITY**

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

Name: William I. Gulliford, III

Title: Chair

Attest:

\_\_\_\_\_  
Assistant Secretary

## **CERTIFICATE OF AUTHENTICATION**

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication:

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,** as trustee

By: \_\_\_\_\_  
Authorized Signatory



## ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

\_\_\_\_\_  
Date:

Signature Guaranteed:

\_\_\_\_\_  
Signature

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

**EXHIBIT B**  
**FORM OF INVESTOR LETTER**  
**[PURCHASER]**

[Date]

[Issuer]  
[Address]

[Trustee]  
[Address]

Re: [Bond Caption]

The undersigned, as purchaser (the "Purchaser") of the above-referenced Bonds issued pursuant to the Indenture of Trust dated as of \_\_\_\_ 1, 20\_\_ (the "Indenture"), between the JACKSONVILLE HOUSING FINANCE AUTHORITY (the "Issuer") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee (the "Trustee"), hereby represents that:

1. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

2. The Purchaser is a "qualified institutional buyer" (a "Qualified Institutional Buyer") under Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), or an "accredited investor," as defined in Regulation D under the Securities Act, and, as such, is an Approved Buyer, as defined in the Indenture, and therefore has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

3. The Bonds are being acquired by the Purchaser for its own account for investment purposes and not with a present view to or for resale thereof. The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible. Nothing in the prior sentences, however, shall limit the Purchaser's right to sell and transfer the Bonds at any time subject to the terms of the Indenture.

4. Any disposition by the Purchaser at this time of all or any part of the Bonds shall be only to an institution or entity that is an Approved Buyer or that Purchaser reasonably believes is an Approved Buyer (or otherwise in accordance with the terms of paragraph 9 of this letter); provided, however, the Purchaser reserves the right to deposit such Bonds into a trust or

custodial arrangement in which all of the beneficial ownership interests would be owned by one or more other Approved Buyers; it being understood and agreed that, under such circumstances, each such beneficial owner, in connection with its acquisition of an interest in such arrangement, would be required to represent to the relevant trustee or custodian that it was acquiring such interest for its own account and for investment purposes, and not with a present view to or for resale.

5. The Purchaser understands that the Bonds are not registered under the Securities Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

6. The Purchaser understands that (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of Florida or any political subdivision thereof and that the Issuer has no taxing power, (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof; and (c) the liability of the Issuer with respect to the Bonds is limited to the Security as set forth in the Indenture.

7. The Purchaser acknowledges that to its knowledge it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project Facilities and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds.

8. The Purchaser has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Purchaser is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Bonds.

9. The Purchaser acknowledges that it has the right to sell and transfer the Bonds in Authorized Denominations: (i) to an Affiliate of the Purchaser; (ii) to an institution or entity it reasonably believes is a Qualified Institutional Buyer; (iii) to an Approved Buyer other than a Qualified Institutional Buyer in a transaction that is in compliance with, or exempt from, the registration requirements of the Securities Act and other applicable securities laws and subject to the delivery to the Trustee of a purchaser’s letter from the transferee to the same effect as this

Purchaser's Letter, with no revisions except as may be approved in writing by the Issuer; or (iv) by deposit into a trust or custodial arrangement as described in paragraph 4 of this letter.

10. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Issuer other than representations and statements set forth in the documents and opinions delivered in connection with the issuance of the Bonds, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project Facilities (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of the funds pledged to secure repayment of the Bonds.

11. Capitalized terms used herein and not otherwise defined have the meaning given such terms in the Indenture.

\_\_\_\_\_, as  
Purchaser  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT C**  
**FORM OF INVESTOR LETTER**  
**[UNDERWRITER]**

[September \_\_, 2018]

Jacksonville Housing Finance Authority  
Jacksonville, Florida

The Bank of New York Mellon Trust Company, N.A.  
Jacksonville, Florida

Re:    \$[\_\_\_\_\_] Jacksonville Housing Finance Authority Multifamily Housing  
Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "**Bonds**")

This letter is to provide you with certain representations and agreements with respect to our purchase of \$\_\_\_\_\_ in principal amount of the bonds referred to above (the "Bonds"), dated their date of issuance, issued by Jacksonville Housing Finance Authority (the "Issuer") for the benefit of Jacksonville FL TC LP (the "Borrower"). The Bonds are issued under the terms of an Indenture of Trust dated as of September 1, 2018 (the "Indenture") by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and are secured in the manner set forth in the Indenture and in the Loan Agreement, dated as of September 1, 2018 (the "Loan Agreement"), between the Issuer and the Borrower. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Indenture. In consideration of the issuance of the Bonds and as an inducement thereto, the undersigned (the "Investor") hereby represents and warrants to you and agrees with you as follows:

1.       The Investor is (i) a sophisticated investor with experience evaluating obligations similar to the Bonds, and (ii) an "accredited investor" under Regulation D of the Securities Act of 1933 (the "'33 Act") or a "qualified institutional buyer" as defined in Rule 144A under the '33 Act.

2.       The Investor has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of obligations similar to the Bonds, to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds, and the Investor is able to bear the economic risks of purchase and ownership of the Bonds and has made such inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds as it considered necessary. The Investor is aware that the business of the Borrower involves certain economic risks that could adversely affect the security for the Bonds.

3. The Investor understands and acknowledges that the Bonds may be sold or transferred only to “qualified institutional buyers” or “accredited investors” who sign an investor letter in the form required under the Indenture.

4. The Investor is duly and legally authorized to purchase the Bonds and to execute this Investor Letter. The Investor has satisfied itself that the Bonds are a lawful investment for it under all applicable laws.

5. The Bonds are being acquired by the Investor for its own account for investment purposes and not with a present view to, or for resale in connection with, any distribution of the Bonds other than to another “qualified institutional buyer”, and the Investor does not intend, at this time, to dispose of all or any part of the Bonds except in accordance with the restrictions contained in and as permitted by the terms of the Indenture and Federal securities laws.

6. The undersigned acknowledges that it has made the decision to purchase the Bonds based on such independent investigation regarding the Bonds, the Borrower, the Project Facilities, and other information as it considered necessary to make an informed decision to purchase the Bonds. The undersigned acknowledges that it has not relied upon the Issuer for any information in connection with the undersigned's acquisition of the Bonds.

7. In entering into this transaction the undersigned has not relied upon any representations or opinions made by the Issuer relating to the legal consequences or other aspects of the transactions (except for closing opinions and certificates addressed to the Investor or upon which the Investor may rely), nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project Facilities (including the refinancing, operation or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of any collateral pledged to secure repayment of the Bonds.

8. The Investor understands that in connection with any proposed transfer or exchange of Bonds, other than a deposit or sale of the Bonds in or to a trust/custodial entity or arrangement each of the beneficial owners of which are required to be “qualified institutional buyers” or “accredited investors”, there must be delivered to the Trustee a letter of the transferee to substantially the same effect as this Investor Letter.

[Remainder of page intentionally left blank]

Underwriter Investor Letter

Very truly yours,

RBC CAPITAL MARKETS, LLC

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

Name: Helen H. Feinberg

Title: Managing Director

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**LOAN AGREEMENT**

**by and between**

**JACKSONVILLE FL TC LP**

**and**

**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**Dated as of September 1, 2018**

**Relating to:**

**\$ \_\_\_\_\_**

**Jacksonville Housing Finance Authority  
Multifamily Housing Revenue Bonds  
(Millennia Jacksonville Project), Series 2018**

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The amounts payable to the Jacksonville Housing Finance Authority (the “Issuer”) and other rights of the Issuer (except for Reserved Rights), under this Loan Agreement have been pledged and assigned to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) under the Indenture of Trust between the Issuer and the Trustee dated as of September 1, 2018.



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## **LOAN AGREEMENT**

This LOAN AGREEMENT (as amended, modified or supplemented from time to time, this "Agreement") made as of September 1, 2018, by and between the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a public body corporate and politic duly created, organized and existing under the laws of the State of Florida (together with its successors and assigns, the "Issuer"), and **MILLENNIA JACKSONVILLE FL TC LP**, a Florida limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the "Borrower"),

### **WITNESSETH:**

**WHEREAS**, the Issuer is authorized under the Act (as defined in the hereinafter defined Indenture) to enter into loan agreements with respect to one or more projects authorized under the Act for such payments and upon such terms and conditions as the Issuer may deem advisable in accordance with the provisions of the Act; and

**WHEREAS**, the Issuer has determined that the public purposes set forth in the Act will be furthered by the issuance, sale and delivery of \$\_\_\_\_\_ in original aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Bonds"), pursuant to an Indenture of Trust (as amended, modified or supplemented from time to time, the "Indenture"), dated as of September 1, 2018, between the Issuer and The Bank of New York Mellon Trust Company, N.A. as trustee (together with any successor trustee under the Indenture and their respective successors and assigns, the "Trustee"), to provide funds to finance the costs of the acquisition, rehabilitation and equipping of the Project Facilities (as hereunder defined); and

**WHEREAS**, the Issuer will lend the proceeds of the Bonds to the Borrower, who will use the proceeds of such loans to fund a portion of the costs of the acquisition and rehabilitation of existing multifamily residential housing facilities located in Jacksonville, Duval County, Florida, consisting of a total of (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments (collectively, the "Project Facilities").

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE UNDERTAKINGS HEREIN SET FORTH AND OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND, THE BORROWER AND THE ISSUER HEREBY AGREE AS FOLLOWS:

## **ARTICLE 1**

### **DEFINITIONS**

Section 1.1 Definitions. In this Agreement (except as otherwise expressly provided for or unless the context otherwise requires) any capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Indenture.

Section 1.2 Rules of Construction; Time of Day. In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words "hereof", "herein", "hereto", "hereby" and "hereunder" refer to this entire Agreement, and (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants", (v) the term "including" shall mean "including, but not limited to," and (vi) the terms "best knowledge" or "knowledge" shall mean the actual knowledge of any Authorized Person of the Borrower after due inquiry. References to any time of the day in this Agreement shall refer to Eastern standard time or Eastern daylight saving time, as in effect in New York, New York, on such day.

## **ARTICLE 2**

### **LOAN AND PROVISIONS FOR REPAYMENT**

Section 2.1 Basic Loan and Repayment Terms.

(a) The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. The Loan shall be made by depositing the proceeds from the initial sale of the Bonds in accordance with Article IV of the Indenture. Such proceeds shall be disbursed to or on behalf of the Borrower as provided for in this Agreement and the Indenture. The Borrower's obligation to repay the Loan shall be evidenced by the Note, the form of which is attached hereto as Exhibit A.

(b) The Borrower hereby agrees to pay the Note and repay the Loan made pursuant to this Agreement by paying or causing to be paid to the Trustee in immediately available funds for the account of the Issuer for deposit into the Bond Fund [or the Redemption Fund, as applicable, two Business Days before the dates, and in the amounts, set forth on Schedule 3 hereto, and two Business Days before any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Bonds pursuant to the Indenture, whether at maturity, upon acceleration or by sinking fund redemption or mandatory redemption, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, a sum which will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon mandatory redemption or acceleration or otherwise), premium, if any, and interest on the Bonds, as provided in the Indenture.

(c) It is understood and agreed that the Note and all payments payable by the Borrower under this Section 2.1 are assigned by the Issuer to the Trustee for the benefit of the Bondholders. The Borrower assents to such assignment. The Issuer hereby directs the Borrower, and the Borrower hereby agrees to pay to the Trustee, at the address specified in or in accordance with Section 10.1 hereof all Repayments payable to the Issuer pursuant to the Note and this subsection.

(d) The Borrower shall have, and is hereby granted, the option to prepay the unpaid principal amount of the Loan, together with interest thereon to the date of redemption of the Bonds, but only pursuant to the provisions of Section 2.3(b) hereof and Section 3.4(a) of the Indenture with respect to voluntary prepayment of the Loan and optional redemption of the Bonds.

## Section 2.2 Fees.

(a) Origination and Construction Fees. On the date of execution and delivery of this Agreement, the Borrower shall pay, or cause to be paid, to R4 Capital Funding LLC an origination fee equal to \$[782,500], and to R4 Servicer LLC a construction monitoring fee of \$[391,250], together with the reasonable, out-of-pocket fees and expenses of its counsel.

(b) Engineering Consultant Fees. The Borrower shall pay (as directed by the Controlling Person) two Business Days before each Interest Payment Date, commencing on the First Interest Payment Date and continuing through Final Completion of the Work in respect of the Project Facilities, an amount equal to the costs of the Engineering Consultant incurred by the Controlling Person in the prior month in an amount not to exceed [\$4,825 per month (plus travel and reasonable and necessary expenses)]. If the Borrower fails to requisition such costs, the Controlling Person may direct the Trustee to disburse such amounts as part of any Advance.

(c) Ongoing Fees. The Borrower shall pay the ongoing fee of the Issuer (the "Ongoing Fees") to the Trustee in the amount of [20 basis points (0.20%) of the outstanding principal amount of the Loan] (calculated on the Business Day prior to any principal reduction of the Note) payable in semiannual installments in arrears on each [\_\_\_\_\_]and [\_\_\_\_], commencing [\_\_\_\_], 2018, so long as any portion of the Loan is outstanding.

(d) Trustee and Issuer Servicer Fees. The Borrower shall pay all fees and expenses of the Trustee and/or a Qualified Custodian and all fees and expenses of the Issuer Servicer.

(e) Special Servicing Fees. The Borrower shall pay any and all special servicing fees or costs in accordance with Section 6.33 hereof and in the Bond Documents.

## Section 2.3 Termination; Voluntary Prepayment and Redemption.

(a) Notwithstanding anything to the contrary contained in this Agreement or the other Bond Documents, the Controlling Person's and the Majority Owner's and each Holder's

rights, interests and remedies hereunder and under the other Bond Documents shall not terminate or expire or be deemed to have been discharged or released until the earlier to occur of (i) the payment in full of the Bonds, or (ii) defeasance, pursuant to Article V of the Indenture, of all of the Bonds. No such termination, expiration or release shall affect the survival of the indemnification provisions of this Agreement, which provisions shall survive any such termination, expiration or release.

(b) The Loan may be prepaid by the Borrower, and the Bonds shall be optionally redeemed pursuant to Sections 3.4(a) and (b) of the Indenture, on any Interest Payment Date on or after the First Optional Call Date, upon the payment of the principal amount of the Bonds plus interest accrued thereon to, but not including, the date of redemption, without premium or penalty.

(c) Acceleration of the obligations of the Borrower hereunder upon an Event of Default prior to the First Optional Call Date, shall constitute an evasion of the prepayment provisions of this Agreement and any tender of payment of an amount necessary to satisfy the entire Indebtedness created hereunder shall include an acceleration premium, equal to the amount of interest which would have accrued on the amount of Bonds scheduled to be Outstanding from the date of acceleration to, but not including, the First Optional Call Date.

(d) The Borrower shall be required to prepay the Loan at the times and in the amounts necessary to provide funds for the payment of the mandatory redemption of the Bonds pursuant to Section 3.4(c) of the Indenture. In addition, on each Interest Payment Date, the Borrower shall pay to the Trustee for deposit into the Redemption Fund the amount set forth for such purpose on Schedule 3 hereto, which amount shall be applied on each Principal Payment Date to the mandatory sinking fund redemption of the Bonds pursuant to Section 3.4(d) of the Indenture.

(e) Notwithstanding the foregoing, the Borrower shall have the right at any time to defease the Bonds in accordance with the provisions of Article V of the Indenture, without premium.

Section 2.4 Obligations Absolute. The obligations of the Borrower under this Agreement shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances: (i) any lack of validity or enforceability of the Bond Documents or any other agreement or document relating thereto; (ii) any amendment or waiver of or any consent to or departure from the Bond Documents or any document relating thereto; or (iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Issuer or the Trustee (or any persons or entities for whom the Trustee may be acting) or any other person or entity, whether in connection with this Agreement, the transactions described herein or any unrelated transaction. The Borrower understands and agrees that no payment by it under any other agreement (whether voluntary or otherwise) shall constitute a defense to its obligations hereunder, except to the extent that the Loan evidenced



hereby has been indefeasibly paid in full, whether owing under this Agreement or under the other Bond Documents.

Section 2.5 Indemnification. The Borrower covenants to defend, indemnify and hold harmless the Issuer, the Trustee, the Controlling Person, the Majority Owner, and each of their respective Affiliates and each of their and their Affiliates' respective directors, officers, employees, representatives and agents (collectively, the "Indemnified Parties"), except as limited below, from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable, out-of-pocket attorneys' fees for counsel of each of the Indemnified Parties' choice) whatsoever which the Indemnified Parties may incur (or which may be claimed against any of the Indemnified Parties by any person or entity whatsoever) by reason of or in connection with:

(a) the Bonds, the Indenture, the Loan Agreement, the Land Use Restriction Agreement or Tax Certificate, or the execution or amendment hereof or thereof or in connection with the transactions contemplated hereby or thereby, including the issuance, sale or resale, defeasance or redemption of the Bonds;

(b) any breach by the Borrower of any representation, warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement or the other Bond Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default or any Determination of Taxability;

(c) the involvement of any of the Indemnified Parties in any legal suit, investigation, proceeding, inquiry or action as a consequence, direct or indirect, of the Controlling Person or the Majority Owner's actions taken pursuant to this Agreement or any of the other Bond Documents or any other event or transaction contemplated by any of the foregoing;

(d) any untrue statement of the Borrower or alleged untrue statement contained or incorporated by reference in any offering or reoffering materials prepared in respect of the Bonds, or any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements in light of the circumstances in which they are or were made not misleading;

(e) the acceptance or administration of the Bond Documents or the Security Interests thereunder or the performance of duties under the Bond Documents or any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof, including without limitation any lease thereof or assignment of its interest in this Agreement;

(f) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Advances or the Project Facilities, the operation of the Project Facilities, or the condition, environmental or otherwise, occupancy, use,

possession, conduct or management of work done in or about, or from the planning, design, acquisition or rehabilitation of, the Improvements or any part thereof;

(g) any Lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project Facilities;

(h) any violation or alleged violation of any applicable law or regulation including, without limitation, any Environmental Law or any inspection, review or testing with respect to, or the release of any toxic substance from, the Project Facilities or any part thereof;

(i) the enforcement of, or any action taken by the Issuer or any Indemnified Party, related to remedies under, this Agreement, the Indenture and the other Bond Documents;

(j) any action, suit, claim, proceeding, audit, inquiry, examination, or investigation of a judicial, legislative, administrative or regulatory nature concerning or related to interest payable on the Bonds not being excludable from gross income for purposes of federal income taxation or exempt from state income taxation;

(k) any action, suit, claim or demand contesting or affecting the title of the Project Facilities;

(l) the investigation of, preparation for or defense of any litigation, proceeding or investigation in connection with the Project Facilities or the transactions to be consummated in connection therewith of any nature whatsoever, commenced or threatened against the Borrower, the Project Facilities or any Indemnified Party; and

(m) any brokerage commissions or finders' fees claimed by any broker or other party in connection with the Bonds or the Project.

The indemnification shall include the reasonable costs and expenses of defending itself or investigating any claim of liability and other reasonable, out-of-pocket expenses and attorneys' fees incurred by the Indemnified Parties, provided the Borrower shall not be required to indemnify any of the Indemnified Parties for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of any Indemnified Party. The obligations of the Borrower under this Section shall survive the termination of this Agreement and the Indenture. Notwithstanding any other provision of this Agreement or the Indenture to the contrary, the Borrower agrees (i) not to assert any claim or institute any action or suit against the Trustee or its employees arising from or in connection with any investment of funds made by the Trustee in good faith as directed by the Borrower, the Controlling Person or the Majority Owner and (ii) to indemnify and hold the Trustee and its employees harmless against any liability, losses, damages, costs, expenses, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any such investment. Nothing in this Section is intended to limit the Borrower's obligations

contained in Section 2.1 and 2.2 hereof. Amounts payable to the Issuer hereunder shall be due and payable five (5) days after demand and will accrue interest at the Default Rate, commencing with the expiration of the five (5) day period. When the Issuer incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the reasonable, out-of-pocket fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally. The obligations of Borrower to the Indemnified Parties under this Section shall not be subject to the recourse limitations of Section 10.13 hereof.

Section 2.6 Amounts Remaining on Deposit Upon Payment of the Bonds. After payment in full of the principal of, premium, if any, and interest on the Bonds (or defeasance of the Bonds) and upon payment of amounts payable to the United States pursuant to any rebate requirement and the payment of any other amounts owed hereunder or under the Indenture, all amounts on deposit with the Trustee pursuant to the Indenture, this Agreement or any other Bond Document shall be paid by the Trustee to the Borrower.

### **ARTICLE 3 SECURITY**

Section 3.1 Mortgage and Other Bond Documents. To further secure the Borrower's obligations under this Agreement, the Borrower shall, at its sole expense, execute and deliver, or cause to be executed and delivered, to the Trustee (and where required, duly record) the Mortgage and each of the other Bond Documents.

Section 3.2 Financing Statements. All financing statements and continuation statements as are necessary or advisable to perfect and maintain perfection of the Issuer's and/or the Trustee's security interests under this Agreement, the Indenture, the Mortgage and the other Bond Documents shall be filed in accordance with Section [ ] of the Construction Loan and Mortgage Servicing Agreement or, if not so filed, shall be filed by the Trustee at the direction of the Controlling Person, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Trustee shall have been notified in writing by the Issuer or Controlling Person that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section 3.2 and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower hereby authorizes the filing of such financing statements and continuation statements without signature of the Borrower and will pay upon demand the costs of filing the foregoing financing or continuation statements and the Financing Statements required under Section 7.8 of the Indenture in such public offices as the Controlling Person may designate.

## **ARTICLE 4**

### **REPRESENTATIONS OF ISSUER**

Section 4.1 Representation by the Issuer. The Issuer represents and warrants to the Borrower, the Trustee and the Holders from time to time of the Bonds as follows:

(a) The Issuer is a public body corporate and politic duly created, organized and existing under the laws of the State and is authorized by the Act to execute and to enter into this Agreement and to undertake the transactions contemplated herein and to carry out its obligations hereunder.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Bond Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Bond Documents. All action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Bond Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the issuance of the Bonds and the loan of the proceeds thereof to the Borrower for the acquisition and rehabilitation of the Project Facilities; no other authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required as a condition to the performance by the Issuer of its obligations under the Bond Documents.

(d) This Agreement is, and each other Bond Document to which the Issuer is a party when delivered will be, legal, valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(e) There is no default of the Issuer in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could affect the validity and enforceability of the Bond Documents or the ability of the Issuer to perform its obligations thereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) There are no obligations of the Issuer other than the Bonds that have been, are being or will be (i) sold at substantially the same time, (ii) sold pursuant to the same plan of financing, and (iii) reasonably expected to be paid from substantially the same source of funds.

(g) There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the

Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture or this Agreement or (ii) the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(h) In connection with the authorization, issuance and sale of the Bonds, the Issuer has complied in all material respects with all provisions of the laws of the State, including the Act.

(i) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement for any purpose other than to secure the Bonds under the Indenture. The Bonds constitute the only bonds or other obligations of the Issuer in any manner payable from the revenues to be derived from this Agreement, and except for the Bonds, no bonds or other obligations have been or will be issued on the basis of this Agreement.

(j) The Issuer is not in default under any of the provisions of the laws of the State, which default would affect the issuance, validity or enforceability of the Bonds or the transactions contemplated by this Agreement or the Indenture.

(k) The Issuer covenants and agrees that it will take or cause to be taken all required actions to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. All of the amounts received upon the sale of the Bonds shall be allocated to, and shall be used, for the purpose of financing the aggregate basis of land and building costs within the meaning of Section 42(h)(4)(B) of the Code. To the extent within the reasonable control of the Issuer, and provided that the Issuer shall be under no duty to enforce compliance, the amounts received upon the sale of the Bonds and interest and other investment earnings on those amounts shall be allocated and used for financing Project Costs of each building and related land in the Project Facilities so that the aggregate basis of each such building and related land, within the meaning of Section 42(h)(4) of the Code, shall be financed fifty percent (50%) or more from those amounts.

(l) No member of the Issuer, nor any other official or employee of the Issuer, has any interest (financial, employment or other) in the Borrower, in the Project Facilities or in the transactions contemplated hereby, by the other Bond Documents or by the Indenture.

(m) The Issuer used no broker in connection with the execution hereof and the transactions contemplated hereby.

Section 4.2 No Liability of Issuer; No Charge Against Issuer's Credit. Any obligation of the Issuer created by, arising out of, or entered into in contemplation of this Agreement, including the payment of the principal of, premium if any, and interest on the Bonds, shall not impose or constitute a debt or pecuniary liability upon the Issuer, the State or any political subdivision thereof or constitute a charge upon the general credit or taxing powers of any of the foregoing. Any such obligation shall be payable solely out of the revenues and any other moneys derived hereunder and under the Indenture, except (as provided in the Indenture and in this

Agreement) to the extent it shall be paid out of moneys attributable to the proceeds of the Bonds or the income from the temporary investment thereof. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement of the Issuer hereunder against any past, present or future trustee, officer, member, employee or agent of the Issuer, whether directly or indirectly, and all such liability of any such individual as such is expressly waived and released as a condition of and in consideration for the execution of this Agreement, the making of the loan of the proceeds of the Bonds to the Borrower, and the issuance of the Bonds.

## **ARTICLE 5**

### **REPRESENTATIONS AND WARRANTIES OF THE BORROWER**

The Borrower represents and warrants to and for the benefit of the Issuer, the Trustee, the Controlling Person and the Holders from time to time of the Bonds as follows:

Section 5.1 Existence. The Borrower (a) is a Florida limited partnership, duly organized, validly existing and in good standing under the Legal Requirements of the state of its organization and is duly qualified to do business in the State, (b) has furnished to the Issuer, the Trustee and the Controlling Person true and complete copies of its Partnership Agreement and certificate of limited partnership and (c) owns and will own no other assets other than the Project Facilities. The Borrower and the General Partner have been, are and will be engaged solely in the business of acquiring, rehabilitating, equipping, financing, owning, managing and operating the Project Facilities and activities incident thereto. The General Partner of the Borrower (x) is Jacksonville TC Investment, LLC, an Ohio limited liability company, duly organized, validly existing and in good standing under the laws of the State of Ohio and is duly qualified to do business in the State of Florida, (y) has furnished to the Issuer, the Trustee and the Controlling Person true and complete copies of its articles of organization and operating agreement and (z) has and will have no other assets other than its partnership interests in the Borrower.

Section 5.2 Power, Authorization and No Conflicts. The Borrower has all requisite power and authority and the legal right to own and operate its properties and to conduct its business and operations as they are currently being conducted and as proposed to be conducted by it. The execution, delivery and performance by the Borrower of this Agreement and the other Bond Documents to which the Borrower is a party (i) are within the Borrower's powers, (ii) have been duly authorized by all necessary partnership and legal action by or on behalf of the Borrower, and (iii) do not contravene the Partnership Agreement, operating agreement, articles of organization or certificate of limited partnership of the Borrower or the General Partner, as applicable, or any Legal Requirement applicable to the Borrower or the General Partner or any Material Contract or restriction binding on or affecting the Borrower, the General Partner or any of their respective assets, or result in the creation of any mortgage, pledge, lien or encumbrance upon any of its assets other than as provided by the terms thereof.

Section 5.3 Governmental Authorizations and Other Approvals. The Borrower and the General Partner have all necessary Governmental Actions and qualifications and have

complied with all applicable Legal Requirements necessary to conduct their business as it is presently conducted and to own, operate and rehabilitate the Project Facilities in accordance with the provisions of the Bond Documents. Except as set forth on Schedule 6 hereto, the Borrower has obtained all Governmental Actions from such Governmental Authorities which are a necessary precondition to renovate, own and operate the Project Facilities, and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities (upon completion of rehabilitation of the Project Facilities as contemplated in the Plans and Specifications) will comply with all Governmental Actions and Legal Requirements, including all zoning restrictions (including without limitation, use density, setbacks, parking and other similar requirements) or the Borrower has a valid variance for or exemption or is grandfathered from such requirements. All Governmental Actions obtained by the Borrower have been validly issued and are in full force and effect. With respect to any Government Actions not yet obtained, the Borrower knows of no reason such Governmental Actions will not be timely obtained in the ordinary course of business and as needed in connection with the rehabilitation or operation of the Project Facilities. No such Governmental Action will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project Facilities, including any transfer pursuant to foreclosure sale under the Mortgage.

Section 5.4 Validity and Binding Effect. This Agreement and the other Bond Documents to which the Borrower is a party are the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, subject to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar Legal Requirement affecting creditors' rights generally.

Section 5.5 No Litigation. Except as disclosed on Schedule 1 hereto, there is no pending action or proceeding, including eminent domain proceedings, before any Governmental Authority or arbitrator against or involving the Borrower, the General Partner or to the Borrower's knowledge after due inquiry, the Project Facilities and, to the best knowledge of the Borrower and the General Partner, there is no threatened action or proceeding, including eminent domain proceedings, affecting the Borrower or the General Partner before any Governmental Authority or arbitrator which, in any case, might have a Material Adverse Effect or affect the validity or enforceability of this Agreement, the Bonds or the Bond Documents, the operation or ownership of the Project Facilities, or the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

Section 5.6 No Violations. The Borrower and the General Partner are in compliance with, and not in breach of or default under (a) any applicable Governmental Actions or Legal Requirements with respect to the Project Facilities of any Governmental Authority having jurisdiction or (b) the Bond Documents or any other credit agreement, indenture, mortgage, agreement or other instrument to which it is a party or otherwise subject. No event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute

an event of default under any such instrument. The Borrower is not in violation, nor is there any notice or other record of any violation, of any Legal Requirements, restrictive covenants or other restrictions applicable to any of the Project Facilities.

Section 5.7 Compliance. The ownership of the Project Facilities, the rehabilitation of the Project Facilities, and the use and operation of the Project Facilities as contemplated hereby do and shall, in all material respects, comply with, and are lawful and permitted uses under, the Tax Certificate and the Land Use Restriction Agreement, all applicable building, fire, safety, zoning, subdivision, sewer, Environmental Laws, health, insurance and other Legal Requirements and plan approval conditions of any Governmental Authority. The Borrower has obtained all Governmental Actions from such Governmental Authorities which are a necessary precondition to rehabilitate, own and operate the Project Facilities and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities are located wholly within the boundaries of the Issuer's jurisdiction. The Project Facilities will satisfy all requirements of the Act and the Code with respect to multifamily rental housing and/or qualified residential rental facilities.

Section 5.8 Title to Properties; Liens and Encumbrances. The Borrower has good and indefeasible title in fee simple to the Project Facilities, free and clear of all liens or encumbrances except for the Permitted Encumbrances. Upon Substantial Completion all such real property, fixtures and equipment necessary to the conduct of the business of the Borrower and the operation of the Project Facilities are and will be in reasonable working order and are suitable for the purposes for which they are and will be used. There exist no liens, encumbrances or other charges against the Project Facilities (including without limitation statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, taxing authorities and others), except Permitted Encumbrances.

Section 5.9 Utilities and Access. All utility services necessary for the operation of the Project Facilities in the manner contemplated hereby, including water supply, storm and sanitary sewer facilities, gas, electricity and telephone facilities are or will be available within the boundaries of the Project Facilities at Substantial Completion, and all roads necessary for the full utilization of the Project Facilities in the manner contemplated hereby either have been completed or rights-of-way therefor have been acquired by the appropriate governmental authority or others or have been dedicated to public use and accepted by such Governmental Authority.

Section 5.10 Financial Information.

(a) All of the financial information furnished by the Borrower, the Guarantors or the General Partner to the Controlling Person or the Majority Owner with respect to the Borrower, the Guarantors, and the General Partner in connection with this Agreement (i) is complete and correct in all material respects as of the date hereof and (ii) accurately presents the financial condition of such party as of the date hereof. None of the Borrower, the Guarantors or



the General Partner has any liability or contingent liability not disclosed to the Controlling Person or the Majority Owner in writing, except to the extent that such liability could not reasonably be expected to have a Material Adverse Effect.

(b) Since its formation, each of the Borrower, and the General Partner has conducted its operations in the ordinary course, and no material adverse change has occurred in the business, operations, assets or financial condition of the Borrower, the Guarantor, or the General Partner.

Section 5.11 ERISA. No employee pension plan maintained by the Borrower or the General Partner or any ERISA Affiliate which is subject to Part 3 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") has an accumulated funding deficiency (as defined in Section 302(a) of ERISA); no reportable event (as defined in Section 4043 of ERISA) has occurred with respect to any employee pension plan maintained for employees of the Borrower or any ERISA Affiliate and covered by Title IV of ERISA; no liability has been asserted against the Borrower, the General Partner or any ERISA Affiliate by the Pension Benefit Guaranty Corporation ("PBGC") or by a trustee appointed pursuant to Section 4042(b) or (c) of ERISA; and no lien has been attached and no person has threatened to attach a lien to any of the Borrower's, the General Partner's or any ERISA Affiliate's property as a result of failure to comply with ERISA or as a result of the termination of any employee pension plan covered by Title IV of ERISA. Each employee pension plan (as defined in Section 3(2) of ERISA) maintained for employees of the Borrower, the General Partner or any ERISA Affiliate which is intended to be qualified under Section 401 (a) of the Code, including all amendments to such plan or to any trust agreement, group annuity or insurance contract or other governing instrument, is the subject of a favorable determination by the Internal Revenue Service with respect to its qualification under Section 401(a) of the Code. With respect to any multi-employer pension plan (as defined in Section 3(37) of ERISA) to which the Borrower, the General Partner or any ERISA Affiliate is or has been required to contribute after September 25, 1980, (i) no withdrawal liability (within the meaning of Section 4201 of ERISA) has been incurred by the Borrower, the General Partner or any ERISA Affiliate, (ii) no withdrawal liability has been asserted against the Borrower, the General Partner or any ERISA Affiliate by a sponsor or an agent of a sponsor of any such multi-employer plan, (iii) no such multi-employer pension plan is in reorganization (as defined in Section 4241(a) of ERISA) and (iv) neither the Borrower, the General Partner nor any ERISA Affiliate has any unfilled obligation to contribute to any such multi-employer pension plan. As used in this Agreement, "ERISA Affiliate" means (i) any corporation included with the Borrower or the General Partner in a controlled group of corporations within the meaning of Section 414(b) of the Code, (ii) any trade or business (whether or not incorporated or for-profit) which is under common control with the Borrower or the General Partner within the meaning of Section 414(c) of the Code, (iii) any member of an affiliated service group of which the Borrower or the General Partner is a member within the meaning of Section 414(m) of the Code and (iv) any other entity treated as being under common control with the Borrower or the General Partner under Section 414(o) of the Code.

Section 5.12 Environmental Representations. Except as set forth on the Environmental Audit delivered to the Controlling Person (a) the Borrower has no knowledge of any activity at the Project Facilities, or any storage, treatment or disposal of any Hazardous Substances connected with any activity at the Project Facilities, which has been conducted, or is being conducted, in violation of any Environmental Law; (b) the Borrower has no knowledge of any of the following which could give rise to material liabilities, material costs for remediation or a material adverse change in the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower: (i) Contamination present at the Project Facilities, (ii) polychlorinated biphenyls present at the Project Facilities, (iii) asbestos or materials containing asbestos present at the Project Facilities, (iv) urea formaldehyde foam insulation present at the Project Facilities or (v) lead-based paint at the Project Facilities; (c) no portion of the Project Facilities constitutes an Environmentally Sensitive Area; (d) the Borrower has no knowledge of any investigation of the Project Facilities for the presence of radon; (e) no tanks presently or formerly used for the storage of any liquid or gas above or below ground are present at any of the Project Facilities; (f) no condition, activity or conduct exists on or in connection with the Project Facilities which constitutes a violation of Environmental Laws; (g) no notice has been issued by any Governmental Authority to the Borrower or the General Partner identifying the Borrower or the General Partner as a potentially responsible party under any Environmental Laws; (h) there exists no investigation, action, proceeding or claim by any Governmental Authority or by any third party which could result in any liability, penalty, sanctions or judgment under any Environmental Laws with respect to the Project Facilities; and (i) the Borrower is not required to obtain any permit or approval from any Governmental Authority or need notify any Governmental Authority pursuant to any Environmental Law with regard to the rehabilitation of the Project Facilities.

Section 5.13 Outstanding Obligations and Material Contracts. Attached hereto as Schedule 2 is (i) a complete list of all Obligations of the Borrower and the General Partner as of the date of execution and delivery hereof, together with a description of the instruments evidencing, governing or securing such obligations (provided that no description need be provided of the Obligations hereunder) and (ii) a complete list of all other Material Contracts. There exists no default under any such instrument. Except for the obligations listed on Schedule 2, neither the Borrower nor the General Partner has incurred any Obligations, secured or unsecured, direct or contingent. Each of the Borrower and the General Partner has complied with all provisions of such Material Contracts in all material respects, to the extent such contract is applicable to such party, and there exists no default or event which, with the giving of notice or the passage of time, or both, would constitute a default, under any such Material Contract.

Section 5.14 Solvency. Each of the Borrower, the Guarantors and the General Partner is and, after giving effect to this Agreement and all other agreements of the Borrower, the Guarantor and the General Partner being entered into on the date of execution and delivery of this Agreement, will be solvent (which for this purpose shall mean that each is able to pay its current debts as they come due).

Section 5.15 Full Disclosure. This Agreement, the exhibits hereto and the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person or the Majority Owner by or on behalf of the Borrower, the Guarantors, or the General Partner in connection with the transactions contemplated hereby or by the Bond Documents, do not contain any untrue statement of a material fact with respect to the Borrower, the Guarantors or the General Partner or the Project Facilities and do not omit to state a material fact with respect to the Borrower, the Guarantors or the General Partner or the Project Facilities necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made. There is no fact known to the Borrower, the Guarantors or the General Partner which materially adversely affects the business, operations, properties, assets or financial condition of the Borrower, the Guarantors or the General Partner which has not been set forth in this Agreement or in the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person and the Majority Owner on behalf of any such party before the date of execution and delivery of this Agreement in connection with the transactions contemplated hereby.

Section 5.16 Bond Documents. Each of the Borrower, the Guarantors and the General Partner has provided the Controlling Person and the Majority Owner with true, correct and complete copies of: (i) all documents executed by the Borrower, the Guarantors or the General Partner in connection with the Bonds, including all amendments thereto and compliance reports filed thereunder; (ii) all management and service contracts entered into by the Borrower in connection with the Project Facilities, including all amendments thereto; (iii) all correspondence, if any, relating to the Bonds from the Trustee, the Issuer, the Securities and Exchange Commission, the Internal Revenue Service or any state or local securities regulatory body or taxing authority or any securities rating agency; and (iv) all documentation, if any, relating to governmental grants, subsidies or loans or any other loans, lines of credit or subordinate financing relating to the Borrower or the Project Facilities, whether or not secured by the Project Facilities. Each of the representations and warranties on the Borrower's part made in the Bond Documents to which the Borrower is a party remain true and correct in all material respects and no Default exists under any covenants on the Borrower's part to perform under the Bond Documents to which the Borrower is a party.

Section 5.17 Illegal Activity. No portion of any of the Project Facilities has been or will be acquired, rehabilitated, fixtured, equipped or furnished with proceeds of any illegal activity conducted by the Borrower.

Section 5.18 Executive Order 13224. Neither the Borrower, the General Partner nor any Person holding any legal or beneficial interest whatsoever in any of those entities is included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the persons or entities referred to or described in Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended. It shall constitute an Event of Default hereunder if the foregoing representation and warranty shall ever become false.

Section 5.19 No Broker. The Borrower has used no broker in connection with the execution hereof and the transactions contemplated hereby.

Section 5.20 Construction Contract; Architect's Agreement. The Construction Contract and the Architect's Agreement are each in full force and effect, and the parties thereto are in material compliance with their respective obligations thereunder. The work to be performed by the Contractor under the Construction Contract is the Work called for by the Plans and Specifications, and all Work required to complete the Improvements in accordance with the Plans and Specifications is provided for under the Construction Contract.

Section 5.21 Development Budget. The Development Budget attached hereto as Schedule 4 accurately reflects: (i) all anticipated costs of implementing and completing the Work within the Plans and Specifications and (ii) anticipated uses by source allocations for the purpose of complying with Section 142(a) of the Code.

Section 5.22 Plans and Specifications. The Borrower has furnished the Controlling Person and the Majority Owner with true and complete sets of the Plans and Specifications. The Plans and Specifications so furnished to the Controlling Person and the Majority Owner comply in all material respects with all Legal Requirements, all Governmental Actions, and all restrictions, covenants and easements affecting the Project Facilities and have been approved by the Investor Limited Partner and such Governmental Authority as is required for renovation of the Project Facilities.

Section 5.23 Survey. The survey for the Project Facilities delivered to the Controlling Person and the Majority Owner does not fail to reflect any material matter of survey affecting the Project Facilities or the title thereto.

Section 5.24 Flood Plain. No part of the Project Facilities is located in an area designated by the Federal Emergency Management Agency as an area having special flood hazard, or, to the extent any part of the Project Facilities is an area identified as an area having special flood hazard, flood insurance in an amount equal to 100% of the appraised insurable value of the Project Facilities has been obtained by the Borrower.

Section 5.25 Rent Roll. To the Borrower's actual knowledge, attached hereto as Schedule 11 is a true, correct and complete rent roll for the Project Facilities (the "Rent Roll"), which includes all leases affecting the Project Facilities. Except as set forth in Schedule 11, to the Borrower's actual knowledge: (i) each lease is in full force and effect; (ii) the tenants under the leases have accepted possession of and are in occupancy of all of their respective demised Project Facilities, have commenced the payment of rent under such leases, and there are no offsets, claims, or defenses to the enforcement thereof; (iii) all rents due and payable under the leases have been paid, and no portion thereof has been paid for any period more than thirty (30) days in advance; (iv) the rent payable under each lease is the amount of fixed rent set forth in the Rent Roll, and there is no claim or basis for a claim by tenant thereunder for an adjustment to the rent; (v) no tenant has made any claim against the landlord under the leases (except as disclosed on

Schedule 11) which remains outstanding; there are no defaults on the part of the landlord under any lease; and no event has occurred which, with the giving of notice or passage of time, or both, would constitute such a default; and (vi) to the Borrower's best knowledge, there is not present a material default by the tenant under any lease. The Borrower will hold any security deposits under the leases in a non-commingled bank account in the name of the Borrower and meeting the requirements of applicable laws. None of the leases contains any option to purchase or right of first refusal to purchase the Project Facilities or any part thereof. Except for Permitted Encumbrances, neither the leases nor the Rents have been assigned or pledged to any Person and no Person has any interest therein except the tenants thereunder.

Section 5.26 Requisition. Each Requisition submitted to the Controlling Person (a) shall constitute an affirmation that the representations and warranties of the Borrower contained in this Agreement and in the other Bond Documents remain true and correct as of the date thereof unless otherwise noted in writing and (b) unless the Controlling Person is notified to the contrary in writing prior to the requested date of the Advance under such Requisition, shall constitute an affirmation that the same remain true and correct on the date of such Advance.

## **ARTICLE 6 GENERAL COVENANTS**

So long as any amount is due and owing hereunder, the Borrower covenants and agrees, except to the extent the Controlling Person shall otherwise consent in writing to perform and comply with each of the following covenants:

Section 6.1 Conduct of Business; Maintenance of Existence; Mergers. The Borrower and the General Partner shall (i) engage solely in the business of financing, rehabilitating, owning and operating the Project Facilities and activities incident thereto, (ii) preserve and maintain in full force and effect (x) its existence as a limited partnership and limited liability company, as applicable, under the Legal Requirements of the state of its organization and (y) its rights and privileges and its qualification to do business in the State, (iii) not dissolve or otherwise dispose of all or substantially all of its assets, except for Permitted Transfers, (iv) not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, (v) not amend any provision of its certificate of limited partnership, Partnership Agreement, articles of organization, or operating agreement relating to its purpose, management or operation without the prior written consent of the Controlling Person, and (vi) promptly and diligently enforce its rights under the Partnership Agreement and use all reasonable efforts to cause Investor Limited Partner to make its capital contributions as and when required under the Partnership Agreement.

Section 6.2 Compliance with Legal Requirements; Payment of Impositions. The Borrower shall (a) comply with all Legal Requirements applicable to the Borrower or the Project Facilities, (b) pay all Impositions and insurance premiums when due and make the applicable deposits required by Section 8.2 of this Agreement for such purposes, provided that the Borrower shall be permitted to contest in good faith any Imposition, and (c) make commercially reasonably

efforts to direct that copies of all regular Impositions and insurance premiums shall be sent directly by the Governmental Authority or insurer, as applicable, to the Controlling Person.

Section 6.3 Maintenance of Governmental Authorizations. The Borrower shall (a)(i) timely obtain any Governmental Actions required for the rehabilitation of the Project Facilities not obtained prior to the Issue Date and (ii) provide copies thereof to the Controlling Person and the Trustee upon receipt, (b) maintain in full force and effect all of its Governmental Actions and qualifications necessary for the conduct of its business as it is presently being conducted and the ownership, rehabilitation and operation of the Project Facilities as they are presently being operated and as contemplated by the terms of the Bond Documents and (c) promptly furnish copies of all reports and correspondence relating to a loss or proposed revocation of any such qualification to the Controlling Person.

Section 6.4 Maintenance of Insurance.

(a) At all times throughout the term hereof, the Borrower shall, at its sole cost and expense, maintain or cause to be maintained insurance against such risks and for such amounts as required by the Controlling Person for facilities of the type and size of the Project Facilities and shall pay, as the same become due and payable, all premiums with respect thereto. The initial insurance requirements shall include, but not necessarily be limited to, the requirements set forth on Schedule 12 hereto.

(b) All insurance required by this Section 6.4 shall be produced and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State and selected by the entity required to procure the same. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All property and casualty insurance policies required by Section 6.4(a) hereof shall contain a standard non-contributory mortgagee clause showing the interest of the Trustee as first mortgagee and shall provide for payment to the Trustee of the net proceeds of insurance resulting from any claim for loss or damage thereunder. All policies of insurance required by Section 6.4(a) hereof shall provide for at least thirty (30) days' prior written notice of the restriction, cancellation or modification thereof to the Trustee, with a copy to the Controlling Person. The policy evidencing liability insurance required by Section 6.4(a) hereof shall name the Issuer, the Controlling Person and the Trustee as additional named insureds. The Borrower acknowledges that a security interest in the policies of property and casualty insurance required by Section 6.4(a) and the net proceeds thereof is being granted to the Trustee pursuant to the Mortgage. Upon request of the Trustee, the Borrower will assign and deliver (which assignment shall be deemed to be automatic and to have occurred upon the occurrence of an Event of Default hereunder) to the Trustee the policies of property and casualty insurance required under Section 6.4(a) so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Bonds, have and hold said policies and the net proceeds thereof as collateral and further security under the Mortgage for

application as provided in the Mortgage. The policies under Section 6.4(a) hereof shall contain appropriate waivers of subrogation.

(c) Copies of the policy or certificate (or binder) of insurance required by Section 6.4(a) hereof shall be delivered to the Trustee, with a copy to the Controlling Person on or before the Issue Date. The Borrower shall deliver to the Issuer and the Trustee before the first (1<sup>st</sup>) Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect insurance of the types and in the amounts required by this Section 6.4. Prior to the expiration of each such policy, the Borrower shall furnish the Trustee, with a copy to the Controlling Person, with evidence that such policy has been renewed or replaced or is no longer required by this Agreement. The Borrower shall provide such further information with respect to the insurance coverage required by this Agreement as the Controlling Person may, from time to time, reasonably require.

(d) The net proceeds of the property and casualty insurance carried pursuant to the provisions of Section 6.4(a) hereof shall be applied as provided in the Mortgage, and the net proceeds of the liability insurance required by Section 6.4(a) hereof shall be applied, with the prior written consent of the Controlling Person, toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.5 Compliance with Other Contracts and Bond Documents. The Borrower will comply with all of its covenants and agreements under the Bond Documents to which it is a party, as the same may hereafter be amended or supplemented from time to time, and each of such covenants is incorporated herein by reference as if fully set forth herein. The Borrower acknowledges that the Indenture imposes certain obligations upon the Borrower and the Borrower agrees to discharge such obligations as if they were fully set forth herein (notwithstanding that the Borrower is not a party to the Indenture). The Borrower shall comply in all material respects with, or cause to be complied with, all requirements and conditions of all Material Contracts and insurance policies which relate to the Borrower or the Project Facilities.

Section 6.6 Maintenance of Project Facilities. The Borrower will, at its sole expense and as one of the Expenses (including use of the funds on deposit in the Accounts, in accordance with the terms of the Indenture and the Replacement Reserve Agreement), in all material respects (i) maintain and preserve the Project Facilities in good working order and repair; (ii) not permit, commit or suffer any waste or abandonment of the Project Facilities; (iii) not use (and use reasonable efforts to not permit tenants to use) the Project Facilities for any unlawful purpose and use reasonable efforts to not permit any nuisance to exist thereon; (iv) promptly make such repairs or replacements (structural or nonstructural, foreseen or unforeseen) as are required for the proper operation, repair and maintenance of the Project Facilities in an economical and efficient manner and consistent with customary and prudent practices, standards and procedures applicable to properties of like size and type; (v) perform all repairs or replacements in a good and workmanlike manner, and in compliance with all applicable Governmental Actions and Legal Requirements; (vi) keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas which may be owned by the Borrower in good and neat order and repair; (vii)

not take (or fail to take) any action, which if taken (or not so taken) would increase in any way the risk of fire or other hazard occurring to or affecting the Project Facilities; and (viii) not sell, lease (other than pursuant to residential leases), cause a Sale of or otherwise dispose of any part of the Project Facilities, except as otherwise permitted hereunder and under the other Bond Documents and except for Permitted Encumbrances.

Section 6.7     Inspection Rights.

(a)     The Borrower will, from time to time (with reasonable advance notice and during normal business hours), permit the Controlling Person, the Trustee, the Issuer, and the agents or representatives of the Controlling Person, the Trustee and the Issuer, to examine and copy and make abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances and accounts of the Borrower with the General Partner and the Accountant. Upon reasonable prior notice, and subject to the rights of tenants, the Borrower will permit the Engineering Consultant to inspect, or cause to be inspected, the Project Facilities at any reasonable time or times as the Controlling Person may direct. The Borrower shall pay or reimburse the Controlling Person, the Issuer and the Trustee on demand for fees and expenses incurred in connection with such inspections. Any information provided hereunder shall not give rise to a waiver of any privilege that may be asserted by the Borrower or the General Partner.

(b)     After the Engineering Consultant shall have inspected or caused to have been inspected the Project Facilities, the Engineering Consultant shall send written notice to the Borrower and the Controlling Person notifying each of the nature and extent of capital needs of the Project Facilities, if any, which are, in the Engineering Consultant's professional judgment, necessary to maintain and preserve the Project Facilities in accordance with the standards set forth in Section 6.6 hereof and which are not addressed in the Annual Budget for the Project Facilities. After considering the Engineering Consultant's recommendation, the Controlling Person shall notify the Borrower of the work which the Engineering Consultant recommends be performed in order to comply with the requirements of Section 6.6 hereof and the time period over which, in its professional judgment, such work should be commenced and completed.

(c)     The Borrower shall promptly commence and diligently complete the work recommended by the Engineering Consultant within the time period set forth in the report. If the Borrower fails to complete the work within such time period, the Controlling Person, at the Controlling Person's discretion, may, with notice to the Borrower, complete such work for and on the Borrower's behalf and may do any act or thing the Controlling Person deems necessary or appropriate to that end. The expenses incurred by the Controlling Person in completing such work shall bear interest at the Default Rate, shall be borne by the Borrower and reimbursed to the Controlling Person immediately upon demand. All work performed by the Borrower shall be performed in a good and workmanlike manner in all material respects, shall be free and clear of any mechanics or materialman's liens and encumbrances and shall be subject to the requirements of Section 6.6 hereof.



Section 6.8 Keeping of Books. The Borrower will keep proper books of record and account, in which full and correct entries shall be made of financial transactions and the assets and operations of the Borrower in accordance with GAAP, and have a complete audit of such books of record and account made by the Accountant for each Fiscal Year.

Section 6.9 Reporting Requirements. The Borrower will furnish or cause to be furnished to the Controlling Person the following in form satisfactory to the Controlling Person and in such number of copies as the Controlling Person may reasonably require:

(a) Quarterly Reports. As soon as available and in any event within forty-five (45) days after the close of each fiscal quarter of each Fiscal Year of the Borrower:

(1) unaudited financial statements for the Borrower and the Project Facilities, including a balance sheet and related statement of income as of the end of such fiscal quarter and for such fiscal quarter and the current Fiscal Year to the end of such fiscal quarter, which shall be internally prepared and presented on a consistent basis; and

(2) a certificate signed by an Authorized Person stating that, except as disclosed in such certificate, (i) during such fiscal quarter the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents (including the rules qualifying the interest payable on the Bonds for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued thereunder), except as disclosed in such certificate, (ii) if the Project Facilities have received a tax credit allocation, during such fiscal quarter the Project Facilities have complied with the requirements of Section 42 of the Code and the regulations issued thereunder, and (iii) no Event of Default has occurred or exists;

(b) Annual Reports. As soon as available and in any event within one hundred twenty (120) days after the close of each Fiscal Year of the Borrower:

(1) audited financial statements for the Borrower, on a consolidated basis, including a balance sheet and related statements of income and changes in financial position as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by the Accountant in accordance with GAAP, and shall fairly present the financial condition of the Borrower and the Project Facilities as of the end of such Fiscal Year; and

(2) a certificate signed by an Authorized Person stating that (i) during such Fiscal Year the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents, except as disclosed in such certificate, and (ii) no Default or Event of Default has occurred or exists, except as disclosed in such certificate; and

(3) an occupancy report stating as of the last day of the month prior to the date of delivery thereof, with respect to each lease of all or any part of the Project Facilities, the tenant's name, the date thereof, the premises demised, the term, the rent, the security deposits, any advance rent payments in excess of one month and any defaults by the tenant or the Borrower in respect thereof (including, without limitation, the amounts of arrearages); and

(4) notwithstanding the foregoing, if the Issue Date occurred between November 15 and December 31, the Borrower may elect, by written notice to Controlling Person, to include the period from the Issue Date through the end of such Fiscal Year in the subsequent Fiscal Year audited financial statements in lieu of providing audited annual statements for the Fiscal Year in which the Issue Date occurred.

(c) As soon as possible and in any event within twenty-five (25) days after the end of each calendar month, operating statements of the Project Facilities certified by an Authorized Person and containing itemized information regarding all items of expense and income as well as occupancy reports, a rent roll and, if required by the Controlling Person, other reports such as reports on concessions, security deposits and advance rents, all in such detail as may be required by the Controlling Person;

(d) Occupancy Reports. Weekly during any period with occupancy of less than 80% and monthly for other periods, an occupancy report for the Project Facilities, certified by an Authorized Person;

(e) Annual Audit Reports. Upon receipt thereof by the Borrower, copies of any letter or report with respect to the management, operations or properties of the Borrower submitted to the Borrower by the Accountant in connection with any annual or interim audit of the Borrower's accounts, and a copy of any written response of the Borrower to any such letter or report;

(f) As soon as possible and in any event within fifteen (15) days after receipt of notice thereof, notice of any pending or threatened litigation, investigation or other proceeding involving the Borrower, the General Partner, the Guarantor or the Project Facilities; (i) which could have a material adverse effect on the operations or financial condition of the Borrower, the General Partner, the Guarantor, the Issuer Guarantors or the Project Facilities; (ii) wherein the potential damages, in the reasonable judgment of the Borrower based upon the advice of counsel experienced in such matters, are not fully covered by the insurance policies maintained by the Borrower (except for the deductible amounts applicable to such policies); or (iii) which challenges the exclusion from gross income of interest on the Bonds for purposes of federal income taxation;

(g) As soon as possible, notice of any material adverse change in the operations, financial condition or prospects of the Borrower, the General Partner, the Guarantor or the Project Facilities;

(h) Trustee or Issuer Reports. Upon delivery thereof by the Borrower, copies of any reports, certifications, financial information, compliance documents, rebate information, audits and all other items submitted by or on behalf of the Borrower to the Trustee or the Issuer under the Bond Documents;

(i) Completion, Use of Proceeds Certificates. Not later than the Completion Date, the certificate of completion and the use of proceeds certificate set forth as Schedules 8 and 9 hereto;

(j) LURA Reports. As and when required under the Land Use Restriction Agreement, the monthly compliance certificates, the annual copies of IRS Forms 8703 and other reports and notices required to be delivered under the Land Use Restriction Agreement;

(k) Upon receipt thereof by the Borrower, notice of the cancellation or expiration (without renewal or replacement) of any insurance required to be maintained by this Agreement;

(l) Stabilization Certificate. Not later than the Stabilization Date, a stabilization certificate in the form set forth on Schedule 10 hereto;

(m) Event of Default Statement. As soon as possible and in any event within fifteen (15) days after the occurrence of an Event of Default, a statement of the General Partner setting forth the details of such Event of Default and the action which the Borrower proposes to take with respect thereto;

(n) Contemporaneously with the delivery to the Trustee copies of any notices, reports or other information provided to the Trustee under the Bond Documents; and

(o) Copies of IRS Forms 8609 as issued and received by the Borrower; and

(p) Upon receipt thereof, copies of all real estate tax bills and insurance bills;

(q) Promptly following filing thereof, all tax returns of the Borrower if requested and the General Partner; and

(r) Such other information respecting the operations and properties, financial or otherwise, of the Borrower as the Controlling Person may from time to time reasonably request.

#### Section 6.10 Tax-Exempt Status.

(a) The Borrower covenants, represents and agrees (i) that it will not take or omit to take or permit any action that, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take

to rescind such action promptly upon having knowledge thereof and (ii) that the Borrower will take such action or actions, including amendment of this Agreement, the Mortgage and the Land Use Restriction Agreement, as may be necessary, in the Opinion of Bond Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the U.S. Treasury or the IRS applicable to the Bonds or affecting the Project Facilities.

(b) The Borrower will not make or permit any use, and will not direct the Trustee to make any investment or use of the proceeds of any of the Bonds, which would cause any of the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations thereunder as the same may be applicable to the Bonds at the time of such action, investment or use and agrees to take and cause the Issuer and Trustee to take all actions required to comply with the provisions of Section 148 of the Code. The representations contained in the Tax Certificate (which is incorporated herein by reference) are true and correct, and the Borrower and the Issuer will observe the applicable covenants therein as if set forth herein.

(c) The Borrower further covenants and agrees that it will comply with and will take all action reasonably required to insure that the Trustee complies with all applicable requirements of Section 148 of the Code and the rules and regulations thereunder relating to the Bonds and the interest thereon, including the employment of a Rebate Analyst for the calculation of any rebatable amount (the “Rebate Amount”) to the U.S. Treasury. The Borrower agrees that it will cause a qualified rebate analyst reasonably acceptable to the Controlling Person (the “Rebate Analyst”) to calculate the Rebate Amount not later than forty-five (45) days after the fifth (5<sup>th</sup>) anniversary of the Issue Date and each five (5) years thereafter and agrees that the [Borrower will pay all costs associated therewith]. Within fifteen (15) days of the date of each such calculation, the Borrower shall promptly (i) deliver a report or letter from the Rebate Analyst setting forth the Rebate Amount, if any, then due and the methods used to calculate such amount (each, a “Rebate Report”) to the Issuer, the Controlling Person and the Trustee, (ii) deliver the Rebate Amount to the Trustee, and (iii) deliver to the Trustee any forms required by the IRS to be submitted with the Rebate Amount, if any, and the addresses to which such forms must be sent.

(d) Neither the Borrower nor any related person shall, pursuant to any arrangement, formal or informal, purchase any of the Bonds, unless the Borrower or such related person delivers a Favorable Opinion of Bond Counsel to the Trustee, the Controlling Person and the Issuer.

(e) No changes will be made to the Project Facilities, no actions will be taken by the Borrower; and the Borrower will not omit to take any actions, in each case, which will in any way adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(f) The Borrower will not make any changes in the Project Facilities that would, at the time made, cause the average reasonably expected economic life of the Project Facilities, determined pursuant to Section 147(b) of the Code, to be less than the average

reasonably expected economic life of the Project Facilities set forth in such certificates or letters of representation of the Borrower, unless the Borrower files with the Trustee and the Controlling Person a Favorable Opinion of Bond Counsel.

(g) No portion of the proceeds of the Bonds will be used to acquire existing property or any interest therein unless such acquisition meets the rehabilitation requirements of Section 147(d) of the Code.

(h) The Project Facilities will be owned, managed and operated as a “qualified residential rental property” as such phrase is utilized in Section 142(d) of the Code. To that end, the Borrower hereby represents and covenants and agrees that it will comply with the terms, conditions and provisions of the Tax Certificate and the Land Use Restriction Agreement.

(i) The Borrower will permit any duly authorized representative of the Trustee, the U.S. Treasury or the IRS and the Controlling Person to inspect the books and records of the Borrower pertaining to the incomes of qualifying tenants residing in the Project Facilities upon reasonable notice (given at least 5 days in advance) and at reasonable times during business hours on Business Days.

(j) The Borrower will promptly notify the Trustee and the Controlling Person if at any time the dwelling units in the Project Facilities are not available for occupancy as required by the Land Use Restriction Agreement, and, upon request, the Borrower will provide the Trustee and the Controlling Person a copy of the compliance certificates required to be filed by the Borrower under and at the times provided by the Land Use Restriction Agreement.

#### Section 6.11 Single Purpose Entities.

(a) Single Purpose Status. The Borrower and the General Partner shall (i) not engage in any business or activity, other than the ownership, renovation, operation and maintenance of the Project Facilities and activities incidental thereto; and (ii) not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Project Facilities and such personal property as may be necessary for the operation of the Project Facilities and shall conduct and operate its business as presently conducted and operated.

(b) Specific Activities. The Borrower and the General Partner shall (i) not maintain its assets in a way difficult to segregate and identify; (ii) ensure that business transactions between the Borrower and any Affiliate of the Borrower or any Affiliate of the General Partner shall be entered into upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with a third Person other than the General Partner or any respective Affiliate thereof; (iii) not incur or contract to incur any obligations, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than, in the case of the Borrower, the Obligations evidenced by this Agreement and the other Bond Documents, or unsecured loans or guaranty payments made by the partners of the Borrower or Guarantors pursuant to the Partnership Agreement, or unsecured trade payables or the Developer Fee; (iv) not make any loans or advances to any third Person (including any Affiliate

of the Borrower or the General Partner), except as otherwise permitted under this Agreement or the Bond Documents; (v) do or cause to be done all things necessary to preserve its existence; (vi) not amend, modify or otherwise change its partnership certificate, Partnership Agreement, articles of organization or operating agreement without obtaining the prior written consent of the Controlling Person, not to be unreasonably withheld, conditioned or delayed (and which Controlling Person will endeavor to accept or reject within ten (10) Business Days of request), provided that no consent shall be required for changes or amendments to the Partnership Agreement to the extent such change or amendment is solely required to effect a Permitted Transfer, and provided that any changes with respect to installments of capital contributions which constitute Required Equity Funds or the timing thereof or that otherwise, except for a change or amendment solely required to effect a Permitted Transfer, materially and adversely affect the rights and interests of the Holders, also require Majority Owner consent, which consent shall not be unreasonably withheld, conditioned or delayed; (vii) conduct and operate its business as presently conducted and operated; (viii) maintain its books and records and bank accounts separate from those of its Affiliates; (ix) be, and at all times shall hold itself out to the public as, a legal entity separate and distinct from any other Person (including any Affiliate); (x) file its own tax returns; (xi) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations and in any event not less than that required under State law in order to remain a separate legal entity; (xii) not seek or consent to the dissolution or winding up, in whole or in part, of the Borrower or the General Partner; (xiii) not (A) consent to the dissolution or liquidation in whole or in part of the Borrower, (B) permit the General Partner to dissolve or (C) consent to the dissolution or liquidation of the General Partner; (xiv) not commingle the funds and other assets of the Borrower with those of the General Partner, any Affiliate thereof or any other Person; and (xv) not enter into any transaction with an Affiliate without the prior written consent of the Controlling Person or as permitted pursuant under the Loan Documents.

Section 6.12 Negative Pledge; No Sale.

(a) Negative Pledge. The Borrower will not create, incur, assume or permit to exist any mortgage, pledge, security interest, encumbrance or other Lien upon the Project Facilities or any property, tangible or intangible, now owned or hereafter acquired (including without limitation property leased to or being acquired by the Borrower under capital leases or installment sale agreements) by the Borrower (the sale with recourse of receivables or any "sale and lease back" of any fixed assets being deemed to be the giving of a Lien thereon for money borrowed), other than Permitted Encumbrances.

(b) No Sale. Other than Permitted Transfers and the making of residential leases, the Borrower shall not sell, assign, transfer, convey or otherwise dispose of the Project Facilities, or any part thereof, or permit or consent to a Sale without in each instance (i) obtaining the express prior written consent of the Controlling Person, which consent may be withheld or granted (and is subject to the payment of such fees and the satisfaction of other conditions as set forth in Section 1.12 of the Mortgage) in the Controlling Person's sole and absolute discretion and (ii) complying with the applicable requirements of the Land Use Restriction Agreement.

Section 6.13 Payment of Indebtedness and Obligations; Accounts Payable; Restrictions on Indebtedness.

(a) [Payment of Obligations. The Borrower will pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of the Borrower's Indebtedness under the Bond Documents and all of its other Obligations, whether now existing or hereafter arising, and comply with all covenants and agreements set forth in agreements evidencing Obligations of the Borrower.]

(b) Accounts Payable. The Borrower shall pay or cause to be paid the Expenses, and capital expenditures and its other accounts payable with respect to and costs of operation and maintenance of the Project Facilities within thirty (30) days of receipt of an invoice therefor, or when the same shall otherwise be due and payable. The Borrower shall make no distribution of funds to its partners unless no Default or Event of Default exists, such distribution is in accordance with the provisions of the Partnership Agreement, and all current accounts payable that are not being contested in good faith shall have been paid and funds shall have been set aside for the payment of accounts payable becoming due within thirty (30) days of said distribution.

(c) Restrictions on Indebtedness and Obligations. Other than the Seller Note and the Seller Mortgage, without obtaining the prior written consent of the Controlling Person, the Borrower will not create, incur, assume, guarantee or be or remain liable for any indebtedness or Obligations other than (i) Indebtedness under the Bond Documents; (ii) current liabilities of the Borrower relating to the Project Facilities incurred in the ordinary course of business but not incurred through the borrowing of money or obtaining of credit; and (iii) any unsecured loans or guaranteed payments from partners or their Affiliates or the Guarantor pursuant to the Partnership Agreement.

Section 6.14 Environmental Covenants.

(a) General. The Borrower will cause all activities at the Project Facilities during the term of this Agreement to be conducted in full compliance with all applicable Environmental Laws. The Borrower will obtain all Governmental Actions and will make all notifications, as required by Environmental Laws, and will, at all times, comply with the terms and conditions of any such Governmental Actions or notifications. During the term of this Agreement, if requested by the Controlling Person, the Borrower will provide to the Controlling Person copies of (i) applications or other materials submitted to any Governmental Authority in compliance with Environmental Laws, (ii) any notifications submitted to any Person pursuant to Environmental Laws, (iii) any Governmental Action granted pursuant to Environmental Laws, (iv) any record or manifest required to be maintained pursuant to Environmental Laws, and (v) any correspondence, notice of violation, summons, order, complaint or other document received by the Borrower, its lessees, sub-lessees or assigns, pertaining to compliance with any Environmental Laws.

(b) Hazardous Substances. The Borrower will, at all times during the term of this Agreement, cause Hazardous Substances used at the Project Facilities to be handled, used, stored and disposed in accordance with all Environmental Laws and in a manner which will not cause an undue risk of Contamination.

(c) Radon. The Borrower will cause all construction of new structures at the Project Facilities during the term of this Agreement to use design features which safeguard against or mitigate the accumulation of radon or radon products in concentrations exceeding the Environmental Protection Agency's recommended threshold of 4.0pCi/L.

(d) Storage Tanks. The Borrower shall not install or permit to be installed any temporary or permanent tanks for storage of any liquid or gas above or below ground, except after obtaining written permission from the Controlling Person to do so and in compliance in all material respects with Environmental Laws.

(e) Mold Program. The Borrower shall implement a moisture management and control program (the "Moisture Management Program") for the Improvements at the Project Facilities to prevent the occurrence of mold, dangerous fungi, bacterial or microbial matter contamination or pathogenic organisms that reproduces through the release of spores or the splitting of cells (collectively, "Mold"), at, on or under the Project Facilities, which Moisture Management Program shall include, at a minimum: (a) periodic inspections of the Improvements at the Project Facilities for Mold, (b) removing or cleaning up any Mold and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person, and (c) in the event that the Mold identified at the Improvements at the Project Facilities cannot be removed or cleaned from any impacted building materials (e.g., porous materials such as carpeting, certain types of ceiling materials) and/or equipment, removing all such impacted building materials and/or equipment from the Project Facilities, all in accordance with the procedures set forth in the United States Environmental Protection Agency's ("EPA") guide entitled "Mold Remediation in Schools and Commercial Buildings," EPA No. 402-K-01-001, dated March 2001, and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person. The Borrower shall include as part of every new residential lease a Mold/Mildew Addendum in the form attached hereto as Exhibit C. The Borrower further covenants and agrees that, in connection with any mold remediation undertaken by or on behalf of the Borrower hereunder, the source (e.g., leaking pipe, water damage, water infiltration, etc.) of any Mold at the Improvements at the Project Facilities shall be promptly identified and corrected to prevent the occurrence or re-occurrence of any Mold.

(f) Default, Violation. Upon the occurrence and continuation of an Event of Default, or if the Controlling Person has evidence that there has occurred and is continuing a violation of Environmental Law or that there exists a condition that could give rise to any Governmental Action, the Controlling Person may, at its discretion, commission an investigation at the Borrower's expense of (i) compliance at the Project Facilities with Environmental Laws, (ii) the presence of Hazardous Substances or Contamination at the Project Facilities, (iii) the presence



at the Project Facilities of materials which are described in clause (b) of Section 5.12, (iv) the presence at the Project Facilities of Environmentally Sensitive Areas, (v) the presence at the Project Facilities of radon products, (vi) the presence at the Project Facilities of tanks of the type described in paragraph (e) of Section 5.12 or in paragraph (d) of Section 6.14 above, or (vii) the presence of substantial Mold at the Project Facilities. In connection with any investigation pursuant to this paragraph, the Borrower, and its lessees, sub-lessees and assigns, will comply with any reasonable request for information made by the Controlling Person or its agents in connection with any such investigation. Any response to any such request for information will be full and complete. The Borrower will assist the Controlling Person and its agents to obtain any records pertaining to the Project Facilities or to the Borrower and the lessees, sub-lessees or assigns of the Borrower in connection with an investigation pursuant to this paragraph. The Borrower will permit the Controlling Person and its agents access during business hours to all areas of the Project Facilities subject to tenants rights with 24 hours' notice, during business hours and in reasonable manners in connection with any investigation pursuant to this paragraph. No investigation commissioned pursuant to this paragraph shall relieve the Borrower from any responsibility for its representations and warranties under Section 5.12 hereof or under the Environmental Indemnity.

(g) Contamination. In the event of any Contamination affecting the Project Facilities, whether or not the same originates or emanates from the Project Facilities or any contiguous real estate, or if the Borrower otherwise shall fail to comply with any of the requirements of Environmental Laws, the Controlling Person may, at its election, but without the obligation so to do, give such notices, cause such work to be performed at the Project Facilities (after reasonable notice and opportunity to cure by the Borrower and the Investor Limited Partner), and take any and all other actions as the Controlling Person shall deem necessary or advisable in order to remedy said Contamination or cure said failure of compliance, and any amounts paid as a result thereof, together with interest thereon at the Default Rate from the date of payment by the Controlling Person, shall be immediately due and payable by the Borrower and until paid shall be added to and become a part of the Indebtedness created hereunder and shall have the benefit of the Lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Project Facilities attaching or accruing subsequent to the Lien of the Mortgage on the Project Facilities.

Section 6.15 Controlling Person. The Borrower acknowledges and agrees that (i) the Majority Owner has the sole and exclusive right to arrange for servicing of the Loan and to appoint another person or entity to serve as its representative hereunder, under the other Bond Documents and under the Indenture, (ii) the Majority Owner has appointed R4 Servicer LLC to serve in the capacity of Controlling Person hereunder, under the other Bond Documents and under the Indenture and (iii) the Majority Owner retains the sole and exclusive right to appoint, remove or replace the Controlling Person, without the consent or approval of the Borrower. The Borrower shall comply with the directions of the Controlling Person made on behalf of the Majority Owner.

Section 6.16 Tax Returns. The General Partner will timely file all tax returns for itself and for the Borrower, pay or cause to be paid when due all taxes imposed on their operations, assets, income or properties and, upon request, provide to the Controlling Person copies of such returns and receipts for payment of such taxes.

Section 6.17 Leases. The Borrower hereby represents that there are no leases or agreements to lease all or any part of the Project Facilities now in effect except for leases to residential tenants in compliance with the Land Use Restriction Agreement. Except for leases to residential tenants in compliance with the Land Use Restriction Agreement and leases for services associated with residential rental properties (such as laundry and cable lease), the Borrower shall not enter into or become liable under, any leases or agreements to lease all or any part of the Project Facilities without the prior written approval thereof and of the prospective tenant by the Controlling Person (such approval not to be unreasonably withheld). Each lease of residential units in the Project Facilities to a residential tenant shall be on a form of lease approved by the Controlling Person and shall be in compliance with the requirements of the Land Use Restriction Agreement.

Section 6.18 Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required by the Issuer, the Trustee or the Controlling Person to carry out the purposes and provisions of this Agreement and the other Bond Documents, to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and to assure the Controlling Person and the Majority Owner of the subrogation and security rights in favor of the Trustee for the benefit of the Holders of the Bonds contemplated by this Agreement, by the other Bond Documents and by the Indenture.

Section 6.19 Management Agreement. The Borrower has entered into a property management agreement in a form approved by the Controlling Person with the Managing Agent (together with any extension and replacements thereof and as the same may be amended, modified or supplemented from time to time the "Management Agreement"). Under the Management Agreement, the Managing Agent shall provide certain management services and shall be entitled to receive as compensation for those services an amount not in excess of the Underwritten Management Fee. Any amounts due the Managing Agent in excess of the Underwritten Management Fee shall be subordinated to the payment by the Borrower of all principal of, premium, if any, and interest due on the Bonds, all Third Party Costs and all required deposits into the Accounts. The Borrower shall not replace the Managing Agent for the Project Facilities without the Controlling Person's prior written approval (such approval not to be unreasonably withheld), and the Management Agreement shall not be terminated or modified without the Controlling Person's prior written approval (such approval not to be unreasonably withheld). In the event the Managing Agent resigns or is removed, the Borrower shall promptly seek a replacement Managing Agent and submit the name of such replacement Managing Agent and its proposed form of Management Agreement to the Controlling Person for approval (such approval not to be unreasonably withheld); if the Borrower has not done so within thirty (30)

days of becoming aware of such resignation or removal, the Controlling Person may (but shall not be required to) engage a new Managing Agent on terms satisfactory to the Controlling Person in its sole discretion and at the expense of the Borrower. The sole and exclusive compensation (exclusive of reimbursement for expenses pursuant to the applicable Management Agreement) paid to manage the Project Facilities under the Management Agreement shall be as described in this Section 6.19. The Borrower shall have no employees whatsoever. The Managing Agent shall execute a consent to the Assignment of the Management Agreement pursuant to which the Managing Agent shall confirm the subordination provisions described above and agree that the Management Agreement shall be terminable by the Controlling Person, with or without cause, on thirty (30) days' notice following and during the existence of an Event of Default.

Section 6.20 Determination of Taxability. Neither the Borrower nor the General Partner shall admit in writing to the Issuer or the Trustee or to any Governmental Authority that interest on the Bonds has become includable in gross income for purposes of federal income taxation without first providing reasonable advance notice to the Controlling Person and the Majority Owner and permitting the Controlling Person or the Majority Owner, at its sole discretion and at its expense, to contest such conclusion. Promptly after the Borrower first becomes aware of any Determination of Taxability or an event that could trigger a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Trustee, the Controlling Person and the Majority Owner.

Section 6.21 List of Bondholders. Upon the written request of the Controlling Person, the Borrower shall exercise any right it may have under the Indenture to request a list of Bondholders and shall deliver such list to the Controlling Person. Any costs associated with obtaining the list of Bondholders at the Controlling Person's request shall be paid by the Controlling Person.

Section 6.22 Use of Proceeds. The Borrower agrees that the proceeds of the Bonds will be allocated exclusively to pay Project Costs and that, for the greatest possible number of buildings, the Bond proceeds will be allocated on a pro rata basis to each building in the Project Facilities and the land on which such building is located, so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code.

Section 6.23 Compliance With Anti-Terrorism Regulations. Neither the Borrower, the General Partner nor any Person holding any legal or beneficial interest whatsoever in the Borrower shall at any time before the Maturity Date be described in, covered by or specially designated pursuant to or be affiliated with any Person described in, covered by or specially designated pursuant to Executive Order 13224 –Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended, or any similar list issued by OFAC or any other department or agency of the United States. Notwithstanding the foregoing, the Borrower and the General Partner hereby each confirm that if it becomes aware or receives any notice of any violation of the foregoing covenant and agreement (an "OFAC Violation"), the Borrower or the General Partner, as applicable, will

immediately (i) give notice to the Controlling Person of such OFAC Violation and (ii) comply with all Legal Requirements applicable to such OFAC Violation, including, without limitation, Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Iraqi Sanctions Act, Pub. L. 101-5 13, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa-9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; and the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597 (collectively, the “Anti-Terrorism Regulations”), and the Borrower and the General Partner hereby authorize and consent to the Controlling Person’s taking any and all reasonable steps the Controlling Person deems necessary, in its sole discretion, to comply with all Legal Requirements applicable to any such OFAC Violation, including the requirements of the Anti-Terrorism Regulations. Notwithstanding anything to the contrary in this Section, the Borrower shall not be deemed to be in violation of the covenants and agreements set forth in the first sentence of this Section if the Borrower timely complies with all requirements imposed by the foregoing sentence and all requirements of the Anti-Terrorism Regulations and all other applicable Legal Requirements relating to such OFAC Violation.

#### Section 6.24 Delivery of Capital and Operating Budgets.

(a) On or before December 1 of each Fiscal Year, the Borrower shall submit to the Controlling Person for approval a proposed capital and operating budget with respect to the Project Facilities to be effective for the next following Fiscal Year (the “Proposed Budget”). The Controlling Person shall have the right to approve or disapprove any Proposed Budget, which approval shall not be unreasonably withheld or delayed. Third party costs not within the Borrower’s control and costs associated with remediation of emergency conditions shall be permitted variances to the Annual Budget. If any Proposed Budget is not disapproved by the Controlling Person within thirty (30) days following submission by the Borrower, such budget shall be deemed approved. If any budget is disapproved, the Borrower shall thereafter consult with the Controlling Person in an effort to achieve a mutually acceptable Annual Budget for an additional thirty (30) days. To the extent the proposed operating budget is disapproved, the operating budget for the previous Fiscal Year shall remain in effect increased by five percent (5%) over the previous Fiscal Year (except for costs of utilities, Impositions and insurance and other third-party costs or cost associated with remediation of emergency conditions which shall be permitted variances to the Proposed Budget) until the parties resolve their differences. In addition to, and not in limitation of the foregoing, each Annual Budget may be revised from time to time with approval of Controlling Person to reflect changes to Expenses and proposed Capital Expenditures set forth in the then-current Annual Budget.

(b) Without limiting the generality that each Proposed Budget must be approved by the Controlling Person, each Proposed Budget:

(i) shall be prepared on the basis of sound accounting practices consistently applied;

(ii) shall reflect all amounts projected to be deposited in the Replacement Reserve Fund and the projected revenues and Expenses of the Project Facilities; and

(iii) shall reflect all projected Capital Expenditures which are reasonably expected to be made in connection with the Project Facilities during the Fiscal Year covered by such Proposed Budget; and

(iv) shall be in such form as is reasonably acceptable to the Controlling Person and containing such other information as reasonably may be requested by the Controlling Person.

Section 6.25 Borrower's Approval of Indenture. The Borrower (a) understands that the Issuer will, pursuant to the Indenture and as security for the payment of the principal of, acceleration premium, if any, and the interest on the Bonds, assign and pledge to the Trustee, and create a security interest in favor of the Trustee in certain of its rights, title and interest in and to this Agreement (including all payments hereunder), reserving, however, the Reserved Rights (b) hereby agrees and consents to such assignment and pledge, (c) acknowledges that it has received a copy of the Indenture for its examination and review, (d) by its execution of this Agreement, acknowledges that it has approved, has agreed to and is bound by the applicable provisions of the Indenture and (e) agrees that the Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it notwithstanding the fact that it, is not a signatory hereto.

Section 6.26 Conditions Precedent; Payment of Certain Fees, Deposits and Expenses. On the date of execution and delivery hereof, (a) the Controlling Person shall have received, in immediately available funds, an amount equal to the sum of the fees set forth in Section 2.2(a) hereof and the fees of the Engineering Consultant set forth in Section 2.2(b) hereof incurred as of the date of the execution and delivery hereof and (b) the Trustee shall have received the deposits required to be made in the Accounts on such date pursuant to Article 8 hereto.

Section 6.27 Additional Conditions Precedent. The rights of the Borrower to draw the initial advance of funds from the Project Fund under this Agreement shall be subject to the conditions precedent set forth in Section 9.12 hereof and on Schedule 7 hereto.

Section 6.28 Rehabilitation of Improvements. The Borrower (a) shall rehabilitate the Project Facilities in a good and workmanlike manner, substantially in accordance with the Plans and Specifications and in compliance in all material respects with all applicable Governmental Actions and Legal Requirements, (b) shall provide, at the Borrower's expense, all manner of materials, labor, implements and cartage of every description for the due completion of rehabilitation of the Project Facilities, (c) shall take all necessary steps to assure that commencement of rehabilitation of the Project Facilities shall begin within thirty (30) days

following the Issue Date, shall proceed continuously and diligently and in a commercially reasonable manner, and shall be completed free of Liens (except for Permitted Encumbrances) in a timely manner substantially in accordance with the Plans and Specifications and in all instances in compliance with all applicable Governmental Actions and Legal Requirements, on or before the Completion Date, subject to delays caused by a Force Majeure.

Section 6.29 Evidence of Payment of Costs. If requested by the Controlling Person, the Borrower shall furnish, before each Advance agreed to be made and on completion of rehabilitation, all receipted bills, certificates, affidavits, conditional releases of lien and other documents which may be reasonably required by the Controlling Person as evidence of full payment for all labor and materials incident to the rehabilitation of the Project Facilities for each requested Advance with copies of unconditional releases of lien from each prior Advance and will promptly secure the release of the Project Facilities from all Liens by payment thereof or transfer to bond or other security.

Section 6.30 Correction of Deficiencies in Improvements. The Borrower agrees that it will correct any work performed and replace any materials that do not comply with the Plans and Specifications in any material respect. In the event of any dispute between the Borrower and the Controlling Person with respect to the interpretation and meaning of the Plans and Specifications, the same shall be determined by an independent engineer selected by the Borrower from the list of engineers approved by the Controlling Person.

Section 6.31 Loan Rebalancing. If, for any reason, the Controlling Person shall, in the reasonable exercise of the Controlling Person's judgment, determine that the combined total of (i) the remaining proceeds of the Loan, (ii) the capital contributions from Borrower's partners, (iii) any other source of funds shown in the Development Budget attached hereto and (iv) any other sums deposited by the Borrower with the Trustee are insufficient to pay through completion of the Project Facilities all of the following sums: (x) all remaining costs of rehabilitating, marketing, ownership, maintenance and leasing of the Project Facilities; and (y) all remaining interest and all other remaining sums which may accrue or be payable under the Bond Documents, then the Controlling Person may require the Borrower to deposit with the Trustee for deposit into the Project Fund, within ten (10) days after written request by the Controlling Person, the projected deficiency, and such deposit shall be first disbursed in the same manner as the Loan is to be disbursed as provided herein before any further disbursements of the proceeds of the Loan shall be made. Notwithstanding the foregoing, if, at any time, the Controlling Person determines, in the Controlling Person's reasonable discretion, that it is unlikely that Borrower will receive all or a portion of the sources of funds shown on the Development Budget (other than Loan proceeds), the Controlling Person may exclude such amount from its determination of whether the Loan is "in balance" as provided above.

Section 6.32 Use of Loan Proceeds. All labor and materials contracted for and in connection with the rehabilitation of the Project Facilities shall be used and employed solely for the Improvements and in said construction and only in accordance with the Plans and Specifications. Moneys disbursed from Accounts held under the Indenture to or for the account

of the Borrower under this Agreement shall constitute a trust fund in the hands of the Borrower or other payee and shall be used solely by such payee for the payment of the Qualified Project Costs and for no other purpose unless another use is specifically provided for in this Agreement or consented to in writing by the Controlling Person. Nothing in this paragraph shall be deemed to impose a trust on the undisbursed portion of the Loan or any other amounts held under the Indenture or to impose any duty on the Controlling Person with respect thereto.

Section 6.33 Special Servicing Costs. The Controlling Person, as servicer of the Loan, may charge the Borrower additional servicing fees and costs for special servicing requests made by the Borrower. The Borrower shall pay as and when due all such special servicing fees or costs.

Section 6.34 Developer Fee. Borrower will not pay any Developer Fee unless permitted under Section 2 of the Developer Fee Pledge.

Section 6.35 Payment and Performance Bonds. Borrower shall furnish to Controlling Person and shall maintain in effect through Final Completion such Payment and Performance Bonds with respect to the Contractor, or, if the Contractor does not obtain such Payment and Performance Bond, such Payment and Performance Bonds shall be obtained with respect to each contractor that enters into a Major Contract; provided, however, that if Payment and Performance Bonds have been provided by any contractor under a Major Contract in accordance with the terms hereof, any subcontractor of such contractor shall not be required to post any Payment and Performance Bonds in respect of such subcontract. Borrower shall take such action and require such performance as Controlling Person deems necessary under the Payment and Performance Bonds. In the event that any payments under any Payment and Performance Bonds are issued jointly to Borrower and Trustee or Borrower and Controlling Person, Borrower shall endorse any such jointly issued payments to the order of Trustee or Controlling Person, as determined by Controlling Person in its discretion, promptly upon Controlling Person's demand. Notwithstanding the foregoing, provided no Default or Event of Default exists, the Borrower may request that Controlling Person consent in writing to the release of the Payment and Performance Bonds following achievement of Substantial Completion.

## **ARTICLE 7 DEFAULTS AND REMEDIES**

Section 7.1 Defaults. Each of the following shall constitute an event of default hereunder ("Event of Default"):

(a) Payment. (i) Failure by the Borrower to pay any amount when due on the Note or the Loan; and (ii) other than (i) above, failure by the Borrower to pay any amount required to be paid by the Borrower under this Agreement, the Note or any of the other Bond Documents when the same shall become due and payable within ten (10) days of its due date;

(b) Certain Covenants. Failure by the Borrower to perform or comply with any of the terms or conditions contained in Section 6.1, 6.11 or 6.12 hereof;

(c) All Other Terms. Failure by the Borrower to perform or comply with any of the terms or conditions contained in this Agreement and any of the other Bond Documents to which the Borrower is a party, other than as described in paragraphs (a) and (b) above, and continuation of such failure for thirty (30) days after written notice from the Trustee or the Controlling Person to the Borrower (with a copy to the Investor Limited Partner) or such longer period to which the Controlling Person may agree in the case of a Default not curable by the exercise of due diligence within such thirty (30) day period, if the Borrower, the General Partner or the Investor Limited Partner shall have commenced a cure of such Default within such thirty (30) day period and shall be diligently pursuing such cure;

(d) Accuracy of Representations. Any of the representations or warranties of the Borrower set forth in this Agreement, any of the other Bond Documents or any other document furnished to the Issuer, the Trustee the Controlling Person or the Majority Owner pursuant to the terms hereof proves to have been false or misleading in any material respect when made;

(e) Validity, Enforceability. (i) Any provision of this Agreement or any of the other Bond Documents to which the Borrower, the General Partner or any Guarantor, including the Issuer Guarantors, is a party for any reason ceases to be valid and binding on the Borrower, the General Partner or such Guarantor, as applicable, is declared to be null and void or is violative of any applicable Legal Requirement relating to a maximum amount of interest permitted to be contracted for, charged or received, (ii) the validity or enforceability of any such provision is contested by the Borrower, the General Partner or any Guarantor or any Governmental Authority or (iii) the Borrower, the General Partner or any Guarantor denies that it has any or further liability or obligation under this Agreement or any of the Bond Documents to which the Borrower, the General Partner or any Guarantor is a party;

(f) Cross-Default. The occurrence of an Event of Default as defined in the Indenture or the other Bond Documents or an act or event (or failure to act or non-occurrence of an act) which, with the passage of time, the giving of notice or both, would constitute an Event of Default under the Indenture or the other Bond Documents or the occurrence of a breach by Borrower under the HAP Contract which causes, or, with the giving of notice, the passage of time, or both, would cause HUD to terminate the payments thereunder;

(g) Bankruptcy. The Borrower, any Guarantor or the General Partner (i) applies for or consents to the appointment of a receiver, trustee, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner, as applicable, or of property of any such party, (ii) admits in writing the inability of the Borrower, any Guarantor or the General Partner to pay its debts generally as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) is adjudicated bankrupt or insolvent, (v) commences a voluntary case under the Bankruptcy Code, files a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law, files an answer admitting the material allegations of a petition filed against the Borrower, any Guarantor or the General Partner in any bankruptcy, reorganization or insolvency



proceeding or takes any action for the purpose of effecting any of the foregoing, or (vi) has instituted against it, without the application, approval or consent of the Borrower, any Guarantor or the General Partner, as applicable, a proceeding in any court of competent jurisdiction, under any Legal Requirements relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Borrower, any Guarantor or the General Partner an order for relief, an adjudication in bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner or of all or any substantial part of the assets of such party or other like relief in respect thereof under any Legal Requirements relating to bankruptcy or insolvency law and, if such proceeding is being contested by the Borrower, such Guarantor or the General Partner, as applicable, in good faith, the same (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed and undischarged for a period of sixty (60) days;

(h) Insurance. The Borrower fails to maintain in full force and effect any insurance required pursuant to this Agreement;

(i) Casualty. The Project Facilities suffer a loss by fire or other casualty, such loss is not fully insured and any deficiency in the amount of insurance proceeds paid with respect to such loss is not posted with the Trustee within sixty (60) days of the determination of such deficiency;

(j) Completion, Stabilization. The Project Facilities fail to achieve (i) Substantial Completion on or before the Substantial Completion Date, (ii) Final Completion on or before the Completion Date or (iii) Stabilization on or before the Stabilization Date, in each case subject to delays caused by Force Majeure;

(k) Litigation. Any litigation or administrative proceeding ensues, and is not dismissed within sixty (60) days, involving the Borrower, the General Partner, any Guarantor or any instrument, contract or document delivered by the Borrower to the Controlling Person or the Trustee in compliance with this Agreement, and the adverse result of such litigation or proceeding would have, in the Controlling Person's reasonable opinion, a materially adverse effect on the Borrower's, the General Partner's or any Guarantor's ability to pay its Obligations and comply with the covenants under this Agreement or any of the other Bond Documents;

(l) Judgments. Any one or more judgments or orders are entered against the Borrower, any Guarantor or the General Partner, and (1) continue unsatisfied and unstayed for sixty (60) days or (2) a judgment lien on any property of the Borrower, any Guarantor or the General Partner is recorded in respect thereof and is not stayed pending appeal by a bond or other arrangement given or obtained by the Borrower, any Guarantor or the General Partner on terms which do not violate any of the Borrower's covenants under this Agreement;

(m) Cross-Acceleration. Failure by the Borrower or the Guarantor (1) to make any payment or payments in respect of any Obligation or Indebtedness (unless a bona fide

dispute exists as to whether such payment is due), when such payment or payments are due and payable (after the lapse of any applicable grace period), (2) to perform any other obligation or covenant under any such obligation or obligations or (3) to pay or perform any obligation or covenant under any Material Contract, any of which (x) results in the acceleration of such Obligation or Indebtedness or enables the holder or holders of such Obligation or Indebtedness or any person acting on behalf of such holder or holders to accelerate the maturity of such obligation or (y) would have, in the Controlling Person's reasonable opinion, a materially adverse effect on either the Borrower's or the Guarantor's ability to pay its obligations and comply with the covenants under this Agreement or any of the other Bond Documents;

(n) Discontinuance of Rehabilitation. Rehabilitation of the Improvements shall have been discontinued for thirty (30) consecutive working days for any reason whatsoever, except due to Force Majeure or for such other reason as the Controlling Person shall deem reasonable;

(o) If at any time the Borrower shall have been unable for a period of sixty (60) days to meet the requirements for an Advance under this Agreement, regardless of whether the Borrower has requested an Advance that has not been funded other than due to Force Majeure;

(p) Contractor Default. The Contractor shall have defaulted under the Construction Contract, which default the Controlling Person, in its reasonable opinion, shall deem to be substantial, and the Borrower, upon ten (10) Business Days written notice from the Controlling Person, shall have failed to commence to exercise any right or remedy to which it shall be entitled; and

(q) Completion Date. The Improvements have not been completed in substantial accordance with the Plans and Specifications by the Completion Date, except to the extent that the failure to so complete by the Completion Date is caused by Force Majeure.

Section 7.2 Remedies. If an Event of Default has occurred and is continuing uncured, then the Trustee, acting solely at the direction of the Controlling Person, shall:

(a) Declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable;

(b) Declare the Borrower's obligations hereunder, under the Note and under the other Bond Documents to be, whereupon the same shall become, immediately due and payable, provided, no such declaration shall be required, and acceleration shall be automatic, upon occurrence of an Event of Default pursuant to Section 7.1(g) hereof;

(c) Enter upon the Project Facilities and take possession thereof, together with the Improvements in the course of rehabilitation or completed, and all of the Borrower's materials, supplies, tools, equipment and construction facilities and appliances located thereon, and proceed either in the name of the Trustee or in the name of the Borrower as the attorney-in-fact of the Borrower (which authority is coupled with an interest and is irrevocable by the

Borrower), as the Controlling Person shall elect, to complete the rehabilitation of the Improvements at the cost and expense of the Borrower; provided, that if the Controlling Person elects to complete or cause the rehabilitation of the Improvements to be so completed, it may do so according to the terms of the Plans and Specifications and as the Controlling Person shall deem expedient or necessary, and the Trustee may enforce or cancel all contracts entered into as aforesaid or make other contracts which in the Controlling Person's reasonable opinion may seem advisable, and the Borrower shall be liable, under this Agreement and under the Note or any other note given by it pursuant to the provisions hereof, to pay the Trustee upon demand any amount or amounts expended by the Trustee or its representatives for such performance, together with any costs, charges or expenses incident thereto or otherwise incurred or expended by the Trustee or its representatives on behalf of the Borrower in connection with the Improvements, and the amounts so expended shall bear interest at the Default Rate specified in the Note, and shall be considered part of the indebtedness evidenced by the Note and secured by the Mortgage;

(d) If such Event of Default occurred pursuant to Section 7.1(p) hereof, and the Contractor has no surety, then the Controlling Person shall proceed to negotiate or invite bidding to procure, within an additional thirty (30) days, a successor Contractor to complete the Improvements under a performance bond and labor and material payment bond approved by the Controlling Person in the full amount of the new contract price; if the Contractor has a surety, but the surety refuses or fails to commence completion of the Improvements within thirty (30) days after notice from the Borrower to do so, the Controlling Person shall proceed, within fifteen (15) days, to negotiate or invite bidding as herein provided or to take action against the entity;

(e) (1) Enter upon or take possession of the Project Facilities and call upon or employ suppliers, agents, managers, maintenance personnel, security guards, architects, engineers and inspectors to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury; (2) pay out additional sums (which sums shall be immediately due and payable by the Borrower to the Trustee) and use any property of the Borrower associated with the Project Facilities, or any property of the Borrower in which the Trustee has or obtains an interest for application to or as a reserve for payment of any or all of the following with respect to the protection, management, operation or maintenance of the Project Facilities or the protection of the Trustee's interest therein, and in such connection deliver or disburse the same to such entities in such amounts and with such preferences and priorities as the Controlling Person in its sole discretion shall determine, either with or without vouchers or orders executed by the Borrower: (A) all sums due from the Borrower to the Trustee; (B) premiums and costs of title and any other insurance; (C) leasing fees and brokerage or sales commissions; (D) fees, costs and expenses of the Trustee and its counsel in connection with the enforcement and performance of this Agreement, the other Bond Documents and the other documents contemplated hereby; (E) any taxes (including federal, state and local taxes) or other governmental charges; (F) any sums required to indemnify and hold the Trustee harmless from any act or omission of the Trustee (except such as are grossly negligent or due to its willful misconduct) under Section 2.5 hereof or the other Bond Documents; (G) architectural and engineering costs or any sums due to contractors, subcontractors, mechanics or materialmen for work or services actually furnished on or for the Project Facilities; (H) claims of any Governmental Authority for any required

withholding of taxes on wages payable or paid by the Borrower; and (I) other costs and expenses which are required to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury or maintain the Trustee's security position before the rights of all others; (3) place additional encumbrances upon the Project Facilities; and (4) employ leasing and sales agents and negotiate and execute leases, sales contracts and financing undertakings in connection with all or any part of the Project Facilities;

(f) Subject to all Legal Requirements, require the Borrower to transfer all security deposits to the Trustee; and

(g) Exercise, or cause to be exercised, any and all such remedies as it may have under this Agreement or the other Bond Documents or at law or in equity.

Section 7.3 No Waivers; Consents. No waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Trustee at the direction of the Controlling Person (or by the Issuer if the same relates to Reserved Rights), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 7.4 No Waiver; Remedies Cumulative. No failure on the part of the Issuer, the Trustee, the Controlling Person or any Bondholder to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, and no single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies available under any other document or at law or in equity.

Section 7.5 Set-Off. Upon the occurrence and during the continuation of an Event of Default hereunder, the Trustee is hereby authorized at any time and from time to time without notice to the Borrower or the General Partner (any such notice being expressly waived by the Borrower and the General Partner), to the fullest extent permitted by applicable Legal Requirements, to set off and to apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or moneys at any time held (including any amounts in the Accounts except for the Rebate Fund and the Tax and Insurance Escrow Fund) and other indebtedness at any time owing by the Issuer to or for the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, the Bond Documents or any other agreement or instrument delivered by the Borrower to the Issuer in connection therewith, whether or not the Issuer shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. The rights of the Trustee under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Trustee may have.

Section 7.6 Issuer and Borrower to Give Notice of Default. The Issuer and the Borrower severally covenant that they will, at the expense of the Borrower, promptly give to the Trustee, the Controlling Person and the Investor Limited Partner and to each other written notice

of the occurrence of any Event of Default under this Agreement, and any act, event or circumstance which, with the passage of time, or notice, or both, would constitute such an Event of Default of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

Section 7.7 Cure by Investor Limited Partner. Notwithstanding anything to the contrary contained herein, the Issuer hereby agrees that any timely cure of any Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower; provided, however, that the Investor Limited Partner shall not have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Section 7.8 Default Rate; Acceleration Premium. In the event there shall have occurred an acceleration of the Obligations following an Event of Default on or before the First Optional Call Date, any tender of payment of an amount necessary to satisfy the Indebtedness created hereunder shall include the acceleration premium set forth in Section 2.3(c) hereof. In addition, in the event that principal or interest payable hereunder is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 7.9 Reserved Rights; Regulatory Agreement Defaults.

(a) Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Bond Documents and exercise the permitted remedies with respect thereto against the Borrower, subject to the provisions of subparagraph (c) below.

(b) If there shall have occurred and be then continuing an event of default under the Land Use Restriction Agreement which would, in the reasonable judgment of the Issuer or the Trustee, jeopardize the exclusion from gross income of interest on the Bonds (a "Regulatory Agreement Default") and such Regulatory Agreement Default remains uncured or unwaived for a period of sixty (60) days after the Borrower, the Controlling Person and the Majority Owner receive written notice from the Trustee or the Issuer stating that a Regulatory Agreement Default has occurred and specifying the nature of such default, then, if authorized by the Bond Documents, the Issuer and the Trustee may, without the consent of the Controlling Person or the Majority Owner, exercise the remedy of pursuing specific performance of the Bond Documents on account of such Regulatory Agreement Default, unless:

(i) The Issuer and the Trustee, prior to the end of such sixty (60) day period, are provided with an Opinion of Bond Counsel to the effect that the failure to cure such default will not have an adverse effect on the exclusion from gross income for federal income tax purposes of interest on the Bonds (which Opinion of Bond Counsel may be requested and obtained by the Controlling Person or the Majority Owner);

(ii) The Controlling Person, the Majority Owner or the Borrower institutes action to cure such Regulatory Agreement Default within such sixty (60) day period and diligently pursues such action thereafter until such Regulatory Agreement Default is cured; or

(iii) (A) Such Regulatory Agreement Default is not reasonably curable by the Controlling Person or the Majority Owner without the Trustee's first securing possession of the Project Facilities and/or operational control of the Borrower and (B) the Controlling Person or the Majority Owner (subject to extension during any stay on account of the bankruptcy of the Borrower) (x) instructs the Trustee, subject to the terms of the Indenture, to institute, within such sixty (60) day period, proceedings or other action for the purposes of obtaining such possession or control pursuant to the Bond Documents, (y) thereafter instructs the Trustee, pursuant to the terms of the Indenture, to pursue diligently such proceedings until such possession or control is obtained; and (z) diligently pursues action to cure such Regulatory Agreement Default after the Trustee or other designee of the Controlling Person or the Majority Owner obtains possession or control of the Project Facilities until such Regulatory Agreement Default is cured; provided, however, that any extension of the period within which a Regulatory Agreement Default must be cured shall only be effective if and to the extent that, in the Opinion of Bond Counsel provided to the Trustee, such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds; provided, further, that the Trustee, upon five (5) Business Days' prior written notice to the Controlling Person and the Majority Owner following any such Regulatory Agreement Default, may reduce the 60-day period provided above to such shorter period of time as is specified in such notice (but in no event less than fifteen (15) Business Days), but only if the Trustee, the Controlling Person and the Majority Owner shall have been provided with an Opinion of Bond Counsel to the effect that such reduction of such period is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(c) In the event of a Default in respect of Reserved Rights or a Regulatory Agreement Default which remains uncured after written notice thereof to the Borrower, the Controlling Person and the Majority Owner, nothing in this Section 7.9 shall restrict or in any way limit the right of the Issuer or the Trustee to take any action for specific performance available under the Land Use Restriction Agreement or at law or in equity in order to enforce the terms of the Land Use Restriction Agreement or to enforce Reserved Rights hereunder, so long as neither the Issuer nor the Trustee takes any action (i) to declare the outstanding balance of the Bonds or the Loan to be due on account of such Default or Regulatory Agreement Default, (ii) to have a receiver appointed in respect of the Project Facilities, (iii) to foreclose any Liens upon or the security interests in or to enforce any other similar remedy against any of the property described in the Mortgage, or (iv) to enforce any other similar remedy which would cause such Liens or security interests to be discharged or materially impaired thereby.

## ARTICLE 8 DEPOSITS TO FUNDS

Section 8.1     Deposits to and Disbursements from the Replacement Reserve Fund. Pursuant to the Replacement Reserve Agreement, the Borrower shall pay or cause to be paid to the Trustee, for deposit into the Replacement Reserve Fund established by the Indenture, the amounts described in the Replacement Reserve Agreement. The sums contained in the Replacement Reserve Fund from time to time shall be maintained, disbursed and applied as provided in the Replacement Reserve Agreement and pursuant to Section 4.5(d) of the Indenture.

Section 8.2     Deposits to Tax and Insurance Escrow Fund.

(a)     On the Issue Date, the Borrower shall pay, or cause to be paid, to the Trustee, to be deposited in the Tax and Insurance Escrow Fund, the amount specified in Section 4.1 of the Indenture, if any.

(b)     Thereafter, unless otherwise directed by the Controlling Person, two Business Days before each Interest Payment Date commencing the First Interest Payment Date, and continuing each month thereafter, the Borrower shall pay, or cause to be paid, to the Trustee an amount equal to the Monthly Tax and Insurance Amount for the Project Facilities to be deposited in the Tax and Insurance Escrow Fund.

Section 8.3     Deposits to Redemption Fund. Two Business Days before each Principal Payment Date, commencing on the First Principal Payment Date and continuing thereafter until the date on which the Bonds are no longer Outstanding or have been defeased, the Borrower shall pay to the Trustee the monthly amount shown on Schedule 3 hereto for deposit into the Redemption Fund pursuant to Section 4.6(a) of the Indenture. Following any partial redemption of Bonds (other than pursuant to Section 3.4(d) of the Indenture), the Controlling Person shall adjust the monthly amount due pursuant to this provision to account for any partial redemption of the Bonds in the manner set forth in Section 3.4(f) of the Indenture and shall provide the Borrower and the Trustee with the revised Schedule 3. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund all amounts required to redeem the Bonds pursuant to Section 3.4(c)(vi) of the Indenture on or before the Interest Payment Date specified in the notice of the Controlling Person as provided in Section 3.4(c)(vi) of the Indenture. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund all other amounts required to redeem Bonds pursuant to Section 3.4 of the Indenture, as provided therein. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund all amounts required to partially redeem the Bonds pursuant to Section 3.4(b).

Section 8.4     Establishment of Operating Reserve Fund. The Borrower shall, upon receipt of Installment No. \_\_\_\_ as defined in the Partnership Agreement, establish and maintain an operating reserve fund (the "Operating Reserve Fund") in the amount of \$[2,670,612] in accordance with the terms of the Partnership Agreement. Moneys in the Operating Reserve Fund may be used by the Borrower only to fund any debt-service payments, operating deficits of the

Borrower, expenses, or for any other operating or capital needs approved by the Controlling Person and Investor Limited Partner in writing. During the continuance of an Event of Default or in order to prevent an Event of Default, the Operating Reserve Fund shall be applied by the Borrower, at the direction of the Controlling Person: (i) first, to pay current debt service on the Bonds; (ii) second, to pay other operating deficits of the Project Facilities; and (iii) thereafter, to pay other amounts owed by the Borrower. Borrower additionally covenants and agrees that promptly following the date that the Investor Limited Partner, or an Affiliate of Investor Limited Partner, is no longer a partner under the Partnership Agreement of the Borrower (the "Operating Reserve Trigger"), the Operating Reserve Fund shall be transferred to the Trustee and held as additional security for the Bonds.

Section 8.5 Investment. Funds in the Accounts shall be invested in Permitted Investments upon the direction of the Borrower with the consent of the Controlling Person, as set forth in Section 4.7 of the Indenture. Earnings on the Accounts shall be held or disbursed as set forth in Article IV of the Indenture. The Trustee shall have the right to invest or withdraw any deposited funds or to direct the liquidation of any investments held in order to pay the amounts required under this Agreement and the other Bond Documents. The Trustee shall not be liable for any loss sustained as a result of any liquidation of any collateral prior to its maturity. Any income or gain realized on such investments shall be credited to and become part of the respective Account and reinvested and applied as provided in the Indenture. Provided that no Default or Event of Default exists, the Borrower from time to time may request the Controlling Person to consent to the disbursement to or upon the order of the Borrower of the investment income previously credited to the Accounts, which consent by the Controlling Person shall not be unreasonably withheld or delayed.

Section 8.6 Security Interest in Accounts. The Borrower hereby assigns and pledges to the Issuer, and grants the Issuer a security interest in, as additional collateral security for the Borrower's obligations to the Issuer hereunder (and the Borrower acknowledges and agrees that the Issuer shall have a continuing security interest in) all of the Borrower's right, title and interest, if any, in all Accounts, all cash, cash equivalents, instruments, investments and other securities at any time held in the Accounts, all proceeds of the foregoing, and all of the Borrower's rights associated with such Accounts, if any. The Issuer hereby directs the Trustee to hold all moneys in the Accounts from time to time as assignee of the Issuer.

Section 8.7 Reports. The Trustee shall provide to the Borrower detailed monthly reports on or before the tenth (10<sup>th</sup>) day of the month following the month to which such report relates showing receipts, disbursements, balances and investments of each Account. Within ten (10) days of a written request of the Borrower to such effect, the Trustee shall deliver to the Borrower an accounting of receipts, disbursements and balances in one or more of the Accounts as necessary and appropriate to assist the Borrower in complying with its covenants to calculate and pay any rebate amount or yield reduction payments due and owing to the United States with respect to the Bonds.



Section 8.8 No Liability of Trustee. In performing any of its duties hereunder, the Trustee shall not incur any liability to anyone for any damages, losses or expenses, except for its gross negligence, bad faith or willful misconduct; and the Trustee shall not incur any liability with respect to any action taken or omitted in good faith in the performance of its duties and responsibilities under this Agreement.

In connection with the issuance of the Bonds, certain moneys may be deposited with the Trustee before the Issue Date pursuant to one or more letters of instruction from the provider or providers of such moneys. Such moneys will be held by the Trustee subject to the terms and conditions of the Indenture in addition to terms provided in such letter(s) of instruction. For such purpose the standards of care, provisions regarding responsibilities and indemnification and other sections relating to the Trustee contained in the Indenture and this Agreement (the "Effective Provisions") shall be effective as of the first date of receipt by the Trustee of such moneys. The Effective Provisions shall be deemed incorporated into such letter(s) of instructions.

## **ARTICLE 9**

### **REHABILITATION AND FUNDING OF ADVANCES**

Section 9.1 Rehabilitation of Project Facilities; Final Completion. The Borrower shall commence performance of the Work in respect of the Improvements no later than thirty (30) days following the Issue Date, and shall achieve Substantial Completion by the Substantial Completion Date and Final Completion of such Work in accordance with the Plans and Specifications on or before the Completion Date; provided, however, that at the request of the Borrower and with the prior written approval of the Controlling Person, the Substantial Completion Date or the Completion Date may be extended one or more times for such periods as the Controlling Person may approve in its sole discretion and upon delivery of such other information and funds as the Controlling Person may require in its sole discretion; provided, further, that the Substantial Completion Date and/or the Completion Date may be extended to accommodate any delays cause by Force Majeure.

#### Section 9.2 Making The Advances.

(a) At such time as the Borrower desires to obtain an Advance from the Project Fund, an Authorized Person shall complete, execute and deliver a Requisition to each of the Controlling Person and the Issuer Servicer for approval; no Requisition shall be delivered to the Trustee until it has been approved by the Controlling Person and the Issuer Servicer, and each Advance by the Trustee of the amounts in the Project Fund shall be subject to the prior approval of the Requisition by the Controlling Person and the Issuer Servicer. The Controlling Person shall endeavor to approve or object to any Requisition within ten (10) Business Days of its submission and the submission of all additional information required in connection with such Requisition and shall endeavor to provide specific information concerning the nature of any objection it may have.

(b) Each Requisition shall be submitted to the Controlling Person and the Issuer Servicer at least fifteen (15) Business Days prior to the date of the requested Advance, and no more frequently than once each month (excluding the month in which the initial Advance is requested). The Borrower shall open and maintain a checking account with a financial institution reasonably satisfactory to the Controlling Person. Except as otherwise provided for herein, the Controlling Person shall direct the Trustee to deposit the proceeds of each Requisition into such account.

Section 9.3 Advances to Contractors; to Others. At its option during the existence of any Event of Default or Default, the Controlling Person may direct the Trustee to make any or all advances: (a) for costs incurred under any construction contract directly to a contractor, subcontractor or vendor, (b) through the Title Company or (c) to any Person to whom the Controlling Person in good faith determines payment is due.

Section 9.4 Requisition. Each Requisition shall be in the form set forth on Exhibit B hereto, shall be signed on behalf of the Borrower by an Authorized Person, shall be subject to approval by the Controlling Person and the Issuer Servicer prior to payment and shall state with respect to each disbursement to be made: (a) the number of the Requisition; (b) the amount to be disbursed; (c) that each obligation therein for which such disbursement is being requested has been properly incurred and has not been the basis for any previous disbursement; and (d) that such disbursement, when added to all previous disbursements, will result in not less than ninety-five percent (95%) of all disbursements having been used to pay or reimburse the Borrower for Qualified Project Costs.

Section 9.5 Project Costs. The Development Budget reflects the purposes and the amounts for which funds to be advanced by the Trustee from the Project Fund are to be used. Subject to Section 9.7 hereof, the Controlling Person shall not be required to approve any Requisition requiring disbursement of funds from the Project Fund for any item of Work in an amount exceeding the amount specified for any item in the Development Budget. Subject to Section 9.7 hereof, in no event shall the Controlling Person approve any Advance in an amount exceeding (a) the total cost (as determined by the Controlling Person) of the labor, materials, fixtures, machinery and equipment completed, approved and incorporated into the Project Facilities prior to the date of such Requisition, less (b) Retainage (if required) less (c) the total amount of any Advances previously made by the Trustee from the Project Fund for such costs.

Section 9.6 Retainage. The Controlling Person shall approve disbursement of Retainage upon completion of the Work or category of Work by the contractor or subcontractor under the contract for which the Retainage was held. No disbursement of Retainage shall be approved unless all Work done at the date the Requisition for such Retainage is submitted is done in a good and workmanlike manner and without defects, as confirmed by a report of the Engineering Consultant pursuant to Section 9.13(g).

Section 9.7 Contingency Reserve. The amount allocated to "contingency" in the Development Budget is not intended to be disbursed without, and will only be disbursed upon,

the prior approval of the Controlling Person, not to be unreasonably withheld. The disbursement of a portion of the contingency reserve shall in no way prejudice the Controlling Person from directing the Trustee to withhold disbursement of any further portion of the contingency reserve.

Section 9.8 Stored Materials. The Controlling Person shall approve Requisitions for funds for materials, furnishings, fixtures, machinery or equipment not yet incorporated into the Improvements, provided that any such disbursement shall be subject to and shall be contingent upon the Controlling Person's receiving satisfactory evidence that:

(a) such materials are components in a form ready for incorporation into the Improvements and shall be so incorporated within a period of thirty (30) days; and

(b) such materials are stored at the Project Facilities, or at such other site as the Controlling Person shall approve, and are insured and protected against theft and damage.

Section 9.9 Cost Overruns and Savings.

(a) If the Borrower becomes aware of any change in the costs of the Work which will increase or decrease the projection of the costs reflected on the Development Budget by \$50,000 or more, the Borrower shall immediately notify the Controlling Person in writing and promptly submit to the Controlling Person for its approval a revised Development Budget. If the Controlling Person otherwise becomes aware of any such change in costs of the Work, the Controlling Person shall have the right to prepare and to authorize disbursements on the basis of a revised Development Budget.

(b) If the revised Development Budget indicates an increase in costs of the Work for the Project Facilities (in excess of the aggregate contingency amount and savings), no further Requisitions for the Work at the Project Facilities need be approved by the Controlling Person unless and until the Borrower has deposited with the Trustee any required funds necessary to cause the amount remaining on deposit in the Project Fund and any Required Equity Funds yet to be deposited with the Trustee to be sufficient to complete fully the rehabilitation of the Improvements in accordance with the Plans and Specifications to the extent applicable, and to pay all other Projected costs in connection with the Work.

(c) If the revised schedule indicates a decrease in costs of the Work for the Project Facilities, no savings may be reallocated by the Borrower unless and until the Borrower has furnished the Controlling Person and the Engineering Consultant with evidence satisfactory to them that the labor performed and materials supplied in connection with such line item of costs have been satisfactorily completed and paid for in full, or will be able to be completed for the decreased amount. At such time, such savings may be reallocated by the Borrower, with the consent of the Controlling Person, to not to be unreasonably withheld other line items.

(d) The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the

Project Fund, the Borrower should pay any portion of the Project Costs as required herein, then the Borrower shall not be entitled to any reimbursement therefor from the Issuer, nor shall the Borrower be entitled to any diminution of the amounts payable under this Agreement or under the Note.

Section 9.10 Right to Retain the Engineering Consultant.

(a) The Controlling Person shall have the right to retain at the Borrower's cost and expense the Engineering Consultant to perform various services on behalf of the Controlling Person, including, without limitation, to make periodic inspections for the purpose of assuring that rehabilitation of the Improvements as of the date of any such inspection is in accordance with the Plans and Specifications, to advise the Controlling Person of the anticipated cost of and time for completion of rehabilitation of the Improvements and to review all construction contracts and subcontracts.

(b) The fees of the Engineering Consultant during the performance of the rehabilitation shall be paid by the Borrower in accordance with Section 2.2(b) hereof.

(c) Neither the Controlling Person, Majority Owner nor the Engineering Consultant shall have any liability to the Borrower on account of (i) the services performed by the Engineering Consultant, (ii) any neglect or failure on the part of the Engineering Consultant to properly perform its services or (iii) any approval by the Engineering Consultant of rehabilitation of the Improvements. Neither the Controlling Person nor the Engineering Consultant assumes any obligation to the Borrower, the General Partner or any other Person concerning the quality of the Work performed or the absence of defects from the Improvements.

Section 9.11 Inspections. The Borrower agrees to provide and cause to be provided to the Controlling Person and its authorized agents, at all times, facilities commonly made available by responsible general contractors for the inspection of the Improvements and to afford full and free access to the Controlling Person and its authorized agents to all plans, drawings and records with respect to the rehabilitation of the Improvements. The Borrower further agrees to promptly send to the Controlling Person a copy of all construction inspection reports made by the Borrower's Architect or engineer.

Section 9.12 Initial Advance. The right of the Borrower to draw the initial Advance on the Issue Date shall be subject to the satisfaction of the following conditions precedent:

(a) Scheduled Items. The Borrower shall have delivered the items listed on Part A of Schedule 7 hereto;

(b) Approvals. The Borrower shall have delivered evidence as to the obtaining of all approvals, permits and licenses which are then required to commence the rehabilitation of the Improvements at the Project Facilities, together with copies of all such approvals, permits and licenses or evidence that no such permits or licenses are required;

(c) Architect, Contractor Contracts. The Borrower shall have delivered copies of the Borrower's contracts with Architect and the Contractor, duly executed by the parties thereto, and to the extent applicable, a list of all subcontractors and materialmen who have been or, to the extent identified by the Borrower, will be, supplying labor or materials for the rehabilitation of the Project Facilities;

(d) Plans and Specifications. The Borrower shall have delivered to the Controlling Person two (2) complete sets of the Plans and Specifications, together with evidence of their approval by all Governmental Authorities having jurisdiction;

(e) Payment and Performance Bonds. The Borrower shall have delivered the Payment and Performance Bonds;

(f) Engineering Consultant Report. The Controlling Person shall have received a report or written confirmation from the Engineering Consultant that (a) the Engineering Consultant has reviewed the Plans and Specifications set forth on Schedule 5, (b) the Construction Contract satisfactorily provides for the rehabilitation of the Project Facilities, and (c) in the opinion of the Engineering Consultant rehabilitation of the Project Facilities can be completed on or before the Completion Date for an amount not greater than the amount allocated for such purpose on the Development Budget;

(g) Evidence of Access, Availability of Utilities, Project Approvals. The Borrower shall have delivered to the Controlling Person evidence as to:

(i) the methods of access to and egress from the Project Facilities, and nearby or adjoining public ways, meeting the reasonable requirements of the Project Facilities and the status of completion of any Improvements to such methods of access;

(ii) the availability of water supply and storm and sanitary sewer facilities meeting the reasonable requirements of the Project Facilities;

(iii) the availability of all other required utilities, in location and capacity sufficient to meet the reasonable needs of the Project Facilities; and

(iv) the obtaining of all Governmental Actions which are required, necessary or desirable for the rehabilitation of the Improvements and the access thereto, together with copies of all such Governmental Actions as listed on Schedule 6;

(h) Require Equity Funds. The first installment of the Required Equity Funds shall have been delivered to the Trustee and the other deposits required under Section 4.1(c) of the Indenture shall have been made; and

(i) Bonds Closing Statement, Requisition, Engineering Consultant Approval. The Controlling Person and the Trustee shall have executed a closing statement for the Bonds in form and substance satisfactory to the Controlling Person and, if any portion of the initial Advance shall be for hard costs of rehabilitation and a completed Requisition as described in Section 9.13(d)(i) hereof.

Section 9.13 Subsequent Advances. The right of the Borrower to draw any subsequent advances of funds from the Project Fund shall be subject to the satisfaction of the following conditions:

(a) Scheduled Items. The Borrower shall have delivered the items listed on Part B of Schedule 7 hereto;

(b) Restoration Representation. If the Improvements shall have been materially injured or damaged by fire, explosion, accident, flood or other casualty, the Borrower represents that such Improvements are able to be and are diligently being restored in accordance with the terms of the Mortgage;

(c) Default. There shall not be a continuing Event of Default or a Default which will not be cured by such Advance;

(d) Requisition, Title Date-Down, Engineering Consultant Approval. The Controlling Person and the Trustee shall have received:

(i) a completed Requisition in the form set forth on Exhibit B hereto, accompanied by the certificates, applications, invoices and other materials required thereby;

(ii) a "date down" endorsement to the Title Policy indicating no change in the state of title not approved by the Controlling Person or in Controlling Person's sole discretion other evidence that no mechanic's or materialman's lien has been filed prior to the date of the Requisition; and

(iii) approval of the portion of the Requisition applicable to the Work for such Advance by the Engineering Consultant, accompanied by a certificate or report from the Engineering Consultant to the effect that in its opinion, based on site observations and submissions by the Contractor, the Work for which the Advance is requested to the date thereof was performed in a good and workmanlike manner and stating that the remaining non-disbursed portion of the Bond proceeds [and other available funds and funds projected to be deposited] in the Project Fund established under the Indenture is adequate to complete rehabilitation of the Improvements in accordance with the Plans and Specifications.

(e) Waivers of Liens Imposed by Law. Notwithstanding anything to the contrary set forth in this Agreement, no sums shall be disbursed until the Borrower has delivered (i) a waiver or full, conditional or partial release of liens on the Project Facilities from all contractors, subcontractors, materialmen or others who may be entitled to such a lien as permitted by law for the work supplied or materials provided and for which payment is requested and (ii) with respect to all contractors, subcontractors, material men or others entitled to a lien on the Project Facilities for work done or materials provided and paid from any prior Advance funded by reliance on conditional lien waivers, an unconditional waiver or release of lien with respect to such work;

(f) Mechanics' Liens. The Controlling Person may withhold or refuse to approve any Requisition hereunder if any mechanic's lien on the Project Facilities is filed or notice of intention to record or file such a lien has been filed or given and has not been released or bonded over to the satisfaction of the Controlling Person;

(g) Retainage. In addition to the conditions set forth in this Section 9.13, the Controlling Person's obligation to approve any Requisition for Retainage shall be subject to receipt by the Controlling Person from the Engineering Consultant of a certification of completion, as described in Section 9.6, as to the Work performed under any contract or subcontract for which the Retainage will be disbursed;

(h) Foundations Survey and Endorsement. If the Plans and Specifications provide for construction of the foundations, including expansion or modification of existing foundations, then within thirty (30) days after the completion of construction of the foundations of the Improvements, the Borrower shall deliver a survey certified by a registered engineer or surveyor showing that the foundations are located within the perimeter of the Land and any set back lines and at the location shown on the Plans and Specifications together with, if requested by Controlling Person, a foundation endorsement to the Title Policy in form and substance acceptable to Controlling Person;

(i) Required Equity Funds. All installments of Required Equity Funds then due and payable shall have been deposited with the Trustee;

(j) If at any time during the renovation of the Project Facilities, the Controlling Person shall in its sole discretion determine that the remaining undisbursed portion of the Project Fund, any other sums previously deposited by Borrower with the Trustee, and any Required Equity Funds yet to be deposited with the Trustee (other than Required Equity Funds which have not been deposited due to a default by the Borrower under the applicable provisions of the Partnership Agreement), is or will be insufficient to complete fully the renovation of the Improvements in accordance with the Scope of Work, and to pay all other projected costs in connection with the Work, the Borrower will, within seven (7) days after written notice of such determination from the Controlling Person deposit with the Trustee (for deposit into the Equity Account of the Project Fund) such sums of money in cash as the Controlling Person may reasonably require, in an amount sufficient to remedy the condition described in such notice, and

sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements (to the extent not already bonded over or reserved for), and, at the Controlling Person's option, the Controlling Person shall not be obligated to authorize any further advances of the amounts held in the Project Fund by Trustee until the provisions of this Section 9.13(i) have been fully complied with;

(k) No Material Change Order shall have been made without the written approval of the Controlling Person;

(l) Within five (5) days after receiving notice from the Controlling Person (or the Engineering Consultant), the Borrower will commence or cause to be commenced the removal of all materials, whether worked or unworked, and all portions of the rehabilitation which the Controlling Person (or the Engineering Consultant) may condemn as failing in a substantial way to conform with the Plans and Specifications, and will prosecute diligently or cause to be prosecuted diligently such removal. The Borrower further agrees to make good all portions of the rehabilitation and other materials damaged by such removal.

Section 9.14 Construction Information and Verification. From time to time, within ten (10) Business Days after the written request of Controlling Person, the Borrower shall deliver to the Controlling Person any and all of the following information and documents, to the extent applicable to the rehabilitation of the Project Facilities, that the Controlling Person may request, all in forms acceptable to the Controlling Person, as applicable:

(a) Current Plans and Specifications for the Improvements certified by the Architect as being complete and accurate and a line item cost breakdown for the proposed rehabilitation of the Improvements;

(b) A current, complete and correct list showing the name, address, telephone number and license information of each contractor, subcontractor and material supplier engaged in connection with the rehabilitation of the Improvements and the total dollar amount of each contract and subcontract (including any changes) and the scope of work involved, together with the amounts paid through the date of the list and all other information reasonably requested by the Controlling Person;

(c) True and correct copies of the most current versions of all executed contracts and subcontracts with each party identified in the list described in clause (b) above, including any changes;

(d) True and correct copies of all grading, foundation, building and all other construction permits, licenses and authorizations from all applicable Governmental Authorities or third parties necessary for the rehabilitation of the Improvements and the operation of, and access to, the Project;

(e) Copies of (i) owner/architect/contractor project meeting minutes; (ii) requests for information (RFI), submittal logs, proposed change orders (PCO) and change order



logs; (iii) independent test results, (iv) quality inspection reports; and (v) anticipated cost reports, buy-out logs and Major Contracts;

(f) A construction schedule showing the progress of rehabilitation and the projected sequencing and completion times for uncompleted Work, all as of the date of the schedule; and

(g) Any update to any item described above which Borrower may have previously delivered to the Controlling Person.

(h) The Borrower expressly authorizes the Controlling Person to contact the Architect, the Contractor or any contractor, subcontractor, material supplier, surety or any Governmental Authority to verify any information disclosed in accordance with this Section 9.14. The Controlling Person shall give advance notice to the Borrower of any such intended contacts, provided that neither the Controlling Person nor the Trustee shall incur any liability to the Borrower by reason of the failure to give such notice, and the Borrower's obligations under the Borrower Loan Documents shall not be affected in any manner by any failure to give such notice. The Construction Contract shall require the Contractor to disclose such information to the Trustee and the Controlling Person. Any defaulting architect, contractor, subcontractor, material supplier or surety shall be promptly replaced, and the Borrower shall promptly deliver all required information and documents to the Controlling Person and the Trustee regarding each replacement architect, contractor, subcontractor, material supplier and surety. The Controlling Person may disapprove any architect, contractor, subcontractor, material supplier, surety or other party whom the Controlling Person in its reasonable judgment may deem financially or otherwise unqualified; however, the absence of any such disapproval shall not constitute a representation of qualification.

Section 9.15 Effect of Approval. Approval of any Requisition by the Controlling Person shall not constitute an approval or acceptance of the Work or materials, nor shall such approval give rise to any liability or responsibility relating to: (i) the quality of the Work, the quantity of the Work, the rate of progress in completion of the Work, or the sufficiency of materials or labor being supplied in connection therewith and (ii) any errors, omissions, inconsistencies or other defects of any nature in the Plans and Specifications. Any inspection of the Work that the Controlling Person may choose to make, whether through any consulting engineer or architect, agent or employee or officer, during the progress of the Work shall be solely for the Controlling Person's information, and under no circumstances will such inspection be deemed to have been made for the purpose of supervising or superintending the Work or for the information or protection of any right or interest of any person or entity other than the Controlling Person and the Majority Owner.

## ARTICLE 10

### MISCELLANEOUS

Section 10.1 Notices. All notices and other communications provided for hereunder shall be in writing and sent by electronic mail (with confirmed receipt) and by reputable overnight mail service or private delivery service addressed as follows:

To the Borrower:

Millennia Jacksonville FL TC LP  
c/o Millennia Housing Development, Ltd.  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114-1309  
Attention: Frank T. Sinito  
E-mail: fsinito@mhmlltd.com

With copies to:

The Millennia Companies  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114-1309  
Attention: Laura R. Anderson, General  
Counsel  
E-mail: landerson@mhmltd.com

Baker Hostetler LLP  
127 Public Square, Suite 2000  
Cleveland, Ohio 44114-1214  
Attention: Lawrence Lindberg  
E-mail: [llindberg@bakerlaw.com](mailto:llindberg@bakerlaw.com)

If to the Issuer: Jacksonville Housing Finance Authority  
214 N. Hogan Street, 7<sup>th</sup> Floor  
Jacksonville, Florida 32202  
Attention: Finance Director  
E-mail: [lstagner@coj.net](mailto:lstagner@coj.net)

If to the Trustee: The Bank of New York Mellon Trust  
Company, N.A.  
10161 Centurion Parkway N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department  
Facsimile: (904) 645-1998

If to the Controlling Person:	R4 Servicer LLC 155 Federal Street, Suite 1004 Boston, Massachusetts 02110 Attention: Greg Doble E-mail: gdoble@r4cap.com
With a copy to:	Kutak Rock LLP Suite 28B, Two Liberty Place 50 South 16th Street Philadelphia, Pennsylvania 19102 Attention: Andrew P. Schmutz, Esquire E-mail: Andrew.Schmutz@kutakrock.com
If to the Majority Owner:	At the address set forth on the Register maintained by the Trustee
If to Investor Limited Partner:	R4 Acquisition LLC c/o R4 Capital LLC 780 Third Avenue, 10 <sup>th</sup> Floor New York, New York 10017 Attention: Marc Schnitzer Telephone: (646) 576-7659 Email: mschnitzer@R4cap.com
With a copy to:	Frost Brown Todd LLC 400 West Market Street, Suite 3200 Louisville, Kentucky 40202 Attention: Amy Curry Telephone: (502) 779-8587 E-mail: acurry@fbtlaw.com

The above parties may change the address to which notices to it are to be sent by written notice given to the other persons listed in this Section. All notices shall, when sent as aforesaid, be effective when received.

Section 10.2 Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, including, without limitation, the Trustee. The Controlling Person and the Majority Owner are express third party beneficiaries of this Agreement and the rights of the Trustee (as assignee of the Issuer) hereunder, with full rights of enforcement thereof. The Borrower may not assign its interests in or its rights, duties or obligations under this Agreement without the prior written consent of the Controlling Person. The Borrower and the Issuer intend that no person

other than the parties hereto, the Majority Owner, the Controlling Person, and their respective successors and assigns as permitted hereunder, shall have any claim or interest under this Agreement or right of action hereon or hereunder.

Section 10.3 Survival of Covenants. All covenants made by the Borrower herein and in any document delivered pursuant hereto shall survive the issuance, sale and delivery of the Bonds, the delivery of this Agreement and the payment of any amounts under the Bond Documents.

Section 10.4 Counterparts; Electronic Signature. The execution hereof by each party hereto shall constitute a contract between them for the uses and purposes herein set forth, and this Agreement may be executed in any number of counterparts, with each executed counterpart constituting an original and all counterparts together constituting one agreement. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall be treated as original signatures for all purposes hereunder.

Section 10.5 Costs, Expenses and Taxes. The Borrower agrees to pay on the Issue Date and thereafter within thirty (30) days after demand, all reasonable costs and expenses of the Issuer, the Trustee, the Controlling Person and the Majority Owner in connection with the preparation, execution, delivery and administration of this Agreement, the other Bond Documents and any other documents that may be delivered in connection with this Agreement or the other Bond Documents or any amendments or supplements thereto, including, without limitation, the fees and expenses of the Engineering Consultant as provided under Section 2.2(b), the cost of an annual appraisal (but only upon the occurrence and during the continuation of an Event of Default) of the Project Facilities by an appraiser selected by the Controlling Person, the reasonable fees and expenses of counsel for the Majority Owner and the Controlling Person with respect thereto and with respect to advising the Majority Owner and the Controlling Person as to their respective rights and responsibilities under this Agreement, the other Bond Documents and such other documents, and all costs and expenses, if any, (including, without limitation, reasonable, out-of-pocket counsel fees and expenses of the Controlling Person and the Majority Owner) in connection with the enforcement of this Agreement, the other Bond Documents and such other documents.

Section 10.6 Severability; Interest Limitation. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, then it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable nor invalidate such provision in any other jurisdiction nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of the Issuer in order to effect the provisions of this Agreement. Notwithstanding anything to the contrary herein contained, the total liability of the Borrower for payment of interest pursuant hereto shall not exceed the maximum amount, if any, of such interest permitted by applicable Legal Requirements to be contracted for, charged or received, and if any payments by the Borrower to the Trustee include interest in excess of such a maximum

amount, the Trustee shall apply such excess to the reduction of the unpaid principal amount due pursuant hereto, or, if none is due, such excess shall be refunded to the Borrower; provided that, to the extent permitted by applicable Legal Requirements, in the event the interest is not collected, is applied to principal or is refunded pursuant to this sentence, and interest thereafter payable pursuant hereto shall be less than such maximum amount, then such interest thereafter so payable shall be increased up to such maximum amount to the extent necessary to recover the amount of interest, if any, theretofore uncollected, applied to principal or refunded pursuant to this sentence. Any such application or refund shall not cure or waive any Event of Default. In determining whether or not any interest payable under this Agreement exceeds the highest rate permitted by applicable Legal Requirements, any non-principal payment (except payments specifically stated in this Agreement to be "interest") shall be deemed, to the extent permitted by applicable Legal Requirements, to be an expense, fee, premium or penalty rather than interest.

Section 10.7 Conflicts. Insofar as possible the provisions of this Agreement shall be deemed complementary to the terms of the other Bond Documents, but in the event of conflict the terms hereof shall control to the extent such are enforceable under applicable Legal Requirements.

Section 10.8 Complete Agreement. Taken together with the other Bond Documents and the other instruments and documents delivered in compliance herewith, this Agreement is a complete memorandum of the agreement of the Borrower, the General Partner, the Guarantors, the Controlling Person, the Trustee, the Issuer and the Holders from time to time, with respect to the subject matter hereof.

Section 10.9 Consent to Jurisdiction; Venue; Waiver of Jury Trial. The parties hereby irrevocably (i) agree that any suit, action or other legal proceeding arising out of or relating to this Agreement or the other Bond Documents may be brought in any federal court located in the State and consent to the jurisdiction of such court in any such suit, action or proceeding; (ii) agree that any suit, action or other legal proceeding relating to the Bond Documents shall be brought solely in a federal or state court located in the State and (iii) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereby irrevocably consent to the service of any and all process in any such suit, action or proceeding by mailing of copies of such process to such party at its address provided under or pursuant to Section 10.1 hereof. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable legal requirements. All mailings under this Section shall be by certified or registered mail, return receipt requested. Nothing in this Section shall affect the right of the Controlling Person and the Majority Owner to serve legal process in any other manner permitted by applicable Legal Requirements. **THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING UNDER THIS AGREEMENT, ANY OF THE OTHER BOND DOCUMENTS OR OTHERWISE IN CONNECTION HEREWITH.**

Section 10.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Legal Requirements of the State without reference to its principles of conflicts of law.

Section 10.11 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.12 Sale of Bonds and Secondary Market Transaction.

(a) At the Controlling Person or Majority Owner's request (to the extent not already required to be provided by the Borrower under this Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Controlling Person or Majority Owner customarily adheres or which may be reasonably required in the marketplace or by the Controlling Person or Majority Owner in connection with obtaining a rating or one or more sales or assignments of all or a portion of the Bonds or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Bonds (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that neither the Borrower nor the Issuer shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information (as defined below) or any opinion required in connection therewith, and all such costs including, without limitation, any costs associated with receiving a rating on the Bonds, shall be paid by the Controlling Person or the Majority Owner and shall not materially modify the Borrower's rights or the obligations. Without limiting the generality of the foregoing, the Borrower and the Issuer shall, so long as the Loan is still outstanding:

(i) (1) provide financial and other information with respect to the Bonds and with respect to the Project Facilities, the Borrower, the General Partner, the Managing Agent or the Contractor, (2) provide financial statements, audited, if available, relating to the Project Facilities with customary disclaimers for any forward looking statements or lack of audit and (3) at the expense of the Controlling Person or Majority Owner, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports, termite and other insect infestation reports and other due diligence investigations of the Project Facilities, the Borrower, General Partner, Guarantors, Managing Agent, Contractor and other third parties in connection with the Bonds, as may be reasonably requested from time to time by the Controlling Person or Majority Owner or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Controlling Person or Majority Owner pursuant to this paragraph (i) and the other information provided pursuant to this Agreement and the other Bond Documents used in connection

with a Secondary Market Transaction being called the “Provided Information”), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Controlling Person or Majority Owner and the Rating Agencies;

(ii) make such representations and warranties as of the Issue Date of any Secondary Market Transaction with respect to the Project Facilities, the Borrower, General Partner, Guarantors, Managing Agent, Contractor or other third parties and the Bond Documents reasonably acceptable to the Controlling Person or Majority Owner, consistent with the facts covered by such representations and warranties as they exist on the date thereof, including a “bringdown” of the representations and warranties contained in the Bond Documents as of the date thereof and a representation that no Default or Event of Default has occurred and is continuing; and

(iii) execute such amendments to the Bond Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Bond Documents and is not otherwise adverse to such party in its reasonable discretion.

(b) The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a “Secondary Market Disclosure Document”), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 10.12(c) hereof, with the Controlling Person and Majority Owner in updating the Provided Information [or required records] for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project Facilities necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

(c) In connection with a Secondary Market Disclosure Document, the Borrower, General Partner or Guarantors shall provide, or in the case of a Borrower-engaged third party such as the Managing Agent, cause it to provide, information reasonably requested by the Controlling Person or the Majority Owner pertaining to the Borrower, General Partner or Guarantors, the Project Facilities or such third party (and portions of any other sections reasonably requested by the Controlling Person or the Majority Owner pertaining to the Borrower, General Partner or Guarantors, the Project Facilities or the third party). The Borrower shall, if requested by the Controlling Person or the Majority Owner, certify in writing that the

Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, General Partner or Guarantor, the Project Facilities or the third party, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project Facilities or the third party) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such third parties; provided, further, that the Borrower will be required to cause such third parties to provide similar certification with respect to any information not so certified by the Borrower. Furthermore, the Borrower hereby indemnifies the Majority Owner, the Controlling Person, the Trustee and the Issuer, and issuer, sponsor, Guarantors and the underwriter group for any securities and their affiliates, officers, directors, partners, members, agents, attorneys and controlling persons (the "Underwriter Group"), for any liabilities to which any such parties may become subject to the extent such liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

(d) In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) defend and indemnify the Controlling Person, the Majority Owner, the Trustee, the Issuer, its members and the Underwriter Group for any liabilities to which the Majority Owner, the Controlling Person, the Issuer, the Trustee or the Underwriter Group may become subject insofar as such liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made, not misleading and (ii) reimburse the Controlling Person, the Majority Owner, the Trustee, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Controlling Person, the Majority Owner, the Trustee or the Underwriter Group in connection with defending or investigating such liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties, but shall require such third parties to provide such indemnification with respect to information they certify.

(e) Promptly after receipt by an indemnified party under this Section 10.12 of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement; provided, that the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified



party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 10.12 and provided that the Borrower duly provides the defense and indemnity herein described, including payment of all required fees, expenses and liabilities, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior written consent of the Borrower.

(f) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in this Section 10.12 is for any reason held to be unenforceable in respect of any liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under this Section 10.12, the Borrower shall contribute to each indemnified party to whom any amount would have been paid or payable in connection with such liabilities the amount paid or payable by the indemnified party as a result of such liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

#### Section 10.13 Nonrecourse.

(a) Collateral Only Recourse. Notwithstanding anything to the contrary contained in this Agreement (other than Sections 10.13(b) through (e) hereof) or the other Bond Documents, the Issuer agrees that, in connection with the exercise of any rights or remedies available to the Issuer under this Agreement or any of the other Bond Documents (other than the Environmental Indemnity and the other guaranty agreements of the Guarantors and the Issuer Guarantors), the Issuer shall look solely to the enforcement of the Lien and security interests created by this Agreement and the other Bond Documents and to the collateral and other security held by the Trustee.

(b) Partial Recourse Events. Notwithstanding the preceding subsection, the Borrower and the Guarantors shall have full recourse and personal liability for, and be subject to, judgments and deficiency decrees arising from and to the extent of any loss or damage suffered or incurred by the Issuer, the Trustee, the Majority Owner, the Controlling Person or the Bondholders as a result of the occurrence of any of the following events:

(i) the Borrower fails to pay to the Trustee upon demand after an Event of Default all Rents to which the Trustee is entitled under Section 2 of the Mortgage and the amount of all security deposits collected by Borrower from

tenants then in residence. However, Borrower will not be personally liable for any failure described in this Section 10.13(b)(i) if Borrower is unable to pay to the Trustee all Rents and security deposits as required by the Mortgage because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(ii) the Borrower fails to apply all insurance proceeds or casualty or condemnation proceeds as required by the Bond Documents. However, Borrower will not be personally liable for any failure described in this Section 10.13(b)(ii) if Borrower is unable to apply insurance or casualty or condemnation proceeds as required by the Bond Documents because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(iii) if an Event of Default has occurred and is continuing, the Borrower fails to deliver all books and records relating to the Mortgaged Property or its operation in accordance with the provisions of Section 6.8 or 6.9 of this Agreement;

(iv) the Borrower engages in any willful act of material waste of the Project Facilities;

(v) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof;

(vi) the occurrence of any of the following transfers:

(A) any Person that is not an Affiliate creates a mechanic's lien or other involuntary lien or encumbrance against the Project Facilities that is not permitted by the provisions of this Agreement;

(B) a transfer of any part of the Project Facilities by devise, descent or operation of law occurs upon the death of a natural person that is not permitted by the provisions set forth in the Bond Documents;

(C) the Borrower grants an easement on any part of the Project Facilities that is not permitted by the provisions set forth in the Bond Documents; and

(D) a Lease is executed in connection with any part of the Project Facilities that is not permitted by the provisions set forth in the Bond Documents.

(vii) any act of fraud or willful misconduct or any criminal act of the Borrower, the General Partner or the Guarantors; or

(viii) the Borrower's misappropriation of funds or other Collateral.

(c) The Borrower, the Guarantor and the Issuer Guarantors shall have full recourse and personal liability for all of the Indebtedness (and the limitation on liability in the first sentence of Section 10.13(a) hereof shall be null and void) as a result of the occurrence of any of the following:

(i) a violation of Section 6.11(a), 6.12(b) or 6.13(c) hereof, other than transfers by or within the Investor Limited Partner;

(ii) the Borrower's taking any action which adversely affects the exclusion from gross income of interest on the Bonds for federal income tax purposes, or the Borrower's omitting or failing to take any action required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(iii) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof and a court of competent jurisdiction holds or determines that such failure or combination of failures is the basis, in whole or in part, for the substantive consolidation of the assets and liabilities of the Borrower or the General Partner with the assets and liabilities of a debtor pursuant to Title 11 of the Bankruptcy Code;

(iv) a transfer that is an Event of Default under Section 7.1 hereof occurs (other than a transfer described in Section 10.13(b)(vi) above, for which Borrower will have personal liability for any loss or damage); provided, however, that Borrower will not have any personal liability for a transfer consisting solely of the involuntary removal or involuntary withdrawal of the General Partner or for transfers by or within the Investor Limited Partner;

(v) there was fraud or written material misrepresentation by the Borrower or any officer, director, partner, member or employee of the Borrower in connection with the application for or creation of the Indebtedness or there is fraud in connection with any request for any action or consent by the Issuer, Trustee, Controlling Person or the Bondholders;

(vi) the Borrower or the General Partner voluntarily files for bankruptcy protection under the Bankruptcy Code;

(vii) the Borrower or the General Partner voluntarily becomes subject to any reorganization, receivership, insolvency proceeding, or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(viii) the Project Facilities or any part of the Project Facilities becomes an asset in a voluntary bankruptcy or becomes subject to any voluntary reorganization, receivership, insolvency proceeding, or other similar voluntary

proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(ix) an order of relief is entered against the Borrower or the General Partner pursuant to the Bankruptcy Code or other federal or state law affecting debtor and creditor rights in any involuntary bankruptcy proceeding initiated or joined in by a Related Party as defined in the Code; or

(x) an involuntary bankruptcy or other involuntary insolvency proceeding is commenced against the Borrower or the General Partner (by a party other than the Trustee or the owner of any Bonds) but only if the Borrower or the General Partner, as applicable, has failed to use commercially reasonable efforts to dismiss such proceeding or has consented to such proceeding. "Commercially reasonable efforts" will not require any direct or indirect interest holders in the Borrower or the General Partner to contribute or cause the contribution of additional capital to the Borrower or the General Partner.

(d) Other Partial Recourse Obligations. The Borrower and the Guarantors shall have full recourse and personal liability for all of the following:

(i) the performance of and compliance with all of Borrower's obligations under Sections 5.12 and 6.14 of this Agreement (relating to environmental matters) or the Borrower's failure to comply with the provisions of the Environmental Indemnity;

(ii) the costs of any audit under Section 6.8 of this Agreement;

(iii) any costs and expenses incurred by the Issuer, Trustee, the Controlling Person and the Majority Owner in connection with the collection of any amount for which Borrower is personally liable under this Section 10.13, including attorneys' fees and costs and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability; and

(iv) Borrower's indemnity obligations pursuant to Section 2.5 and 10.12.

(e) No Modification. Further, nothing contained in this Section 10.13 shall be deemed to limit, vary, modify or amend any obligation owed under any guaranty, master lease or indemnification agreement, including the Environmental Indemnity and the other guaranty agreements of the Guarantors, furnished in connection with financing of the acquisition, rehabilitation and equipping of the Project Facilities, recourse under which is not, by its terms, expressly limited in accordance with this Section 10.13.

(f) No Waiver. Notwithstanding anything to the contrary, Issuer, Trustee, Controlling Person and Holders shall not be deemed to have waived any right such Persons may

have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of Borrower's and Guarantor's Obligations under the Bond Documents or to require that all collateral shall continue to secure all Obligations under the Bond Documents.

Section 10.14 Publicity. The Borrower hereby authorizes the Controlling Person or the Majority Owner and their respective affiliates, without further notice or consent, to use the Borrower's and its affiliates' name(s), logo(s) and photographs related to the Project Facilities in its advertising, marketing and communications materials on a national and/or international basis. Such materials may include web pages, print ads, direct mail, various types of brochures or marketing sheets, and various media formats other than those listed (including without limitation video or audio presentations through any media form). In these materials, the Controlling Person or the Majority Owner also may discuss at a high level the types of services and solutions the Controlling Person or the Majority Owner has provided the Borrower. This authorization shall remain in effect unless the Borrower notifies the Controlling Person in writing in accordance with the notice provisions set forth herein that such authorization is revoked. The Controlling Person or the Majority Owner shall also have the right to publicize its involvement in the financing of the Project Facilities, including the right to maintain a sign indicating such involvement at a location at the Project Facilities reasonably acceptable to the Borrower and Controlling Person.

Section 10.15 Determinations by the Majority Owner and Controlling Person. Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Controlling Person or the Majority Owner may be given or is required, or where any determination, judgment or decision is to be rendered by the Controlling Person or the Majority Owner under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Controlling Person or the Majority Owner (or its designated representative) at its sole and absolute discretion. The Trustee may, and shall at the written direction of the Holders of all Outstanding Bonds, by separate instrument delegate, assign, transfer and set over unto the Controlling Person any or all of the rights, remedies, duties and obligations of the Trustee under this Indenture and the other Bond Documents, in which event the Controlling Person shall have each of the rights, remedies, duties and obligations delegated to it as if specifically named herein and in the other Bond Documents, as applicable, and shall be entitled to act in its own name, but if necessary in the name and stead of the Trustee, to enforce each of the remedies provided to the Trustee hereunder or under the other Bond Documents.

Section 10.16 Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required by the Issuer, the Trustee or the Controlling Person to carry out the purposes and provisions of this Agreement and the other Bond Documents, to make elections or take actions (or, as requested, to refrain from making elections or taking actions) related to the audit procedures involving the Borrower and/or its partners set forth in the Bipartisan Budget Act of 2015 so that the Borrower's members, equityholders, shareholders and

partners will be directly responsible for any audit adjustments, changes or modifications rather than the Borrower, to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and the other Bond Documents and to assure the Controlling Person and the Majority Owner of the subrogation and security rights in favor of the Trustee for the benefit of the Holders of the Bonds contemplated by this Agreement and the other Bond Documents in connection with any of the foregoing, and such approvals shall be in form satisfactory to the Controlling Person.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be duly executed and delivered on the day and year first above written.

**JACKSONVILLE      HOUSING      FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
Name: William I. Gulliford, III  
Title: Chair

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC,  
its general partner

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

**EXHIBIT A**  
**FORM OF PROMISSORY NOTE**

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$ \_\_\_\_\_

September \_\_, 2018

For Value Received, Millennia Jacksonville FL TC LP, a Florida limited partnership duly formed and validly existing under the laws of the State of Florida (the "Borrower"), by this promissory note hereby promises to pay to the order of the Jacksonville Housing Finance Authority (the "Issuer") the principal sum of \_\_\_\_\_ and no/100 Dollars (\$ \_\_\_\_\_), together with interest on the unpaid principal amount hereof, from the Issue Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Bonds (as hereinafter defined), and acceleration premium, if any, on the Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., a national banking association, or its successor as trustee under the Indenture.

The principal amount and interest shall be payable on the dates and in the amounts set forth on Schedule 3 to the Agreement (as hereinafter defined) and on such other dates, that principal and redemption price of, and interest on the Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the "Note" referred to in the Loan Agreement, dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, the "Agreement") between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture of Trust, dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, the "Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of \$ \_\_\_\_\_ in aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the Bonds are hereby incorporated as a part of this Note.

26460/022/01340980.DOCXv6



The obligation of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 10.13 of the Loan Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note.

This Note shall be governed by, and construed in accordance with, the laws of the State of Florida, without regard to conflict of laws principles.

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC,  
its general partner

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

**ENDORSEMENT**

Pay to the order of The Bank of New York Mellon Trust Company, N.A., without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**JACKSONVILLE      HOUSING      FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
Name: William I. Gulliford, III  
Title: Chair

Dated: November \_\_, 2018

**EXHIBIT B**  
**FORM OF WRITTEN REQUISITION**  
**OF THE BORROWER**

BORROWER:

PROJECT :

REQUISITION NO.: \_\_\_\_\_

In the Amount of \$ \_\_\_\_\_

TO: The Bank of New York Mellon  
Trust Company, N.A., as trustee  
10161 Centurion Parkway N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department

R4 Servicer LLC, as Controlling Person  
155 Federal Street, Suite 1004  
Boston, Massachusetts 02110  
Attention: Greg Doble

The Borrower hereby requests payments in the following amounts, from the following sources and to be made to the following parties, all as set forth on the Borrower's Request for Payment attached to this Requisition:

<u>Amount</u>	<u>Source</u>	<u>Payable to:</u>
	[identify name of Account & Fund]	[Borrower's account #] [third party payment/wire instructions must be attached]

**Requisition - Contents and Attachments**

- ☐ Borrower's Representations and Warranties
- ☐ Contractor's Application and Certification for Payment (AIA Form G-702 & G-703)
- ☐ Architect, Contractor, Owner Change Order (Executed AIA G-701(s) added to G-702)
- ☐ Pending Change Order and Change Order Log (dated)
- ☐ Requisitions and Invoices Supporting Application
- ☐ Vendor Payee List or equivalent
- ☐ Updated Loan Balancing (Sources and Uses) & Monthly Requisition Spreadsheet
- ☐ Contractor's Requisition Certificate
- ☐ Architect's Requisition Certificate

- ☐ Borrower's Request for Payment
- ☐ Lien Waivers, Conditional for the current Hard cost pay request
- ☐ Lien Waivers, Unconditional for payment thru the prior period pay request
- ☐ Stored Materials Log and documentation (e.g., insurance, bill of sale, invoices, photos) as Applicable
  
- ☐ Current Project Schedule
- ☐ Other Documents as Requested by the Trustee or Controlling Person

### **Representations and Warranties**

1. No changes have been made in the Plans and Specifications which require and have not received the prior approval of (i) the Controlling Person under the terms of the Loan Agreement dated as of September 1, 2018 (the "Agreement"), (ii) any Governmental Authority having jurisdiction over the Project Facilities or (iii) any other parties from whom such approval is required.
2. Rehabilitation of the Improvements has been performed in accordance with the Plans and Specifications (other than any changes that did not constitute Material Change Orders).
3. As of the date hereof, the Borrower has executed change orders (increasing/decreasing) the cost of rehabilitation of the Improvements by \$\_\_\_\_\_ in the aggregate, has notified the Engineering Consultant of such changes and, to the extent necessary, has received any and all necessary approvals from the Controlling Person.
4. Funding of this Requisition shall be in accordance with the terms and provisions of the (i) Agreement, and (ii) the Indenture of Trust dated as of September 1, 2018, with respect to the Bonds.
5. All money requisitioned by the Borrower for rehabilitation of the Improvements and disbursed by the Trustee under previously approved requisitions have been paid to the Contractor and, to the Borrower's best knowledge, all subcontractors, vendors and suppliers; all other funds requisitioned by the Borrower and disbursed by the Trustee under previously approved requisitions have been expended for the purpose for which they were requisitioned.
6. All of the information submitted to the Controlling Person and the Trustee in connection with this Requisition is true and accurate in all material respects as of the date of submission.
7. The representations and warranties set forth in the Bond Documents are true and correct in all material respects as of the date hereof with the same effect as if made on this date.
8. The Borrower represents and warrants that (i) there has occurred no Event of Default or event which, with the passage of time or the giving or notice or both, would constitute an Event of Default on the part of the Borrower or the Guarantors under the terms of the Bond Documents, (ii) except as previously disclosed by the Borrower to the Controlling Person, the Borrower has not received notice from or been informed by any Governmental Authority or the Engineering Consultant of any alleged deficiencies in the work performed to date or any deviation of such work from Plans and Specifications or notice of any assertion of a claim that the Improvements have not been rehabilitated in accordance with all applicable Legal Requirements, (iii) with the exception of any Permitted Liens and those being contested by the Borrower in accordance with the terms

of the Bond Documents, there are no liens against any portion of the Project Facilities or any other asset of the Borrower, and (iv) the Bond Documents are in full force and effect.

9. The Borrower represents and warrants that this Requisition is in the form of requisition required by the Controlling Person.
10. The Borrower represents and warrants that, following payment of the amounts requested under this Requisition, not less than 95% of amounts paid from proceeds of the Bonds have been applied to the payment of Qualified Project Costs.
11. Attached hereto are copies of lien waivers from all such contractors, subcontractors and materialmen requisitioning payment under this Requisition, the originals of which have been delivered to the Title Insurance Company.
12. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto under the Agreement.

Executed this \_\_\_\_ day of \_\_\_\_, 20\_\_.

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC,  
its general partner

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

Name:

Title:

Approved:

R4 SERVICER LLC, as Controlling Person

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

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

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

Dated: \_\_\_\_\_, 20\_\_

Approved:

FIRST HOUSING DEVELOPMENT CORPORATION OF  
FLORIDA , as Issuer Servicer

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

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

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

Dated: \_\_\_\_\_, 20\_\_

**Contractor's Application for Payment**

## **Requisitions and Invoices**



**Contractor's Requisition Certificate**

Application for Payment No. \_\_\_\_\_

TO:           The Bank of New York Mellon Trust Company, N.A. ("Trustee")  
              R4 Servicer LLC ("Controlling Person")

FROM:       NEI General Contracting Inc. ("Contractor")

RE:           Rehabilitation of Millennia Jacksonville Project, Series 2018 (the "Project  
              Facilities") by Millennia Jacksonville FL TC LP ("Borrower").

We are the general contractor for the Project Facilities and, to induce the Controlling Person to approve disbursements of Bond proceeds and other amounts by the Trustee to assist in funding rehabilitation of the Improvements and knowing that the Trustee and the Controlling Person will rely on this certificate in doing so, we hereby certify as follows:

1.     In reference to our contract dated \_\_\_\_\_, 20\_\_, with Borrower for rehabilitation of the Improvements, and the Plans and Specifications therefor, no amendments, modifications or changes have been made with respect to our contract or the Plans and Specifications except such as have had your prior written approval. There are no pending change orders except as follows:
2.     Our Application for Payment No. \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_, which we understand is to be included as an item in the Borrower's requisition to you, is in full compliance with the terms of our contract with Borrower, and, upon the payment of same, we will have no other or additional claim (including claims for so-called "extras") against Borrower on account of our contract or otherwise for and through the period of time ending upon the date of our Application for Payment, for all labor and materials furnished by us through and including the date of our Application for Payment except as follows:
  - a.     Retainage not exceeding \_\_% of the value of labor and materials incorporated into the Project Facilities and covered by applications submitted by us on account of the rehabilitation of the Improvements for which payment is to be made to us after substantial completion of our contract, as provided therein (the amount of said retainage), as of the end of the period covered by our Application for Payment dated \_\_\_\_\_, 20\_\_, is \$\_\_\_\_\_); and
  - b.     [specify other claims, if any]
3.     The Borrower is not in default of any of the Borrower's obligations to us as of the date hereof except as follows: \_\_\_\_\_ [none] \_\_\_\_\_

4. We have paid in full all our obligations to subcontractors, workmen, suppliers and materialmen for and with respect to all labor and materials supplied through and including the date of our last Application for Payment, except for an amount equal to \_\_% thereof, which we are holding in accordance with the terms of such obligations and our contract, and all our subcontractors have paid their subcontractors, workmen and materialmen in full for and with respect to all labor and materials supplied through and including the date of our last Application for Payment.
5. To the fullest extent allowed by law, we waive and release any and all rights to claim any lien for labor done or materials furnished up to an amount equal to the amount of our Application for Payment dated \_\_\_\_\_, 20\_\_ plus the amount of all our previously funded applications.

Executed as an instrument under seal this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

NEI GENERAL CONTRACTING INC.

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

Name:

Title:

## **Architect's Requisition Certificate**

Application for Payment No. \_\_\_\_\_

TO:               The Bank of New York Mellon Trust Company, N.A. ("Trustee")  
                      R4 Servicer LLC ("Controlling Person")

FROM:           Dimit Architects LLC ("Architect")

RE:               Rehabilitation of Millennia Jacksonville Project, Series 2018 (the "Project  
                      Facilities") by Millennia Jacksonville FL TC LP ("Borrower")

We are the architect for the Project Facilities and, to induce the Controlling Person to approve disbursements of Bond proceeds and other amounts by the Trustee to assist in funding rehabilitation of the Improvements, and knowing that the Controlling Person will rely on this certificate in doing so, we hereby certify as follows:

1.       We inspected the Project Facilities on \_\_\_\_\_, 20\_\_ and found the status of Work at the Project Facilities on that date and the progress made on the Project Facilities since our last certificate to you dated \_\_\_\_\_, 20\_\_ to be as follows: \_\_\_\_\_ [substantially in accordance with the approved, as amended and approved, plans and specifications], [non-compliant with the approved plans and specifications], [other – describe here]
  
2.       We delivered the Plans and Specifications for the Project Facilities, copies of which have been delivered to you (the "Plans and Specifications"). We have made no changes to the Plans and Specifications except as you have approved in writing. There are no pending change orders or construction change directives except as provided in the current Pending Change Order and Change Order Log.
  
3.       All Work to date has been done in accordance with the Plans and Specifications and in a good and workmanlike manner. All materials and fixtures usually furnished and installed or stored on site at the current stage of rehabilitation have been furnished, installed or stored on site. All of the Work to date is hereby approved except as follows: \_\_\_\_\_
  
4.       We have examined the requisition being submitted herewith to you by Borrower, which requisition includes an Application for Payment from [\_\_\_\_\_] ("Contractor") respecting rehabilitation of the Improvements. The payment so applied for by Contractor does not exceed (when added to the payments heretofore applied for by

and paid to Contractor) \_\_% of the value of labor and materials incorporated into the Improvements.

5. We have been advised that as of this date there remains unexpended funds of \$\_\_\_\_\_ which are available to fund rehabilitation costs, from which funds to pay the aforementioned Application for Payment will be deducted. In our opinion, such unexpended funds, after deduction of funds sufficient to cover both the current Application for Payment and the applicable retainage heretofore withheld and to become due on account of previous Applications, will be sufficient to pay for all rehabilitation costs reasonably required to complete the Work, provided that the amount advanced under the current application is, in fact, applied against obligations incurred for labor and materials heretofore furnished on account of rehabilitation of the Improvements.
6. All permits, licenses, approvals and the like required to complete rehabilitation of the Improvements have been validly issued by the appropriate authorities and are in full force and effect, and there is no violation of any of the provisions thereof or of any Legal Requirements applicable to the Project Facilities of which we have notice or knowledge as of the date hereof except as follows:
7. Access to and egress from the Project Facilities and all improvements to be constructed thereon are in accordance with all applicable Legal Requirements. Water, drainage and sanitary sewerage facilities and telephone, gas and electric services of public utilities are or are due to be installed in the locations indicated on the Plans and Specifications and are adequate to serve the Project Facilities. All necessary approvals for installation of or connection to said facilities or services have been obtained.
8. To the best of our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid any laws, ordinances, regulations, permits, licenses or approvals for or relating to the Project Facilities.
9. No amendments, modifications or changes have been made to our contract dated \_\_\_\_\_, 20\_\_ with the Borrower except such as have had your prior written approval.
10. The Borrower is not in default of any of the Borrower's obligations to us as of the date hereof except as follows:\_\_\_\_\_

This certificate is rendered based on our examination of the Project Facilities, the Plans and Specifications, the data comprising the Application for Payment and all other matters which

we deem relevant. We are to incur no liability under this certificate except for failure to exercise due professional skill and diligence.

Executed as a sealed instrument this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

DIMIT ARCHITECTS LLC

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

Name:

Title:

**Borrower's Request for Payment**

[attach spreadsheets in form provided by R4 Capital]



**Lien Waivers**

**EXHIBIT C**  
**MOLD/MILDEW ADDENDUM**

This Mold and Mildew Addendum (the "Addendum") dated \_\_\_\_\_, 20\_\_ is attached to and made a part of the lease dated \_\_\_\_\_, 20\_\_\_\_ (the "Lease") by and between by MILLENNIA JACKSONVILLE FL TC LP ("Lessor") and \_\_\_\_\_ ("Resident") for unit number \_\_\_\_\_ (the "Unit") in \_\_\_\_\_.

Resident acknowledges that it is necessary for Resident to provide appropriate climate control, keep the Unit clean, and take other measures to retard and prevent mold and mildew from accumulating in the Unit. Resident agrees to clean and dust the Unit on a regular basis and to remove visible moisture accumulation on windows, walls and other surfaces as soon as reasonably possible. Resident agrees not to block or cover any of the heating, ventilation or air-conditioning ducts in the Unit. Resident also agrees to immediately report to the management office: (i) any evidence of a water leak or excessive moisture in the Unit, as well as in any storage room, garage or other common area; (ii) any evidence of mold- or mildew-like growth that cannot be removed by simply applying a common household cleaner and wiping the area; (iii) any failure or malfunction in the heating, ventilation or air conditioning system in the Unit; and (iv) any inoperable doors or windows. Resident further agrees that Resident shall be responsible for damage to the Unit and Resident's property as well as personal injury to Resident and Occupants resulting from Resident's failure to comply with the terms of this Addendum.

A default under the terms of this Addendum shall be deemed a material default under the terms of the Lease, and Lessor shall be entitled to exercise all rights and remedies at law or in equity. Except as specifically stated herein, all other terms and conditions of the Lease shall remain unchanged. In the event of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control. Any term that is capitalized but not defined in this Addendum that is capitalized and defined in the Lease shall have the same meaning for purposes of this Addendum as it has for purposes of the Lease.

Resident or Residents:  
(all Residents must sign here)

Lessor:

\_\_\_\_\_  
Resident's Signature

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC,  
its general partner

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
Resident's Unit No.

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

---

Resident's Signature

Name:  
Title:

---

Resident's Name

---

Resident's Unit No.

**SCHEDULE 1**  
**SCHEDULE OF LITIGATION**

**SCHEDULE 2**  
**SCHEDULE OF OBLIGATIONS AND MATERIAL CONTRACTS**

**SCHEDULE 3**  
**SCHEDULE OF DEBT SERVICE PAYMENTS**

**SCHEDULE 4**  
**DEVELOPMENT BUDGET**

**SCHEDULE 5**  
**PLANS AND SPECIFICATIONS**



**SCHEDULE 6**  
**PERMITS AND APPROVALS NOT YET OBTAINED**

[Borrower to provide list]

## SCHEDULE 7 CONDITIONS TO ADVANCES

A. CONDITIONS TO INITIAL ADVANCE. The right of Borrower to draw the initial Advance shall be subject to the fulfillment of the following conditions precedent in a manner, and by documentation, reasonably satisfactory to the Controlling Person:

1. Construction Documents. Each of the Architect's Agreement and the Construction Contract shall have been duly executed and delivered by the respective parties thereto and shall be in full force and effect. The Architect and the Contractor, as applicable, shall have duly executed and delivered to the Controlling Person a consent to the assignment of the Architect's Agreement and the Construction Contract, as applicable, in form and substance satisfactory to the Controlling Person.

2. Subcontracts; Other Contracts. The Borrower shall have delivered to the Controlling Person, and the Controlling Person shall have approved (such approval not to be unreasonably withheld), a list of all subcontractors and materialmen who have been or, to the extent identified by the Borrower, will be supplying labor or materials for the Project Facilities in the amount of \$50,000 or more. The Borrower shall have delivered to the Controlling Person correct and complete photocopies of all other executed contracts with contractors, subcontractors, engineers or consultants for the Project Facilities in an amount of \$50,000 or more, and of all development, management, brokerage, sales or leasing agreements for the Project Facilities.

3. Validity of Liens. The Mortgage, the Assignment of Project Documents, the Assignment of Capital Contributions, the Assignment of HAP Contract, the Developer Fee Pledge and the General Partner Pledge shall be effective to create in the Trustee a legal, valid and enforceable lien and security interest in the collateral identified therein. All filing, recordings, and deliveries of collateral to preserve such liens and security interests shall have been duly effected.

4. Deliveries. The following items or documents shall have been delivered to the Controlling Person by the Borrower and shall be in form and substance satisfactory to the Controlling Person.

(a) Plans and Specifications. Two complete sets of Plans and Specifications and approvals thereof by any necessary Governmental Authority, with a certification from the Architect that the Improvements to be rehabilitated comply with all Legal Requirements and Governmental Actions and that the Construction Contract satisfactorily provides for the rehabilitation of the Improvements.

(b) Title Policy. A copy of the Title Policy or a pro forma policy that constitutes a commitment to issue the Title Policy in the form of such pro forma policy, together with proof of payment of all fees and premiums for such policy and true and accurate copies of all documents listed as exceptions under such policy.

(c) Other Insurance. Copies of all policies of insurance required hereunder (or certificate thereof) to be obtained and maintained during the rehabilitation of the Improvements.

(d) Evidence of Sufficiency of Funds. Evidence that the proceeds of the Bonds, together with Required Equity Funds delivered to the Trustee on the Issue Date or to be delivered after the Issue Date pursuant to the Partnership Agreement, will be sufficient to cover all Project Costs reasonably anticipated to be incurred to rehabilitate the Improvements prior to the Completion Date and to carry the Project Facilities through to Stabilization.

5. Evidence of Access, Availability of Utilities, Project Approvals. Evidence as to:

(a) the methods of access to and egress from the Project Facilities, and nearby or adjoining public ways, meeting the reasonable requirements of the Project Facilities and the status of completion of any required improvements to such access;

(b) the availability of water supply and stone and sanitary sewer facilities meeting the reasonable requirements of the Project Facilities;

(c) the availability of all other required utilities, in location and capacity sufficient to meet the reasonable needs of the Project Facilities; and

(d) the obtaining of all Project Approvals which are required, necessary or desirable for the rehabilitation of the Improvements and the access thereto, together with copies of all such Governmental Actions.

6. Environmental Report. An environmental site assessment report or reports of one or more qualified environmental engineering or similar inspection firms approved by the Controlling Person, which report or reports shall indicate a condition of the Land and any existing improvements thereon in compliance with all Legal Requirements and in all respects satisfactory to the Controlling Person in its sole discretion and upon which report or reports the Controlling Person, the Trustee and the initial Majority Owner shall be expressly entitled to rely.

7. Soils Report. If required, a soils report for the Project Facilities prepared by a soils engineer approved by the Controlling Person, which report shall indicate that based upon actual surface and subsurface examination of the Project Facilities, the soils conditions are fully satisfactory for the proposed renovation and operation of the Improvements and upon which report or reports the Controlling Person, the Trustee and the initial Majority Owner shall be expressly entitled to rely. A termite or other insect infestation report prepared by a firm approved by the Controlling Person, which report shall indicate that based upon actual inspection of the Project Facilities either (i) that no termite or other insect infestation at the Project Facilities, or (ii) that termite or insect infestation is present and recommended steps for extermination and

remediation of the conditions at the Project Facilities, and upon which report or reports the Controlling Person, the Trustee and the initial Majority Owner shall be expressly entitled to rely.

8. Survey and Taxes. A Survey of the Land (and any existing improvements thereon) and Surveyor's Certificate, and evidence of payment of all real estate taxes and municipal charges on the Land (and any existing improvements thereon) which were due and payable prior to the Issue Date.

9. Deposit of Funds. The initial installment of Required Equity Funds shall have been delivered to the Trustee and deposited in the Project Fund.

10. Requisition. A Requisition complying with the provisions of this Agreement and the Indenture.

11. Form Lease. The standard form of lease to be used by the Borrower in connection with the Improvements.

12. Engineering Consultant Report. The Controlling Person shall have received a report or written confirmation from the Engineering Consultant that (i) the Engineering Consultant has reviewed the Plans and Specifications, (ii) the Plans and Specifications have been received and approved by each Governmental Authority to which the Plans and Specifications are required under applicable Legal Requirements to be submitted, (iii) the Construction Contract satisfactorily provides for the rehabilitation of the Improvements, and (iv) in the opinion of the Engineering Consultant, rehabilitation of the Improvements can be completed on or before the Completion Date for an amount not greater than the amount allocated for such purpose in the Development Budget.

13. Searches. The Controlling Person shall have received searches from a recognized search firm (which shall be updated from time to time at Borrower's expense upon request by the Controlling Person) that searches of the public record disclosed (a) no conditional sales contracts, security agreements, chattel mortgages, leases of personalty, financing statements or title retention agreements which affect the collateral, (b) no bankruptcy filings on the part of the Borrower, the General Partner and the Guarantors (collectively, the "Obligors") and (c) no litigation with respect to the Project Facilities or any of the Obligors that would materially adversely affect the obligations of the Obligors hereunder.

14. Mechanics' Liens. In the event that for any reason the initial Advance is not funded on the Issue Date, the Controlling Person may withhold or refuse to approve the initial Advance if any mechanic's lien or notice of intention to record or file a mechanic's lien has been filed or given and such lien or the lien described in such notice, as applicable, has not bonded over or otherwise collateralized to the satisfaction of the Controlling Person.

15. Notices. All notices required by any Governmental Authority under applicable Legal Requirements to be filed prior to commencement of rehabilitation of the Improvements shall have been filed.

16. Appraisal. The Controlling Person shall have received an Appraisal, in form and substance satisfactory to the Controlling Person.

17. Performance; No Default. The Borrower shall have performed and complied with all terms and conditions herein required to be performed or complied with by it on or prior to the date of the initial Advance, and on the date of the initial Advance there shall exist no Event of Default.

18. Representations and Warranties. The representations and warranties made by the Obligors in the Bond Documents, the General Partner Pledge, the Developer Fee Pledge or the documents executed by the Guarantors or otherwise made by or on behalf of the Obligors in connection therewith or after the date thereof shall have been true and correct in all material respects when made and shall be true and correct in all material respects on the date of the initial Advance.

19. Proceedings and Documents. All proceedings in connection with the transactions contemplated by this Agreement and the other Bond Documents shall be satisfactory to the Controlling Person and their counsel in form and substance, and the Controlling Person shall have received all information and such counterpart originals or certified copies of such documents and such other certificates, opinions or documents as they or their counsel may reasonably require.

20. Payment and Performance Bonds. The Controlling Person shall have received the original Payment and Performance Bonds in form and content and from a surety satisfactory in all respects to the Controlling Person.

B. CONDITIONS TO SUBSEQUENT ADVANCES. The right of the Borrower to draw each Advance after the initial Advance shall be subject to the following conditions precedent in a manner, and by documentation, reasonably satisfactory to the Controlling Person:

1. Prior Conditions Satisfied. All conditions precedent to any prior disbursement shall continue to be satisfied (or waived by the Controlling Person) as of the date of the Requisition of such subsequent Advance.

2. Performance; No Default. The Borrower shall have performed and complied with all terms and conditions herein required to be performed or complied with by it on or prior to the date of such Requisition, and on such date there shall exist no Default or Event of Default.

3. Representations and Warranties. Each of the representations and warranties made by the Borrower in the Bond Documents or otherwise made by or on behalf of the Borrower in

connection therewith after the date thereof shall have been true and correct in all material respects on the date on when made and shall also be true and correct in all material respects on the Borrower on the date of such Requisition (except to the extent of changes resulting from transactions contemplated or permitted by the Bond Documents).

4. No Damage. The Improvements shall not have been injured or damaged by fire, explosion, accident, flood or other casualty.

5. Receipt by Controlling Person. The Controlling Person shall have received:

(a) Requisition. A Requisition in meeting the requirements of this Agreement and the Indenture;

(b) Endorsement to Title Policy. At the time of each advance to update the date of and increase the amount of coverage by the amount of such advance, such endorsements (a "Down Date Endorsement") shall be delivered by the Title Insurer, increasing the coverage under the Title Policy by the amount of the approved Requisition plus the amount of any Bond proceeds disbursed from the Capitalized Interest Account of the Project Fund;

6. Foundation Survey; Current Survey. If the Plans and Specifications provide for construction of the foundations, including expansion or modification of existing foundations, within thirty (30) days after completion of rehabilitation of the foundations of the Improvements, a survey certified by a registered engineer or surveyor showing that the foundations are located within the perimeter of the Land and any set back lines and at the location shown on the Plans and Specifications, and from time to time. An updated Survey if required by the Title Insurance Company or the Controlling Person;

7. Approval by Engineering Consultant. Approval of the Requisition for such disbursement by the Engineering Consultant, accompanied by a certificate or report from the Engineering Consultant to the effect that in its opinion, based on site observations and submissions by the Contractor, the rehabilitation of the Improvements to the date thereof was performed in a good and workmanlike manner and in accordance with the Plans and Specifications, stating the estimated total cost of rehabilitation of the Improvements, stating the percentage of in-place rehabilitation of the Improvements, and stating that the remaining non-disbursed portion of the Project Fund and Required Equity Funds allocated for such purpose in the Development Budget is adequate to complete the rehabilitation of the Improvements;

8. Contracts. Evidence that one hundred percent (100%) of the cost of the remaining Work is covered by firm fixed price or guaranteed maximum price contracts or subcontracts or orders for the supplying of materials, with contractors, subcontractors, materialmen or suppliers satisfactory to the Controlling Person, and that the Payment and Performance Bonds have been obtained as required.

9. Mechanics' Liens. The Controlling Person may withhold or refuse to fund any Advance hereunder if (a) any mechanic's lien has been filed or recorded and not bonded over or otherwise collateralized to the satisfaction of the Controlling Person (such satisfaction not to be unreasonably withheld) or (b) notice of intention to record or file any such lien has been received.

10. Required Equity Funds. All installments of Required Equity Funds which shall be then due and payable under the Partnership Agreement shall have been deposited with the Trustee.

11. Release of Retainage. In addition to the conditions set forth in this Section, the Controlling Person's obligation to approve any Requisition for Retainage shall be subject to receipt by the Controlling Person of the Engineering Consultant's certification of completion as to the Work performed under any contract or subcontract for which the Retainage will be disbursed.

**SCHEDULE 8**  
**FORM OF COMPLETION CERTIFICATE**

\_\_\_\_\_, 20\_\_

The Bank of New York Mellon  
Trust Company, N.A., as trustee  
10161 Centurion Parkway N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department

R4 Servicer LLC, as Controlling Person  
155 Federal Street, Suite 1004  
Boston, Massachusetts 02110  
Attention: Greg Doble

Re: \_\_\_\_\_ (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to The Bank of New York Mellon Trust Company, N.A, as trustee (the "Trustee"), and R4 Capital Funding LLC as Controlling Person, acting on behalf of the Majority Owner of the Bonds issued in connection with the Project Facilities (the "Controlling Person") that "Final Completion" of the Project Facilities (as defined in the Indenture of Trust dated as of September 1, 2018 (the "Indenture") by and between the Trustee and Jacksonville Housing Finance Authority (the "Issuer") has been attained as of the date hereof and all conditions relating thereto as set forth in the Loan Agreement dated as of September 1, 2018 between the undersigned and the Issuer (the "Loan Agreement") have been satisfied. Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture or the Loan Agreement.

The undersigned hereby represents and warrants that:

1. Attached hereto is an original, executed Architect's certificate as required by clause (iv) of the definition of "Final Completion" contained in the Indenture.
2. Attached hereto are true, complete and correct copies of all use and occupancy permits issued in connection with the Project Facilities (the "Permits") as referenced in clause (ii) of the definition of "Final Completion" contained in the Indenture. The Permits are all of the permits, licenses or approvals required for the occupancy of the Project Facilities as a multifamily residential facility. No appeal, action or proceeding challenging any of the Permits has been filed; there is no pending claim, litigation or governmental proceeding challenging the Permits.



3. Attached hereto is a complete schedule of all Punchlist Items referenced in clause (ii) of the definition of "Final Completion" contained in the Indenture. This schedule of Punchlist Items meets the requirements and limitations set forth in the Loan Agreement for Punchlist Items. The undersigned will promptly complete all Punchlist Items.

4. Attached are lien waivers required by clause (vii) of the definition of "Final Completion" contained in the Indenture.

5. Attached hereto is an endorsement down dating the Title Policy insuring the Mortgage in favor of the Trustee, subject only to Permitted Encumbrances, as required by clause (ix) of the definition of "Final Completion" contained in the Indenture.

6. [Attached hereto is an as-built ALTA/ACSM Urban Class Survey, certified to the Trustee and the Controlling Person and meeting the requirements clause (x) of the definition of "Final Completion" contained in the Indenture.]

7. Attached hereto is evidence of completion of the Environmental Completion Conditions.

8. Attached hereto is evidence of insurance meeting the requirements of Section 6.4 of the Loan Agreement.

9. Attached hereto is evidence of payment of all Impositions which are due and payable.

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC,  
its general partner

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

Accepted and agreed to by:

R4 SERVICER LLC, as Controlling Person

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

Accepted and agreed to by:

FIRST HOUSING DEVELOPMENT  
CORPORATION OF FLORIDA, as Issuer  
Servicer

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

## **Schedule of Attachments to Completion Certificate**

Architect's Completion Certificate

Occupancy Permits

Schedule of Punchlist Items

Lien Waivers

Endorsement to Title Policy

[As-Built Survey]

Insurance Certificates

Evidence of Payment of Impositions

**SCHEDULE 9**  
**FORM OF USE OF PROCEEDS CERTIFICATE**

\_\_\_\_\_, 20\_\_

The Bank of New York Mellon  
Trust Company, N.A., as trustee  
10161 Centurion Parkway N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department

R4 Servicer LLC, as Controlling Person  
155 Federal Street, Suite 1004  
Boston, Massachusetts 02110  
Attention: Greg Doble

Re: \_\_\_\_\_ (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities hereby certifies to The Bank of New York Mellon Trust Company, N.A, as trustee (the "Trustee"), and R4 Capital Funding LLC, as Controlling Person, acting on behalf of the Majority Owner of the bonds issued in connection with the Project Facilities (the "Controlling Person") that [(i)] no less than 95% of the Net Proceeds of the Bonds has been spent for Qualified Project Costs of the Project Facilities as required by Section 142(a) of the Internal Revenue Code. Attached hereto is a schedule of expenditures showing all costs of the Project Facilities, the amounts expended for each category of cost, the source of funds therefor, and a calculation of the percentage of the net proceeds of the Bonds expended in compliance with the requirements of the Internal Revenue Code; [and (ii) the undersigned has expended, within two (2) years of the later of the date the Project Facilities were acquired or the date of issuance of the Bonds, from proceeds of the Bonds or other sources, an amount equal to at least 15% of the "portion of the cost of acquiring such building (and equipment) financed with the net proceeds of the Bonds" for "rehabilitation expenses" within the meaning of Section 147(b) of the Code.] Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Indenture of Trust dated as of September 1, 2018 between the Trustee and the Jacksonville Housing Finance Authority.

WITNESS WHEREOF, the undersigned has duly executed this Use of Proceeds Compliance Certificate as of the day and year first above written.

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC,  
its general partner

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

Name:

Title:

## **Schedule of Attachments to Use of Proceeds Compliance Certificate**

### **Evidence of Use of Proceeds**

**SCHEDULE 10**  
**FORM OF STABILIZATION CERTIFICATE**

\_\_\_\_\_, 20\_\_

The Bank of New York Mellon  
Trust Company, N.A., as trustee  
10161 Centurion Parkway N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department

R4 Servicer LLC, as Controlling Person  
155 Federal Street, Suite 1004  
Boston, Massachusetts 02110  
Attention: Greg Doble

Re: \_\_\_\_\_ (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to The Bank of New York Mellon Trust Company, N.A, as trustee (the "Trustee") and R4 Capital Funding LLC, as Controlling Person, acting on behalf of the Majority Owner of the bonds issued in connection with the Project Facilities (the "Controlling Person") that the date of Final Completion was \_\_\_\_\_, 20\_\_ and:

The undersigned hereby represents and warrants that:

1. The Improvements have been \_\_\_\_% occupied by credit-worthy qualified tenants meeting the requirements of the Bond Documents in each of the prior \_\_\_\_ (\_\_\_\_) consecutive months.
2. The ratio of Stabilized NOI in each of the prior \_\_\_\_ (\_\_\_\_) consecutive months to maximum principal, interest, Issuer fees and Trustee fees payable in any month [other than the month in which the Maturity Date occurs] on the amount of Bonds Outstanding is \_\_\_\_ to 1.0.
3. No Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be continuing under the Bond Documents, the General Partner Pledge, the Developer Fee Pledge or the Guarantor Documents.
4. The Borrower has at all times been and is currently in compliance with all requirements set forth in the Land Use Restriction Agreement.

5. There have been no disbursements from [insert names of any required reserves] which have not been replenished.

6. The [insert reference to "construction bonds," if any] shall have been redeemed as required under Section 3.4(c)(\_\_) of the Indenture.

7. Stabilization [has/has not] occurred.

8. Attached hereto is \_\_\_\_\_ showing the calculation of Stabilization.

Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture of Trust dated as of \_\_\_\_\_ 1, 2018 between the Trustee and Jacksonville Housing Finance Authority.

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC,  
its general partner

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

Accepted and agreed to by:

R4 SERVICER LLC, as Controlling Person

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

Accepted and agreed to by:

FIRST HOUSING DEVELOPMENT  
CORPORATION OF FLORIDA, as Issuer  
Servicer

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



## Stabilization Spreadsheet

**SCHEDULE 11**  
**RENT ROLL**

**SCHEDULE 12**  
**INITIAL INSURANCE REQUIREMENTS**

The Project Facilities must be continuously covered by acceptable property insurance policies meeting the minimum requirements described below. This is a general outline of the insurance coverage's required by the Controlling Person, additional coverage may be required at the Controlling Person's discretion.

[Insert R4 Current Insurance Guidelines]

**This document prepared by  
(and after recording return to):**

Rhonda Bond-Collins  
Randall C. Clement  
Bryant Miller Olive P.A.  
Citrus Center  
255 South Orange Avenue  
Suite 1350  
Orlando, Florida 32801

**LAND USE RESTRICTION AGREEMENT**

Owner's <u>Name and Address:</u>	Millennia Jacksonville FL TC LP c/o Millennia Housing Development, Ltd. 4000 Key Tower 127 Public Square Cleveland, Ohio 44114-1309
<u>Location of Development:</u>	See legal description attached hereto as Exhibit "A" Jacksonville, Florida 32277
<u>Name of Development:</u>	Millennia Jacksonville Project
Issuer's <u>Name and Address:</u>	Jacksonville Housing Finance Authority 214 N. Hogan Street 7 <sup>th</sup> Floor Jacksonville, Florida 32202

This **LAND USE RESTRICTION AGREEMENT** (this "Regulatory Agreement"), made and entered into as of September 1, 2018, by and among the Jacksonville Housing Finance Authority (the "Issuer"), a public body corporate and politic created pursuant to the laws of the State of Florida (the "State"), whose mailing address is 214 N. Hogan Street, 7<sup>th</sup> Floor, Jacksonville, Florida 32202; The Bank of New York Mellon Trust Company, N.A., a national banking association with a representative office in Jacksonville, Florida, whose mailing address is 10161 Centurion Parkway N., Jacksonville, Florida 32256, ATTN: Corporate Trust Department, in its capacity as trustee (including its successors and assigns, the "Trustee") under the Trust Indenture between the Issuer and the Trustee entered into as of September 1, 2018 (the "Indenture"), authorizing and securing the Issuer's Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Series 2018 Bonds"); and Millennia Jacksonville

FL TC LP, a Florida limited partnership and its successors and assigns, whose mailing address is c/o Millennia Housing Development, Ltd., 4000 Key Tower, 127 Public Square, Cleveland, Ohio 44114-1309 (the "Owner").

**W I T N E S S E T H:**

**WHEREAS**, the Owner intends to acquire and rehabilitate multifamily residential rental facilities located within Duval County, Florida (the "County") to be occupied by Lower-Income Persons, all for the public purpose of assisting persons or families of low, moderate or middle income within the County to afford the costs of decent, safe and sanitary housing; and

**WHEREAS**, the Issuer has authorized the issuance and delivery of the Series 2018 Bonds in the aggregate principal amount of \$[\_\_\_\_], pursuant to the Indenture in order to provide a loan (the "Loan") to the Owner, pursuant to a Loan Agreement dated as of September 1, 2018 (the "Loan Agreement"), by and between the Issuer and the Owner, to finance a portion of the costs of the acquisition, rehabilitation and equipping of the Project (as hereinafter defined), all under and in accordance with the Constitution and laws of the State; and

**WHEREAS**, the Indenture and the Loan Agreement require, as a condition of making the Loan, the execution and delivery of this Regulatory Agreement; and

**WHEREAS**, in order to satisfy such requirement, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement to set forth certain terms and conditions relating to the operation of the Project located on the Land; and

**WHEREAS**, this Regulatory Agreement shall be properly filed and recorded by the Owner within the official records of the County and shall constitute a restriction upon the use of the Land and the Project subject to and in accordance with the terms contained herein.

**NOW THEREFORE**, in consideration of providing the financing by the Issuer to the Owner, acknowledging that compliance with this Regulatory Agreement is necessary to preserve the exclusion from gross income for federal income tax purposes on the Series 2018 Bonds, covenants and agrees with the other parties hereto as follows:

**Section 1. Definitions and Interpretation.**

(a) The following terms shall have the respective meanings set forth below (undefined terms shall be given the meanings set forth in the Indenture):

"Affiliated Party" of a person means a person such that (i) the relationship between such persons would result in a disallowance of losses under Section 267 or 707(b) of the Code, or (ii) such persons are members of the same controlled group of corporations as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein.

"Applicable Income Limit" means sixty percent (60%) of area median gross income (within the meaning of Section 142(d) of the Code) for the City of Jacksonville, Duval County, Florida, Standard Metropolitan Statistical Area, as determined by the Secretary of the United States Department of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the Housing Act, as amended (or if such program is terminated, under such program as in effect immediately before such termination), including adjustments for family size.

"Available Units" means residential units in a residential rental project that are actually occupied and residential units in the Project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that (a) in the case of an acquisition of an existing residential rental project, a residential unit that is unoccupied on the later of (i) the date the Project is acquired or (ii) the issue date of the First Bonds, is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after the renovations are completed.

"Bond Counsel" means a firm of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of public obligations and who is acceptable to the Trustee.

"Certificate of Continuing Program Compliance" means the certificate required to be delivered by the Owner to the Issuer Servicer and the Issuer pursuant to Section 4(d) of this Regulatory Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of Treasury (including applicable final or temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code, the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions).

"County" means Duval County, Florida.

"Current Annual Family Income" is determined in accordance with Section 8 of the Housing Act, as amended (or, if such program is terminated, under such program as in effect immediately before such termination), and includes wages and salaries, overtime pay, commissions, fees, tips and bonuses and other forms of compensation for personal services, net income from operation of a business or a profession, interest, dividends and other net income of any kind from real or personal property, periodic payments from Social Security, annuities,

insurance policies, retirement funds, pensions, disability or death benefits or similar types of periodic receipts, payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay, welfare assistance, periodic and determinable allowances such as alimony and child support and regular pay, special pay and allowances of a member of the Armed Forces, and other forms of income described in the Income Certification to be provided by the Owner to the Issuer Servicer and the Issuer as provided in Section 4 hereof, but does not include earnings of children under 18, payments received for care of foster children or adults, lump sum insurance payments, inheritances, capital gains and settlements for personal or property losses, amounts received specifically for, or in reimbursement of, the cost of medical expenses, income of a live-in aide, certain student financial assistance, special pay to a member of the Armed Forces who is exposed to hostile fire, amounts received under certain training programs and other social service programs, temporary, nonrecurring or sporadic income or other forms of income that the Income Certification specifies may be excluded.

"Eligible Persons" means one or more natural persons or a family, irrespective of race, creed, religion, color, national origin, marital status, handicap or sex.

"Exempt Elderly Unit" means a unit within the Project meeting the requirements for exemption from the prohibition against familial status discrimination contained in Title VIII of the Civil Rights Act of 1968 (known as the Fair Housing Act), as amended.

"First Bonds" means the first issue of bonds to which Section 142(d) of the Code applies issued to finance the acquisition of a residential rental project.

"Housing Act" means the United States Housing Act of 1937, as amended from time to time, any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.

"Indenture" means the Trust Indenture, dated as of this date, between the Issuer and the Trustee, pursuant to which the Bonds are issued, and any amendments and supplements thereto.

"Issuer Servicer" means, initially, Seltzer Management Group, Inc., or its successors or assigns and thereafter, any Issuer Servicer employed by the Issuer to service the Loan and to monitor the Owner's compliance with the requirements of this Regulatory Agreement, the Indenture, the Loan Agreement and the Construction and Loan Servicing Agreement.

"Land" means the real property located in Duval County, Florida, described in Exhibit "A" attached hereto.

"Loan" means the loan made by the Issuer to the Owner made pursuant to this Agreement and evidenced by the Note.

"Loan Agreement" means that certain Loan Agreement entered into between the Owner and the Issuer, dated as of September 1, 2018, as amended or supplemented from time to time.

"Lower-Income Persons" means Eligible Persons whose Current Annual Family Income does not exceed the Applicable Income Limit; provided, however, that the occupants of a unit shall not be considered to be Lower-Income Persons if all of the occupants of such unit are students (as defined in Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code. Notwithstanding the foregoing, a dwelling unit shall not fail to be treated as a dwelling unit that is occupied by Lower-Income Persons merely because such dwelling unit is occupied (a) by an individual who is a student and (i) receiving assistance under Title IV of the Social Security Act, (ii) was previously under the care and placement responsibility of the State agency program responsible for administering a plan under Part B or Part E of Title IV of the Social Security Act, or (iii) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar federal, State or local laws, or (b) entirely by full-time students if such students are (i) single parents and their children and such parents are not dependents of another individual and such children are not dependents of another individual other than a parent of such children, or (ii) married and file a joint return.

"Mortgage" means the first-lien priority Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of September 1, 2018, from Owner for the benefit of the Issuer and assigned to the Trustee to secure the repayment of the Note.

"Note" means the promissory note of the Owner, dated September [\_\_\_], 2018 to be delivered to the Issuer and assigned to the Trustee.

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement of the Owner dated as of September 1, 2018 as the same may be amended from time to time.

"Project" means collectively, the following multifamily residential rental housing developments (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments; and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments, each located on the Land and financed, in part, with proceeds of the Series 2018 Bonds pursuant to the Loan Agreement.

"Qualified Project Period" means the period beginning on the later of (i) the first day on which at least 10% of the units in the Project are first occupied and (ii) the date the Series 2018 Bonds are issued, and ending on the latest of (a) the date that is fifteen years after the date on which at least 50% of the units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond issued with respect to the Project is outstanding (within the meaning of the Code); (c) the date on which any assistance provided with respect to the Project



under Section 8 of the Housing Act terminates, and (d) the date which is fifty (50) years from the date of issuance of the Series 2018 Bonds.

"Regulations" means the Income Tax Regulations issued under the Code, as applicable (including applicable final regulations or temporary regulations).

"State" means the State of Florida.

(b) Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include any other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

(c) The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

**Section 2. Residential Rental Property.** The Owner hereby declares its understanding and intent that, during the term of this Agreement, the Project is to be owned, managed, and operated, as a "project for residential rental property" as such phrase is utilized in Section 142(d) of the Code and as a "qualifying housing development" as defined in Section 159.603(6), Florida Statutes. To that end, the Owner hereby represents, covenants, and agrees as follows:

(a) The Project will be acquired and rehabilitated for the purpose of providing multifamily rental housing, and the Owner shall own, manage, and operate the Project as a qualified residential rental project, all in accordance with Section 142(d) of the Code and Treasury Regulations Section 1.103-8(b), as the same may be amended from time to time.

(b) Each residential unit in the Project (tested for this purpose separately for each non-contiguous parcel) shall be contained in one or more buildings or structures located on the Land and shall be similarly designed, furnished and constructed (except as to number of bedrooms and bathrooms), each of which will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation for an individual or a family, including a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range or microwave oven, refrigerator and sink, all of which are separate and distinct from the other units.

(c) None of the units in the Project will at any time be (1) utilized on a transient basis, (2) used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, nursing home, hospital, sanitarium, rest home, trailer court or park, or (3) rented for initial lease periods

of less than six (6) months. No part of the Project will, at any time, be owned or used by a cooperative housing corporation or converted to condominiums.

(d) All of the units will be rented or available for rent on a continuous basis to members of the general public (other than units for a resident manager or maintenance personnel), and the Owner will not give preference to any particular class or group of persons in renting the units in the Project, except to the extent that units are Exempt Elderly Units or are required to be leased or rented to Lower-Income Persons. Lower-Income Persons who are residents of the Project will have equal access to and enjoyment of all common facilities of the Project at all times. The Owner will not discriminate against children of any age when renting the units in the Project (except for units that are Exempt Elderly Units).

(e) Each non-contiguous parcel of Land consists separately of a parcel of real property or parcels of real property that are contiguous except for the interposition of a road, street, stream or similar property, and the Project comprises buildings, structures and facilities that are geographically contiguous and functionally related. Any common facilities financed with proceeds of the Series 2018 Bonds (such as swimming pools, recreational facilities, parking areas and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment or units for resident managers or maintenance or security personnel) are functionally related and subordinate to the Project and are commensurate with its size and intended use.

(f) The Owner or an Affiliated Party of the Owner shall not occupy any of the units in the Project; provided, however, that the employee of the Owner or an Affiliated Party of the Owner may occupy a unit in a building or structure in the Project that contains five or more units if such employee of the Owner or an Affiliated Party of the Owner is a resident manager or other necessary employee (e.g., maintenance and security personnel). No more than two units in the Project shall be occupied by resident managers or maintenance or security personnel.

(g) None of the proceeds of the Series 2018 Bonds (including investment earnings) may be used to provide a skybox or any other private luxury box, an airplane, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises or a facility used primarily for gambling.

The requirements of this Section 2 shall remain in effect during the term of this Regulatory Agreement (as defined in Section 13 below).

**Section 3. Lower-Income Persons.** The Owner hereby represents, warrants and covenants as follows:

(a) At all times during the Qualified Project Period, with respect to the non-contiguous parcels and buildings thereon constituting the Project, individually, not less than one hundred percent (100%) of the Available Units in the Project, other than those units

occupied by the Owner or an Affiliated Party to the Owner pursuant to subsection 2(f) above, shall be occupied (or held available for occupancy) on a continuous basis by persons or families at the Applicable Income Limit who are Lower-Income Persons. This occupancy requirement is referred to herein as the "Lower-Income Requirement").

(b) For purposes of paragraph (a) of this Section 3, a unit occupied by an individual or family who at the commencement of the occupancy of such unit is a Lower-Income Person shall be counted as occupied by a Lower-Income Person, as applicable, during such individual's or family's tenancy in such unit, even though such individual or family ceases to be a Lower-Income Person. However, a Lower-Income Person whose income as of the most recent Income Certification (as described in Section 4(a) below) exceeds one hundred forty percent (140%) of the Applicable Income Limit shall not continue to be treated as a Lower-Income Person if after delivery of such Income Certification, but before the delivery of the next Income Certification, any unit in the building (within the meaning of Section 42 of the Code) is occupied by a new resident who is not a Lower-Income Person. In addition, a unit that was occupied by a Lower-Income Person shall be counted as occupied by a Lower-Income Person until it is reoccupied other than for a temporary period of not more than thirty-one (31) days, at which time the unit shall be considered to be occupied by a Lower-Income Person only if the individual or family then occupying the unit satisfies the definition of a Lower-Income Person.

#### **Section 4. Reporting Requirements.**

(a) Income certifications ("Income Certifications") in the form attached hereto as Exhibit "B" shall be obtained by the Owner from each Eligible Person and delivered to the Issuer Servicer (i) at the time of initial occupancy for all tenants, (ii) upon the vacancy and reoccupancy of any unit in the Project, and (iii) as often as necessary to comply with the requirements of Section 142(d) of the Code.

(b) The Owner shall file with the Issuer Servicer and the Issuer, on the tenth business day of each month, copies of the Income Certifications specified in Section 4(a) hereof obtained by the Owner during the previous month.

(c) The Owner shall maintain complete and accurate records pertaining to the incomes of (as of the date of initial occupancy of each tenant) and rentals charged to Lower-Income Persons residing in the Project, and shall permit, during regular business hours, upon 5 business days' notice to the Owner, any duly authorized representative of the Issuer or the Issuer Servicer to inspect the books and records of the Owner pertaining to the incomes of and rentals charged to all tenants residing in the Project.

(d) The Owner shall prepare and submit to the Issuer Servicer and the Issuer at the beginning of the Qualified Project Period, and on the tenth business day of each month thereafter, rent rolls and a Certificate of Continuing Program Compliance in the form attached hereto as Exhibit "C" executed by the Owner, stating (i) the percentage of units (separately for each non-contiguous parcel and buildings thereon) that were occupied by Lower-Income

Persons as of the last day of the previous month, (ii) that, other than those units occupied by the Owner or an Affiliated Party to the Owner pursuant to Section 2(f) above, at all times during the previous month one hundred percent (100%) of the Available Units were occupied by (or held available for occupancy by) Lower-Income Persons (as determined in accordance with Section 3 of this Regulatory Agreement), and (iii) that no default has occurred under this Regulatory Agreement and the Owner has not failed to comply with any provisions of this Regulatory Agreement, or, if such a default or failure has occurred, the nature of such default or failure and the steps, if any, the Owner has taken or proposes to take to correct such default.

(e) The Owner shall render a yearly report to the Secretary of the Treasury as required by Section 142(d)(7) of the Code.

**Section 5. Indemnification.** The Owner hereby covenants and agrees that it shall indemnify and hold harmless the Issuer, its past, present and future members, employees, agents and representatives, the Issuer, its past, present and future officers of its governing body, employees, attorneys, agents and representatives, and the Trustee, and its past, present and future officers, directors, officials, employees and agents (any or all of the foregoing being hereinafter referred to as the "Indemnified Persons") from and against any and all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including but not limited to, reasonable attorneys' fees, litigation and court costs related to trial and appellate proceedings, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of, or related to, the issuance, offering, sale, remarketing or delivery of the Series 2018 Bonds, or the acquisition, design, rehabilitation, equipping, installation, operation, use, occupancy, maintenance or ownership of the Project other than for such Indemnified Persons' own grossly negligent, illegal or unlawful acts or omissions. In the case of any action or proceeding brought against an Indemnified Person in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the Owner, and the Owner upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the Owner from any of its obligations under this Section except to the extent that failure prejudices the defense of the action or proceeding by the Owner. Any Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless the named parties to any such action (including any impleaded parties) include both an Indemnified Person and the Owner or one or more other Indemnified Persons, and such Indemnified Person shall have been advised by counsel that a conflict of interest between the Owner and such Indemnified Person, or between Indemnified Persons, exists, and for this reason it is not desirable for the same counsel to represent both the Owner and such Indemnified Person or Indemnified Persons, in which case the Owner shall not have the right to assume the defense of such action on behalf of such Indemnified Person and the fees and expenses of such separate counsel shall be paid by the Owner; it being understood, however, that, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, the Owner shall not be liable for the reasonable fees and expenses of more than

one separate firm of attorneys for each such Indemnified Person. The Owner shall not be liable for any settlement effected without its consent, unless the named parties to any such action (including any impleaded parties) include both an Indemnified Person and the Owner, and such Indemnified Person shall have been advised by counsel that a conflict of interest between the Owner and such Indemnified Person exists. This indemnity shall not be construed to cause the Owner to be personally liable for the principal of or interest on the Series 2018 Bonds or the Loan.

**Section 6. Reliance.** The Issuer and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by the owners from time to time of the Series 2018 Bonds, the Issuer, Bond Counsel and the other parties to transactions involving the issuance, sale or remarketing of the Series 2018 Bonds and their respective counsel. In performing their duties and obligations hereunder, the Issuer, the Issuer Servicer and the Trustee may rely upon statements and certificates of the Owner or Lower-Income Persons reasonably believed by the Issuer, Issuer Servicer or the Trustee, as applicable, or their respective agents, officers, directors, officials or employees to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In addition, the Issuer, the Issuer Servicer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered by the Issuer, the Issuer Servicer or the Trustee hereunder in good faith and in conformity with the opinion of such counsel. In performing its duties and obligations hereunder, the Owner may rely upon certificates of Lower-Income Persons reasonably believed to be genuine and to have been executed by the proper person or persons.

**Section 7. Fair Housing Laws; Home Ownership Opportunity Program; Social Service Programs.**

(a) The Owner will comply with all fair housing laws, rules, regulations or orders applicable to the Project and shall not discriminate on the basis of race, creed, color, sex, age (except for units that are Exempt Elderly Units), familial status (except for units that are Exempt Elderly Units) or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project. All advertising and promotional material used in connection with the Project shall contain the phrase "Fair Housing Opportunity."

(b) The Owner hereby covenants and agrees to provide the tenant services and residential programs and amenities indicated in Exhibit "D" attached hereto which are located on site of the Project.

**Section 8. Tenant Lists.** All tenants lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner which is unrelated to the Project, and shall be maintained, as required by the Issuer or the Issuer Servicer from time to time, in a reasonable condition for proper audit and subject to

examination during business hours upon reasonable notice by representatives of the Issuer, the Issuer Servicer or the Trustee. Failure to keep such lists and applications or to make them available to the Issuer, the Issuer Servicer or Trustee after written request therefor will be a default hereunder.

**Section 9. Tenant Lease Restrictions.** All tenant leases shall be expressly subordinate to the Mortgage and subject to this Regulatory Agreement, and shall contain clauses, among others, wherein each individual lessee:

- (a) Certifies the accuracy of the statements made in the Income Certification;
- (b) Agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of such lessee's tenancy; that such lessee will comply promptly with all requests for information with respect thereto from the Owner, the Trustee or the Issuer, and that such lessee's failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of such lessee's tenancy; and
- (c) Agrees not to sublease to any person or family who does not expressly accept the lessee's obligations under this Section 9 and execute and deliver to the Issuer Servicer an Income Certification.

**Section 10. Sale and Conversion of Project.**

(a) The Owner shall not sell, assign, convey or transfer any material portion of the land, fixtures or improvements constituting a part of the Project, or any material portion of the personal property constituting a portion of the Project during the term of this Regulatory Agreement, without (i) the prior written consent of the Issuer, which consent shall not be unreasonably withheld, and (ii) the Trustee and the Issuer having received an opinion of Bond Counsel to the effect that, in reliance upon such factual certificates as it deems appropriate and subject to such qualifications as may be generally acceptable in the industry, such sale, conveyance, transfer, or assignment will not result, under then-existing law, in interest on the Series 2018 Bonds, or any part thereof, becoming includable in the gross income of the holders thereof for federal income tax purposes. If a material portion of the Project financed with proceeds from the Loan is sold during the term hereof and such material portion of such Project consisted of personal property or equipment, the proceeds from the sale thereof may be used by the Owner to purchase property of similar function to be used in connection with the Project. If such material portion of such Project consists of real property and improvements, the purchaser thereof must execute and deliver to the Owner and the Trustee a document in form and substance reasonably satisfactory to the Issuer pursuant to which such purchaser shall agree to operate such property in compliance with the terms and conditions of this Regulatory Agreement.

The Owner shall not sell or otherwise transfer the Project in whole, nor shall there be substituted a new general partner of the Owner or a change in the controlling ownership interest in the general partner of the Owner, or other merger, transfer or consolidation of the Owner, unless (A) the Owner has received the prior written consent of the Issuer (which shall respond within a reasonable period of time and shall not unreasonably withhold such consent), (B) the Owner shall not be in default hereunder, (C) it is reasonably expected that continued operation of the Project will comply with the requirements of this Regulatory Agreement, (D) the subsequent purchaser or assignee shall execute any document reasonably requested by the Issuer with respect to assuming the obligations of the Owner under this Regulatory Agreement, (E) the Issuer shall not have any reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee relating to the Project, (F) the purchaser or assignee, or new general partner or entity acquiring a controlling interest in the general partner of the Owner, shall have satisfied such other conditions as may be reasonably required by the Issuer under the circumstances, (G) the purchaser or assignee shall have first executed a document in recordable form addressed to the Issuer and the Trustee to the effect that such purchaser or assignee will comply with the terms and conditions of this Regulatory Agreement and the Loan Agreement (to the extent still in effect), (H) the Trustee and the Issuer shall receive an opinion of counsel reasonably acceptable to the Issuer to the effect that the purchaser's or assignee's obligations under this Regulatory Agreement, the Loan Agreement, the Note, and any other financing documents to the extent that such documents are still in effect relating to the Series 2018 Bonds (collectively, the "Loan Documents") are enforceable against such purchaser or assignee in accordance with their terms, and (I) the Trustee and the Issuer shall have received an opinion of Bond Counsel to the effect that, in reliance upon such factual certificates as it deems appropriate and subject to such qualifications as may be generally acceptable in the industry, such sale, transfer, disposition or assignment will not result, under then-existing law, in interest on the Series 2018 Bonds, or any part thereof, not being excludable from the gross income of the holders thereof for federal income tax purposes.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section shall be ineffective to relieve the Owner of its obligations under the Loan Documents. In the event that the purchaser or assignee shall assume the obligations of the Owner under the Loan, the Loan Agreement and this Regulatory Agreement, the Owner shall be released from its obligations thereunder and hereunder, other than its obligations hereunder and under the Loan Agreement arising prior to such date of assumption (unless such obligations are assumed by the purchaser or transferee).

(b) Notwithstanding anything in this Section 10 to the contrary, the restrictions set forth above on the sale, transfer or other disposition or encumbrance of the Project or any portion thereof shall not be applicable to any of the following: (i) leases of apartment units as contemplated by this Regulatory Agreement, (ii) grants of utility related easements and service or concession related leases or easements, including, without limitation, coin-operated laundry service leases and/or television cable easements on the Project, providing same are granted in connection with the operation of the Project as contemplated by this Regulatory Agreement, (iii)

any sale or conveyance to a condemning governmental authority as a direct result of the condemnation or a governmental taking or a threat thereof, (iv) the placing of a mortgage lien, assignment of rents or security interests on or pertaining to the Project after the payment of all Series 2018 Bonds and the release of the Mortgage, (v) any transfer of partnership interests in the Owner, other than with respect to the general partner, or in the entities which are members in the Owner, other than with respect to the general partner, (vi) the removal or substitution of the general partner of the Owner, for cause, in certain events as set forth in the Partnership Agreement, with a designee of the investor limited partner, provided however, that such general partner shall be an affiliate of the investor limited partner and provided, further, that the Owner retains ownership of the Project or (vii) transfer of membership interests in the general partner among the current members or to a trust for the benefit of the heirs of the current members of the general partner.

**Section 11. Negative Covenants.** During the term of this Regulatory Agreement, the Owner shall not:

(a) Except pursuant to and as permitted by the provisions of the Loan Documents, or except upon a sale or transfer of the Project in accordance with the terms of the Loan Documents, encumber any of the mortgaged property, including the grant of commercial leases (other than for vending machines, coin operated laundry facilities and similar amenities functionally related and subordinate to the Project and granted in connection with the day to day operation of an apartment complex), or permit the conveyance, transfer or encumbrance of such property (except for such leases and for apartment leases) for the Qualified Project Period. Nothing in this paragraph shall prohibit the granting of easements for the purpose of providing utility services (including cable television or private satellite television) to the Project.

(b) Demolish any part of the Project necessary for the operation thereof for its intended purposes or substantially subtract from any real or personal property of the Project; or

(c) Permit the use of the dwelling accommodations of the Project for any purpose except rental residences in compliance with Section 142(d) of the Code.

**Section 12. Covenants to Run with the Land.** This Regulatory Agreement and the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land and, except as provided in Section 13 hereof, shall pass to and be binding upon the Owner's assigns and successors and all subsequent owners of the Land or the Project or any interest therein; provided, however, that upon the termination of this Regulatory Agreement in accordance with the terms hereof said covenants, reservations and restrictions shall expire. Except as provided in Section 13 hereof, each and every contract, deed or other instrument hereafter executed covering or conveying the Land or the Project or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a



portion or portions of the Land or the Project are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Land or the Project.

**Section 13. Term.** This Regulatory Agreement shall remain in full force and effect until the expiration of the Qualified Project Period; provided, however, that this Regulatory Agreement shall automatically terminate in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, foreclosure or transfer by deed in lieu of foreclosure, change in a federal law or an action of a federal agency that prevents the Issuer from enforcing the provisions hereof, or condemnation or a similar event (as determined by Bond Counsel), but only if within a reasonable period thereafter (i) the Series 2018 Bonds are retired in full or (ii) the proceeds received as a result of such event are used to finance a development that complies with the provisions hereof and any other applicable requirements of the Code and the Regulations. In the case of foreclosure or transfer of title by deed in lieu of foreclosure or similar event (as determined by Bond Counsel), such termination will cease to be in effect if, at any time during the remainder of the Qualified Project Period following such event, the Owner or an Affiliated Party to the Owner, obtains an ownership interest in the Project for federal tax purposes.

**Section 14. Correction of Noncompliance.** The failure of the Owner to comply with any of the provisions of this Regulatory Agreement shall not be deemed a default hereunder unless such failure has not been corrected during the 60-day period immediately following the date that the Owner, or with respect to the requirements of Sections 2 or 3 hereof, any of the parties hereto, learned of such failure or should have learned of such failure by the exercise of reasonable diligence (which 60-day period will be extended if (i) such failure cannot reasonably be corrected within such 60-day period, (ii) diligent action to correct such failure commences within such 60-day period, (iii) such action is diligently pursued until such failure is corrected, and (iv) with respect to a failure to comply with any of the requirements of Sections 2 or 3 hereof, the Owner delivers to the Issuer and the Trustee an opinion of Bond Counsel to the effect that such longer cure period will not adversely affect the exclusion of interest on the Series 2018 Bonds from gross income for federal income tax purposes). Not later than the third business day next succeeding the day on which the Trustee or the Issuer Servicer learns of such failure, the Trustee or the Issuer Servicer, as applicable, shall attempt with reasonable diligence to notify the Owner of such failure by telephonic communication; provided, that failure of the Trustee or the Issuer Servicer to notify the Owner shall not relieve the Owner from any of its obligations under this Regulatory Agreement. The Owner's investor limited partner shall have the right, but not the obligation, to cure any default. The Issuer Servicer shall give written notice to the Owner's investor limited partner of such default.

**Section 15. Modification of Tax Covenants.** Notwithstanding the provisions of Section 22(b) hereof, to the extent any amendments, modifications or changes to the Regulations or the Code shall, in the written opinion of Bond Counsel addressed to the Issuer, the Owner and the Trustee, impose requirements upon the ownership, occupancy or operation of the Project different than those imposed by the Regulations or the Code and stated herein, and the Owner's failure to comply with such different requirements would produce a material and substantial

risk that interest on the Series 2018 Bonds will become subject to federal income taxation, then this Regulatory Agreement shall be amended and modified in accordance with such requirements. The parties hereto agree to execute, deliver, and record, if applicable, any and all documents or instruments necessary in the opinion of and in the form approved by Bond Counsel to effectuate the intent of this Section 15.

**Section 16. Burden and Benefit.** The Issuer, the Trustee and the Owner hereby acknowledge their respective understanding and intent that the burden of the covenants set forth herein touch and concern the Land in that the Owner's legal interest in the Land and the Project is rendered less valuable thereby. The Trustee, the Issuer and the Owner hereby further acknowledge their respective understanding and intent that the benefit of such covenants touch and concern the Land by enhancing and increasing the enjoyment and use of the Land and the Project by Lower-Income Persons, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Series 2018 Bonds were issued. The Owner hereby expressly acknowledges that this Regulatory Agreement is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2018 Bonds issued by the Issuer to finance the Loan and covenants and agrees that in connection with the acquisition, rehabilitation, equipping, ownership and operation of the Project, it shall and shall require any subsequent purchaser of the Project, to fully comply with all terms and conditions of this Regulatory Agreement.

**Section 17. Uniformity; Common Plan.** The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project.

**Section 18. Application of Insurance and Condemnation Proceeds.** Subject to the provisions of the Loan Agreement and the Loan Documents (as defined in Section 10 hereof), if during the Qualified Project Period, the Project is damaged or destroyed or if all or a portion thereof is taken through eminent domain proceedings, or under the threat thereof, proceeds from insurance on the Project or any condemnation awards pertaining to such eminent domain proceedings shall be applied as provided in the Loan Agreement.

**Section 19. Remedies; Enforceability.** (a) The benefits of this Regulatory Agreement shall inure to, and may be enforced by, respectively, (i) the Issuer and the Trustee, (ii) the holders of the Series 2018 Bonds and their successors and assigns to the extent permitted by the Indenture, and (iii) solely as to Sections 2, 3 and 7 of this Regulatory Agreement, the Lower-Income Persons and their successors who shall reside or be eligible to reside in units set aside for their occupancy pursuant to Section 3 of this Regulatory Agreement for the period set forth in Section 13 hereof, whether or not the Loan may be paid in full, and whether or not the Series 2018 Bonds are Outstanding. If a material violation of any of the provisions hereof occurs and is not cured within the period provided by Section 14 hereof, any or all of such parties may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, or to compel specific performance hereunder, it being recognized that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Owner's default. The remedies of the

beneficiaries of this Regulatory Agreement other than the Issuer (as provided in Section 19(b)) shall be limited to those described in the preceding sentence.

(b) In addition to such other remedies as may be provided for herein, if a violation of any of the provisions of this Regulatory Agreement occurs which is not corrected during the period provided in Section 14 hereof, the Issuer (and only the Issuer) shall have the right (but not the obligation), and is specifically authorized by the Owner, to terminate the property manager and subject to the approval of the Owner's investor limited partner during the 15-year tax credit compliance period, appoint a new property manager of the Project to operate the Project in accordance with this Regulatory Agreement and the Loan Agreement and take all actions necessary, in the reasonable judgment of the Issuer, to cure any default by the Owner hereunder, and such new property manager assuming such management hereunder shall be paid by or on behalf of the Owner, from the rents, revenues, profits and income from the Project, a management fee not to exceed the prevailing management fee paid to managers of similar housing projects in the area of the County. Subject to Section 13 hereof, the provisions hereof are imposed upon and made applicable to the Land and shall run with the Land and shall be enforceable against the Owner or any other person or entity that has or had an ownership interest in the Project at the time of such violation or attempted violation. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time or times. All rights and remedies provided in this Regulatory Agreement are cumulative, non-exclusive and in addition to any and all rights and remedies that the parties and beneficiaries hereof may otherwise have.

The Owner hereby agrees that the appointment of a new property manager may be necessary to serve the public purpose for which the Series 2018 Bonds were issued and to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2018 Bonds following a violation of the provisions of this Regulatory Agreement which is not cured within the period provided in Section 14 hereof. The Owner hereby expressly consents to, and agrees not to contest, the appointment of a new property manager to operate the Project following a violation by the Owner of the provisions of this Regulatory Agreement which is not cured as provided in Section 14 hereof and hereby waives any and all defenses and objections that might otherwise be raised to any such appointment of a new property manager in accordance with the terms hereof. The Owner further agrees that the Issuer shall have the right to require the Owner to remove any manager or managing agent whose actions or inactions present a material risk of a breach of the agreements of the Owner herein, including, without limitation, a material risk of an adverse impact on the excludability from gross income for federal income tax purposes of interest on the Series 2018 Bonds and which action or inaction is not being corrected as provided in Section 14 hereof, upon such manager or managing agent being given thirty (30) days' written notice of any violation hereof, and such right shall be expressly acknowledged in any contract between the Owner and any such manager or managing agent. The Owner covenants and agrees to diligently and in good faith

pursue the appointment and, if required, approval of such a replacement manager or managing agent.

**Section 20. Filing.** Upon execution and delivery by the parties hereto, the Owner shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the official public deed records of the County, and in such manner and in such other places as the Issuer or the Trustee may reasonably request, and shall pay all fees and charges incurred in connection therewith.

**Section 21. Governing Law.** This Regulatory Agreement shall be governed by the laws of the State.

**Section 22. Amendments.**

(a) The interest of the Issuer in this Regulatory Agreement shall be assigned to the Trustee and the rights of the Issuer hereunder shall be enforceable by the Trustee. The Owner shall not assign its interest hereunder, except by writing and in accordance with the provisions of Section 10 hereof.

(b) This Regulatory Agreement shall not be amended, revised, or terminated except by a written instrument, executed by the parties hereto (or their successors in title), and duly recorded in the official public records for the County. Anything to the contrary notwithstanding, the parties hereby agree to amend this Regulatory Agreement to the extent required in the opinion of Bond Counsel, in order for interest on the Series 2018 Bonds to remain exempt from federal income taxation under Section 103 of the Code. The Owner agrees, from time to time, to take such other actions and steps necessary to comply, and to cause the Project to comply, with the requirements of Section 142(d) of the Code and to enter into modifications and amendments to this Regulatory Agreement to the extent required by federal law, by any amendment to the Code or by any Regulation promulgated thereunder, in each case so that interest on the Series 2018 Bonds remains exempt from federal income taxes. Any such amendment, revision or termination shall be effected only in accordance with the Indenture.

(c) On the first business day immediately after the date on which no Bonds remain outstanding, as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under the Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

**Section 23. Notice.** Any notice required to be given hereunder shall be given by certified or registered mail, postage prepaid, return receipt requested, to the Issuer, the Trustee and the Owner at their respective addresses set forth in the first paragraph hereof, or at such other addresses as may be specified in writing by the parties hereto. A copy of any notice sent to the Owner shall also be sent to R4 Servicer LLC, 155 Federal Street, Suite 1004, Attention: Greg Doble, with a copy to Kutak Rock LLP, Two Liberty Plaza, Suite 28B, 50 South Sixteenth Street, Philadelphia, Pennsylvania 19102, Attention: Andrew P. Schmutz, and to Investor Limited Partner, R4 JPFL Acquisition LLC, c/o R4 Capital LLC, 780 Third Avenue, 10th Floor, New York,

New York 10017, Attention: Marc Schnitzer with a copy to Frost Brown Todd LLC, 400 West Market Street, Suite 3200, Louisville, Kentucky 40202, Attention: Amy Curry.

Notice shall be deemed given on the third business day after the date of mailing.

**Section 24. Severability.** If any provision hereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

**Section 25. Multiple Counterparts.** This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Trustee, and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the 1st day of September, 2018.

[SEAL]

**JACKSONVILLE HOUSING FINANCE  
AUTHORITY**

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

Name: William I. Gulliford, III

Title: Chair

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by William I Gulliford, III, Chair of the Jacksonville Housing Finance Authority, a public body corporate and politic, this [\_\_\_] day of September, 2018, on behalf of said Issuer. He is personally known to me or have produced a valid drivers license as identification.

(SEAL)

\_\_\_\_\_  
Printed/Typed Name: \_\_\_\_\_

Notary Public-State of Florida

Commission Number: \_\_\_\_\_

[Counterpart Signature Page – Land Use Restriction Agreement]

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee**

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

Name: Janalee R. Scott

Title: Vice President

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by Janalee Scott, as Vice President of The Bank of New York Mellon Trust Company, N.A., this [\_\_\_\_] day of September 2018, on behalf of said national association. She is personally known to me or has produced a valid drivers license as identification.

(SEAL)

\_\_\_\_\_  
Printed/Typed Name: \_\_\_\_\_

Notary Public-State of Florida

Commission Number: \_\_\_\_\_

[Counterpart Signature Page – Land Use Restriction Agreement]

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC  
its general partner

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

Name:

Title:

STATE OF [\_\_\_\_\_]

COUNTY OF [\_\_\_\_\_]

The foregoing instrument was acknowledged before me by [\_\_\_\_\_], as [\_\_\_\_\_] of Jacksonville TC Investment, LLC General Partner of Millennia Jacksonville FL TC LP this [\_\_\_\_] day of September 2018, on behalf of said limited liability company He is personally known to me or has produced a valid drivers license as identification.

(SEAL)

\_\_\_\_\_

\_\_\_\_\_  
Name (printed or typed)

Notary Public in and for the State of \_\_\_\_\_,

residing at \_\_\_\_\_

My appointment expires: \_\_\_\_\_

[Counterpart Signature Page – Land Use Restriction Agreement]



## EXHIBIT A

### LEGAL DESCRIPTION

16123607L-EUREKA GARDENS - VALENCIA WAY LEGAL DESCRIPTION:

Eureka Gardens Apartments-1 Parcel:

Parcel C:

All of Lots 15 and 16, Lots 18 through 30, Lots 35 through 39 and Lots 77 and 78, and part of Lots 17, 40, 41, 42 and 76, all in Tract (or Block) "A" Eureka Gardens, as recorded in Plat Book 4, Page 17 of the Current Public Records of Duval County, Florida, together with that part of vacated Alta Vista Street lying between and adjacent to said Lots 18 and 19, 26 and 27, and 38 and 39, also together with that part of vacated Jacobs Avenue, lying West of the west right of way line of Labelle Street and East of the west boundary of said Eureka Gardens, and all being more particularly described as follows:

For a point of beginning commence at the northwest corner of said Lot 78 and run thence North 89° 52' 00" east along the north line of said Lots 78, 22, 21, 20, 19, 18, 17, 16 and 15, (also being the south right of way line of Plymouth Street, a 60 foot right of way), a distance of 892.54 feet to the northeast corner of said Lot 15;

Thence South 00° 10' 47" east along the east line of said Lots 15, 30, and 35, (also being the west right of way line of Labelle Street, a 50-foot right of way), a distance of 645.40 feet to the southeast corner of said Lot 35;

Thence South 89° 45' 32" west, along the south line of said Lots 35, 36, 37, 38, 39 and 40, a distance of 557.67 feet to a point that is 93.1 feet East of the southwest corner of said Lot 40;

Thence North 00° 08' 00" west, parallel to and 6.9 feet West of the east line of said Lot 40, a distance of 70.0 feet;

Thence South 89° 52' 00" west, parallel to and 70.0 feet north of the south line of said Lots 40, 41, 42 and 76, a distance of 335.0 feet to a point in the west line of said Lot 76;

Thence North 00° 08' 00" west, along said west line of Lot 76 and the west line of said Lots 77 and 78, a distance of 576.45 feet to the point of beginning. Less and except the east 20 feet of the north 160 feet of said Lot 17.

Together with a perpetual, unobstructed easement for drainage and right of way or egress and ingress over, under and across the following described property as described in Official Records Volume 5699, Page 1043 and Official Records Volume 5699, Page 1048 of the Current Public Records of Duval County, Florida:

The westerly 25 feet of the southerly 70 feet of Lot 76 and westerly 25 feet of Lots 75 and 74, and the westerly 25 feet of the part of Lot 73, lying north of an easterly extension of the southerly right of way line of Baycrest Road, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17, of said Current Public Records of Duval County, Florida, including the right to construct, operate and maintain drainage facilities on said property, and with right of ingress over said property for the aforesaid purposes.

The foregoing lands being also described as follows:

Parcel C:

Lots 15 thru 30, Lots 35 thru 42 and Lots 76 thru 78, and that certain part of vacated Alta Vista Street lying between and adjacent to Lots 18 and 19, 26 and 27, 38 and 39, and to include that certain part of vacated Jacobs Avenue, lying west of the west right of way line of LaBelle Street and east of the west boundary of Eureka Gardens, except the following:

The south 70.0 feet of Lots 76, 41 and 42, and except the south 70.0 feet of the west 93.1 feet of Lot 40, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, more particularly described as follows:

Beginning at the northwest corner of said Lot 78;

Thence North 89° 52' east and along the north line of said Lots 78, 22, 21, 20, 19, 18, 17, 16 and 15, 891.90 feet to the northeast corner of Lot 15;

Thence South 0° 08' east along the east line of said Lot 15, 30, and 35, 646.05 feet to the southeast corner of said Lot 35;

Thence South 89° 52' west and along the south line of said Lots 35, 36, 37, 38, 39 and 40, 556.90 feet to a point that is 93.1 feet east of the southwest corner of said Lot 40;

Thence North 00° 08' west, parallel to an 6.9 feet west of the east line of said Lot 40, 70.0 feet;

Thence South 89° 52' west, parallel to and 70.0 feet north of the south line of Lots 40, 41, 42, and 76, 335.0 feet to a point in the west line of said Lot 76;

Thence North 00° 08' west, along the west line of Lot 76 and the west line of Lots 77 and 78, 576.05 feet to the point of beginning. Less and except the east 20 feet of the north 160 feet of said Lot 17.

Parcel D:

Together with a perpetual unobstructed easement for drainage and right of way or egress and ingress over, under and across the following described real property recorded in Official Records Book 5699, Page 1043;

The westerly 25 feet of the southerly 70 feet of Lot 76 and westerly 25 feet of Lots 75 and 74, and the westerly 25 feet of the part of Lot 73, lying north of an easterly extension of the southern right of way line of Baycrest Road, all being in Tract (Or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17, current Public Records, Duval County, Florida, including the right to construct, operate and maintain drainage facilities on said property, and with right of ingress over said property for the aforesaid purposes.

Eureka Gardens Apartments-2 Parcel:

Parcel A:

Lots 43 through 48, Lot 75, the south 70.0 feet of Lots 41, 42 and 76, the south 70.0 feet of the west 93.1 feet of Lot 40 and that part of vacated Alta Vista Street lying between and adjacent to said Lots 46 and 47, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being more particularly described as follows:

For a point of beginning commence at the southeast corner of said Lot 48;

Thence South 89° 52' 00" west along the south line of said Lots 48, 47, 46, 45, 44, 43 and 75, and the north right of way line of Hollycrest Drive South (a 50-foot right of way), a distance of 691.90 feet to the southwest corner of said Lot 75;

Thence North 00° 04' 00" east, along the west line of said Lots 75 and 76, a distance of 270.0 feet;

Thence North 89° 52' 00" east and parallel to the south line of said Lots 76, 42, 41, and 40, a distance of 335.40 feet;

Thence South 00° 08' 00" east and parallel to and 6.9 feet west of the east line of said Lot 40, a distance of 70.0 feet to a point in the south line of said Lot 40;

Thence North 89° 45' 32" east, along the north line of said Lots 45, 46, 47 and 48, a distance of 355.56 feet to the northeast corner of said Lot 48;

Thence South 00° 08' 00" east, along the east line of said Lot 48, a distance of 200.67 feet to the point of beginning

Parcel B:

Lots 57 through 70, Lots 73 and 74 and that part of vacated Alta Vista Street lying between and adjacent to Lots 58 and 59, Lots 65 and 67, and Lots 66 and 68, all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and all being more particularly described as follows:

For a point of beginning commence at the northeast corner of said Lot 57;

Thence South 89° 52' 00" west, along the north line of said Lots 57, 58, 59, 60, 61, 62 and 74 and the south right of way line of Hollycrest Drive South (a 50-foot right of way), a distance of 691.90 feet to the northwest corner of said Lot 74;

Thence South 00° 04' 12" west, along the west line of said Lots 74 and 73, a distance of 400.00 feet to the southwest corner of said Lot 73;

Thence North 89° 52' 00" east along the south line of said Lots 73, 63, 64, 66, 68 and 70 and the north right of way line of Prunty Avenue (a 25-foot right of way), a distance of 891.90 feet to the southeast corner of said Lot 70;

Thence North 00° 04' 12" east, along the east line of said Lots 70 and 69, and along the west right of way line of LaBelle Street (a 50-foot right of way), a distance of 200.00 feet to the northeast corner of said Lot 69;

Thence South 89° 52' 00" west, along the north line of said Lot 69, a distance of 200.00 feet to the northwest corner of said Lot 69;

Thence North 00° 04' 12" east along the east line of said Lot 57, a distance of 200.00 feet to the point of beginning.

The foregoing lands being also described as follows:

Parcel A:

Lots 43 thru 48, Lot 75, the south 70.0 feet of Lots 41, 42 and 76, the south 70.0 feet of the west 93.1 feet of Lot 40 and that certain part of Alta Vista Street lying between and adjacent to Lots 46 and 47 all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being described as follows:

Beginning at the southeast corner of said Lot 48;

Thence South 89° 52' west along the south line of Lots 48, 47, 46, 45, 44, 43 and 75, and the north line of Hollycrest Drive South, 691.9 feet to the southwest corner of said Lot 75;

Thence North 00° 08' west along the west line of Lots 75 and 76, a distance of 270.0 feet;

Thence North 89° 52' east and parallel to the south line of said Lots 76, 42, 41 and 40, a distance of 335.0 feet;

Thence South 00° 08' east and parallel to the east line of said Lot 40, a distance of 70.0 feet to a point on the south line of said Lot 40;

Thence North 89° 52' east along the north line of said Lots 45, 46, 47 and 48, a distance of 356.90 feet to the northeast corner of said Lot 48;

Thence South 0° 08' east and along the east line of said Lot 48, a distance of 200.0 feet to the point of beginning.

Parcel B:

Lots 57 thru 70, Lots 73 and 74 and that certain part of Alta Vista Street lying between and adjacent to Lots 58 and 59, Lots 65 and 67, Lots 66 and 68, all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being described as follows:

Beginning at the northeast corner of said Lot 57;

Thence South 89° 52' west along the north line of said Lot 57, 58, 59, 60, 61, 62 and 74 and the south line of Hollycrest Drive South, a distance of 691.9 feet to the northwest corner of said Lot 74;

Thence South 0° 08' east along the west line of Lots 74 and 73, a distance of 400.0 feet to the southwest corner of said Lot 73;

Thence North 89° 52' east along the south line of Lots 73, 63, 64, 66, 68 and 70 and the north line of Prunty Avenue, a distance of 891.9 feet to the southeast corner of Lot 70;

Thence North 0° 08' west and along the east line of said Lots 70 and 69 and along the west line of LaBelle Street, 200.0 feet to the northeast corner of said Lot 69;

Thence South 89° 52' west along the north line of said Lot 69, a distance of 200.0 feet to the northwest corner of said Lot 69;

Thence North 00° 08' west along the east line of said Lot 57, a distance of 200.0 feet to the point of beginning.

16123607N-MONCRIEF VILLAGE—THE WELDON

MONCRIEF PARCEL

Parcel A:

That certain piece, parcel of tract of land, situate, lying and being in the City of Jacksonville, County of Duval, State of Florida, known and described as:

A part of Tract "F", Replat No. 2 of Royal Terrace, according to plat recorded in Plat Book 7, Page 19, of the current public records of Duval County, Florida, being more particularly described as follows:

Beginning at the intersection of the easterly right of way line of Pearce Street with the northerly right of way line of West 36th Street (both 50 feet right of ways as now established);

Thence North 00° 38' 10" west along said easterly right of way of Pearce Street 462.789 feet to its intersection with the southerly right of way line of the Atlantic Coast Line Railroad right of way (a 60-foot right of way as now established);

Thence North 74° 02' 50" east along said southerly right of way line of Atlantic Coast Line Railroad right of way, 506.65 feet;

Thence South 50° 09' 50" east, 223.34 feet to the southeasterly line of said Tract "F" Replat No. 2 Royal Terrace;

Thence South 40° west along said southeasterly line of said Tract "F" 426.61 feet;

Thence North 55° 42' 40" west 100.50 feet;

Thence South 40° west, 114.88 feet to the PC of a curve to the left, having a radius of 75.88 feet;

Thence around and along said curve to the left South 19° 47' 55" west, 52.41 feet (chord bearing and distance) to the point of tangency of said curve;

Thence South 00° 24' 10" east 50.0 feet to said northerly right of way line of West 36th Street;

Thence South 89° 35' 50" west along said northerly right of way line of West 36th Street, 205 feet to the point of beginning.

Parcel B:

That certain piece, parcel of tract of land, situate, lying and being in the City of Jacksonville, County of Duval, State of Florida, known and described as:

Commencing at the center line intersection of West 36th Street (as established by the office of the City Engineer) and Moncrief Road;

Thence North 33° 30' west along the center line of said Moncrief Road 720.54 feet;

Thence South 40° west, 15.64 feet to a point, said point being the intersection of the southwesterly line of said Moncrief Road (prior to widening to a 60 foot right of way) with the southeasterly line of Flynn Avenue (this point also known as the most northerly corner of a 17 acre tract of land, described in Deed recorded in Deed Book "Y", Page 587, of the former public records of said County;

Thence South 40° west along the southeasterly line of said Flynn Avenue and a prolongation thereof 190.64 feet to a point of beginning;

Thence continuing South 40° west, 409.96 feet to the most northerly corner of Tract "G", of Replat of Royal Terrace No. 2 according to plat thereof recorded in Plat Book 7, Page 19 of the current public records of said County;

Thence South 33° 30' east along the northeasterly line of said Tract "G" 150.48 feet;

Thence North 40° east along the northeasterly line of Tract "H" of said Replat, 303.6 feet;

South 33° 30' east along the northeasterly line of Tract "H" 100 feet;

Thence North 40° east along the northwesterly line of said Tract "H" 106.36 feet;

Thence North 33° 30' west, 250.48 feet to the point of beginning. (except that part of above described property lying in 36th Street, a public right of way as now established by the City of Jacksonville as described in deed recorded in Official Records Volume 1649, Page 355 of the current public records of Duval County, Florida.)

16123607O

Southside Palmetto Glen Parcel:

Parcel "A":

Lots 7, 8, 9 and 10, Block 5, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida.

Parcel "B":

A portion of Lots 1, 2, 3, 4 and 5, Block 5, all of Lot 6, Block 5, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida, and all being more particularly described as follows:

For a point of beginning commence at the southeast corner of said Lot 4, Block 5;

Thence South  $89^{\circ} 26' 57''$  west along the south line of said Block 5, a distance of 153.11 feet to the southwest corner of said Lot 6, Block 5;

Thence North  $00^{\circ} 32' 00''$  west along the easterly line of a 10-foot alley, lying adjacent to and westerly of said Lots 1, 2, 3 and 6, Block 5, a distance of 281.40 feet to its intersection with the southwesterly limited access right of way line of Interstate Highway No. 95 or State Road No. 9 (a 200 foot right of way as now established);

Thence in a southeasterly direction along the arc of a curve in said southwesterly limited access right of way line, said curve being concave northeasterly and having a radius of 2,964.79 feet, an arc distance of 256.95 feet to its intersection with the east line of said Lot 4, Block 5, said arc being subtended by a chord bearing and distance of South  $37^{\circ} 14' 49''$  east, 256.87 feet;

Thence South  $00^{\circ} 09' 00''$  east, along said east line of Lot 4, a distance of 75.37 feet to the point of beginning.

Parcel "C"

A portion of Lots 7, 8, 9 and 10, Block 4, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida, together with a portion of Lot 9, Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, former Public Records of said county and all being more particularly described as follows:

For a point of beginning commence at the intersection of the southerly line of said Lot 9, Phillips Subdivision with the easterly right of way line of Willow Street (a 40-foot right of way as now established);

Thence North  $89^{\circ} 31' 18''$  east along said southerly line, a distance of 122.35 feet to its intersection with the westerly line of San Diego Terrace, as recorded in Plat Book 16, Page 53, current Public Records of said county;

Thence North  $00^{\circ} 51' 01''$  west along said westerly line of San Diego Terrace, a distance of 65.22 feet to its intersection with the southwesterly right of way line of Westmont Street (a 40-foot access right of way adjacent to and southwesterly of Interstate Highway No. 95 limited access right of way line);

Thence North  $42^{\circ} 56' 25''$  west along said southwesterly right of way line of Westmont Street, a distance of 115.06 feet to a point of curvature;

Thence in a northwesterly direction along the arc of a curve in said southwesterly right of way line, said curve being concave northeasterly, and having a radius of 3,004.79 feet, an arc distance of 64.50 feet to its

intersection with said easterly right of way line of Willow Street, said arc being subtended by a chord bearing and distance of North 42° 25' 10" west, 64.50 feet;

Thence South 00° 09' 00" east along said easterly right of way of Willow Street, a distance of 198.08 feet to the point of beginning.

Parcel "D":

Lots 1, 2 and 3, Block 6, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida; together with a portion of Lot 9, Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, former Public Records of said county and all being more particularly described as follows:

For a point of beginning commence at the intersection of the southerly right of way line of Westmont Street (a variable width right of way as established by the City of Jacksonville in Map Book C, Page 59) with the westerly right of way line of Willow Street (a 40-foot right of way as now established);

Thence South 00° 09' 00" east along said westerly right of way line of Willow Street, a distance of 191.18 feet to its intersection with the southerly line of said Lot 9, Phillips Subdivision;

Thence South 89° 31' 18" west along said southerly line of Lot 9, a distance of 245.71 feet;

Thence North 00° 28' 30" west, a distance of 191.11 feet to a point on said southerly right of way line of Westmont Street;

Thence North 89° 46' 51" east along said southerly right of way line, a distance of 96.06 feet to the northwest corner of said Lot 3, Block 6, Walsh's Second Addition;

Thence North 89° 21' 44" east continuing along said southerly right of way line of Westmont Street, a distance of 150.75 feet to the point of beginning.

Parcel "E":

All of that portion of Lots 1 and 2, Block 4, as shown on plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, lying northeasterly of the northeasterly right of way line of Interstate No. 95 and/or State Road No. 9 (a 20 foot right of way as now established), except that portion thereof lying within the present right of way of San Diego Road (a 55 foot right of way as now established).

The foregoing lands being also described as follows:

Parcel 1:

All of Lots 7, 8, 9 and 10, Block 5, as shown by the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida.

Parcel 2:

together with that part of said Block 5, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, more particularly described as follows:

Beginning at the southeast corner of said Block 5;

Thence South 89° 22' west along the south line of said Block 5, 153.30 feet;

Thence North 0° 32' west along the easterly line of that certain 10-foot alley, lying immediately west of and adjacent to Lots 1, 2, 3 and 6 of said Block 5, 281.40 feet to its intersection with the southwesterly



right of way line of Interstate Highway No. 95 and/or State Road No. 9 (a 200 foot right of way as now established), said right of way line being a curve concave to the northeast and having a radius of 2,964.79 feet;

Thence around and along said curve and along said southwesterly right of way line of Interstate No. 95, South  $37^{\circ} 10' 30''$  east, 257.30 feet (chord bearing and distance) to its intersection with the easterly line of said Block 5;

Thence South  $0^{\circ} 09'$  east along said easterly line of Block 5, 74.85 feet to the point of beginning.

Parcel 3:

Together with the following described parcel:

Part of Block 4, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 45, of the current Public Records of Duval County, Florida, and a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478 of the former Public Records of said county, and being more particularly described as follows:

Beginning at the intersection of the easterly line of Willow Street (a 40-foot right of way as now established), with the south line of said Lot 9, Phillips Subdivision;

Thence North  $89^{\circ} 25' 45''$  east along said south line of Lot 9, 122.46 feet to its intersection with the westerly line of San Diego Terrace, as recorded in Plat Book 16, Page 53, of the current Public Records of said county;

Thence North  $0^{\circ} 49' 45''$  west along said westerly line of San Diego Terrace, 64.39 feet to its intersection with the southwesterly right of way line of Interstate No. 95 and/or State Road No. 9 (a 240-foot right of way line as now established);

Thence North  $42^{\circ} 58' 30''$  west along said southwesterly right of way line of Interstate No. 95, 115.20 feet to the P.C. of a curve to the right, having a radius of 3,004.79 feet;

Thence around and along said curve, North  $42^{\circ} 21' 06''$  west, 64.56 feet (chord bearing and distance) to its intersection with said easterly right of way line of Willow Street;

Thence South  $0^{\circ} 09'$  east along said easterly right of way line of Willow Street, 197.60 feet to the point of beginning.

Parcel 4:

Together with the following described parcel:

A part of Block 6, as shown on plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, and as a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478 of the former Public Records of said county, and being more particularly described as follows:

Beginning at the intersection of the south line of Westmont Street, with the westerly line of Willow Street (both being 40-foot right of ways as now established);

Thence South  $00^{\circ} 09'$  east along said westerly right of way line of Willow Street, 190.67 feet to its intersection with the south line of said Lot 9;

Thence South  $89^{\circ} 25' 45''$  west along said south line of Lot 9, 50.0 feet;

Thence North  $0^{\circ} 09'$  west, 49.63 feet;

Thence South 89° 22' west, 15.0 feet;

Thence North 0° 09' west, 6.0 feet;

Thence South 89° 22' west, 85.03 feet;

Thence South 0° 28' 30" east, 55.63 feet to a point in said south line of Lot 9;

Thence South 89° 25' 45" west, along said south line of Lot 9, 96.0 feet;

Thence North 00° 28' 30" west, 205.43 feet to a point in the southerly right of way line of Westmont Street (a 25-foot right of way at this point);

Thence North 89° 22' east along said southerly right of way line of Westmont Street, 96.0 feet;

Thence continuing along said southerly right of way line, South 0° 28' 30" east 15.0 feet;

Thence continuing along the southerly right of way line of said Westmont Street, North 89° 22' east, 150.80 feet to the point of beginning.

Except that portion lying within the right of way of Westmont Street as shown on City of Jacksonville Right of Way Map Book C, Page 59.

Parcel 5:

Together with the following described residue parcel:

All of that portion of Lots 1 and 2, Block 4, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, lying northeasterly of the northeasterly right of way line of Interstate No. 95 and/or State Road NO. 9 (a 200-foot right of way as now established), except that portion thereof lying within the present right of way of San Diego Road (a 55-foot right of way as now established).

Parcel 6:

That certain piece, parcel or tract of land, situate, lying and being a part of Block 6, as shown by the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 45, of the current Public Records of Duval County, Florida, and a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, of the former Public Records of said county, and being more particularly described as follows:

Commencing at the intersection of the south line of Westmont Street, with the westerly line of Willow Street (both being 40-foot right of ways as now established);

Thence South 0° 09' 00" east along said westerly right of way line of Willow Street, 190.67 feet to its intersection with the south line of said Lot 9;

Thence South 89° 25' 45" west along said south line of Lot 9, 50.00 feet for a point of beginning;

Thence North 0° 09' 00" west, 49.63 feet;

Thence South 89° 22' 00" west, 15.00 feet;

Thence North 00° 09' 00" west, 6.00 feet;

Thence South 89° 22' 00" west, 85.03 feet;

Thence South 0° 28' 30" east, 55.63 feet to a point in said south line of Lot 9;

Thence North 89° 25' 45" east along said south line of Lot 9, 99.71 feet to the point of beginning.

16123607Q-WASHINGTON HEIGHTS-CALLOWAY COVE

WASHINGTON HEIGHTS PARCEL:

A part of the Francis Bagley Grant, Section 43, Township 1 South, Range 26 East and a part of the Charles F. Sibbald Grant, Section 39, Township 1 South, Range 26 East, Duval County, Florida, and being more particularly described as follows:

Beginning at the southeast corner of Tract "I" as shown on map of Washington Heights Estates as recorded in Plat Book 31, Pages 93, 93A, 93B, and 93C, of the Current Public Records of said county;

Thence North 6° 38' 20" east and along the easterly line of said Washington Heights Estates, a distance of 452.26 feet;

Thence continue along the easterly line of said Washington Heights Estates North 24° 36' west, a distance of 630.12 feet to the southwest corner of Tract 'A-A' as shown on map of Washington Heights Estates Unit 2 as recorded in Plat Book 34, Page 14 of the said Public Records;

Thence North 65° 24' east along the southerly line of Tract "A-A" and its northeasterly prolongation, a distance of 180.0 feet;

Thence North 24° 36' west 15.0 feet to the southwest corner of Lot 9, Block 48, of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lot 9, Block 48 of said Washington Heights Estates Unit 2, a distance of 90.0 feet to the southeast corner thereof;

Thence North 24° 36' west along the easterly line of Lots 9, 8, 7, 6 and 5, Block 48, a distance of 100.0 feet to the southwesterly corner of Lot 1, Block 49 of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lots 1, 2, 3, 4, 5 and 6, Block 49, a distance of 120.0 feet to the northwesterly corner of Lot 5, Block 50 of said Washington Heights Estates Unit 2;

Thence South 24° 36' east along the westerly line of Lots 5, 6, 7, 8 and 9, Block 50, a distance of 100.0 feet to the southwesterly corner of Lot 9, Block 50 of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lot 9, Block 50, a distance of 90.0 feet to the southeasterly corner thereof;

Thence South 24° 36' east, a distance of 15.0 feet;

Thence North 65° 24' east along the southerly line of Tract "B-B" and its southwesterly prolongation, a distance of 174.98 feet to the southeasterly corner of said Washington Heights Estates Unit 2;

Thence South 24° 40' east, a distance of 875.07 feet;

Thence South 65° 32' 50" west, a distance of 656.0 feet;

Thence South 6° 39' 05" west, a distance of 292.37 feet to the northerly right-of-way line of Moncrief Road;

Thence North 62° 21' west along the northerly right-of-way line of Moncrief Road, a distance of 135.5 feet to the point of beginning.

# EXHIBIT B

## FORM OF INCOME CERTIFICATION

### Tenant Income Certification

1

FLORIDA HOUSING FINANCE CORPORATION TENANT INCOME CERTIFICATION						Enter Full Date (mm/dd/yyyy)	
<input type="checkbox"/> Initial Certification <input type="checkbox"/> Recertification <input type="checkbox"/> Other <small>Indicates Type</small>						Effective Date: _____ Move-in Date: _____	
<b>PART I - DEVELOPMENT DATA</b>							
Key Number _____		Development _____			County _____		
Unit ID: _____		BIN # _____		Address _____		City _____	
<b>PART II - HOUSEHOLD COMPOSITION</b>							
HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (mm/dd/yyyy)	Age as of Effective Date	Full Time Student (Y or N)	
1			H - Head				
2							
3							
4							
5							
6							
7							
8							
9							
<b>PART III - GROSS ANNUAL ANTICIPATED HOUSEHOLD INCOME (USE ANNUALIZED AMOUNTS)</b>							
HH Mbr #	(A) Employment or Wages	(B) Social Security/ Pensions	(C) Public Assistance	(D) Other Income	If Other, Indicate Type		
Calculate sum of (A) through (D), above						<b>(E) TOTAL ANTICIPATED INCOME:</b> \$ -	
<b>PART IV - CASH VALUE OF ASSETS AND ANNUALIZED ANTICIPATED HOUSEHOLD INCOME FROM ASSETS</b>							
HH Mbr #	(F) C / I	(G) Checking	(H) Savings	(I) CD	(J) Other	If Other, Indicate Type	(K) Asset Income
(L) TOTAL CASH VALUE: Calculate sum of (G) through (J) above:						\$ -	
(M) Total Anticipated Actual Asset Income:						\$ -	
(N) Enter Item (L) amount if total exceeds \$5,000: \$ - X Passbook Rate 0.06% = (O) Imputed Income:						\$ -	
<b>(P) TOTAL INCOME FROM ASSETS: Enter the greater of Item (M) or Item (O)</b>						\$ -	
<b>PART V - (Q) TOTAL HOUSEHOLD INCOME FROM ALL SOURCES - Add (E) + (P)</b>						\$ -	
<b>HOUSEHOLD CERTIFICATION AND SIGNATURES</b>							
<small>The information on the form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated gross annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.</small>							
<small>Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.</small>							
Signature _____		(Date) _____		Signature _____		(Date) _____	
Signature _____		(Date) _____		Signature _____		(Date) _____	

Florida Housing Finance Corporation

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**Tenant Income Certification**

**2**

PART VI - STUDENT STATUS																							
Is every household member a full-time student? <i>(refer to Part II)</i> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Student Explanation</b> 1 TANF assistance 2 Job training program 3 Single parent / dependent child 4 Married / joint return 5 Former foster child in transition to independence																					
If YES, enter Student Explanation number _____																							
PART VII - PROGRAM NAME		PART VIII - DETERMINATION OF INCOME ELIGIBILITY																					
<b>Indicate AMI category served by household for set-aside requirement of each Florida Housing program</b> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">AMI Category</th> <th style="text-align: left;">CAP **</th> </tr> </thead> <tbody> <tr> <td>MMRB _____ %</td> <td>** Upon _____</td> </tr> <tr> <td>SAIL _____ %</td> <td>recertification the _____</td> </tr> <tr> <td>Housing Credit _____ %</td> <td>household _____</td> </tr> <tr> <td>HOME _____ %</td> <td>exceeded the _____</td> </tr> <tr> <td>AHL _____ %</td> <td>income cap _____</td> </tr> <tr> <td>HUD Risk Sharing _____ %</td> <td>according to _____</td> </tr> <tr> <td>SHIP _____ %</td> <td>program(s) _____</td> </tr> <tr> <td>_____ %</td> <td>eligibility _____</td> </tr> <tr> <td>_____ %</td> <td>requirements. _____</td> </tr> </tbody> </table>		AMI Category	CAP **	MMRB _____ %	** Upon _____	SAIL _____ %	recertification the _____	Housing Credit _____ %	household _____	HOME _____ %	exceeded the _____	AHL _____ %	income cap _____	HUD Risk Sharing _____ %	according to _____	SHIP _____ %	program(s) _____	_____ %	eligibility _____	_____ %	requirements. _____	Current total household income \$ _____ <i>(refer to Part V)</i> <b>Most restrictive AMI category met by household</b> <i>(refer to Part VII)</i> _____ AMI %    Current Income Limit \$ _____ <b>Recertification only</b> Household size at move in _____ Total household income at move in \$ _____ Current Income Limit x 140% \$ _____ Household income exceeds 140% at Recertification: <input type="checkbox"/> Yes <input type="checkbox"/> No	
AMI Category	CAP **																						
MMRB _____ %	** Upon _____																						
SAIL _____ %	recertification the _____																						
Housing Credit _____ %	household _____																						
HOME _____ %	exceeded the _____																						
AHL _____ %	income cap _____																						
HUD Risk Sharing _____ %	according to _____																						
SHIP _____ %	program(s) _____																						
_____ %	eligibility _____																						
_____ %	requirements. _____																						
PART IX - RENT																							
Rental Assistance \$ _____ If Section 8, indicate assistance type: Tenant Based _____ Project Based _____ Utility Reimbursement \$ _____ Tenant-Paid Rent (include non-optional charges) \$ _____ Utility Allowance \$ _____ <b>TOTAL TENANT PAYMENT</b> <i>(Tenant paid rent plus utility allowance)</i> \$ _____		Unit meets ELI / Housing Credit / HUD Risk Sharing rent restriction at AMI Category _____ % Unit meets HOME Program rent restriction at _____ Number of bedrooms in this unit _____ Current rent limit for this unit \$ _____ <i>(Refer to applicable schedule of maximum allowable rents)</i> <b>Rent Concession - throughout current lease</b> Total Amount \$ _____ Lease Term _____ <i>(in months)</i>																					
PART X - CATEGORICAL OR PUBLIC PURPOSE SET ASIDE OR TARGETING REQUIREMENT TYPES																							
_____ SPND <b>(Indicate with X to select ALL set asides or targets that apply to this household)</b> _____ Link _____ Referral Agency Number    _____ Workforce Housing _____ Commercial fishing worker    _____ Elderly    _____ Family (SAIL only) _____ Farmworker    _____ Homeless    _____ Veteran _____ Developmentally Disabled    _____ Special Needs    _____ Number of BR's (MMRB PPC only)																							
SIGNATURE OF OWNER REPRESENTATIVE																							

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of the program(s) indicated in Part VII, and the Extended Use Agreement and/or Land Use Restriction Agreement (if applicable), to live in a unit in this Development.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_



# Tenant Income Certification

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## PART XI - STATISTICAL DATA

**Note:** Information in this Part XI is gathered for statistical use only. No resident is required to give such information unless they desire to do so.

Refusal to provide information in this Part will not affect any rights the household has as residents. There is no penalty for households that do not complete the form.

**For Office Use: Household elected not to participate.**

### New Households

#### Prior Housing Information

(Answer for household head)

Monthly rent payment

Monthly house payment

ZIP Code

### All Households

#### Current Employment

(Answer for household head)

Occupation

ZIP Code

#### Primary Transportation Mode

(Answer for household head)

Motor vehicle

Public transportation

Other

#### Additional Household Information

A member of the household:

(Check all that Apply)

Receives Medicare benefits

Receives Medicaid benefits

Is a Person With a Disability \*

Racial Categories* (Select All That Apply)	Total Number of Household Members Per Category	Total Number of Hispanic or Latino Household Members
American Indian or Alaska Native		
Asian		
Black or African American		
Native Hawaiian or Other Pacific Islander		
White		
American Indian or Alaska Native and White		
Asian and White		
Black or African American and White		
American Indian or Alaska Native and Black or African American		
Asian and Black or African American		
Other multiple race combination		
<b>TOTALS</b>		

### \* Definitions

Person With a Disability

A person who has a mental or physical impairment that substantially limits one or more of such person's \* Major Life Activities; has a record of such impairment; or is regarded as having such an impairment.

Major Life Activities

Functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, sitting, standing, lifting, reaching, thinking, concentrating, reading, interacting with others, learning, sleeping and working.

Hispanic or Latino

A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic" or "Latino."

Not-Hispanic or Latino

A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

American Indian or Alaska Native

A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.

Asian

A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

Black or African American

A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" can be used in addition to "Black" or "African American."

Native Hawaiian or Other Pacific Islander

A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

White

A person having origins in any of the original peoples of Europe, the Middle East or North Africa.

Florida Housing Finance Corporation

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## EXHIBIT C

### FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned authorized representative of Millennia Jacksonville FL, TC LP, a Florida limited partnership (the "Borrower"), has read and is thoroughly familiar with the provisions of the various documents associated with the issuance by the Jacksonville Housing Finance Authority ("the Issuer"), of its \$[\_\_\_\_\_] Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Bonds"), such documents including:

1. The Land Use Restriction Agreement, as of September 1, 2018, among the Issuer, the Trustee and the Borrower; and

Based on the representations contained in the Income Certification and the proofs and documentation submitted pursuant to the Income Certification, the following percentages of dwelling units in the Development have been either occupied by Lower Income Tenants (as such term is defined in the Regulatory Agreement) on the fifteenth (15th) day of the month in which this certificate is dated and at all times during the month preceding the date of this certificate or were held vacant and available for such occupancy for all or part of such period:

Lower-Income Tenants: \_\_\_\_\_%

The undersigned hereby certifies that the Borrower is not in default under any of the above documents, with the exception of the following (if none, please so state):

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---

Capitalized terms used but not defined in this certificate shall have the meanings assigned in the Trust Indenture dated as of September 1, 2018, by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee.

Date: \_\_\_\_\_

#### **BORROWER:**

**MILLENNIA JACKSONVILLE FL TC LP**

By: Jacksonville TC Investment, LLC  
its general partner

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

## EXHIBIT D

### RESIDENT PROGRAMS AND PROJECT AMENITIES

#### Valencia Way (f/k/a Eureka Gardens)

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds

#### *Unit amenities (in addition to those required) include:*

- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

#### *Development amenities include:*

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment
- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court

#### *Mandatory Energy Conservation features:*

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments



- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

***Other energy conservation features:***

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum

***Design, Amenity & Energy Efficiency Issues:***

- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work
- Recommend granting waiver on unit amenities

### **The Weldon (f/k/a Moncrief Village)**

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds

#### ***Unit amenities (in addition to those required) include:***

- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

#### ***Development amenities include:***

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment
- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court

#### ***Mandatory Energy Conservation features:***

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments
- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);

- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

***Other energy conservation features:***

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum

***Design, Amenity & Energy Efficiency Issues:***

- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work
- Recommend granting waiver on unit amenities

### **Palmetto Glen (f/k/a Southside)**

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds
- Unit amenities (in addition to those required) include:
- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

#### ***Development amenities include:***

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment
- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court
- Mandatory Energy Conservation features:
- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments
- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less

- Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

*Other energy conservation features:*

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum

*Design, Amenity & Energy Efficiency Issues:*

- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work
- Recommend granting waiver on unit amenities

### Calloway Cove (f/k/a Washington Heights)

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Cable TV hook-up
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: blinds
- Unit amenities (in addition to those required) include:
- Ceramic Tile Bathroom Floors
- Microwave
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Double compartment kitchen sink

#### *Development amenities include:*

- 30-year expected life roofing
- Termite prevention/detection system
- Exercise room with appropriate equipment
- Community Center
- Playground/tot lot
- Car care area
- Childcare facility located within three miles of property
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball Court
- Mandatory Energy Conservation features:
- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments
- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less

- Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

*Other energy conservation features:*

- Energy Star exhaust fans in all bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-Friendly Flooring - Carpet and Rug Institute Green Label Certified Carpet and Pad, Bamboo, Cork, Recycled, Content Tile, and/or Natural Linoleum
- Design, Amenity & Energy Efficiency Issues:
- The development has physical features that are consistent with the needs of family housing.
- Recommend granting waiver on duct-work
- Recommend granting waiver on unit amenities

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**SUBORDINATION AGREEMENT**

**Among**

**JACKSONVILLE HOUSING FINANCE AUTHORITY,**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee,**

**GMF-JACKSONVILLE POOL, LLC**

**and**

**MILLENNIA JACKSONVILLE FL TC LP**

**Dated as of September 1, 2018**

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This instrument Prepared By  
and after Recording Return To:

Kutak Rock LLP  
1760 Market Street, 11<sup>th</sup> Floor  
Philadelphia, Pennsylvania 19103  
Attention: Andrew P. Schmutz, Esquire



## SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT dated as of September 1, 2018 (as amended, modified, supplemented or assigned from time to time, this “**Agreement**”) by and among JACKSONVILLE HOUSING FINANCE AUTHORITY, a public body corporate and politic duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, “**Issuer**”), THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, as trustee (together with its permitted successors and assigns, “**Trustee**” or the “**Senior Lender**”), GMF-JACKSONVILLE POOL, LLC, a limited liability company duly organized and validly existing under the laws of the State of Tennessee (together with its permitted successors and assigns, “**Subordinate Lender**”) and MILLENNIA JACKSONVILLE FL TC LP, a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the “**Borrower**”),

### WITNESSETH:

WHEREAS, the Borrower is the owner of certain properties located in the City of Jacksonville, Florida, more particularly described on Exhibit A attached hereto, on which the Borrower intends to rehabilitate certain improvements consisting of the following (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments; and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments (such properties and the improvements described above are collectively referred to herein as the “**Property**”);

WHEREAS, the Property is being acquired and rehabilitated, in part, with the proceeds of those certain Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 issued by the Issuer in the original principal amount of \$[81,600,000] (the “**Bonds**”), issued pursuant to an Indenture of Trust of even date herewith between Issuer and Trustee (as amended, modified or supplemented from time to time, the “**Indenture**”), the proceeds of which are being loaned to the Borrower pursuant to the terms of a Loan Agreement dated as of the date hereof between Issuer and the Borrower (as amended, modified or supplemented from time to time, the “**Loan Agreement**”);

WHEREAS, the Borrower’s obligations under the Loan Agreement are evidenced by a promissory note dated as of the date of issuance of the Bonds (as amended, modified or supplemented from time to time, the “**Note**”), and are secured by, among other things, a first-priority mortgage lien on the Property granted pursuant to a Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of the date hereof (as amended, modified or supplemented from time to time, the “**Senior Mortgage**”, which, together with the Loan Agreement, the Note and all other agreements contemplated therein or evidencing or securing the Borrower’s obligations under the Loan Agreement are hereinafter collectively referred to as the “**Senior Loan Documents**” and the indebtedness evidenced and secured by the Senior Loan Documents is hereinafter collectively referred to as the “**Senior Indebtedness**”);

WHEREAS, the Property is being acquired and rehabilitated, in part, with the proceeds of a loan to the Borrower, made by Subordinate Lender pursuant to a Promissory Note dated September \_\_, 2018 (as amended, modified or supplemented from time to time, the “**Subordinate Note**”);

WHEREAS, the Borrower's obligations to Subordinate Lender under the Subordinate Note (the "**Subordinate Indebtedness**") are secured by a Mortgage of even date herewith (as amended, modified or supplemented from time to time, the "**Subordinate Mortgage**") (the Subordinate Note, the Subordinate Mortgage and all other agreements contemplated therein or evidencing or securing the Subordinate Indebtedness are hereinafter referred to as the "**Subordinate Loan Documents**");

WHEREAS, it is a requirement of the Senior Loan Documents that the Senior Mortgage shall be and remain at all times liens or charges upon the Property prior and superior to the lien or charge of the Subordinate Mortgage Documents, that the Subordinate Indebtedness be subordinated in right of payment to the Senior Indebtedness and that the Subordinate Indebtedness be payable solely from cash available after payment of operating expenses of the Property and amounts then due and owing in respect of the Senior Indebtedness.

NOW, THEREFORE, in consideration of the foregoing and the mutual benefits accruing to the parties hereto and for other good and valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged and intending to be legally bound hereby, it is hereby declared, understood and agreed by the parties as follows:

1. Subordination of Subordinate Mortgage Documents. Subordinate Lender declares, agrees and acknowledges that the Senior Mortgage, and any renewals or extensions thereof, and any modifications thereof or substitutions therefor which do not increase the principal balance secured thereby (except increases by reason of protective advances or payment of Senior Lender's costs or increases to which Subordinate Lender has consented in accordance with Section 3(c) hereof) and all advances made pursuant to the Senior Mortgage, all costs and expenses secured thereby and interest on the foregoing, shall unconditionally be and remain at all times liens or charges on the Property prior and superior to the lien or charge of the Subordinate Mortgage Documents.

2. Subordination of Subordinate Indebtedness; Remitting Subordinate Loan Payments to Senior Lender; Reinstatement.

(a) The Subordinate Indebtedness is hereby subordinated in right of payment to any and all of the Senior Indebtedness and shall be payable only from and to the extent of revenues of the Property available after payment of all amounts then due and owing under the Senior Loan Documents and all current operating expenses of the Property. Notwithstanding the foregoing, unless and until the Senior Lender gives Subordinate Lender notice of the occurrence of a default, an event of default or any event which, with the giving of notice or the passage of time (or both) will constitute a default or an event of default, under the Senior Loan Documents, Subordinate Lender may receive and accept regularly scheduled payments on account of principal and interest payable under the Subordinate Loan Documents or prepayments of interest that have accrued to the extent of cash flow of the Borrower available after payment of current operating expenses of the Property and amounts then due and owing under the Senior Loan Documents.

(b) If Subordinate Lender shall receive any payments or other rights in any property of the Borrower or any other obligor after the Senior Lender has given Subordinate Lender notice of a default, an event of default or an event which with the giving of notice or the passage of time (or both) will constitute a default or an event of default, under the Senior Loan Documents, such payment or property shall be received by Subordinate Lender in trust for Senior Lender and shall immediately be delivered and transferred to Senior Lender.

(c) If at any time payment of all or any part of the Senior Indebtedness is rescinded or must otherwise be restored or returned by Senior Lender in connection with any bankruptcy,

reorganization, arrangement, insolvency, liquidation or similar proceedings (a “**Proceeding**”) in respect of Borrower, General Partner or any other obligor, and Subordinate Lender has received payment of all or any part of the Subordinate Indebtedness, Subordinate Lender shall forthwith turn over the same to, and for the account of, Senior Lender, until Senior Lender has received indefeasible payment in full of any such payments on the Senior Indebtedness that have been so rescinded, restored or returned.

3. Exercise of Remedies.

(a) Subordinate Lender declares, agrees, and acknowledges that it will not, without the prior written consent of Senior Lender: (i) sue the Borrower or any other obligor under any of the Subordinate Loan Documents; (ii) accelerate or accept a prepayment in full or in part of the Subordinate Indebtedness; (iii) commence any action to foreclose or exercise any power of sale under the Subordinate Mortgage; (iv) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (v) seek or obtain a receiver for the Property or any part or portion thereof; (vi) take possession or control of the Property, or collect or accept any rents from the Property; (vii) take any action that would terminate any leases or other rights held by or granted to or by third parties with respect to the Property; (viii) initiate or join any other creditor in commencing any Proceeding with respect to the Borrower or any other obligor; (ix) incur any obligation to the Borrower or any other obligor other than as provided in the Subordinate Note, (x) exercise any other remedies under the Subordinate Loan Documents; or (xi) take any other enforcement action against the Borrower or any other obligor or against the Property or any part or portion thereof.

(b) Subordinate Lender agrees that Senior Lender shall have, as determined in accordance with and subject to the terms of the Senior Loan Documents, upon the occurrence of an Event of Default under and as defined in the Senior Loan Documents, the right to (i) accelerate or accept prepayment in full or in part of the Senior Indebtedness; (ii) commence any action to foreclose or exercise any power of sale under the Senior Mortgage; (iii) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (iv) seek or obtain a receiver for the Property or any part or portion thereof; (v) take possession or control of the Property, and collect and accept rents from the Property; (vi) sue the Borrower or any other obligor under any of the Senior Loan Documents; (vii) exercise any rights of set-off or recoupment that Senior Lender may have against the Borrower or any other obligor; (viii) exercise any other remedies under the Senior Loan Documents; or (ix) take any other enforcement action against the Property or any part or portion thereof, all without any responsibility or liability to Subordinate Lender with respect to the Property, the Borrower, the General Partner or any other obligor.

(c) Subordinate Lender agrees that Senior Lender shall have absolute power and discretion, without notice to Subordinate Lender, to deal in any manner with the Senior Indebtedness, including interest, costs and expenses payable by the Borrower to Senior Lender, and any security and guaranties therefor, including, but not by way of limitation, release, surrender, extension, renewal, acceleration, compromise or substitution; provided that Senior Lender shall not increase the principal amount of the indebtedness to which the Subordinate Loan Documents are subordinate (other than increases resulting from protective advances or payment of Senior Lender’s costs) without the prior written consent of Subordinate Lender, which consent shall not be unreasonably withheld or delayed.

(d) Subordinate Lender further agrees that if at any time Subordinate Lender should commence any foreclosure proceeding, or commence any action to execute on any lien obtained by way of attachment or otherwise on the Property, or otherwise take any action prohibited under Paragraph 3(a), Senior Lender shall (unless Senior Lender has consented to such action or remedy) be entitled to have the same vacated, dissolved and set aside by such proceedings at law or otherwise as Senior Lender may deem proper, and this Agreement shall be and constitute full and sufficient grounds therefor and shall

entitle Senior Lender to become a party to any proceedings at law or otherwise in or by which Senior Lender may deem it proper to protect its interests hereunder.

(e) No act, omission, breach or other event under this Agreement shall defeat, invalidate or impair in any respect the absolute, unconditional and irrevocable subordination of the Subordinate Loan Documents to the Senior Loan Documents as provided in this Agreement.

4. No Marshaling of Assets. Subordinate Lender specifically waives and renounces any right which it may have under any applicable statutes, whether at law or in equity, to require Senior Lender to marshal collateral or to otherwise seek satisfaction from any particular assets or properties of the Borrower or from any third party.

5. Bankruptcy Matters.

(a) The subordination provided for in this Agreement shall apply, notwithstanding the availability of other collateral to Senior Lender or the actual date and time of execution, delivery, recordation, filing or perfection of the Senior Mortgage or the Subordinate Mortgage Documents and, insofar as Subordinate Lender is concerned, notwithstanding the fact that the Senior Indebtedness or any claim for the Senior Indebtedness may be subordinated, avoided or disallowed, in whole or in part, as against the Borrower or any other obligor under the Bankruptcy Code or other applicable federal or state law. In the event of any Proceeding, the Senior Indebtedness shall include all interest and fees accrued on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Proceeding, even if the claim for such interest and/or fees is not allowed as against the Borrower or any other obligor pursuant to applicable law.

(b) Without the prior written consent of Senior Lender, Subordinate Lender shall not, and Subordinate Lender waives any and all right: (1) to request adequate protection (as that term is defined in the Bankruptcy Code) (and in the event any such adequate protection is awarded to Subordinate Lender, Subordinate Lender hereby assigns any adequate protection in the form of cash to Senior Lender and any adequate protection in the form of a lien on or security interest in the Property or any other Collateral is hereby subordinated to all of Senior Lender's rights, liens or security interests in or to the Property and such other Collateral), (2) to file or support any motion for dismissal or relief from the automatic stay (as defined in the Bankruptcy Code), (3) to request any post-petition interest, (4) to request any sale of Borrower's assets, or (5) to file, propose, support, accept or reject any plan of reorganization of Borrower. Subordinate Lender further agrees that, with respect to any Proceeding: (1) it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action in any Proceeding by or against the Borrower or any other obligor without the prior written consent of Senior Lender; (2) Senior Lender may vote in any such Proceeding any and all claims of Subordinate Lender against the Borrower or any other obligor, and Subordinate Lender hereby appoints Senior Lender as its agent, and grants to Senior Lender an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to Subordinate Lender in connection with any case by or against the Borrower or any other obligor in any Proceeding, including without limitation, the right to file and/or prosecute any claims, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the Bankruptcy Code; and (3) Subordinate Lender shall not challenge the validity or amount of any claim submitted in such Proceeding by Senior Lender in good faith or any valuations of the Property or any other Collateral, or any portion of the foregoing, or other Senior Indebtedness collateral submitted by Senior Lender in good faith, in such Proceeding or take any other action in such Proceeding, which is adverse to Senior Lender's enforcement of its claim or receipt of adequate protection (as that term is defined in the Bankruptcy Code).

(c) Subordinate Lender agrees that Senior Lender does not owe any fiduciary duty to Subordinate Lender in connection with the administration of the Senior Indebtedness and the Senior Loan Documents and Subordinate Lender agrees not to assert any such claim. Subordinate Lender acknowledges that Senior Lender shall have the sole discretion to exercise or not exercise the rights set forth in this Agreement from time to time; and that such rights may be exercised solely in the interest of Senior Lender and without regard to the interest of Subordinate Lender in any action or proceeding, including in connection with any Proceeding.

6. Payment Set Aside. To the extent any payment under any of the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

7. Casualty and Condemnation Proceeds. Subordinate Lender agrees it shall have no right to participate in the adjustment of the proceeds of insurance payable as the result of any casualty to the Improvements, or to participate in any manner whatsoever in activities relating to restoration or reconstruction of the Improvements, and Senior Lender shall have the exclusive right to receive, administer and apply all such proceeds as set forth in the Senior Loan Documents. In the event Senior Lender shall release, for the purposes of restoration of all or any part of the Property, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, Subordinate Lender shall simultaneously release for such purpose all of Subordinate Lender's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. Subordinate Lender agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event such proceeds are not released for any such restoration pursuant to the Senior Loan Documents, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been indefeasibly paid in full, prior to being applied to the payment of any amounts due under the Subordinate Loan Documents. If Senior Lender holds such proceeds, awards or compensation and/or monitors the disbursement thereof, Subordinate Lender agrees that Senior Lender shall also hold and monitor the disbursement of such proceeds, awards and compensation to which Subordinate Lender is or may be entitled. Nothing contained in this Agreement shall be deemed to require Senior Lender, in any way whatsoever, to act for or on behalf of Subordinate Lender or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Subordinate Lender.

8. Indemnification and Subrogation. If Subordinate Lender or any affiliate shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Mortgage and the other Senior Loan Documents as provided herein, and Subordinate Lender or such affiliate hereby waives, until all amounts owed under the Senior Loan Documents have been indefeasibly paid in full, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise.

9. Subordination Effective. This Agreement, the subordination effected hereby, and the respective rights and priorities of the parties hereto in and to the Property, shall be effective as stated herein, notwithstanding any modification or amendment of any Senior Loan Document (other than any modification or amendment of any Senior Loan Document that increases the amount of indebtedness to which the Subordinate Indebtedness is subordinate for reasons other than protective advances or costs of Senior Lender), or the obtaining by Senior Lender or Subordinate Lender of any additional document

confirming, perfecting or otherwise affecting the Senior Loan Documents, or the Subordinate Loan Documents, as the case may be.

10. Amendments of Subordinate Loan Documents and Senior Loan Documents. The Borrower and Subordinate Lender agree that they will not enter into any amendment, modification or supplement to any of the Subordinate Loan Documents without the express prior written consent of Senior Lender (which consent shall not be unreasonably withheld). No consent of Subordinate Lender shall be required for any amendment, modification or supplement to any of the Senior Loan Documents, provided that no amendment, modification or supplement to any of the Senior Loan Documents shall increase the amount of indebtedness to which the Subordinate Loan Documents are subordinate other than increases resulting from protective advances or costs of Senior Lender.

11. Notice of Defaults. Subordinate Lender hereby agrees to give notice to Senior Lender of any default (or event that, with the giving of notice or passage of time, or both, would constitute a default) under the Subordinate Loan Documents.

12. Cross Default. The Borrower and Subordinate Lender agree that a default under the Subordinate Loan Documents or Subordinate Lender's default hereunder shall, at the election of Senior Lender, constitute a default under the Senior Loan Documents and Senior Lender shall have the right to exercise all rights or remedies under the Senior Loan Documents in the same manner as in the case of any other default under the Senior Loan Documents. If Subordinate Lender notifies Senior Lender in writing that any default under the Subordinate Loan Documents has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a foreclosure or exercised its rights with respect to the power of sale of the Property pursuant to its rights under the Senior Loan Documents, any default under the Senior Loan Documents arising solely from such default under the Subordinate Loan Documents shall be deemed cured, and the Senior Indebtedness shall be reinstated.

13. Further Assurances. The parties hereto shall cooperate fully with each other in order to carry out promptly and fully the terms and provisions of this Agreement. Each party hereto shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this Agreement.

14. No Waiver. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

15. Equitable Remedies. Each party hereto acknowledges that, to the extent that no adequate remedy at law exists for breach of its obligations under this Agreement, in the event any party fails to comply with its obligations hereunder, the aggrieved party shall have the right to obtain specific performance of the obligations of such defaulting party, injunctive relief, or such other equitable relief as may be available, other than consequential or punitive damages.

16. Notices. Any notice to be given under this Agreement shall be in writing and shall be deemed to be given when received by the party to whom it is addressed. Notwithstanding the foregoing, if any such notice is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such notice shall be deemed received on the date delivery is attempted. Notices shall be in writing and sent by certified U.S. mail, hand delivery, or by special courier (in each case, return receipt

requested). Notices to any other party hereto shall be sent to the parties at the following addresses or such other address or addresses as shall be designated by such party in a written notice to the other parties:

If to Issuer:

Jacksonville Housing Finance Authority  
214 N. Hogan Street, 7th Floor  
Jacksonville, Florida 32202  
Attention: Finance Director

If to Trustee:

The Bank of New York Mellon Trust Company, N.A., as trustee  
10161 Centurion Parkway  
Jacksonville, Florida 32256  
Attention: Janalee R. Scott

If to Subordinate Lender:

GMF-Jacksonville Pool, LLC  
65 Germantown Court, Suite 409  
Cordova, Tennessee 38018  
Attention: \_\_\_\_\_

With a copy to:

Baker Hostetler  
2000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Larry Lindberg, Esq.

If to Borrower:

Millennia Jacksonville FL TC LP  
c/o Millennia Housing Development, Ltd.  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Frank T. Sinito

With a copy to:

Baker & Hostetler LLP  
2000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Lawrence V. Lindberg, Esq.

Each Notice shall be effective the day delivered if personally delivered, the next business day if sent by overnight courier or three (3) days after being deposited in the United States Mail as aforesaid. Rejection

or other refusal to accept or the inability to deliver because of changed address for which no Notice was given shall be deemed to be receipt of the Notice sent. Each of the parties hereto shall have the right from time to time and at any time during the term of this Agreement to change its respective address and the right to specify as its address any other address within the United States of America.

17. No Third Party Beneficiaries. No person or entity other than the parties hereto and their respective successors and assigns shall have any rights under this Agreement. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Agreement.

18. Counterparts; Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Agreement.

19. Amendment, Supplement, Modification, Waiver and Termination. No amendment, supplement, modification, waiver or termination of this Agreement shall be effective unless (i) the party against whom the enforcement of such amendment, supplement, modification, waiver or termination would be asserted, has consented in writing to such amendment, supplement, modification, waiver or termination, and (ii) the Controlling Person has consented in writing to such amendment, supplement, modification, waiver or termination. All amendments shall be made in accordance with any applicable provisions of Article VIII of the Indenture.

20. Severability. In case any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and other application thereof, shall not in any way be affected or impaired thereby.

21. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, without giving effect to its conflict of laws principles.

22. Captions. Captions and headings in this Agreement are for convenience of reference only and shall not define, expand or limit the provisions hereof.

23. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

24. Integration. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, written or oral, relating thereto.

25. Obligors Unaffected. Notwithstanding that the Borrower is a party hereto and anything to the contrary contained herein, this Agreement shall not be deemed or interpreted so as to limit or expand or otherwise modify the rights and remedies of Senior Lender under the Senior Loan Documents or Subordinate Lender under the Subordinate Loan Documents insofar as they relate to the Borrower or any other obligor, or to diminish or change the obligations of, the Borrower or any other obligor under any of the foregoing.



26. Definitions. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Indenture.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement as of the date and year first above written.

JACKSONVILLE HOUSING FINANCE AUTHORITY

By: \_\_\_\_\_  
Name: William I. Gulliford, III  
Title: Chair

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as trustee

By: \_\_\_\_\_  
Name: Janalee R. Scott  
Title: Vice President

GMF-JACKSONVILLE POOL, LLC, a Tennessee  
limited liability company

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

MILLENNIA JACKSONVILLE FL TC LP, a Florida  
limited partnership

By: Jacksonville TC Investment, LLC, an Ohio  
limited liability company, its general partner

By: \_\_\_\_\_  
Name: Frank T. Sinito  
Title: Managing Member

STATE OF FLORIDA

) ss.

COUNTY OF DUVAL

)

On \_\_\_\_\_, 2018, before me, \_\_\_\_\_, a Notary Public, personally appeared William I. Gulliford, III, Chair of Jacksonville Housing Finance Authority, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument Jacksonville Housing Finance Authority executed the instrument.

WITNESS my hand and official seal.

---

Notary Public

(SEAL)

STATE OF FLORIDA

) ss.

COUNTY OF DUVAL

)

On \_\_\_\_\_, 2018, before me, \_\_\_\_\_, a Notary Public, personally appeared Janalee R. Scott, Vice President of The Bank of New York Mellon Trust Company, N.A., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the Bank of New York Mellon Trust Company, N.A. executed the instrument.

WITNESS my hand and official seal.

---

Notary Public

(SEAL)

STATE OF OHIO )  
 ) ss.  
COUNTY OF CUYAHOGA )

On \_\_\_\_\_, 2018, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, \_\_\_\_\_ of GMF-Jacksonville Pool, LLC, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument GMF Jacksonville Pool, LLC executed the instrument.

WITNESS my hand and official seal.

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

(SEAL)

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2018, before me, \_\_\_\_\_, a Notary Public, personally appeared Frank T. Sinito, Managing Member of Jacksonville TC Investment, LLC, the general partner of Millennia Jacksonville FL TC LP, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument he executed the instrument as managing member of the general partner of, and on behalf of, Millennia Jacksonville FL TC LP.

WITNESS my hand and official seal.

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

(SEAL)

**EXHIBIT A**

LEGAL DESCRIPTION OF REAL ESTATE

**COMPLIANCE MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**THIS COMPLIANCE MONITORING AGREEMENT** (the "Agreement") is made as of September 1, 2018, by and among the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida (the "Issuer"), **FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA**, its successors and assigns, a Florida corporation (the "Compliance Monitoring Agent"), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, Jacksonville, Florida, a national banking association, in its capacity as trustee (in such capacity, the "Trustee"), and **MILLENNIA JACKSONVILLE FL TC LP**, a Florida limited partnership (the "Borrower").

**W I T N E S S E T H:**

**WHEREAS**, all capitalized terms in this Agreement not otherwise defined shall have the meanings set forth in the Indenture (hereinafter defined); and

**WHEREAS**, the Issuer has been created and organized pursuant to and in accordance with the provisions of Chapter 159, Part IV, Florida Statutes, as amended (the "Act"), for the purpose, among others, of financing the costs of residential developments that will provide decent, safe and sanitary housing for persons or families of low, moderate or middle income in Duval County, Florida (the "County"); and

**WHEREAS**, the Act authorizes the Issuer; (a) to make loans to sponsors to provide financing for residential developments located within the County, and intended to be occupied to the extent required by applicable state or federal tax law by persons or families of low, moderate and middle income; (b) to issue revenue bonds for the purpose of obtaining monies to make such loans and provide such financing and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) pledge all or any part of the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans in order to secure the payment of the principal or redemption price of and interest on such bonds; and

**WHEREAS**, pursuant to resolutions of the Issuer adopted on September 19, 2017 and September 19, 2018, the Issuer has authorized, approved and issued \$\_\_\_\_\_ aggregate principal amount of its Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Bonds") pursuant to that certain Indenture of Trust dated as of September 1, 2018 between the Issuer and the Trustee (the "Indenture"); and

**WHEREAS**, pursuant to its lawful authority under the Act, the Issuer, and the Borrower have entered into that certain Loan Agreement dated September 1, 2018 (the "Loan Agreement"), by the terms of which the Issuer has agreed to loan the proceeds of the Bonds to the Borrower (the "Loan") for the purpose of providing funds to acquire, rehabilitate and equip multifamily



residential developments located on property within the County, consisting of (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments; and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments to be known as (Millennia Jacksonville Project) (collectively, the "Property"); and

**WHEREAS**, the Loan will be evidenced by that certain Note, in the principal amount of \$[\_\_\_\_\_] dated as of September 1, 2018 (the "Note"), which Loan and Note will be secured by that certain Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing, (the "Mortgage"), granting the Issuer a first mortgage lien and security interest in the real and personal property described therein; and

**WHEREAS**, the Issuer intends to assign the Note and the Mortgage, and other instruments securing repayment of the Note, to the Trustee for the benefit of the holders of the Bonds, as their interests may appear; and

**WHEREAS**, to assure compliance with certain requirements of the Internal Revenue Code of 1986, as amended, and certain other requirements of the Issuer with respect to the operation of the Property, the Issuer, the Trustee and the Borrower have entered into that the Land Use Restriction Agreement dated as of September 1, 2018 (the "Land Use Restriction Agreement"); and

**WHEREAS**, the Compliance Monitoring Agent has represented and warranted that it is duly qualified and authorized to engage in the business of administering loans of the type of the Loan referred to herein; and

**WHEREAS**, the Compliance Monitoring Agent shall act as agent of the Issuer in performing certain functions under the Indenture, the Loan Agreement and the Land Use Restriction Agreement, and shall monitor tenant eligibility with respect to the Property subject to the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, Ten Dollars (\$10) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. DEFINITIONS.** The following definitions shall apply as context may require in this Agreement:

A. "Improvements" -- All improvements described in the plans for the Property (the "Plans") and all additions and equipment reasonably necessary to construct, equip, renovate, operate and rent the Property, including all amenities. Without limiting the foregoing, the term Improvements shall include all landscaping, walls, drives, approaches, sidewalks, curbs, paving and all chattels, furniture, furnishings and equipment described in the Plans.

B. "Loan Documents" -- Collectively, this Agreement, the Note, the Loan Agreement, the Mortgage, the Land Use Restriction Agreement and the Indenture and all other documents and instruments evidencing, securing or guaranteeing payment of the Loan, or any portion thereof.

C. "Mortgagee" -- the Issuer, and its successors or assigns, including the Trustee.

D. "Property" -- The real property described in Exhibit "A", which is attached hereto and by this reference made a part hereof, and the Improvements.

E. "Title Insurance Policy" -- Policy issued pursuant to Mortgagee title Insurance, Title Commitment No. \_\_\_\_\_ issued by Fidelity National Title Insurance Company and all endorsements issued as required by this Agreement as of the date of reference.

2. **TERM.** This Agreement shall continue from the earlier of the date of this Agreement or from the date the Compliance Monitoring Agent shall begin compliance monitoring for the Issuer until occurrence of the first of the following events:

A. The end of the Qualified Project Period (as defined in the Land Use Restriction Agreement).

B. Termination of this Agreement as to the Compliance Monitoring Agent pursuant to Section 11 hereof.

3. **SERVICING OF THE LOAN.** The Compliance Monitoring Agent shall provide the services required of the "Issuer Servicer" under the Loan Documents, including, without limitation, monitoring the Property and compliance by the Borrower with the requirements of the Land Use Restriction Agreement, exercising the same degree of care in performing its obligations under this Agreement as is customary in the industry for financial institutions which service real estate loans for their own portfolios and on behalf of others. The Issuer agrees that it will do and perform all things reasonably necessary to assist the Compliance Monitoring Agent in performing its obligations hereunder and under the Loan Documents.

4. **COMPENSATION OF THE COMPLIANCE MONITORING AGENT.** The Borrower shall pay to the Trustee for payment to the Compliance Monitoring Agent for the services rendered by the Compliance Monitoring Agent hereunder in accordance with the following provisions:

A. The annual compensation of the Compliance Monitoring Agent for the compliance monitoring services specified hereunder shall be paid semi-annually by the Borrower on each June 1 and December 1, commencing upon notification to the Trustee, and the Borrower of the issuance of an initial certificate of occupancy, in an amount equal to 4 basis points (.04%) of the original Bond amount. In the event the bonds are paid off

and the Qualified Project Period has not ended, the fee will be set at the minimum annual fee of \$12,336 until the Qualified Project Period has ended. Every January 1st, the minimum would be adjusted, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th. This automatic increase shall not exceed 3% of the prior year's fees.

An additional fee of \$177 per hour shall be paid by Borrower for follow-up reviews and/or extraordinary compliance monitoring services.

B. The Compliance Monitoring Agent's rights to compensation hereunder for compliance monitoring shall cease upon the later to occur of:

(1) the end of the Qualified Project Period; or

(2) notification by the Issuer to the Compliance Monitoring Agent that its services or this Agreement shall be terminated by the Issuer or the Trustee with the Issuer's consent, with or without cause.

C. Any fees not paid by the Borrower may be paid by the Trustee (from amounts available under the Indenture) and charged against the Loan unless Borrower gives Trustee written notice that such fees are disputed prior to such fee being paid by the Trustee.

**5. INSURANCE TO BE MAINTAINED BY THE COMPLIANCE MONITORING AGENT.** The Compliance Monitoring Agent shall maintain at all times during the existence of this Agreement, at its own expense, blanket fidelity insurance and errors and omissions insurance covering the Compliance Monitoring Agent's officers and employees and other persons acting on behalf of the Compliance Monitoring Agent relating to the Compliance Monitoring Agent's performance of this Agreement. The amount of coverage of such policies shall be acceptable to the Issuer. All such policies of insurance shall be issued by an insurance company, with coverage satisfactory to the Issuer and the Compliance Monitoring Agent and shall name the Issuer and the Trustee as the insured under said policies.

**6. NOTIFICATION TO THE ISSUER THE TRUSTEE AND THE CONTROLLING PERSON.** The Compliance Monitoring Agent shall promptly notify the Issuer, the Borrower, the Trustee and the Controlling Person in writing of any of the following which may come to the attention of the Compliance Monitoring Agent with respect to the Mortgage:

A. Any failure of the Borrower to perform any covenant or obligation, applicable to it, under the Loan Documents (of which the Compliance Monitoring Agent has knowledge) if such failure continues for a period of fifteen (15) days, or lesser period, if so provided in any Loan Document.

B. Abandonment of the Property.

C. Any lack of repair or the deterioration or waste suffered or committed in respect to the Property.

D. Any other matter which would adversely or materially affect or result in diminution of value of the security described herein and in the Mortgage.

E. Any loss or damage by fire or any hazard to the mortgaged property requiring repairs costing in excess of FIFTEEN THOUSAND AND 00/100 (\$15,000) DOLLARS to restore the Property of its condition prior to such loss or damage.

7. **DEFAULT OF BORROWER.** The Compliance Monitoring Agent shall not at any time, without the express written consent of the Issuer, the Trustee and the Controlling Person consent to a postponement of compliance on the part of the Borrower with any of the terms and provisions of the Loan Agreement, the Land Use Restriction Agreement, the Mortgage, or any other Loan Document, or in any manner grant an extension or waiver to the Borrower.

8. **REPRESENTATIONS OF THE COMPLIANCE MONITORING AGENT.** The Compliance Monitoring Agent covenants, warrants and represents to the Issuer and the Borrower as follows:

A. The Compliance Monitoring Agent is a duly organized corporation under the laws of the State of Florida, is in good standing in the State of Florida, and is authorized to do business in the State of Florida; that it is authorized to execute, deliver and perform this Agreement and all other documents and agreements required hereunder, and in so doing, that it will not violate any law, any provision of its charter or bylaws or any other agreement of instrument binding upon it.

B. The Compliance Monitoring Agent shall comply with all applicable laws and the provisions of the Loan Documents, as applicable.

C. The Compliance Monitoring Agent shall cause any funds advanced to the Compliance Monitoring Agent by the Trustee under this Agreement to be deposited with a financial institution, the deposits of which are insured by FDIC or by any successor agency or instrumentality of the United States government; and will cause such financial institution to designate said funds as escrow funds for the benefit of the Trustee; and will cause such financial institution to execute an agreement providing that it will not exercise any powers of right of offset or banker's lien against such escrow funds.

D. The Compliance Monitoring Agent hereby waives and releases any lien or encumbrances which it might at any time have or be able to claim against any property or funds held by the Trustee or the Issuer.

9. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** The Borrower represents and warrants to the Compliance Monitoring Agent that it may rely on the

representations and warranties made by Borrower to the Issuer as set forth in the Loan Agreement, the Land Use Restriction Agreement and the Mortgage.

**10. COVENANTS OF THE BORROWER.** The Borrower covenants and agrees with the Issuer, the Trustee and the Compliance Monitoring Agent as follows:

A. Right of Entry. The Borrower shall permit the Issuer, the Trustee and the Compliance Monitoring Agent and their authorized employees, agents or representatives to enter upon the Property after reasonable prior notice during normal business hours to inspect the Improvements (subject to the rights of the tenants) and all books and records related to the Property of the Borrower and will cooperate with the Issuer, the Compliance Monitoring Agent, the Trustee and its representatives to enable them to perform their functions hereunder. It is expressly agreed that any inspection made by the Issuer, the Trustee and the Compliance Monitoring Agent, or their representatives shall be made solely and exclusively for the protection and benefit of each of them and neither the Borrower nor any third party shall be entitled to claim, any loss or damage against the Issuer, the Trustee or the Compliance Monitoring Agent, or their employees, agents or representatives for failure to properly discharge any alleged duties of the Issuer, the Trustee and the Compliance Monitoring Agent, and they shall have no duty to make such inspections.

B. Additional Documents. The Borrower agrees to execute any and all such other and further instruments as may reasonably be required by the Issuer or the Trustee from time to time in order to carry out the provisions of this Agreement, the Loan Documents or for the purpose of protecting, maintaining, or enforcing the Issuer's and the Trustee's security for the Loan.

**11. TERMINATION.**

A. By the Issuer. The Issuer shall have the right to terminate the Compliance Monitoring Agent's rights and obligations under this Agreement, without cause, upon ten (10) days' written notice to the Compliance Monitoring Agent, and with cause, upon such written notice as the Issuer deems reasonable under the circumstances.

B. Automatic Termination. Upon the occurrence of any one or more of the following events, this Agreement shall be automatically terminated:

(1) The Compliance Monitoring Agent shall assign or attempt to assign its rights or obligations under this Agreement.

(2) The Compliance Monitoring Agent shall institute proceedings for voluntary bankruptcy or shall file a petition seeking reorganization under the Federal Bankruptcy Laws or for relief under any other law for the relief of debtors or shall consent to the appointment of a receiver of all or substantially all of its property, or make a general assignment for the benefits of its creditors, or shall

admit in writing its inability to pay its debts as they become due, or shall be adjudicated bankrupt or insolvent by a court of competent jurisdiction, or if an order shall be made by a court of competent jurisdiction appointing a receiver, liquidator or trustee of the Compliance Monitoring Agent or of all or substantially all of its property or approving any petition filed against the Compliance Monitoring Agent for its reorganization, and such adjudication or order shall remain in force or unstayed for a period of thirty (30) days.

(3) The Compliance Monitoring Agent shall fail to perform any of its obligations hereunder and shall fail, within thirty (30) days after written notice from the Trustee or the Issuer, to correct or cure such failure.

(4) The Property is no longer subject to the Land Use Restriction Agreement.

C. Effect of Termination. In the event this Agreement is terminated pursuant to this Section 11, then the rights and obligations of the Compliance Monitoring Agent and its right to compensation hereunder shall immediately terminate. The Compliance Monitoring Agent shall forthwith deliver to the Issuer or to whomever the Issuer directs, all documents relating to the Loan and shall do such other acts as may reasonably be required by the Issuer to facilitate the termination hereof.

**12. TENANT ELIGIBILITY.** The Compliance Monitoring Agent shall be responsible for the following with respect to the Property:

A. Conduct on-site management reviews of the Property at least annually. Such reviews shall include examination of tenant files, a review of administration procedures, and a physical inspection of the Property. The Compliance Monitoring Agent shall also prepare a written Management Review and Inspection Report and distribute copies to the on-site manager, the Borrower, the management company, the Trustee and the Issuer. Such report shall include a statement as to the compliance by the Borrower with its obligations under the Land Use Restriction Agreement. Such management reviews shall be conducted through the Qualified Project Period, as extended, or until no Bonds are outstanding, whichever is later.

B. Review Program Reports and Tenant Income Certifications and recertifications for completeness, tenant income eligibility and timeliness of completion. The Compliance Monitoring Agent shall contact management personnel regarding any discrepancies and follow-up with respect thereto until required corrections are made and provide copies of any correspondence with respect thereto to the Issuer.

C. Provide the Issuer with occupancy information from each Program Report in the format provided by the Issuer.

D. In addition, the Compliance Monitoring Agent shall:

(1) Be available to answer telephone inquiries relating to bond program requirements.

(2) Keep the Issuer apprised of scheduled activities, any compliance problems as such occur, and changes in apartment management personnel.

(3) Provide the Issuer with copies of all correspondence relating to the Property.

### **13. MISCELLANEOUS PROVISIONS.**

A. No Waiver. Nothing herein shall be construed to waive or diminish any right or security of the Issuer or the Trustee under the Loan Agreement, the Land Use Restriction Agreement and the Mortgage. It is the purpose and intent hereof to provide safeguards, protections and rights for the Issuer and the Trustee in addition to those provided in the Loan Agreement and Mortgage.

B. Cumulative Remedies. The remedies provided herein shall be in addition to and not a substitution for the rights and remedies which would otherwise be vested under any Loan Document or in law or equity, all of which rights and remedies are specifically reserved. The remedies herein provided or otherwise available to the Issuer, the Trustee or the Compliance Monitoring Agent shall be cumulative and may be exercised separately or concurrently and as often as the occasion therefor may arise. The failure to exercise any of the remedies herein shall not constitute a waiver thereof, nor shall use of any of the remedies hereby provided prevent the subsequent or concurrent use of any other remedy or remedies. It is intended that this clause shall be broadly construed so that all remedies herein provided or otherwise available to the Issuer, the Trustee or the Compliance Monitoring Agent shall continue and be each and all available until all sums due by reason of the Loan Agreement or the Mortgage are paid in full and all obligations incurred by the Borrower in connection with the construction or operation of the Improvements have been fully discharged.

C. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, legal representatives, successors and assigns. The Borrower may be released from obligations and agreements hereunder only by a written instrument of the Trustee and the Issuer specifically providing for such release. The Borrower shall be released from any and all liability hereunder, upon payment of the Loan in full and expiration of the Qualified Project Period.

D. Assignability. This Agreement shall not be assignable by the Borrower or Compliance Monitoring Agent without the prior written consent of the Issuer and the Trustee. If the Issuer and the Trustee approve an assignment hereof by the Borrower, the Trustee shall be entitled to make advances to such assignee and such advances shall be secured by the Loan Documents.

E. Governing Law. This Agreement shall be construed under the laws of the State of Florida, regardless of where it may have been executed or delivered. Any action to enforce or interpret this Agreement, whether arising in contract or tort, by statute or otherwise, may be brought in or removed to a state or federal court of competent jurisdiction in or for Duval County, Florida, and the parties hereto hereby submit itself to the jurisdiction of said courts.

F. Construction. Whereas this Agreement was negotiated with input from all parties hereto, this Agreement shall not be construed more strongly against any party regardless of who was more responsible for its preparation.

G. [Reserved].

H. Invalid Provisions. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, illegal, or unenforceable under any applicable law. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of the other terms of this Agreement shall in no way be affected thereby, nor shall such terms be invalid or unenforceable under other, dissimilar facts and circumstances.

I. Headings. The paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning, content, or interpretation hereof.

J. Amendments. This Agreement shall not be amended or modified except by an amendment in writing, executed by all parties hereto in the same form as this Agreement. The Issuer reserves the right to amend this Agreement to comply with federal and state laws and regulations.

K. Time of Essence. Time is of the essence of this Agreement.

L. Right to Publicize. The Issuer and the Compliance Monitoring Agent shall have the right to publicize its involvement in the financing of the Property and may require the Borrower to name the Issuer as its mortgage lender in all publicity releases and promotional materials issued in connection with the Property.

M. Dealings with the Compliance Monitoring Agent. The Compliance Monitoring Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon resolution, notice, telegram, consent, waiver, certificate, affidavit, voucher, bond, title insurance commitment or policy or endorsement thereto or other paper or document which it shall in good faith reasonable believe (i) to be genuine and, (ii) to have been passed or prepared and furnished pursuant to the provisions of the Indenture, the Land Use Restriction Agreement, the Mortgage or the Loan Agreement, and the Compliance Monitoring Agent shall be under no duty to make any investigation



or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements unless the instrument on its face reasonably indicated that the Compliance Monitoring Agent should inquire further or unless the Compliance Monitoring Agent has actual knowledge or information which reasonably should cause the Compliance Monitoring Agent to inquire further. The Compliance Monitoring Agent shall not be held liable under this Agreement except for its own negligence or willful misconduct. The Borrower shall indemnify and hold the Compliance Monitoring Agent harmless from any claim, action or liability of any kind or character whatsoever arising from or in any way related to acts or omissions of the Borrower or any of its agents, employees, consultants, counsel, or independent contractors. This paragraph shall in no way be construed to relieve the Compliance Monitoring Agent of the normal and usual duties of a reasonably prudent loan servicer or monitoring agent.

N. Terms. Wherever used herein, the terms utilized shall include masculine, feminine, neuter, singular and/or plural, as the context admits or requires.

O. Conflicts. Notwithstanding anything herein to the contrary, the terms and conditions of the Loan Agreement and the Mortgage shall govern, control and prevail, in the event of any conflict between the terms and conditions hereof and those contained in the Loan Agreement and the Mortgage.

**14. REMEDIES.** Subject to the applicable terms, conditions and restrictions set forth in the Land Use Restriction Agreement and Section 7.9 of the Loan Agreement, upon the occurrence of any Event of Default which is not cured within the applicable cure period, the Issuer (or the Trustee or the Compliance Monitoring Agent), shall be entitled to seek specific performance hereof against the Borrower, and/or in addition to any other right or remedy available to it in law or equity. It is specifically agreed by the Borrower that a violation of this Agreement or the Land Use Restriction Agreement could cause harm for which no damages could be calculated, therefore entitling the Issuer to immediate equitable relief, including without limitation a temporary restraining order or mandatory injunction without notice.

**15. NOTICES.** Any notice required to be given hereunder shall be given by personal delivery, by registered U.S. mail or by expedited service at the addresses specified below or at such other addresses as may be specified in writing by the parties hereto, and any such notice shall be deemed received on the date of delivery if by personal delivery or expedited delivery service, or upon actual receipt of sent by registered U.S. Mail.

The Issuer: Jacksonville Housing Finance Authority  
214 N. Hogan Street, 7th Floor  
Jacksonville, Florida 32202  
Attention: Finance Director  
Telephone: (904) 255-8200  
Facsimile: (904) 255-8244

The Trustee: The Bank of New York Mellon Trust Company,  
N.A.  
10161 Centurion Parkway, N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department  
Telephone: (904) 645-1923  
Facsimile: (904) 645-1998

The Issuer Servicer: First Housing Development Corporation of Florida  
107 Willow Avenue  
Tampa, Florida 33606  
Attention: Edward Busansky  
Telephone: (813) 289-9410  
Facsimile: (813) 289-5580

To the Borrower: Millennia Jacksonville FL TC LP  
c/o Millennia Housing Development, Ltd.  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Frank T. Sinito  
E-mail: [fsinito@mhmlltd.com](mailto:fsinito@mhmlltd.com)

and a copy to: The Millennia Companies  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Laura R. Anderson, General Counsel  
E-mail: [landerson@mhmlltd.com](mailto:landerson@mhmlltd.com)

and a copy to: Baker & Hostetler LLP  
2000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Lawrence Lindberg, Esq.  
Telephone: 216-861-7483

Facsimile:

To the Controlling Person:

R4 Servicer LLC  
155 Federal Street, Suite 1004  
Boston, Massachusetts 02110  
Attention: Greg Doble  
E-mail: gdoble@r4cap.com

and a copy to:

R4 JPFL Acquisition LLC  
780 Third Avenue, 10th Floor  
New York, New York 10017  
Attention: Marc Schnitzer

and a copy to:

Frost Brown Todd LLC  
400 West Market Street, Suite 3200  
Louisville, Kentucky 40202  
Attention: Amy Curry

**16. ENTIRE AGREEMENT.** This Agreement sets forth the entire agreement among the Issuer, the Compliance Monitoring Agent, the Trustee and the Borrower as to the subject matter hereof, and all prior agreements, negotiations and understandings with respect thereto are merged into and superseded by this Agreement.

**[SIGNATURE PAGES TO FOLLOW]**

**SIGNATURE PAGE FOR  
COMPLIANCE MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed in their respective names by their duly authorized representatives as of the day and year first set forth above.

**MILLENNIA JACKSONVILLE FL TC LP,**  
a Florida limited partnership

By: Jacksonville TC Investment, LLC,  
its general partner

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

Name:

Title:

**SIGNATURE PAGE FOR  
COMPLIANCE MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**JACKSONVILLE HOUSING FINANCE  
AUTHORITY**

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

Name: William I. Gulliford, III

Title: Chair

**SIGNATURE PAGE FOR  
COMPLIANCE MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**FIRST HOUSING DEVELOPMENT  
CORPORATION OF FLORIDA**, a Florida  
corporation

By: \_\_\_\_\_  
Print: Edward Busansky  
Title: Senior Vice President

**SIGNATURE PAGE FOR  
COMPLIANCE MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee**

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

## EXHIBIT A

### LEGAL DESCRIPTION

#### 16123607L-EUREKA GARDENS LEGAL DESCRIPTION:

Eureka Gardens Apartments-1 Parcel:

Parcel C:

All of Lots 15 and 16, Lots 18 through 30, Lots 35 through 39 and Lots 77 and 78, and part of Lots 17, 40, 41, 42 and 76, all in Tract (or Block) "A" Eureka Gardens, as recorded in Plat Book 4, Page 17 of the Current Public Records of Duval County, Florida, together with that part of vacated Alta Vista Street lying between and adjacent to said Lots 18 and 19, 26 and 27, and 38 and 39, also together with that part of vacated Jacobs Avenue, lying West of the west right of way line of Labelle Street and East of the west boundary of said Eureka Gardens, and all being more particularly described as follows:

For a point of beginning commence at the northwest corner of said Lot 78 and run thence North 89° 52' 00" east along the north line of said Lots 78, 22, 21, 20, 19, 18, 17, 16 and 15, (also being the south right of way line of Plymouth Street, a 60 foot right of way), a distance of 892.54 feet to the northeast corner of said Lot 15;

Thence South 00° 10' 47" east along the east line of said Lots 15, 30, and 35, (also being the west right of way line of Labelle Street, a 50-foot right of way), a distance of 645.40 feet to the southeast corner of said Lot 35;

Thence South 89° 45' 32" west, along the south line of said Lots 35, 36, 37, 38, 39 and 40, a distance of 557.67 feet to a point that is 93.1 feet East of the southwest corner of said Lot 40;

Thence North 00° 08' 00" west, parallel to and 6.9 feet West of the east line of said Lot 40, a distance of 70.0 feet;

Thence South 89° 52' 00" west, parallel to and 70.0 feet north of the south line of said Lots 40, 41, 42 and 76, a distance of 335.0 feet to a point in the west line of said Lot 76;

Thence North 00° 08' 00" west, along said west line of Lot 76 and the west line of said Lots 77 and 78, a distance of 576.45 feet to the point of beginning. Less and except the east 20 feet of the north 160 feet of said Lot 17.

Together with a perpetual, unobstructed easement for drainage and right of way or egress and ingress over, under and across the following described property as described in Official Records Volume 5699, Page 1043 and Official Records Volume 5699, Page 1048 of the Current Public Records of Duval County, Florida:

The westerly 25 feet of the southerly 70 feet of Lot 76 and westerly 25 feet of Lots 75 and 74, and the westerly 25 feet of the part of Lot 73, lying north of an easterly extension of the southerly right of way line of Baycrest Road, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17, of said Current Public Records of Duval County, Florida, including the right to construct, operate and maintain drainage facilities on said property, and with right of ingress over said property for the aforesaid purposes.

The foregoing lands being also described as follows:

Parcel C:

Lots 15 thru 30, Lots 35 thru 42 and Lots 76 thru 78, and that certain part of vacated Alta Vista Street lying between and adjacent to Lots 18 and 19, 26 and 27, 38 and 39, and to include that certain part of vacated Jacobs Avenue, lying west of the west right of way line of LaBelle Street and east of the west boundary of Eureka Gardens, except the following:

The south 70.0 feet of Lots 76, 41 and 42, and except the south 70.0 feet of the west 93.1 feet of Lot 40, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17 of the current Public Records of Ducal County, Florida, more particularly described as follows:

Beginning at the northwest corner of said Lot 78;

Thence North 89° 52' east and along the north line of said Lots 78, 22, 21, 20, 19, 18, 17, 16 and 15, 891.90



feet to the northeast corner of Lot 15;

Thence South 0° 08' east along the east line of said Lot 15, 30, and 35, 646.05 feet to the southeast corner of said Lot 35;

Thence South 89° 52' west and along the south line of said Lots 35, 36, 37, 38, 39 and 40, 556.90 feet to a point that is 93.1 feet east of the southwest corner of said Lot 40;

Thence North 00° 08' west, parallel to an 6.9 feet west of the east line of said Lot 40, 70.0 feet;

Thence South 89° 52' west, parallel to and 70.0 feet north of the south line of Lots 40, 41, 42, and 76, 335.0 feet to a point in the west line of said Lot 76;

Thence North 00° 08' west, along the west line of Lot 76 and the west line of Lots 77 and 78, 576.05 feet to the point of beginning. Less and except the east 20 feet of the north 160 feet of said Lot 17.

Parcel D:

Together with a perpetual unobstructed easement for drainage and right of way or egress and ingress over, under and across the following described real property recorded in Official Records Book 5699, Page 1043; The westerly 25 feet of the southerly 70 feet of Lot 76 and westerly 25 feet of Lots 75 and 74, and the westerly 25 feet of the part of Lot 73, lying north of an easterly extension of the southern right of way line of Baycrest Road, all being in Tract (Or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17, current Public Records, Duval County, Florida, including the right to construct, operate and maintain drainage facilities on said property, and with right of ingress over said property for the aforesaid purposes.

Eureka Gardens Apartments-2 Parcel:

Parcel A:

Lots 43 through 48, Lot 75, the south 70.0 feet of Lots 41, 42 and 76, the south 70.0 feet of the west 93.1 feet of Lot 40 and that part of vacated Alta Vista Street lying between and adjacent to said Lots 46 and 47, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being more particularly described as follows:

For a point of beginning commence at the southeast corner of said Lot 48;

Thence South 89° 52' 00" west along the south line of said Lots 48, 47, 46, 45, 44, 43 and 75, and the north right of way line of Hollycrest Drive South (a 50-foot right of way), a distance of 691.90 feet to the southwest corner of said Lot 75;

Thence North 00° 04' 00" east, along the west line of said Lots 75 and 76, a distance of 270.0 feet;

Thence North 89° 52' 00" east and parallel to the south line of said Lots 76, 42, 41, and 40, a distance of 335.40 feet;

Thence South 00° 08' 00" east and parallel to and 6.9 feet west of the east line of said Lot 40, a distance of 70.0 feet to a point in the south line of said Lot 40;

Thence North 89° 45' 32" east, along the north line of said Lots 45, 46, 47 and 48, a distance of 355.56 feet to the northeast corner of said Lot 48;

Thence South 00° 08' 00" east, along the east line of said Lot 48, a distance of 200.67 feet to the point of beginning

Parcel B:

Lots 57 through 70, Lots 73 and 74 and that part of vacated Alta Vista Street lying between and adjacent to Lots 58 and 59, Lots 65 and 67, and Lots 66 and 68, all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and all being more particularly described as follows:

For a point of beginning commence at the northeast corner of said Lot 57;

Thence South 89° 52' 00" west, along the north line of said Lots 57, 58, 59, 60, 61, 62 and 74 and the south right of way line of Hollycrest Drive South (a 50-foot right of way), a distance of 691.90 feet to the northwest corner of said Lot 74;

Thence South 00° 04' 12" west, along the west line of said Lots 74 and 73, a distance of 400.00 feet to the

southwest corner of said Lot 73;

Thence North 89° 52' 00" east along the south line of said Lots 73, 63, 64, 66, 68 and 70 and the north right of way line of Prunty Avenue (a 25-foot right of way), a distance of 891.90 feet to the southeast corner of said Lot 70;

Thence North 00° 04' 12" east, along the east line of said Lots 70 and 69, and along the west right of way line of LaBelle Street (a 50-foot right of way), a distance of 200.00 feet to the northeast corner of said Lot 69;

Thence South 89° 52' 00" west, along the north line of said Lot 69, a distance of 200.00 feet to the northwest corner of said Lot 69;

Thence North 00° 04' 12" east along the east line of said Lot 57, a distance of 200.00 feet to the point of beginning.

The foregoing lands being also described as follows:

Parcel A:

Lots 43 thru 48, Lot 75, the south 70.0 feet of Lots 41, 42 and 76, the south 70.0 feet of the west 93.1 feet of Lot 40 and that certain part of Alta Vista Street lying between and adjacent to Lots 46 and 47 all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being described as follows:

Beginning at the southeast corner of said Lot 48;

Thence South 89° 52' west along the south line of Lots 48, 47, 46, 45, 44, 43 and 75, and the north line of Hollycrest Drive South, 691.9 feet to the southwest corner of said Lot 75;

Thence North 00° 08' west along the west line of Lots 75 and 76, a distance of 270.0 feet;

Thence North 89° 52' east and parallel to the south line of said Lots 76, 42, 41 and 40, a distance of 335.0 feet;

Thence South 00° 08' east and parallel to the east line of said Lot 40, a distance of 70.0 feet to a point on the south line of said Lot 40;

Thence North 89° 52' east along the north line of said Lots 45, 46, 47 and 48, a distance of 356.90 feet to the northeast corner of said Lot 48;

Thence South 0° 08' east and along the east line of said Lot 48, a distance of 200.0 feet to the point of beginning.

Parcel B:

Lots 57 thru 70, Lots 73 and 74 and that certain part of Alta Vista Street lying between and adjacent to Lots 58 and 59, Lots 65 and 67, Lots 66 and 68, all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being described as follows:

Beginning at the northeast corner of said Lot 57;

Thence South 89° 52' west along the north line of said Lot 57, 58, 59, 60, 61, 62 and 74 and the south line of Hollycrest Drive South, a distance of 691.9 feet to the northwest corner of said Lot 74;

Thence South 0° 08' east along the west line of Lots 74 and 73, a distance of 400.0 feet to the southwest corner of said Lot 73;

Thence North 89° 52' east along the south line of Lots 73, 63, 64, 66, 68 and 70 and the north line of Prunty Avenue, a distance of 891.9 feet to the southeast corner of Lot 70;

Thence North 0° 08' west and along the east line of said Lots 70 and 69 and along the west line of LaBelle Street, 200.0 feet to the northeast corner of said Lot 69;

Thence South 89° 52' west along the north line of said Lot 69, a distance of 200.0 feet to the northwest corner of said Lot 69;

Thence North 00° 08' west along the east line of said Lot 57, a distance of 200.0 feet to the point of beginning.

16123607N-MONCRIEF VILLAGE—THE WELDON

MONCRIEF PARCEL

Parcel A:

That certain piece, parcel of tract of land, situate, lying and being in the City of Jacksonville, County of Duval, State of Florida, known and described as:

A part of Tract "F", Replat No. 2 of Royal Terrace, according to plat recorded in Plat Book 7, Page 19, of the current public records of Duval County, Florida, being more particularly described as follows:

Beginning at the intersection of the easterly right of way line of Pearce Street with the northerly right of way line of West 36th Street (both 50 feet right of ways as now established);

Thence North 00° 38' 10" west along said easterly right of way of Pearce Street 462.789 feet to its intersection with the southerly right of way line of the Atlantic Coast Line Railroad right of way (a 60-foot right of way as now established);

Thence North 74° 02' 50" east along said southerly right of way line of Atlantic Coast Line Railroad right of way, 506.65 feet;

Thence South 50° 09' 50" east, 223.34 feet to the southeasterly line of said Tract "F" Replat No. 2 Royal Terrace;

Thence South 40° west along said southeasterly line of said Tract "F" 426.61 feet;

Thence North 55° 42' 40" west 100.50 feet;

Thence South 40° west, 114.88 feet to the PC of a curve to the left, having a radius of 75.88 feet;

Thence around and along said curve to the left South 19° 47' 55" west, 52.41 feet (chord bearing and distance) to the point of tangency of said curve;

Thence South 00° 24' 10" east 50.0 feet to said northerly right of way line of West 36th Street;

Thence South 89° 35' 50" west along said northerly right of way line of West 36th Street, 205 feet to the point of beginning.

Parcel B:

That certain piece, parcel of tract of land, situate, lying and being in the City of Jacksonville, County of Duval, State of Florida, known and described as:

Commencing at the center line intersection of West 36th Street (as established by the office of the City Engineer) and Moncrief Road;

Thence North 33° 30' west along the center line of said Moncrief Road 720.54 feet;

Thence South 40° west, 15.64 feet to a point, said point being the intersection of the southwesterly line of said Moncrief Road (prior to widening to a 60 foot right of way) with the southeasterly line of Flynn Avenue (this point also known as the most northerly corner of a 17 acre tract of land, described in Deed recorded in Deed Book "Y", Page 587, of the former public records of said County;

Thence South 40° west along the southeasterly line of said Flynn Avenue and a prolongation thereof 190.64 feet to a point of beginning;

Thence continuing South 40° west, 409.96 feet to the most northerly corner of Tract "G", of Replat of Royal Terrace No. 2 according to plat thereof recorded in Plat Book 7, Page 19 of the current public records of said

County;

Thence South 33° 30' east along the northeasterly line of said Tract "G" 150.48 feet;

Thence North 40° east along the northeasterly line of Tract "H" of said Replat, 303.6 feet;

South 33° 30' east along the northeasterly line of Tract "H" 100 feet;

Thence North 40° east along the northwesterly line of said Tract "H" 106.36 feet;

Thence North 33° 30' west, 250.48 feet to the point of beginning. (except that part of above described property lying in 36th Street, a public right of way as now established by the City of Jacksonville as described in deed recorded in Official Records Volume 1649, Page 355 of the current public records of Duval County, Florida.)

16123607O

Southside Parcel:

Parcel "A":

Lots 7, 8, 9 and 10, Block 5, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida.

Parcel "B":

A portion of Lots 1, 2, 3, 4 and 5, Block 5, all of Lot 6, Block 5, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida, and all being more particularly described as follows:

For a point of beginning commence at the southeast corner of said Lot 4, Block 5;

Thence South 89° 26' 57" west along the south line of said Block 5, a distance of 153.11 feet to the southwest corner of said Lot 6, Block 5;

Thence North 00° 32' 00" west along the easterly line of a 10-foot alley, lying adjacent to and westerly of said Lots 1, 2, 3 and 6, Block 5, a distance of 281.40 feet to its intersection with the southwesterly limited access right of way line of Interstate Highway No. 95 or State Road No. 9 (a 200 foot right of way as now established);

Thence in a southeasterly direction along the arc of a curve in said southwesterly limited access right of way line, said curve being concave northeasterly and having a radius of 2,964.79 feet, an arc distance of 256.95 feet to its intersection with the east line of said Lot 4, Block 5, said arc being subtended by a chord bearing and distance of South 37° 14' 49" east, 256.87 feet;

Thence South 00° 09' 00" east, along said east line of Lot 4, a distance of 75.37 feet to the point of beginning.

Parcel "C"

A portion of Lots 7, 8, 9 and 10, Block 4, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida, together with a portion of Lot 9, Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, former Public Records of said county and all being more particularly described as follows:

For a point of beginning commence at the intersection of the southerly line of said Lot 9, Phillips Subdivision with the easterly right of way line of Willow Street (a 40-foot right of way as now established);

Thence North 89° 31' 18" east along said southerly line, a distance of 122.35 feet to its intersection with the westerly line of San Diego Terrace, as recorded in Plat Book 16, Page 53, current Public Records of said county;

Thence North 00° 51' 01" west along said westerly line of San Diego Terrace, a distance of 65.22 feet to its intersection with the southwesterly right of way line of Westmont Street (a 40-foot access right of way adjacent to and southwesterly of Interstate Highway No. 95 limited access right of way line);

Thence North 42° 56' 25" west along said southwesterly right of way line of Westmont Street, a distance of 115.06 feet to a point of curvature;

Thence in a northwesterly direction along the arc of a curve in said southwesterly right of way line, said curve being concave northeasterly, and having a radius of 3,004.79 feet, an arc distance of 64.50 feet to its intersection with said easterly right of way line of Willow Street, said arc being subtended by a chord bearing and distance of North 42° 25' 10" west, 64.50 feet;

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Thence South 00° 09' 00" east along said easterly right of way of Willow Street, a distance of 198.08 feet to the point of beginning.

Parcel "D":

Lots 1, 2 and 3, Block 6, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida; together with a portion of Lot 9, Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, former Public Records of said county and all being more particularly described as follows:

For a point of beginning commence at the intersection of the southerly right of way line of Westmont Street (a variable width right of way as established by the City of Jacksonville in Map Book C, Page 59) with the westerly right of way line of Willow Street (a 40-foot right of way as now established);

Thence South 00° 09' 00" east along said westerly right of way line of Willow Street, a distance of 191.18 feet to its intersection with the southerly line of said Lot 9, Phillips Subdivision;

Thence South 89° 31' 18" west along said southerly line of Lot 9, a distance of 245.71 feet;

Thence North 00° 28' 30" west, a distance of 191.11 feet to a point on said southerly right of way line of Westmont Street;

Thence North 89° 46' 51" east along said southerly right of way line, a distance of 96.06 feet to the northwest corner of said Lot 3, Block 6, Walsh's Second Addition;

Thence North 89° 21' 44" east continuing along said southerly right of way line of Westmont Street, a distance of 150.75 feet to the point of beginning.

Parcel "E":

All of that portion of Lots 1 and 2, Block 4, as shown on plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, lying northeasterly of the northeasterly right of way line of Interstate No. 95 and/or State Road No. 9 (a 20 foot right of way as now established), except that portion thereof lying within the present right of way of San Diego Road (a 55 foot right of way as now established).

The foregoing lands being also described as follows:

Parcel 1:

All of Lots 7, 8, 9 and 10, Block 5, as shown by the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida.

Parcel 2:

together with that part of said Block 5, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, more particularly described as follows:

Beginning at the southeast corner of said Block 5;

Thence South 89° 22' west along the south line of said Block 5, 153.30 feet;

Thence North 0° 32' west along the easterly line of that certain 10-foot alley, lying immediately west of and adjacent to Lots 1, 2, 3 and 6 of said Block 5, 281.40 feet to its intersection with the southwesterly right of way line of Interstate Highway No. 95 and/or State Road No. 9 (a 200 foot right of way as now established), said right of way line being a curve concave to the northeast and having a radius of 2,964.79 feet;

Thence around and along said curve and along said southwesterly right of way line of Interstate No. 95, South 37° 10' 30" east, 257.30 feet (chord bearing and distance) to its intersection with the easterly line of said Block 5;

Thence South 0° 09' east along said easterly line of Block 5, 74.85 feet to the point of beginning.

Parcel 3:

Together with the following described parcel:

Part of Block 4, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 45, of the current Public Records of Duval County, Florida, and a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478 of the former Public Records of said county, and being more particularly described as follows:

Beginning at the intersection of the easterly line of Willow Street (a 40-foot right of way as now established), with the south line of said Lot 9, Phillips Subdivision;

Thence North 89° 25' 45" east along said south line of Lot 9, 122.46 feet to its intersection with the westerly line of San Diego Terrace, as recorded in Plat Book 16, Page 53, of the current Public Records of said county;

Thence North 0° 49' 45" west along said westerly line of San Diego Terrace, 64.39 feet to its intersection with the southwesterly right of way line of Interstate No. 95 and/or State Road No. 9 (a 240-foot right of way line as now established);

Thence North 42° 58' 30" west along said southwesterly right of way line of Interstate No. 95, 115.20 feet to the P.C. of a curve to the right, having a radius of 3,004.79 feet;

Thence around and along said curve, North 42° 21' 06" west, 64.56 feet (chord bearing and distance) to its intersection with said easterly right of way line of Willow Street;

Thence South 0° 09' east along said easterly right of way line of Willow Street, 197.60 feet to the point of beginning.

Parcel 4:

Together with the following described parcel:

A part of Block 6, as shown on plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, and as a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478 of the former Public Records of said county, and being more particularly described as follows:

Beginning at the intersection of the south line of Westmont Street, with the westerly line of Willow Street (both being 40-foot right of ways as now established);

Thence South 00° 09' east along said westerly right of way line of Willow Street, 190.67 feet to its intersection with the south line of said Lot 9;

Thence South 89° 25' 45" west along said south line of Lot 9, 50.0 feet;

Thence North 0° 09' west, 49.63 feet;

Thence South 89° 22' west, 15.0 feet;

Thence North 0° 09' west, 6.0 feet;

Thence South 89° 22' west, 85.03 feet;

Thence South 0° 28' 30" east, 55.63 feet to a point in said south line of Lot 9;

Thence South 89° 25' 45" west, along said south line of Lot 9, 96.0 feet;

Thence North 00° 28' 30" west, 205.43 feet to a point in the southerly right of way line of Westmont Street (a 25-foot right of way at this point);

Thence North 89° 22' east along said southerly right of way line of Westmont Street, 96.0 feet;

Thence continuing along said southerly right of way line, South 0° 28' 30" east 15.0 feet;

Thence continuing along the southerly right of way line of said Westmont Street, North 89° 22' east, 150.80 feet to the point of beginning.

Except that portion lying within the right of way of Westmont Street as shown on City of Jacksonville Right of Way Map Book C, Page 59.

Parcel 5:

Together with the following described residue parcel:

All of that portion of Lots 1 and 2, Block 4, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, lying northeasterly of the northeasterly right of way line of Interstate No. 95 and/or State Road NO. 9 (a 200-foot right of way as now established), except that portion thereof lying within the present right of way of San Diego Road (a 55-foot right of way as now established).

Parcel 6:

That certain piece, parcel or tract of land, situate, lying and being a part of Block 6, as shown by the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 45, of the current Public Records of Duval County, Florida, and a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, of the former Public Records of said county, and being more particularly described as follows:

Commencing at the intersection of the south line of Westmont Street, with the westerly line of Willow Street (both being 40-foot right of ways as now established);

Thence South 0° 09' 00" east along said westerly right of way line of Willow Street, 190.67 feet to its intersection with the south line of said Lot 9;

Thence South 89° 25' 45" west along said south line of Lot 9, 50.00 feet for a point of beginning;

Thence North 0° 09' 00" west, 49.63 feet;

Thence South 89° 22' 00" west, 15.00 feet;

Thence North 00° 09' 00" west, 6.00 feet;

Thence South 89° 22' 00" west, 85.03 feet;

Thence South 0° 28' 30" east, 55.63 feet to a point in said south line of Lot 9;

Thence North 89° 25' 45" east along said south line of Lot 9, 99.71 feet to the point of beginning.



16123607Q-WASHINGTON HEIGHTS-CALLOWAY COVE

WASHINGTON HEIGHTS PARCEL:

A part of the Francis Bagley Grant, Section 43, Township 1 South, Range 26 East and a part of the Charles F. Sibbald Grant, Section 39, Township 1 South, Range 26 East, Duval County, Florida, and being more particularly described as follows:

Beginning at the southeast corner of Tract "I" as shown on map of Washington Heights Estates as recorded in Plat Book 31, Pages 93, 93A, 93B, and 93C, of the Current Public Records of said county;

Thence North 6° 38' 20" east and along the easterly line of said Washington Heights Estates, a distance of 452.26 feet;

Thence continue along the easterly line of said Washington Heights Estates North 24° 36' west, a distance of 630.12 feet to the southwest corner of Tract 'A-A' as shown on map of Washington Heights Estates Unit 2 as recorded in Plat Book 34, Page 14 of the said Public Records;

Thence North 65° 24' east along the southerly line of Tract "A-A" and its northeasterly prolongation, a distance of 180.0 feet;

Thence North 24° 36' west 15.0 feet to the southwest corner of Lot 9, Block 48, of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lot 9, Block 48 of said Washington Heights Estates Unit 2, a distance of 90.0 feet to the southeast corner thereof;

Thence North 24° 36' west along the easterly line of Lots 9, 8, 7, 6 and 5, Block 48, a distance of 100.0 feet to the southwesterly corner of Lot 1, Block 49 of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lots 1, 2, 3, 4, 5 and 6, Block 49, a distance of 120.0 feet to the northwesterly corner of Lot 5, Block 50 of said Washington Heights Estates Unit 2;

Thence South 24° 36' east along the westerly line of Lots 5, 6, 7, 8 and 9, Block 50, a distance of 100.0 feet to the southwesterly corner of Lot 9, Block 50 of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lot 9, Block 50, a distance of 90.0 feet to the southeasterly corner thereof;

Thence South 24° 36' east, a distance of 15.0 feet;

Thence North 65° 24' east along the southerly line of Tract "B-B" and its southwesterly prolongation, a distance of 174.98 feet to the southeasterly corner of said Washington Heights Estates Unit 2;

Thence South 24° 40' east, a distance of 875.07 feet;

Thence South 65° 32' 50" west, a distance of 656.0 feet;

Thence South 6° 39' 05" west, a distance of 292.37 feet to the northerly right-of-way line of Moncrief Road;

Thence North 62° 21' west along the northerly right-of-way line of Moncrief Road, a distance of 135.5 feet to the point of beginning.

**FINANCIAL MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**THIS FINANCIAL MONITORING AGREEMENT** (the "Agreement") is made as of September 1, 2018, by and among the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a public body corporate and politic duly created and existing under the laws of the State of Florida (the "Authority"), **FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA**, its successors and assigns, a Florida corporation (the "Monitoring Agent"), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, as trustee under the below described Indenture (in such capacity, the "Trustee"), and **MILLENNIA JACKSONVILLE FL TC LP**, a Florida limited partnership (the "Borrower").

**W I T N E S S E T H:**

**WHEREAS**, all capitalized terms in this Agreement not otherwise defined shall have the meanings set forth in the Indenture (hereinafter defined); and

**WHEREAS**, the Issuer has been created and organized pursuant to and in accordance with the provisions of Chapter 159, Part IV, Florida Statutes, as amended (the "Act"), for the purpose, among others, of financing the costs of residential developments that will provide decent, safe and sanitary housing for persons or families of low, moderate or middle income in Duval County, Florida (the "County"); and

**WHEREAS**, the Act authorizes the Issuer; (a) to make loans to sponsors to provide financing for residential developments located within the County, and intended to be occupied to the extent required by applicable state or federal tax law by persons or families of low, moderate and middle income; (b) to issue revenue bonds for the purpose of obtaining monies to make such loans and provide such financing and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) pledge all or any part of the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans in order to secure the payment of the principal or redemption price of and interest on such bonds; and

**WHEREAS**, pursuant to resolutions of the Issuer adopted on September 19, 2017 and September 19, 2018, the Issuer has authorized, approved and issued \$\_\_\_\_\_ aggregate principal amount of its Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Bonds") pursuant to that certain Indenture of Trust dated as of September 1, 2018 between the Issuer and the Trustee (the "Indenture"); and

**WHEREAS**, pursuant to its lawful authority under the Act, the Issuer, and the Borrower have entered into that certain Loan Agreement dated September 1, 2018 (the "Loan Agreement"), by the terms of which the Issuer has agreed to loan the proceeds of the Bonds to the Borrower (the "Loan") for the purpose of providing funds to acquire, construct and equip multifamily residential developments located on property within the County, consisting of (i)

400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments; and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments, to be known as Millennia Jacksonville Project (collectively, the "Project Facilities"); and

**WHEREAS**, The Authority has contracted with First Housing Development Corporation of Florida, its successors and assigns, to serve as the Monitoring Agent ("Monitoring Agent") for the Project pursuant to the terms and conditions of this Agreement.

**NOW THEREFORE**, for the consideration contained herein, the Authority, the Borrower and the Monitoring Agent agree as follows:

1. First Housing Development Corporation of Florida, its successors and assigns, is designated the Monitoring Agent for the Project Facilities for a term equal to the Qualified Project Period (as defined in the Land Use Restriction Agreement) or until terminated in accordance with this Agreement.
2. The duties of the Monitoring Agent shall be to:
  - A. Perform financial monitoring of the Loan.
  - B. Obtain and maintain certain financial information for the Authority with regard to the Project Facilities.
  - C. Provide the Authority with written reports in a form approved by the Authority.
  - D. Provide the Authority with a report on the Project Facilities' annual budget within 60 days after the beginning of the Project Facilities' Fiscal Year.
  - E. Provide the Authority with a report on the Project Facilities' mid-year operating results within 90 days after the Project Facilities' mid-year.
  - F. Provide the Authority with a report on the Project Facilities' year-end operating results within 90 days after the Project Facilities' year-end.
  - G. Provide the Authority with a report summarizing the Project Facilities' audited financial performance within 160 days after the end of the Project Facilities' Fiscal Year.
  - H. Provide the Authority with an annual Executive Summary Report within 160 days after the end of the Project Facilities' Fiscal Year.

3. For the purposes of this Agreement, Financial Monitoring shall mean:
  - A. Obtain the Project Facilities' mid-year operating results in a form approved by the Authority. The Monitoring Agent will review the interim operating results and annualize the numbers, the Monitoring Agent shall compare the annualized results to projections. The Monitoring Agent shall report any unusual variances or trends and provide a copy of the analysis to the Authority.
  - B. Obtain the Project Facilities' annual audited financial statements when due. The Monitoring Agent shall provide an analysis of the Project Facilities' balance sheet, income statement, and any other schedules, in a form approved by the Authority. The Monitoring Agent shall compare actual year end results to projections and budget (if applicable).
  - C. Provide a written report to the Authority summarizing the results of the financial statement analysis within 160 days after the end of the Project Facilities' fiscal year end. (This assumes that the Project Facilities submits its annual audited financial statements within 120 days after year end, thus allowing the Monitoring Agent 40 days for which to complete the analysis.).
4. As set forth in paragraph 8, for the above described services, the Monitoring Agent shall be paid 0.015% basis points per annum on the principal amount of Bonds outstanding on the Project Facilities, with a \$7,824 minimum fee per annum. On January 1 of each year, the minimum fee shall be adjusted, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30<sup>th</sup>. This automatic increase shall not exceed 3% of the prior year's fees.
5. The Borrower hereby agrees to pay the fee described above and to provide the Monitoring Agent reasonable access to the Project Facilities and Project Facilities records at reasonable times and upon reasonable notice so as to allow the Monitoring Agent to fulfill its obligations to the Authority. The Borrower further agrees to provide the Monitoring Agent on behalf of the Authority the following documents:
  - A. Annual budget for the Project Facilities not later than thirty 30 days prior to the beginning of each Fiscal Year of the Project Facilities. The annual budget should be in the form attached hereto as Exhibit A.
  - B. Interim operating results within 45 days after the end of the Project Facilities' mid-year. Mid-year Operating Statements should be in the form attached hereto as Exhibit B.

- C. End of year operating results within 45 days after the Project Facilities' year-end. End of year Operating Statements should be in the form attached hereto as Exhibit C.
  - D. Annual Audited Financial Statements for the Project Facilities within 120 days of the end of the Borrower's Fiscal Year.
  - E. Certified rent roll as of the last day of the last month of the Project Facilities' Fiscal Year.
  - F. Month by month occupancy reports on a monthly basis shall be provided commencing on the first month following the issuance of the Project Facilities' first certificate of occupancy.
  - G. Schedule of Capital Repairs/Improvements for the current Fiscal Year and for any projected Fiscal Years beyond the current Fiscal Year to the extent not contained in the Annual Budget.
- 6. The Authority agrees to provide the Monitoring Agent with a Project Facilities description including unit mix information, with income and expense projections which were provided to the Monitoring Agent in conjunction with the underwriting of the Loan.
  - 7. This Agreement may be terminated by the Authority, with or without cause, upon 10 days' written notice to the Monitoring Agent. Such termination does not relieve the Borrower from its obligation to pay any fees owed hereunder.
  - 8. The Borrower shall provide compensation for the services rendered by the Monitoring Agent hereunder in accordance with the following provisions:
    - A. The annual compensation of the Monitoring Agent for the monitoring services specified hereunder shall be paid by the Trustee, from corresponding fees paid by the Borrower to the Trustee, in an amount equal to 0.015% per annum of the principal balance of the Bonds outstanding as of each December 1 and June 1 (prior to any principal reduction on such date) or a minimum fee of \$7,824 per annum, payable each December 1 and June 1. On January 1<sup>st</sup> of each year, the minimum fee shall be adjusted, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30<sup>th</sup>. This automatic increase shall not exceed 3% of the prior year's fees.
    - B. The Monitoring Agent's rights to compensation hereunder for monitoring services shall cease upon the occurrence of any of the following events:

- (1) the end of the Qualified Project Period (as defined in the Land Use Restriction Agreement);
    - (2) notification by the Trustee to the Monitoring Agent that its services or this Agreement shall be terminated by the Authority or the Trustee with the Authority's consent, with or without cause.
  - C. No termination fee shall be due the Monitoring Agent in the event this Agreement is terminated (with or without cause) by the Authority or the Trustee.
  - D. Any fees not paid by the Borrower may be paid upon written direction from the Authority, by the Trustee (from amounts available under the Indenture) and charged against the Loan unless Borrower gives the Authority and the Trustee written notice that such fees are disputed prior to such fee being paid by the Trustee.
- 9. The parties hereto acknowledge that other persons or parties may have access to the reports described herein in that they may become public records of the Authority.
- 10. The persons executing this Agreement acknowledge and represent that they have the legal authority to execute this document and to commit the party for which they are executing to the terms of this Agreement.
- 11. This Agreement and the information provided to the Authority hereunder are solely for the information, benefit and use of the Authority and the Authority undertakes no responsibility or obligation hereby to any third party, including, without limitation, the Bondholders, to monitor, assure or enforce the performance by the Borrower of its obligations with respect to the Loan or the Project Facilities. No other party, including without limitation, the Bondholders, shall be entitled to rely on the information and services of the Monitoring Agent hereunder.

[SIGNATURE PAGES TO FOLLOW]

**SIGNATURE PAGE FOR  
FINANCIAL MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**IN WITNESS WHEREOF**, the parties have hereunto set their hands and affixed their seals the day and year first above written.

**MILLENNIA JACKSONVILLE FL TC LP,**  
a Florida limited partnership

By: Jacksonville TC Investment, LLC,  
its general partner

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

Name:

Title:

**SIGNATURE PAGE FOR  
FINANCIAL MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**JACKSONVILLE HOUSING FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
William I. Gulliford, III, Chair



**SIGNATURE PAGE FOR  
FINANCIAL MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**FIRST HOUSING DEVELOPMENT  
CORPORATION OF FLORIDA**, a Florida  
corporation

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

**SIGNATURE PAGE FOR  
FINANCIAL MONITORING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

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

Name:

Title :

**EXHIBIT A**  
**FORM OF ANNUAL BUDGET**

**EXHIBIT B**  
**FORM OF MID-YEAR OPERATING STATEMENT**

**EXHIBIT C**  
**FORM OF YEAR-END OPERATING STATEMENT**

**CONSTRUCTION LOAN AND MORTGAGE  
SERVICING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**THIS CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT** (this "Agreement") is made as of September 1, 2018, by and among the **JACKSONVILLE HOUSING FINANCE AUTHORITY** a public body corporate and politic duly created and existing under the laws of the State of Florida ("the Issuer"), **FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA**, its successors and assigns, a Florida corporation (the "Issuer Servicer"), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association existing under the laws of the United States of America, in its capacity as trustee (in such capacity, the "Trustee") and **MILLENNIA JACKSONVILLE FL TC LP**, a Florida limited partnership (the "Borrower").

**W I T N E S S E T H:**

**WHEREAS**, all capitalized terms in this Agreement not otherwise defined shall have the meanings set forth in the Loan Agreement (hereinafter defined) and the Indenture (hereinafter defined); and

**WHEREAS**, the Issuer has been created and organized pursuant to and in accordance with the provisions of Chapter 159, Part IV, Florida Statutes, as amended (the "Act"), for the purpose, among others, of financing the costs of residential developments that will provide decent, safe and sanitary housing for persons or families of low, moderate or middle income in Duval County, Florida (the "County"); and

**WHEREAS**, the Act authorizes the Issuer; (a) to make loans to sponsors to provide financing for residential developments located within the County, and intended to be occupied to the extent required by applicable state or federal tax law by persons or families of low, moderate and middle income; (b) to issue revenue bonds for the purpose of obtaining monies to make such loans and provide such financing and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) pledge all or any part of the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans in order to secure the payment of the principal or redemption price of and interest on such bonds; and

**WHEREAS**, pursuant to resolutions of the Issuer adopted on September 19, 2017 and September 19, 2018, the Issuer has authorized, approved and issued \$[\_\_\_\_\_] aggregate principal amount of its Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the "Bonds") pursuant to that certain Indenture of Trust dated as of September 1, 2018 between the Issuer and the Trustee (the "Indenture"); and

**WHEREAS**, pursuant to its lawful authority under the Act, the Issuer, and the Borrower have entered into that certain Loan Agreement dated as of September 1, 2018 (the "Loan Agreement"), by the terms of which the Issuer has agreed to loan the proceeds of the Bonds to the Borrower (the "Loan") for the purpose of providing funds to acquire, rehabilitate and equip multifamily residential developments located on property within the County, consisting of (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments; and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments, to be known as Millennia Jacksonville Project (collectively, the "Project"); and

**WHEREAS**, the Loan will be evidenced by that certain Note, in the principal amount of \$[\_\_\_\_\_] dated as of September 1, 2018 (the "Note"), which Loan and Note will be secured by that certain Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing, (the "Bond Mortgage"), granting the Issuer a first mortgage lien and security interest in the real and personal property described therein; and

**WHEREAS**, the Issuer intends to assign the Note and the Bond Mortgage, and other instruments securing repayment of the Note, to the Trustee for the benefit of the holders of the Bonds; and

**WHEREAS**, the Issuer Servicer has represented and warranted that it is duly qualified and authorized to engage in the business of administering loans of the type of the Loan referred to herein; and

**WHEREAS**, the Issuer Servicer shall act as agent of the Issuer in performing certain functions under the Loan Documents, and shall manage and service the Mortgage and the Land Use Restriction Agreement on behalf of the Issuer, subject to the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, Ten Dollars (\$10) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. DEFINITIONS.** Any capitalized terms used herein and not defined below shall have the meaning ascribed to them in the Indenture or the Loan Agreement. The following definitions shall apply as context may require in this Agreement:

A. "Agreement" – This Construction Loan and Mortgage Servicing Agreement, as from time to time amended, modified or supplemented.

B. "Architect" – Dimit Architects, LLC, for Valencia and the Architectural Group for the other three (3) Projects.

C. "Budget" – The proposed budget for the Improvements which is attached hereto as Exhibit "B" and by this reference made a part hereof, which contains a construction schedule of the Improvements, as amended in accordance with the terms hereof, including, without limitation, amendments resulting from change orders approved in accordance with the terms hereof.

D. "Consulting Engineer" – [\_\_\_\_\_].

E. "Construction Contract" – That certain Standard Form of Agreement for each Project (as defined in the Indenture) Between Owner and Contractor by and between the Borrower and the Contractor, dated [\_\_\_\_\_] regarding the construction of the Improvements.

F. "Contractor" – NEI General Contracting, Inc.

G. "Controlling Person" – R4 Servicer LLC.

H. "Costs of the Improvements" – All direct and indirect costs, including interest costs, required to be expended by the Borrower to comply with requirements of this Agreement, specifically including items set forth in the Budget. The Cost of the Improvements shall include the reasonable cost of labor and materials actually expended or incurred by the Borrower and incorporated in the Improvements on the Land, as well as interest costs and issuance costs and fees associated with the closing of the Loan and the issuance of the Bonds (excluding any fees and profit of the Borrower), and include materials stored on the Land.

I. "Environmental Indemnity" – That certain Environmental Indemnity from the Borrower, the General Partner, Jacksonville TC Investment, LLC, Malisse J. Sinito and Frank T. Sinito, individually, in favor of the Issuer and the Trustee.

J. "Events of Default" – Those events of default as defined in Paragraph 19 of this Agreement.

K. "Force Majeure" – An act of God, strikes, lockouts, act of public enemy, lightning, fire, storm, flood, or any other cause of delay beyond the reasonable control of the party claiming the applicability of the Force Majeure doctrine (financial inability excepted).

L. "General Partner" – Jacksonville TC Investment, LLC, an Ohio limited liability company, as the general partner of the Borrower.

M. "Guarantees" – That certain (i) Absolute and Unconditional Guaranty of Completion, (ii) that certain Continuing Absolute and Unconditional Guaranty of Recourse Obligations, and (iii) that certain Absolute and Unconditional Guaranty of Operating Deficits each from the Borrower, the General Partner, Jacksonville TC Investment, LLC, Millennia Housing Development, LTD., Malisse J. Sinito and Frank T. Sinito, individually, all of which guarantees are in favor of the Issuer and the Trustee.



N. "Improvements" – All improvements described in the plans for the Property (the "Plans") and all additions and equipment reasonably necessary to construct, equip, renovate, operate and rent the Property, including all amenities. Without limiting the foregoing, the term Improvements shall include all landscaping, walls, drives, approaches, sidewalks, curbs, paving and all chattels, furniture, furnishings and equipment described in the Plans.

O. "Inspector" – [\_\_\_\_\_].

P. "Land" – The real property described in Exhibit "A", which is attached hereto and by this reference made a part hereof.

Q. "Land Use Restriction Agreement" – The Land Use Restriction Agreement, dated September 1, 2018 by and among the Issuer, the Trustee and the Borrower.

R. "Loan" – The loan contemplated by the Loan Agreement in an original amount of \$[\_\_\_\_\_].

S. "Loan Documents" – Collectively, this Agreement, the Note, the Loan Agreement, the Bond Mortgage, the Land Use Restriction Agreement, the Indenture, and all other documents and instruments evidencing, securing or guaranteeing payment of the Loan, or any portion thereof.

T. "Mortgagee" – The Issuer, and its successors or assigns, including the Trustee.

U. "Plans" – The final plans and specifications for the Improvements heretofore approved by the Issuer and the Inspecting Engineer or their respective agents together with any and all amendments and modifications thereto made with the approval of the Issuer or its agent or otherwise in accordance with the terms hereof. (It is understood that the Plans shall be construed in such manner so that any works, structures or parts thereof mentioned or shown in the Plans and not mentioned or shown in the specifications, or vice versa, are to be constructed and erected as if they were in fact reflected in the Plans.)

V. "Property" – The real property described in Exhibit "A", which is attached hereto and by this reference made a part hereof, and the Improvements.

W. "Title Insurance Company" Fidelity National Title Insurance Company.

X. "Title Insurance Policy" – Policy issued pursuant [\_\_\_\_\_] No. [\_\_\_\_\_] effective as of [\_\_\_\_\_] and all endorsements issued as required by this Agreement as of the date of reference.

**2. TERM.** This Agreement shall continue from the earlier of the date of this Agreement or from the date the Issuer Servicer shall begin servicing the Loan for the Issuer until occurrence of the first of the following events:

A. The Loan shall be paid in full and the Qualified Project Period (as defined in the Land Use Restriction Agreement) shall have expired.

B. The Bond Mortgage shall be foreclosed in accordance with the Loan Documents and the Loan Documents or the property encumbered by the Bond Mortgage shall be acquired by the Trustee.

C. Termination of this Agreement as to the Issuer Servicer, with or without cause, pursuant to Paragraph 16 hereof.

D. Assignment of all right, title and interest of the Issuer to a third party which terminates the interests of the Issuer.

**3. SERVICING.** The Issuer Servicer shall perform the services of the Issuer Servicer provided herein. The Issuer Servicer shall exercise the same degree of care, skill, prudence and diligence in servicing the Bond Mortgage as is the customary and usual practice of prudent financial institutions, which service real property loans for their own portfolios and on behalf of others.

A. Construction Servicing. During the period of construction of the Improvements, the Issuer Servicer and/or its contractor shall be responsible for monitoring the progress of the construction work on behalf of the Issuer as follows:

1. The Issuer Servicer and/or its contractor shall attend all draw meetings, if any, and represent the Issuer with respect to approving all construction draws. The Issuer Servicer shall approve the draw only if all documents are appropriate, accurate and supported by proper documentation in accordance with the plans, specifications and construction contract.

2. The Issuer Servicer and/or its contractor shall make site visits sufficient to verify that the work is being performed in accordance with the plans, specifications, this Agreement and other construction documents. This includes (a) verifying the quality of the work and the materials incorporated therein, (b) determining that the Architect is providing proper inspections of the Property in accordance with its contract, (c) notifying appropriate parties if the Issuer Servicer becomes aware that any unhealthful or unsafe condition exists at the Property, (d) comparing waivers of and lien of materialmen and affidavits of contractor and subcontractor with Notice-to-Owner forms, and verifying that no payments are being improperly made, and (e) such other monitoring tasks as are customary and that minimize risk to the Property.

3. Provide monthly written reports to the Issuer confirming that all of the above are being performed in a manner consistent with the best interest of the project provided in sufficient detail to allow a reasonable person to assess the Property's status.

4. Upon completion of the Improvements, the Issuer Servicer shall provide the Issuer with the Architect's Certificate of Substantial Completion.

B. Permanent Loan Servicing. Following Stabilization (as defined in the Indenture) the Issuer Servicer shall perform servicing of the Loan as follows:

1. Establish a separate loan servicing file for the Property. The file shall contain copies of all closing documents pertaining to the Property.

2. Verify and confirm with quarterly reports to the Issuer (with a copy to the Trustee) the sufficiency of all insurance policies as to dollar amounts and the types of coverage required by the Issuer. Establish tickler files for the renewal or anniversary premium payment dates of all policies. In the event of loss, the Issuer Servicer will administer the restoration program.

3. Provide monthly loan servicing reports to the Issuer.

4. Timely renew and file UCC continuation statements with the Florida Secured Transaction Registry and in Duval County, Florida.

C. Continuing Duties of the Issuer Servicer after completion of the rehabilitation.

Monitor any other letters of credit or insurance policies issued or received in connection with the Property or Development and do all things or take any actions necessary or appropriate on behalf of the Issuer and the Trustee to secure, or cause to be secured, the timely renewal thereof for such periods as such items are to be in force and effect by the Loan Documents; provided, that the Issuer Servicer has received from the Trustee (from available funds held under the Indenture) from time to time any fees or charges the Issuer Servicer requires to secure payment or the timely renewal of such items upon the Borrower's failure to do so. The Issuer Servicer shall provide timely notice to the Trustee and the Borrower of any failure by the Borrower to renew within thirty (30) days before the expiration any such letters of credit or insurance policies.

D. Continuing Duties of the Issuer and the Trustee. In connection with the construction period, the Issuer, the Borrower and the Trustee agree that:

1. They shall do and perform all things reasonably necessary to assist the Issuer Servicer in servicing the Loan;

2. Borrower shall direct investment of the proceeds of the Bonds in accordance with the Indenture in such manner as will insure that such proceeds will be available to be disbursed at such reasonable times as proceeds of the Loan are required to be disbursed by the Trustee under this Agreement and substantially in accordance

with the Draw Schedule attached hereto as Exhibit "B" and by this reference made a part hereof.

**4. COLLECTION AND DEPOSIT OF PAYMENTS.** The Issuer Servicer shall confirm that the Trustee has received each payment due under the Note and Bond Mortgage, as due, and if not, shall assist the Issuer and the Trustee, or the Bondholder in the event that payments are being made directly to the Bondholder, in the enforcement of their rights pursuant to the Loan Documents. The Trustee, or the Bondholder in the event that payments are being made directly to the Bondholder, shall receive each payment made under the Loan Documents and the Trustee shall notify the Issuer Servicer and the Borrower in writing if payment is not made when due.

**5. ADVANCES DURING REHABILITATION.** The Issuer and the Trustee agree to make or cause to be made disbursements to the Borrower under the Indenture, the Loan Agreement and this Agreement of the proceeds of the Bonds in accordance with the Indenture, the Loan Agreement, the Budget, and in accordance with and subject to the procedures set forth below. The Budget may be amended by the Issuer Servicer from time to time, upon the written request of the Borrower with the consent of the Controlling Person; approval of such requests shall not be unreasonably withheld or delayed.

A. Requisition Request to be submitted to the Trustee, the Controlling Person, and the Issuer Servicer:

(1) At such time as the Borrower shall desire to obtain an advance, the Borrower shall complete, execute and deliver a Requisition Request, in the form as provided for in the Loan Agreement, to the Controlling Person and the Issuer Servicer. Each Requisition Request submitted by Borrower to obtain an advance under the Loan shall be signed by an authorized signatory of the Borrower (or the Borrower Designee). The Borrower shall not submit any Requisition Request to the Trustee until it has been approved by the Controlling Person and the Issuer Servicer, and each Advance by the Trustee of the proceeds of the Bonds shall be subject to the prior approval of the Requisition Request by the Controlling Person and the Issuer Servicer and to the other conditions precedent set forth in the Indenture and the Loan Agreement. Requisition Requests should be submitted to the Trustee without attachments, except as provided in the Indenture or the Loan Agreement. The Issuer Servicer shall approve or object to any Requisition Request within ten (10) Business Days of its submission together with all additional information required in connection with such advance. If the Issuer Servicer neither approves nor objects within such time, its approval shall be deemed given; in such instances, the Issuer Servicer must sign the Requisition Request by the tenth (10th) Business Day and forward it, as if it had been approved. Failure to approve a Requisition Request on the part of the Controlling Person shall not be deemed to be an approval of the Controlling Person and under no circumstances shall the Trustee disburse a Requisition Request unless signed by the Controlling Person.

(2) Notwithstanding the foregoing, the Issuer Servicer shall not have the right to withhold its approval of any Requisition Request approved by the Controlling Person unless, in the opinion of the Issuer Servicer, such Requisition Request would violate the terms of the Loan Documents, if such Requisition Request (1) (i) has been approved by the Consulting Engineer, (ii) complies with the Budget, as amended in accordance with the terms of the Loan Documents, (iii) is for work that is in substantial accordance with the Plans and Specifications, and (iv) is accompanied by lien waivers with respect to the prior Requisition Request or by evidence that any liens which have been filed or for which notices of filing have been sent have been bonded to the satisfaction of the Title Company, or (2) if not approved, would jeopardize the coverage afforded by any Payment and Performance Bond. In addition, the Issuer Servicer shall not unreasonably withhold its approval of any Requisition Request otherwise approved by the Controlling Person. In the event the Issuer Servicer withholds its approval of a Requisition Request which does not meet the requirements of subsections (1) and (2) of this paragraph, but which has otherwise been approved by the Controlling Person, no funds shall be advanced for the disputed items (however, funds allocable to the items on such Requisition Request which are not disputed shall be available to be advanced) and the Controlling Person and the Issuer Servicer shall submit the dispute to binding arbitration by a mutually acceptable single arbitrator selected by the Controlling Person and the Issuer Servicer and experienced in the type of construction contemplated in this Agreement. The Controlling Person and the Issuer Servicer shall use all reasonable efforts to complete such arbitration proceedings and obtain a decision within thirty (30) days.

B. The Issuer Servicer shall review each Requisition Request for compliance with this Agreement, the Land Use Restriction Agreement, draw schedule, budgets and time lines and all other Loan Documents; for compliance with the Plans and all legal requirements; and for compliance with the customary and usual construction and on disbursement practices for the geographical area in which the Property is located.

(1) Where the Requisition Request includes amounts to be paid to the Contractor, such Requisition Request shall be accompanied by forms the same as or similar to AIA Form G702 and G703, to be reviewed and approved by the Issuer Servicer and executed by the Contractor and the Architect.

(2) Where the Requisition Request relates to items other than payments for work performed under the Construction Contract or a subcontract, there shall be included a statement of the purpose for which the advance is desired and/or invoices for the same, as the Issuer Servicer shall reasonably require.

(3) The Requisition Request shall be subject to the Inspecting Engineer verifying that the work has been accomplished in substantial accordance with the Plans so as to entitle the Borrower to the disbursement required.

C. It is specifically understood and agreed that the making of any advance or advances, or part of any advance, shall not be construed as an approval or acceptance by the Issuer and the Trustee of the work theretofore done.

D. Each Requisition Request shall be submitted to the Issuer Servicer at least ten (10) business days prior to the date of the requested advance; disbursements shall be made no more frequently than monthly at the principal office of Trustee or at such other place as Trustee may designate. The provisions of this Paragraph shall not restrict the ability of the Trustee to make interest payments in accordance with the Indenture.

E. If an Event of Default has occurred and is continuing and all applicable cure periods have expired, the Trustee (at the direction of the Issuer but only with the written consent of the Controlling Person) may make any or all advances for construction expenses directly to the Contractor for deposit in an appropriately designated special bank account and the execution of this Agreement by the Borrower shall, and hereby does, constitute an irrevocable authorization so to advance the proceeds of the Loan, subject, however, to the applicable provisions of this Agreement including, but not limited to the Controlling Person's approval of all advances. No further authorization from the Borrower shall be necessary to warrant such direct advances to Contractor and all such advances shall satisfy pro tanto the obligations of the Issuer and the Trustee hereunder and shall be secured by the Bond Mortgage as fully as if made directly to the Borrower.

F. All advances or parts of advances including the initial advance will be made subject to the approval of the Issuer Servicer and to the following conditions precedent as to each advance (each of which the Borrower covenants to fulfill), satisfaction of which shall be evidenced by the Issuer Servicer's approval which are in addition to and not in replacement of the requirements for advances of the Controlling Person as set forth in the Loan Agreement:

(1) That the Borrower has fully complied with all of the provisions of the Loan Documents and is entitled to such advance, it being understood that the making of any advance or portion thereof when the Borrower is not so entitled will not constitute waiver of such compliance and that no event has occurred and is continuing which constitutes a "Default" or an "Event of Default" under any Loan Document.

(2) That the Bond Mortgage is a good and valid first lien for the full amount then and theretofore advanced, and good, marketable and insurable title to the Borrower's fee simple interest in the Land is vested in the Borrower, free and clear of all encumbrances, except Permitted Encumbrances as defined in the Indenture and except for encumbrances being properly contested under the Bond Mortgage, as evidenced by an updated title insurance endorsement.

(3) That the Improvements rehabilitated through the date of the Requisition Request have been rehabilitated in substantial accordance with the Plans and all legal

requirements, and that the Inspecting Engineer has made an inspection of and approves the work completed as represented in the current Requisition Request.

(4) That the Issuer Servicer has been furnished with an affidavit executed by an authorized representative of the Borrower or its agent as to whether or not the Borrower has been served with written notice that a lien may be claimed for any amounts unpaid for materials furnished or labor performed by any person, firm, entity or corporation furnishing materials or performing labor of any kind in the construction/rehabilitation or installation of any of the Improvements. The date and manner of service shall be stated in such affidavit and a true and correct copy of each such notice shall be attached to the affidavit.

(5) That the Borrower has procured or will procure verified and proper mechanic's lien waivers and receipted bills or receipts from the Contractor, any subcontractor or materialmen in a form reasonably satisfactory to the Issuer or the Issuer Servicer, showing payment of all parties who have furnished materials or performed labor of any kind pertaining to the construction/rehabilitation or installation of any of the Improvements, except for claims bonded off, insured over or being contested under the terms of the Bond Mortgage, through the date of the previous disbursement. The Issuer, the Trustee, and the Issuer Servicer shall not be required nor be responsible to ascertain that any such bills are, in fact, paid. In the event a lien has been filed against the Land, the Issuer Servicer shall require such lien to be satisfied or bonded before approving a Requisition Request.

(6) That the Borrower has furnished the Issuer Servicer reasonably satisfactory evidence that the undisbursed proceeds of the Loan together with projected earnings on invested funds under the Indenture and other identifiable funds available to the Borrower, including but not limited to capital contributions made or to be made under the Borrower's partnership agreement will be sufficient to pay the cost of completing the Improvements (other than the deferred developer fee and other deferred fees to parties related to the Borrower) as required by the Loan Documents.

(7) That the Improvements are not being constructed in violation of the Land Use Restriction Agreement or any covenants, restrictions, codes, or zoning ordinances affecting the Land.

(8) That the Borrower has caused the Issuer Servicer to be provided with a title endorsement with respect to the Title Insurance Policy theretofore delivered, indicating that since issuance of the Title Insurance Policy there has been no change in the state of title to the Land which is not permitted under the terms of the Bond Mortgage or which not otherwise accepted by the Mortgagee.

(9) That the Borrower and/or the Contractor have caused the Issuer Servicer to be provided with a list of all subcontractors and materialmen to be used on the

Property, to be updated with each Requisition Request, and if requested by the Issuer Servicer, copies, certified by the Borrower and/or the Contractor to be true and correct, material, equipment and furnishings to complete the Improvements.

(10) That the Requisition Request is accompanied by a certificate on the part of the Architect that the work has been accomplished in substantial accordance with the Plans so as to entitle the Borrower to the disbursement requested.

G. Prior to approving the final advance and release of any Retainage being held back hereunder, the Issuer Servicer shall have received (those items with \* are necessary for releasing Retainage):

\*(1) each of the items specified in the foregoing subparagraphs F(2) through (10);

\*(2) such documents, if any, as may be required by Duval County, Florida (the "County"), as appropriate for the issuance of a final certificate of occupancy;

\*(3) a certificate of substantial completion in a form reasonably acceptable to the Issuer (the AIA form G704 is acceptable to the Issuer);

\*(4) final lien waivers from all subcontractors and materialmen;

\*(5) updated title insurance endorsements insuring the lien of the Bond Mortgage as of the Completion Date to be a valid first lien on the Property, subject only to Permitted Encumbrances (as defined in the Indenture) other than mechanic's liens, and otherwise providing the title insurance coverage required under the Bond Mortgage as of the Completion Date;

\*(6) a set of "as-built" Plans;

H. The Trustee may rely upon the approval of a Requisition Request by the Controlling Person and the Issuer Servicer to establish compliance by the Borrower with subparagraphs A, B, E, F and G above.

**6. COMPENSATION OF THE ISSUER SERVICER.** The Borrower shall provide for payment to the Issuer Servicer for the services rendered by the Issuer Servicer hereunder in accordance with the following provisions:

A. Servicing Fees. The Borrower shall pay the Issuer Servicer fees, which include:

(1) Compensation payable to the Issuer Servicer for construction/rehabilitation servicing shall be paid directly by the Borrower to the Issuer Servicer in the following amounts:



- (a) an on-site inspection fee of \$177 per hour for services rendered during the rehabilitation of the Property, but not in excess of \$1,754 per disbursement.
- (b) an in-house review fee of \$177 per hour for services rendered during the rehabilitation of the Property, but not in excess of \$1,754 per disbursement.

An additional fee of \$ \$177 per hour shall be paid by Borrower for extraordinary construction servicing services.

- (2) Compensation payable to the Issuer Servicer for compliance monitoring and permanent loan servicing (permanent loan servicing shall only be charged if bond loan is not repaid in full at time of project completion) shall be paid and deposited by the Borrower with the Trustee on the semi-annual dates established in the Compliance Monitoring Agreement.

B. Termination of Compensation. The Issuer Servicer's right to compensation hereunder (except for accrued, unpaid compensation and unreimbursed, previously incurred costs and expenses) for servicing the Loan shall cease upon the occurrence of any of the following events:

- 1. the Loan shall be paid in full and the Qualified Project Period shall have expired;
- 2. an Event of Default under the Note, Bond Mortgage or the Loan Agreement unless the Issuer Servicer is directed to assist in foreclosure of the Bond Mortgage by the Trustee;
- 3. notification by the Trustee to the Issuer Servicer that its services or this Agreement shall be terminated by the Issuer or the Trustee with the Issuer's consent, with or without cause;
- 4. assignment of all right, title and interest of the Trustee in and to the Bond Mortgage.

C. Deductions of Unpaid Fees.

D. Any fees not paid by the Borrower may be deducted from a subsequent draw request.

**7. TITLE INSURANCE UPDATE FEES.** The Borrower shall be responsible for payment to the Title Insurance Company for periodic title update charges as required by the Issuer or the Trustee.

**8. BUILDER'S RISK AND HAZARD INSURANCE.** The Issuer Servicer shall see to it that at all times during the term of this Agreement and the other Loan Documents, all buildings and improvements making up the Property are insured, under standard mortgagee clauses, for the benefit of the Trustee and the Issuer, against loss or damage by fire and from such other insurable risks and hazards, all as more specifically set forth in the Bond Mortgage and other Loan Documents. Subject to the applicable provisions of the Loan Agreement, fire insurance and extended coverage shall be in an amount at least equal to the full replacement value of the Property less applicable deductibles. Subject to the applicable provisions of the Loan Agreement, in the event of the failure by the Borrower to maintain such insurance in full force and effect, and upon the written authorization of the Issuer, such insurance shall be maintained by the Issuer Servicer, subject to payment by the Trustee, which shall advance necessary funds (from amounts available for such purposes pursuant to the Indenture) to the Issuer Servicer, upon request from the Issuer Servicer. The Issuer Servicer shall retain and safely store, service and continually maintain all such policies and documents related thereto as are required by this Paragraph. All insurance coverage maintained pursuant to this Paragraph shall be without contribution by the Trustee and shall be issued by insurance companies having a general policyholder's rating and financial rating acceptable to the Issuer.

**9. INSURANCE TO BE MAINTAINED BY THE ISSUER SERVICER.** The Issuer Servicer shall maintain at all times during the existence of this Agreement, at its own expense, blanket fidelity insurance and errors and omissions insurance covering the Issuer Servicer's officers and employees and other persons acting on behalf of the Issuer Servicer relating to the Issuer Servicer's performance of this Agreement. The amount of coverage of such policies shall be at least equal to the coverage that would be required by the Controlling Person with respect to the Issuer Servicer if the Issuer Servicer were servicing mortgage loans for the Controlling Person relating to the Issuer Servicer's performance of its obligations under this Agreement. All such policies of insurance shall be issued by an insurance company, with coverage satisfactory to the Issuer and the Issuer Servicer and shall name the Issuer and the Trustee as the insured under said policies. All premiums for such insurance shall be paid by the Issuer Servicer at its own expense as a cost of doing business.

**10. NOTIFICATION TO THE TRUSTEE.** The Issuer Servicer shall promptly notify the Issuer, the Borrower, the Controlling Person and the Trustee of any of the following which may come to the attention of the Issuer Servicer with respect to the Bond Mortgage:

A. Any failure of the Borrower to perform any covenant of obligation, applicable to it, under the Loan Documents (of which the Issuer Servicer has knowledge) if such failure continues for a period of fifteen (15) days, or lesser period, if so provided in any Loan Document.

B. Abandonment of the Property.

C. Any lack of repair or the deterioration or waste suffered or committed in respect to the Property.

D. Any other matter which would adversely or materially affect or result in diminution of value of the security described herein and in the Bond Mortgage.

E. Any loss or damage by fire or any hazard to the mortgaged property requiring repairs costing in excess of FIFTEEN THOUSAND AND 00/100 (\$15,000.00) DOLLARS to restore the Property of its condition prior to such loss or damage.

**11. DEFAULT OF BORROWER.** The Issuer Servicer shall not at any time, without the express written consent of the Issuer, the Controlling Person and the Trustee, consent to a postponement of compliance on the part of the Borrower with any of the terms and provisions of the Loan Agreement, the Bond Mortgage, or any other Loan Document, or in any manner grant an extension or waiver to the Borrower, subject to the applicable provisions of the Indenture and Loan Agreement. The Issuer Servicer shall only act at the written direction given to it by the Trustee or the Issuer. The Trustee, at the direction of the Controlling Person, shall have the right to institute and prosecute any foreclosure proceedings of the Bond Mortgage through an attorney selected and directed by the Trustee and the Issuer Servicer agrees to cooperate with such proceedings.

**12. TRUSTEE ACTION.** The Trustee shall conduct all such foreclosure proceedings and take title to the Property in the name of such other party as designated in the Mortgage and Indenture.

In such event, the Issuer Servicer shall be released from the obligations to conduct and be responsible for such foreclosure proceedings.

**13. REPRESENTATIONS OF THE ISSUER SERVICER.** The Issuer Servicer covenants, warrants and represents to the Issuer and the Borrower as follows:

A. The Issuer Servicer is a duly organized corporation under the laws of the State of Minnesota, is in good standing in such jurisdiction and in the State of Florida, and is authorized to conduct business in the State of Florida; that it is authorized to execute, deliver and perform this Agreement and all other documents and agreement required hereunder, and in so doing, that it will not violate any law, any provision of its charter or bylaws or any other agreement of instrument binding upon it.

B. The Issuer Servicer shall comply with all applicable laws and the provisions of the Loan Documents.

C. The Issuer Servicer shall cause any funds advanced to the Issuer Servicer by the Trustee under this Agreement to be deposited with a financial institution the deposits of which are insured by FDIC or by any successor agency or instrumentality of the United States government; and will cause such financial institution to designate said funds as escrow funds for the benefit of the Trustee; and will cause such financial institution to execute an agreement providing that it will not exercise any powers of right of offset or banker's lien against such escrow funds.

D. The Issuer Servicer hereby waives and releases any lien or encumbrances which it might at any time have or be able to claim against any property or funds held by the Trustee or the Issuer, except monies on deposit in the Administrative Expense Account (or similar account under the Indenture) and available for such payment under the Indenture.

**14. BORROWER'S REPRESENTATIONS AND WARRANTIES.** As of the Closing Date, the Borrower represents and warrants to the Issuer, the Trustee and the Issuer Servicer as follows:

A. Valid Existence. That it is a duly organized and validly existing limited partnership in good standing under the laws of the State, with full power and authority to consummate the transactions contemplated hereby.

B. Unencumbered Land. That the Borrower is indefeasibly seized of a fee simple title in the Land and has full power and lawful right to mortgage the same, and that the Land is free and clear of all encumbrances, except current taxes and assessments which are not yet due and payable and Permitted Encumbrances as defined in the Indenture.

C. No Mechanic's Liens. That no materials of any kind have been placed on the Land by anyone, and no work or labor has been performed, thereon that has not been paid for; there are no unpaid bills for labor, materials, supplies or services furnished upon the Land; and no notice of commencement or claim of lien affecting the Land or the Improvements has been filed in the public records of the County which has not been provided to and approved by the Issuer, and no such notice of commencement or claim of lien will be so filed prior to the recording of the Bond Mortgage. The Borrower covenants, however, that it will, immediately upon notification of recordation of the Bond Mortgage, cause to be executed and filed of record among the public records of the County, a notice of commencement, as required by Chapter 713, Florida Statutes, as amended, and a certified copy thereof to be posted on the Land and to remain so posted during the period of rehabilitation, all in accordance with the applicable provisions of Chapter 713, Florida Statutes, as amended.

D. Plans Approved. Except as provided in the next succeeding sentence, by the date of commencement of rehabilitation, the Plans shall have been approved by the Issuer Servicer and the Inspecting Engineer on behalf of the Issuer, and to the extent required by applicable law or any effective restrictive covenant, by all governmental authorities having jurisdiction thereover and the beneficiary of any such covenant, respectively.

E. Utilities. That all utilities services necessary for the rehabilitation of the Improvements and the operation thereof for their intended purpose, are or will be available prior to commencement of rehabilitation, for the use of the Borrower at the Land, including water supply, storm and sanitary sewer facilities, electric, and telephone services.

F. Access. That adequate vehicular, pedestrian and utility access for reasonably direct ingress, egress and service, to and from the Land from publicly owned and maintained paved roadways are or will be available when needed at the Land.

G. Licenses and Permits. That all necessary licenses and permits will be obtained as soon as each is reasonably obtainable so as to permit the rehabilitation and completion of the Improvements, and operation of the Property.

H. Labor and Materials. That all labor and materials contracted for or utilized in connection with the rehabilitation of the Improvements shall be used and employed solely on the Land and in said rehabilitation and shall be substantially in accordance with the Plans.

I. Monies in Trust. That the monies disbursed under this Agreement shall constitute a trust fund and shall be used solely for the payment of the Costs of the Improvements and for no other purpose, unless another use is specifically provided for in this Agreement or another Loan Document, or is consented to in writing by the Issuer and Trustee prior to any such usage.

J. No Suits Pending. That there are no actions, suits, or proceedings pending, or, to the knowledge of the Borrower, threatened against or affecting it or the Land or involving the validity or enforceability of the Bond Mortgage or the priority of the lien thereof, at law or in equity, or before or by any governmental authority except actions, suits and proceedings fully covered by insurance or which, if adversely determined, would not substantially impair the ability of the Borrower to pay when due any amounts which may become payable in respect to the Loan Agreement; and to the Borrower's knowledge it is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

K. No Violation of Agreements. That the consummation of the transactions hereby contemplated and performance of this Agreement and the Bond Mortgage will not result in any breach of, or constitute default under, any mortgage, lease, bank loan or credit agreement, corporate charter, bylaws, partnership agreement, operating agreement, joint venture agreement, or other instrument to which the Borrower or its General Partner are a party or by which they may be bound or affected.

L. No Event of Default Under Loan Agreement. That no Event of Default presently exists under the Note, the Loan Agreement, the Bond Mortgage, this Agreement or any other Loan Document, and no event has occurred and is continuing which with notice or the passage of time or either would constitute a default under the Note, the Loan Agreement, the Bond Mortgage or this Agreement or any other Loan Document.

M. No Financial Impediments. That Borrower has no known or contingent liabilities, and no material financial obligations under other agreements to which Borrower is a party or by which the Land is bound other than those obligations incurred with regard to the acquisition of the Land or in the ordinary course of the operation of the Property and those obligations arising out of or specified in the Bond Mortgage, the other Loan Documents, the Bond Documents and the Borrower's partnership agreement.

N. Continuing Warranties. That each of the representations and warranties set forth in this Paragraph will be true on the date of each advance hereunder and the acceptance of any advance hereunder by the Borrower shall be deemed to be a reaffirmation of each and every one of said representations and warranties.

**15. COVENANTS OF THE BORROWER.** As of the Closing Date, and thereafter, the Borrower covenants and agrees with the Issuer, the Trustee and the Issuer Servicer as follows:

A. Survey. The Borrower shall forthwith, and prior to the initial disbursement of any funds hereunder, furnish to the Issuer Servicer, at the Borrower's expense, a current survey, which survey shall meet all requirements of the Title Insurance Company (including any flood requirements), so as to enable the Title Insurance Company to eliminate any exception for survey matters from the Title Insurance Policy, and which survey shall locate all recorded restrictions and easements by recording references. Upon the completion of the Improvements, the Borrower shall furnish to the Issuer Servicer and the Trustee a final completion survey showing the Improvements completed and properly located on the Land. Such survey shall be made by a civil engineer or surveyor reasonably acceptable to the Issuer Servicer and the Issuer and shall be paid for by the Borrower and shall be on a form and contain such matters as may reasonably be required by the Issuer Servicer and the Issuer.

B. Insurance. The Borrower shall furnish and pay, or cause to be furnished and paid, the premiums for fire and extended coverage insurance as well as insurance against such other hazards (i) as required under the Loan Agreement and the Bond Mortgage, or (ii) if greater, as may be reasonably required by the Issuer and the Issuer Servicer, including flood insurance if required, with a company or companies meeting the reasonable requirements of the Issuer and the Bond Mortgage, said policies to be in full replacement value of the Improvements and covering the same, said policies to be in such amount, in such form and with such deductibles as are reasonably acceptable to the Issuer and the Issuer Servicer. Loss under such insurance policies shall be payable in accordance with the relevant provisions of the Bond Mortgage and the Subordination Agreement and said policies shall provide that they shall not be cancelable without at least thirty (30) days' prior written notice by the insurer to the Trustee and the Issuer. The Borrower shall also furnish at the Borrower's expense, or cause to be furnished, such workers' compensation insurance as may be reasonably required by law. Evidence of the foregoing shall be provided to the Trustee prior to the initial disbursement of funds. All insurance policies identified herein shall be renewed at least twenty (20) days prior to expiration with notice of renewal provided the Trustee. The provisions herein are intended to be consistent with and to impose the same insurance obligations as set forth in the Loan Agreement and the Bond Mortgage.

C. Rehabilitation in Workmanlike Manner. The Borrower shall rehabilitate, or cause to be rehabilitated, the Improvements on the Land in a true, thorough and workmanlike manner and in substantial accordance with the Plans. The Borrower shall provide, or cause to be provided, at the Borrower's cost, all manner of materials, labor, scaffolding, implements and

other items of every description as are required for the complete rehabilitation of the Improvements. The Borrower shall not make any material changes in the Plans or materially deviate therefrom, except with the prior written consent of the Issuer and the Issuer Servicer which approval will not be unreasonably withheld or delayed and except with respect to change orders that do not require the consent of the Issuer or the Issuer Servicer pursuant to Section 17D. The question of materiality will be solely and reasonably decided by the Issuer or the Issuer Servicer in light of the Plans submitted, existing building standards and the public purpose of the Property.

D. Lien Releases. The Borrower shall furnish all receipted bills, certificates, affidavits, receipts, releases of lien, approved bonds and any other documents which may be required or allowed by the lien laws of the State, or which may be reasonably required by the Issuer, the Issuer Servicer, the Trustee or the Title Insurance Company providing the Title Insurance Policy, as evidence of full payment or acceptable bond for all labor and materials incident to the rehabilitation of the Improvements, and will promptly secure the release (except for liens which are the subject of a bond as herein described) of the Land from any and all liens that might be imposed thereon. The Borrower specifically reserves the right to contest any such liens, provided such liens are properly transferred to a surety bond or cash deposit in accordance with Florida law.

E. Compliance with Loan Agreement. The Borrower shall comply with and perform each and every one of the provisions, terms, conditions, requirements and contingencies embodied in the Loan Agreement and the other Loan Documents required to be complied with by Borrower and shall execute all instruments required to completely comply with and perform the same, and shall abide by, complete and carry out all of the Borrower's representations, proposals and commitments made in the Loan Documents.

F. No Further Encumbrances. The Borrower will not convey, encumber or impose a security interest on its interest in the Land or the Improvements in any way without the consent of the Issuer and the Trustee, except as permitted in the Bond Mortgage; nor shall the Borrower assign any rights under this Agreement or any advance or portion of any advance to be made hereunder without the Issuer's and the Trustee's prior written consent. All proposed easements affecting the Land shall be submitted to the Issuer Servicer for its reasonable approval prior to the execution thereof by the Borrower and shall be accompanied by a drawing or survey adequate to show the proposed location thereof.

G. Right of Entry. The Borrower will permit the Issuer, the Trustee and the Issuer Servicer and their authorized employees, agents or representatives to enter upon the Land after reasonable prior notice during normal business hours, to inspect the Improvements and all materials to be used in the rehabilitation thereof, and to examine all detailed plans and shop drawings which are or may be kept at the construction site and all books and records of the Borrower and the Contractor relating to the Land, and will cooperate and cause the Contractor to cooperate with the Issuer, the Trustee and/or the Issuer Servicer and their representatives to enable them to perform their functions hereunder. It is expressly agreed that any inspection

made by the Issuer, the Trustee or the Issuer Servicer or their representatives shall be made solely and exclusively for the protection and benefit of each of them and neither the Borrower nor any third party shall be entitled to claim any loss or damage either against the Issuer, the Trustee or the Issuer Servicer or its employees, agents or representatives for failure to properly discharge any alleged duties of the Issuer, the Trustee or the Issuer Servicer and they shall have no duty to make such inspections.

H. Correct Non-Complying Work. The Borrower agrees that it will cause to be corrected at no cost to the Issuer, the Trustee, or the Issuer Servicer, any work performed and replace any material that does not substantially comply with the Plans.

I. Additional Documents. The Borrower agrees to execute any and all such other and further instruments as may reasonably be required by the Issuer or Trustee from time to time in order to carry out the provisions of this Agreement, the Loan Documents or for the purpose of protecting, maintaining, or enforcing the Issuer's and the Trustee's security for the Loan.

J. Insufficiency of Loan Proceeds. Unless otherwise agreed in writing by the Issuer and the Issuer Servicer, the Borrower covenants, warrants and agrees that it will provide from its own funds such amounts as may be necessary to pay for all Costs of the Improvements which are in excess of the disbursements required to be made by the Trustee hereunder and other available and identified funds (as approved by the Issuer Servicer), and in the event of any default hereunder (subject to any applicable notice and cure periods), the Issuer Servicer shall not be required to approve any disbursement hereunder if the undisbursed proceeds of the Loan together with all other available and identified funds shall be less than the amount necessary to pay for the completion of the Improvements. If the Issuer or the Issuer Servicer at any time determine in their reasonable judgment from any certification, report, cost projection, work stoppage, price or wage change or from any other source or for any reason, that the Cost of the Improvements will exceed those costs and projections estimated by the Borrower or the Issuer and certified to the Issuer Servicer from time to time, and that the undisbursed proceeds of the Loan (plus any and all funds of the Borrower deposited with the Trustee together with all other available and identified funds) shall be less than the amount necessary, in the Issuer's or the Issuer Servicer's reasonable judgment, to pay for all work done or to be done and all other expenses for completion of the Improvements, or that any amount specified in the Budget may be less than the amount necessary (taking into account all other available and identified funds which are so approved by the Issuer Servicer), in the Issuer's or the Issuer Servicer's reasonable judgment, to pay for all work done or to be done and all expenses incurred or to be incurred in connection with the Improvements, then in such event, the Trustee shall, if directed by the Issuer, withhold further disbursements to the Borrower until the Borrower shall have provided a sufficient plan to pay for all work done or to be done and expenses incurred or to be incurred in connection with the Improvements, to the reasonable satisfaction of the Issuer, including but not limited to the requirement that collateral sufficient to cover such costs be posted with or for the benefit of the Trustee.



K. Construction Contract. Except as otherwise provided herein with respect to change orders that do not require consent, the Borrower shall not amend the Construction Contract in any manner without the prior written consent of the Issuer, the Controlling Person and the Issuer Servicer.

## 16. TERMINATION.

A. By the Trustee. The Trustee, with the consent of the Issuer, shall have the right to terminate the Issuer Servicer's rights and obligations under this Agreement, without cause, upon ten (10) days' written notice to the Issuer Servicer, and with cause, upon such written notice as the Issuer deems reasonable under the circumstances. If the Issuer Servicer shall be terminated pursuant to this Section 16.A., the Issuer shall cause notice of such termination to be sent to the Borrower and the Controlling Person.

B. Automatic Termination. Upon the occurrence of any one or more of the following events, the Issuer Servicer's rights and obligations under this Agreement shall be automatically terminated:

(1) The Issuer Servicer shall assign or attempt to assign its rights or obligations under this Agreement.

(2) The Issuer Servicer shall institute proceedings for voluntary bankruptcy or shall file a petition seeking reorganization under the Federal Bankruptcy Laws or for relief under any other law for the relief of debtors or shall consent to the appointment of a receiver of all or substantially all of its property, or make a general assignment for the benefits of its creditors, or shall admit in writing its inability to pay its debts as they become due, or shall be adjudicated bankrupt or insolvent by a court of competent jurisdiction, or if an order shall be made by a court of competent jurisdiction appointing a receiver, liquidator or trustee of the Issuer Servicer or of all or substantially all of its property or approving any petition filed against the Issuer Servicer for its reorganization, and such adjudication or order shall remain in force or unstayed for a period of thirty (30) days.

(3) The Issuer Servicer shall fail to perform any of its obligations hereunder and shall fail, within thirty (30) days after written notice from the Trustee or the Issuer, to correct or cure such failure.

(4) The Property is no longer subject to any federal regulation dealing with tax-exempt financed housing projects.

(5) The amounts owed by the Borrower under the Loan Documents are paid in full.

C. Effect of Termination. In the event this Agreement is terminated pursuant to this Paragraph 16, then the rights and obligations of the Issuer Servicer and its right

to compensation hereunder shall immediately terminate, the Issuer Servicer shall forthwith deliver to the Issuer or to whomever the Issuer directs, all documents relating to the Loan and shall do such other acts as may reasonably be required by the Issuer to facilitate the termination hereof.

D. Upon termination of the rights and duties of the Issuer Servicer hereunder (other than pursuant to Section 16B(5) hereof, the Trustee and the Borrower shall join the Issuer in entering into a substantially similar agreement with a replacement Issuer Servicer designated by the Issuer.

## **17. AGREEMENTS RELATING TO CONTRACTORS.**

A. Rights Inferior. The rights of all contractors, subcontractors, sub-subcontractors, laborers, suppliers and materialmen performing any work in connection with the Improvements, or furnishing any services, labor or materials thereto or to the Land, shall be subordinate and inferior to the Bond Mortgage. Neither the Trustee nor the Issuer shall be liable to materialmen, contractors, subcontractors, sub-subcontractors, laborers, suppliers or others for goods or services delivered by them in or upon the Land or employed in the rehabilitation of the Improvements, or for any debts or claims accruing to any of said parties against the Borrower or against the Land, and it is distinctly understood and agreed that there is no contractual relationship, either express or implied, between either the Issuer, the Trustee or the Issuer Servicer and any materialmen, contractors, sub-contractors, sub-subcontractors, craftsmen, laborers or any person supplying any work, labor or material. The Borrower is not, and shall not be, the agent of either the Issuer, the Trustee or the Issuer Servicer for any purpose, nor shall any of them be the agent of Borrower for any purpose, except, as to both, as may be specifically set forth herein. It is specifically understood and agreed that no party shall be a third party beneficiary hereunder, except and unless it is specifically provided herein that any provision shall operate or inure to the use and benefit of a party, i.e., no subcontractor, sub-subcontractor or materialman, laborer or supplier shall have any rights hereunder against the Issuer, the Trustee or the Issuer Servicer or be entitled to the protection of any of the covenants herein contained.

B. Borrower's Rights Assigned. The Borrower hereby assigns to the Issuer and Trustee, effective, however, only after an Event of Default and the expiration of applicable cure periods, all rights of the Borrower under its contract with the Contractor and under its contract with the Architect and the Issuer or the Trustee shall have the option after an Event of Default, and the expiration of applicable cure periods, in its sole discretion and in addition to any other rights and remedies the Issuer or the Trustee may have, to exercise their rights under this assignment. Nothing herein shall be construed, however, to require the Issuer or the Trustee to exercise any rights under this Paragraph.

C. No Other Contracts. Except for items set forth and approved by the Issuer Servicer in the Budget, the Borrower represents that it has not and agrees that it will not enter into any significant contract or agreement (in excess of \$50,000) relating to the

rehabilitation, purchase or installation of the Improvements other than the contracts with the property manager, the Developer, the Architect and the Contractor and a contract with its surveyors or engineers, nor will the Borrower agree to any material modification or amendment in its contract with the property manager, the Contractor or the Architect without first obtaining the Issuer Servicer's written approval of and consent to such contract, agreement or amendment, which consent shall not be unreasonably withheld or delayed for more than five (5) days after receipt of said notice.

D. Change Orders. The Borrower covenants and warrants that any change order of \$25,000 or more, or \$250,000 in the aggregate, shall require the prior written approval of the Issuer Servicer, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Issuer Servicer shall be provided with copies of all change orders, regardless of amount. Change orders that do not require the consent of the Issuer Servicer shall not be deemed material.

E. No Joint Venture. Nothing herein nor the acts of the parties hereto shall be construed to create a partnership or joint venture between the Borrower and the Issuer, the Trustee or the Issuer Servicer with respect to the Loan.

## **18. EVENTS OF DEFAULT.**

A. Subject in all instances to the provisions of subparagraph B of this Section 18 and the provisions of the Indenture, including but not limited to the right of the Controlling Person to control all proceedings under Section 6.4 of the Indenture, and Section 7.9 of the Loan Agreement, an Event of Default under this Agreement shall, at the Issuer's option, be deemed to have occurred hereunder if:

(1) Default Under Loan Documents. Any Event of Default, as defined therein, shall occur under any of the other Loan Documents which is not cured within any applicable grace or cure period; or

(2) Breach of Covenant. The Borrower shall breach or fail to perform, observe or meet any material covenant or condition in this Agreement within thirty (30) days after written notice thereof or such longer period of time in the reasonable discretion of the Issuer Servicer if such default cannot reasonably be cured within thirty (30) days and Borrower is diligently prosecuting a cure to completion; or

(3) Filing of Liens Against the Land. Any lien for labor, materials, or taxes (except for ad valorem taxes not yet due and payable) or otherwise shall be filed against Borrower's interest in the Land and not be either released (by payment, bonding or otherwise) within the earlier of forty (40) days after the date of filing thereof or thirty (30) days after the Borrower receives actual notice thereof or properly contested as provided for in the Bond Mortgage, except as disclosed in the pending litigation schedule attached hereto as Exhibit "C" and made a part hereof; or

(4) Judgment Against Borrower. Any final judgment shall be entered against the Borrower or the General Partner, which the Borrower or the General Partner has not appealed and which could reasonably be expected to impair the ability of the Borrower to perform each and every one of its respective obligations under and by virtue of the Loan Documents; or

(5) Levy Upon The Property. A levy shall be made under any process on, or a receiver be appointed for, the Property or any part thereof and not dismissed within thirty (30) days; or

(6) Bankruptcy. The Borrower or the General Partner shall commit any act of bankruptcy; or any proceeding under bankruptcy laws or other debtor-relief or similar laws shall be brought against the Borrower or the General Partner which is not dismissed within sixty (60) days; or the Borrower or the General Partner shall file for or take advantage of any form of reorganization or arrangement under any bankruptcy law or other debtor-relief or similar law or proceeding; or

(7) Assignment for the Benefit of Creditors. The Borrower or the General Partner shall make a general assignment for the benefit of creditors; or

(8) Abandonment or Cessation of Construction/Rehabilitation. Construction/rehabilitation of the Improvements shall cease and not be resumed within thirty (30) days thereafter, unless the Borrower is prevented from resuming same as a result of Force Majeure, or shall be abandoned for more than thirty (30) days; or

(9) Denial of Inspection. The Issuer, the Trustee or the Issuer Servicer or representatives shall not be permitted, at all reasonable times and after reasonable notice, to enter upon the Land, to inspect the Improvements and the construction/rehabilitation thereof and all materials, fixtures, and articles used or to be used in the construction/rehabilitation of the Improvements, and to examine all detailed plans, shop drawings, specifications and other records which relate to the Improvements, or the Borrower shall fail to furnish to the Issuer, the Trustee or the Issuer Servicer or to their authorized representatives, when reasonably requested, copies of such plans, shop drawings, specifications, and records; or

(10) Improper Materials. Any of the materials, fixtures, machinery, equipment, articles and/or personal property used in the rehabilitation of the Improvements or the appurtenances thereto, or to be used in the operation thereof, shall not, in the reasonable opinion of the Issuer Servicer or the Issuer, confirmed by the Inspecting Engineer, substantially comply with the Plans as approved by the Issuer and such default is not cured by the Borrower within forty-five (45) days after the Issuer Servicer or the Trustee has given notice to the Borrower to cure same; or

(11) Materials Not Free and Clear. The Borrower shall not, except in the case of leased washing machines, dryers, vending machines, office telephones, office

equipment, office communications equipment and model furniture and other items normally used in common by tenants, execute (other than to the Issuer or the Trustee or any mortgage constituting a Permitted Encumbrance) any conditional bill of sale, chattel mortgage, security agreement or other security instrument covering any materials, fixtures, machinery, equipment, articles, and/or personal property intended to be incorporated in the Improvements or the appurtenances thereto, or placed in the Improvements, or if a financing statement publishing notice of such security instrument shall be filed, or if any of such materials, fixtures, machinery, equipment, articles, and/or personal property shall not be purchased so that the ownership thereof will vest unconditionally in the Borrower, free from encumbrances other than the Issuer and the Trustee or any mortgage constituting a Permitted Encumbrance, on delivery at the Land, or if the Borrower shall not produce to the Issuer, the Trustee or the Issuer Servicer upon demand the contracts, bills of sale, statements, receipted vouchers or agreements, or any of them, under which the Borrower claims title to any thereof; or

(12) Failure to Complete Improvements. The Improvements, in the reasonable judgment of the Issuer Servicer or the Issuer, are not, or cannot reasonably be, completed on or before the Completion Date (as defined in the Indenture), subject, however, to force majeure; or

(13) False Representation or Warranty. At any time any representation, warranty or statement made by the Borrower in any Loan Document shall be incorrect or misleading in any material respect when made and such matter not be cured within thirty (30) days of the giving of notice thereof to the Borrower by the Issuer or the Trustee.

Notwithstanding anything herein to the contrary, this Paragraph shall in no way be construed to limit the Issuer's, the Trustee's or the Issuer Servicer's right to seek specific performance of this Agreement against the Borrower or to enforce its remedies under Paragraph 20 hereof or to, unless the Controlling Person has elected to control all proceedings following an Event of Default as provided in Section 6.4 of the Indenture, withhold approval of a Requisition until the Borrower is in compliance with this Agreement.

B. Notice of Default; Opportunity to Cure. Except as set out below no default under the preceding Section shall constitute an Event of Default hereunder until:

(1) The Issuer Servicer and/or the Trustee, by registered or certified mail, shall give notice to the Issuer, the Controlling Person, the Borrower, the Borrower's investor limited partner and the Trustee of such default specifying the same and stating that such notice is a "Notice of Default"; and

(2) The Borrower shall have had thirty (30) days (or such extended period as permitted (approved in writing with notice to the Trustee and the Issuer Servicer) by the Issuer and the Controlling Person when curative action is being diligently pursued) after

receipt of such notice to correct the default and shall not have corrected it or, if such default cannot be corrected within thirty (30) days, shall have failed to initiate and diligently pursue (in the sole reasonable judgment of the Issuer) appropriate corrective action. The Borrower's investor limited partner shall have the right, but not the obligation to cure any default.

Notwithstanding the foregoing, notice of and opportunity to cure any default arising from a default under the other Loan Documents shall be governed by the terms of such agreements, and no additional notices of or opportunity to cure any default under such agreements shall be required hereunder to complete the notice and cure procedure provided in such agreements.

#### **19. MISCELLANEOUS PROVISIONS:**

A. No Waiver. Nothing herein shall be construed to waive or diminish any right or security of the Issuer, Controlling Person or the Trustee under the Loan Agreement and the Bond Mortgage. It is the purpose and intent hereof to provide safeguards, protections and rights for the Issuer, Controlling Person and the Trustee in addition to those provided in the Loan Agreement and Bond Mortgage.

B. Cumulative Remedies. The remedies provided herein shall be in addition to and not a substitution for the rights and remedies which would otherwise be vested under any Loan Document or in law or equity, all of which rights and remedies are specifically reserved. The remedies herein provided or otherwise available to the Issuer, the Trustee, Controlling Person or the Issuer Servicer shall be cumulative and may be exercised separately or concurrently and as often as the occasion therefor may arise. The failure to exercise any of the remedies herein shall not constitute a waiver thereof, nor shall use of any of the remedies hereby provided prevent the subsequent or concurrent use of any other remedy or remedies. It is intended that this clause shall be broadly construed so that all remedies herein provided or otherwise available to the Issuer, the Trustee, Controlling Person or the Issuer Servicer shall continue and be each and all available until all sums due by reason of the Loan Agreement or the Bond Mortgage are paid in full and all obligations incurred by the Borrower in connection with the rehabilitation or operation of the Improvements have been fully discharged.

C. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, legal representatives, successors and assigns. The Borrower may be released from obligations and agreements hereunder only by a written instrument of the Trustee and the Issuer specifically providing for such release. The Borrower shall be released from any and all liability hereunder, upon payment of the Loan in full and the expiration of the Qualified Project Period. The Controlling Person shall be an express third party beneficiary hereof.

D. Assignability. This Agreement shall not be assignable by the Borrower or the Issuer Servicer without the prior written consent of the Issuer, the Controlling Person and

the Trustee. If the Issuer and the Trustee approve an assignment hereof by the Borrower, the Trustee shall be entitled to make advances to such assignee and such advances shall be secured by the Loan Documents.

E. Governing Law. This Agreement shall be construed under the laws of the State of Florida, regardless of where it may have been executed or delivered.

F. Construction. Whereas this Agreement was negotiated with input from all parties hereto, this Agreement shall not be construed more strongly against any party regardless of who was more responsible for its preparation.

G. [Reserved].

H. Invalid Provisions. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, illegal, or unenforceable under any applicable law. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of the other terms of this Agreement shall in no way be affected thereby, nor shall such terms be invalid or unenforceable under other, dissimilar facts and circumstances.

I. Headings. The paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning, content, or interpretation hereof.

J. Amendments. This Agreement shall not be amended or modified except by an amendment in writing, executed by all parties hereto in the same form as this Agreement.

K. Time of Essence. Time is of the essence of this Agreement.

L. Right to Publicize. The Issuer and the Issuer Servicer shall have the right to publicize its involvement in the financing of the Property and may require the Borrower to name the Issuer as its mortgage lender in all publicity releases and promotional materials issued in connection with the Property.

M. Dealings with the Issuer Servicer. The Issuer Servicer shall be protected and shall incur no liability in acting or proceeding in good faith upon resolution, notice, telegram, consent, wavier, certificate, affidavit, voucher, bond, title insurance commitment or policy or endorsement thereto or other paper or document which it shall in good faith reasonably believe (i) to be genuine and, (ii) to have been passed or prepared and furnished pursuant to the provisions of the Indenture, the Land Use Restriction Agreement, the Bond Mortgage or the Loan Agreement, and the Issuer Servicer shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements unless the instrument on its face reasonably indicated that the

Issuer Servicer should inquire further or unless the Issuer Servicer has actual knowledge or information which reasonably should cause the Issuer Servicer to inquire further. The Issuer Servicer shall not be held liable under this Agreement except for its own negligence or willful misconduct or gross negligence. The Borrower shall indemnify and hold the Issuer Servicer harmless from any claim, action or liability of any kind or character whatsoever arising from or in any way related to acts or omissions of the Borrower or any of its agents, employees, consultants, counsel, or independent contractors. This Paragraph shall in no way be construed to relieve the Issuer Servicer of the normal and usual duties of a reasonably prudent loan servicer or monitoring agent.

N. Terms. Wherever used herein, the terms utilized shall include masculine, feminine, neuter, singular and/or plural, as the context admits or requires.

O. Conflicts. Notwithstanding anything herein to the contrary, the terms and conditions of the Note, the Loan Agreement and the Bond Mortgage shall govern, control and prevail, in the event of any conflict between the terms and conditions hereof and those contained in the Note, the Loan Agreement and the Bond Mortgage.

**20. REMEDIES.** Subject to the terms of the Land Use Restriction Agreement and the Subordination Agreement, upon the occurrence of any Event of Default which is not cured within the applicable cure period, the Issuer (or the Trustee or the Issuer Servicer), shall be entitled to seek specific performance hereof against the Borrower, and/or in addition to any other right or remedy available to it in law or equity. It is specifically agreed by the Borrower that a violation of this Agreement or the Land Use Restriction Agreement could cause harm for which no damages could be calculated, therefore entitling the Issuer to immediate equitable relief, including without limitation a temporary restraining order or mandatory injunction without notice.

**21. [RESERVED.]**

**22. EXERCISE OF RIGHTS BY ISSUER.** Notwithstanding any provision herein to the contrary, the Issuer Servicer shall approve or disapprove all advances requested hereunder by the Borrower and in accordance with the Loan Documents and in accordance with the credit underwriting guidelines of the Issuer.

**23. INCORPORATION OF LIMITED RECOURSE PROVISIONS.** The provisions of Section 10.13 of the Loan Agreement, dated September 1, 2018, are hereby incorporated into and made a part hereof.

**24. NOTICES.** Any notice required to be given hereunder shall be given by personal delivery, by registered U.S. mail or by expedited service at the addresses specified below or at such other addresses as may be specified in writing by the parties hereto, and any such notice shall be deemed received on the date of delivery if by personal delivery or expedited delivery service, or upon actual receipt of sent by registered U.S. Mail.



The Issuer: Jacksonville Housing Finance Authority  
214 N. Hogan Street, 7th Floor  
Jacksonville, Florida 32202  
Attention: Finance Director  
Telephone: (904) 255-8200  
Facsimile: (904) 255-8244

The Trustee: The Bank of New York Mellon Trust  
Company, N.A.  
10161 Centurion Parkway, N.  
Jacksonville, Florida 32256  
Attention: Corporate Trust Division  
Telephone: (904) 645-1900  
Facsimile: (904) 645-1930

The Issuer Servicer: First Housing Development Corporation  
of Florida  
107 Willow Avenue  
Tampa, Florida 33606  
Attention: Edward Busansky  
Telephone: (813) 289-9410  
Facsimile: (813) 289-5580

To the Borrower: Millennia Jacksonville FL TC LP  
c/o Millennia Housing Development,  
Ltd.  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Frank T. Sinito  
E-mail: [fsinito@mhmlltd.com](mailto:fsinito@mhmlltd.com)

and a copy to: The Millennia Companies  
4000 Key Tower  
127 Public Square  
Cleveland, Ohio 44114  
Attention: Laura R. Anderson, General  
Counsel  
E-mail: [landerson@mhmlltd.com](mailto:landerson@mhmlltd.com)

and a copy to: Baker & Hostetler LLP  
2000 Key Tower, 127 Public Square  
Cleveland, Ohio 44114  
Attention: Lawrence Lindberg, Esq.  
Telephone: 216-861-7483  
Facsimile:

To the Controlling Person: R4 Servicer LLC  
155 Federal Street, Suite 1004  
Boston, Massachusetts 02110  
Attention: Greg Doble  
E-mail: [gdoble@r4cap.com](mailto:gdoble@r4cap.com)

and a copy to: R4 JPFL Acquisition LLC  
780 Third Avenue, 10th Floor  
New York, New York 10017  
Attention: Marc Schnitzer

and a copy to: Frost Brown Todd LLC  
400 West Market Street, Suite 3200  
Louisville, Kentucky 40202  
Attention: Amy Curry

**25. ENTIRE AGREEMENT.** This Agreement sets forth the entire agreement among the Issuer, the Issuer Servicer, the Trustee and the Borrower as to the subject matter hereof, and all prior agreements, negotiations and understandings with respect thereto are merged into and superseded by this Agreement.

**26. WAIVER OF TRIAL BY JURY. THE BORROWER, THE ISSUER, THE TRUSTEE AND THE ISSUER SERVICER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EACH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, ANY OTHER LOAN DOCUMENT AND ANY OTHER AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF PARTIES, WHETHER IN CONNECTION WITH THE MAKING OF THE LOAN, COLLECTION OF THE LOAN, OR OTHERWISE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ISSUER TO MAKE INTO THE LOAN EVIDENCED BY THE LOAN AGREEMENT.**

**(SIGNATURE PAGES TO FOLLOW)**

**SIGNATURE PAGE TO  
CONSTRUCTION LOAN AND MORTGAGE  
SERVICING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed in their respective names by their duly authorized representatives as of the day and year first set forth above.

**MILLENNIA JACKSONVILLE FL TC LP,**  
a Florida limited partnership

By: Jacksonville TC Investment, LLC,  
its general partner

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

**SIGNATURE PAGE TO  
CONSTRUCTION LOAN AND MORTGAGE  
SERVICING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**JACKSONVILLE HOUSING FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
William I. Gulliford, III, Chair

[SEAL]

**SIGNATURE PAGE TO  
CONSTRUCTION LOAN AND MORTGAGE  
SERVICING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**FIRST HOUSING DEVELOPMENT  
CORPORATION OF FLORIDA**, a Florida  
corporation

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

Print: Edward Busansky

Title: Senior Vice President

**SIGNATURE PAGE TO  
CONSTRUCTION LOAN AND MORTGAGE  
SERVICING AGREEMENT  
(MILLENNIA JACKSONVILLE PROJECT)**

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., in its capacity as  
Trustee**

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

Name:

Title:

## **EXHIBIT "A"**

### **LEGAL DESCRIPTION**

16123607L-EUREKA GARDENS - VALENCIA WAY LEGAL DESCRIPTION:

Eureka Gardens Apartments-1 Parcel:

Parcel C:

All of Lots 15 and 16, Lots 18 through 30, Lots 35 through 39 and Lots 77 and 78, and part of Lots 17, 40, 41, 42 and 76, all in Tract (or Block) "A" Eureka Gardens, as recorded in Plat Book 4, Page 17 of the Current Public Records of Duval County, Florida, together with that part of vacated Alta Vista Street lying between and adjacent to said Lots 18 and 19, 26 and 27, and 38 and 39, also together with that part of vacated Jacobs Avenue, lying West of the west right of way line of Labelle Street and East of the west boundary of said Eureka Gardens, and all being more particularly described as follows:

For a point of beginning commence at the northwest corner of said Lot 78 and run thence North 89° 52' 00" east along the north line of said Lots 78, 22, 21, 20, 19, 18, 17, 16 and 15, (also being the south right of way line of Plymouth Street, a 60 foot right of way), a distance of 892.54 feet to the northeast corner of said Lot 15;

Thence South 00° 10' 47" east along the east line of said Lots 15, 30, and 35, (also being the west right of way line of Labelle Street, a 50-foot right of way), a distance of 645.40 feet to the southeast corner of said Lot 35;

Thence South 89° 45' 32" west, along the south line of said Lots 35, 36, 37, 38, 39 and 40, a distance of 557.67 feet to a point that is 93.1 feet East of the southwest corner of said Lot 40;

Thence North 00° 08' 00" west, parallel to and 6.9 feet West of the east line of said Lot 40, a distance of 70.0 feet;

Thence South 89° 52' 00" west, parallel to and 70.0 feet north of the south line of said Lots 40, 41, 42 and 76, a distance of 335.0 feet to a point in the west line of said Lot 76;

Thence North 00° 08' 00" west, along said west line of Lot 76 and the west line of said Lots 77 and 78, a distance of 576.45 feet to the point of beginning. Less and except the east 20 feet of the north 160 feet of said Lot 17.

Together with a perpetual, unobstructed easement for drainage and right of way or egress and ingress over, under and across the following described property as described in Official Records Volume 5699, Page 1043 and Official Records Volume 5699, Page 1048 of the Current Public Records of Duval County, Florida:

The westerly 25 feet of the southerly 70 feet of Lot 76 and westerly 25 feet of Lots 75 and 74, and the westerly 25 feet of the part of Lot 73, lying north of an easterly extension of the southerly right of way line of Baycrest Road, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17, of said Current Public Records of Duval County, Florida, including the right to construct, operate and maintain drainage facilities on said property, and with right of ingress over said property for the aforesaid purposes.

The foregoing lands being also described as follows:

Parcel C:



Lots 15 thru 30, Lots 35 thru 42 and Lots 76 thru 78, and that certain part of vacated Alta Vista Street lying between and adjacent to Lots 18 and 19, 26 and 27, 38 and 39, and to include that certain part of vacated Jacobs Avenue, lying west of the west right of way line of LaBelle Street and east of the west boundary of Eureka Gardens, except the following:

The south 70.0 feet of Lots 76, 41 and 42, and except the south 70.0 feet of the west 93.1 feet of Lot 40, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, more particularly described as follows:

Beginning at the northwest corner of said Lot 78;

Thence North 89° 52' east and along the north line of said Lots 78, 22, 21, 20, 19, 18, 17, 16 and 15, 891.90 feet to the northeast corner of Lot 15;

Thence South 0° 08' east along the east line of said Lot 15, 30, and 35, 646.05 feet to the southeast corner of said Lot 35;

Thence South 89° 52' west and along the south line of said Lots 35, 36, 37, 38, 39 and 40, 556.90 feet to a point that is 93.1 feet east of the southwest corner of said Lot 40;

Thence North 00° 08' west, parallel to an 6.9 feet west of the east line of said Lot 40, 70.0 feet;

Thence South 89° 52' west, parallel to and 70.0 feet north of the south line of Lots 40, 41, 42, and 76, 335.0 feet to a point in the west line of said Lot 76;

Thence North 00° 08' west, along the west line of Lot 76 and the west line of Lots 77 and 78, 576.05 feet to the point of beginning. Less and except the east 20 feet of the north 160 feet of said Lot 17.

Parcel D:

Together with a perpetual unobstructed easement for drainage and right of way or egress and ingress over, under and across the following described real property recorded in Official Records Book 5699, Page 1043;

The westerly 25 feet of the southerly 70 feet of Lot 76 and westerly 25 feet of Lots 75 and 74, and the westerly 25 feet of the part of Lot 73, lying north of an easterly extension of the southern right of way line of Baycrest Road, all being in Tract (Or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17, current Public Records, Duval County, Florida, including the right to construct, operate and maintain drainage facilities on said property, and with right of ingress over said property for the aforesaid purposes.

Eureka Gardens Apartments-2 Parcel:

Parcel A:

Lots 43 through 48, Lot 75, the south 70.0 feet of Lots 41, 42 and 76, the south 70.0 feet of the west 93.1 feet of Lot 40 and that part of vacated Alta Vista Street lying between and adjacent to said Lots 46 and 47, all being in Tract (or Block) "A", Eureka Gardens, as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being more particularly described as follows:

For a point of beginning commence at the southeast corner of said Lot 48;

Thence South 89° 52' 00" west along the south line of said Lots 48, 47, 46, 45, 44, 43 and 75, and the north right of way line of Hollycrest Drive South (a 50-foot right of way), a distance of 691.90 feet to the southwest corner of said Lot 75;

Thence North 00° 04' 00" east, along the west line of said Lots 75 and 76, a distance of 270.0 feet;

Thence North 89° 52' 00" east and parallel to the south line of said Lots 76, 42, 41, and 40, a distance of 335.40 feet;

Thence South 00° 08' 00" east and parallel to and 6.9 feet west of the east line of said Lot 40, a distance of 70.0 feet to a point in the south line of said Lot 40;

Thence North 89° 45' 32" east, along the north line of said Lots 45, 46, 47 and 48, a distance of 355.56 feet to the northeast corner of said Lot 48;

Thence South 00° 08' 00" east, along the east line of said Lot 48, a distance of 200.67 feet to the point of beginning

Parcel B:

Lots 57 through 70, Lots 73 and 74 and that part of vacated Alta Vista Street lying between and adjacent to Lots 58 and 59, Lots 65 and 67, and Lots 66 and 68, all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and all being more particularly described as follows:

For a point of beginning commence at the northeast corner of said Lot 57;

Thence South 89° 52' 00" west, along the north line of said Lots 57, 58, 59, 60, 61, 62 and 74 and the south right of way line of Hollycrest Drive South (a 50-foot right of way), a distance of 691.90 feet to the northwest corner of said Lot 74;

Thence South 00° 04' 12" west, along the west line of said Lots 74 and 73, a distance of 400.00 feet to the southwest corner of said Lot 73;

Thence North 89° 52' 00" east along the south line of said Lots 73, 63, 64, 66, 68 and 70 and the north right of way line of Prunty Avenue (a 25-foot right of way), a distance of 891.90 feet to the southeast corner of said Lot 70;

Thence North 00° 04' 12" east, along the east line of said Lots 70 and 69, and along the west right of way line of LaBelle Street (a 50-foot right of way), a distance of 200.00 feet to the northeast corner of said Lot 69;

Thence South 89° 52' 00" west, along the north line of said Lot 69, a distance of 200.00 feet to the northwest corner of said Lot 69;

Thence North 00° 04' 12" east along the east line of said Lot 57, a distance of 200.00 feet to the point of beginning.

The foregoing lands being also described as follows:

Parcel A:

Lots 43 thru 48, Lot 75, the south 70.0 feet of Lots 41, 42 and 76, the south 70.0 feet of the west 93.1 feet of Lot 40 and that certain part of Alta Vista Street lying between and adjacent to Lots 46 and 47 all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being described as follows:

Beginning at the southeast corner of said Lot 48;

Thence South 89° 52' west along the south line of Lots 48, 47, 46, 45, 44, 43 and 75, and the north line of Hollycrest Drive South, 691.9 feet to the southwest corner of said Lot 75;

Thence North 00° 08' west along the west line of Lots 75 and 76, a distance of 270.0 feet;

Thence North 89° 52' east and parallel to the south line of said Lots 76, 42, 41 and 40, a distance of 335.0 feet;

Thence South 00° 08' east and parallel to the east line of said Lot 40, a distance of 70.0 feet to a point on the south line of said Lot 40;

Thence North 89° 52' east along the north line of said Lots 45, 46, 47 and 48, a distance of 356.90 feet to the northeast corner of said Lot 48;

Thence South 0° 08' east and along the east line of said Lot 48, a distance of 200.0 feet to the point of beginning.

Parcel B:

Lots 57 thru 70, Lots 73 and 74 and that certain part of Alta Vista Street lying between and adjacent to Lots 58 and 59, Lots 65 and 67, Lots 66 and 68, all being in Tract (or Block) "A", Eureka Gardens as recorded in Plat Book 4, Page 17 of the current Public Records of Duval County, Florida, and being described as follows:

Beginning at the northeast corner of said Lot 57;

Thence South 89° 52' west along the north line of said Lot 57, 58, 59, 60, 61, 62 and 74 and the south line of Hollycrest Drive South, a distance of 691.9 feet to the northwest corner of said Lot 74;

Thence South 0° 08' east along the west line of Lots 74 and 73, a distance of 400.0 feet to the southwest corner of said Lot 73;

Thence North 89° 52' east along the south line of Lots 73, 63, 64, 66, 68 and 70 and the north line of Prunty Avenue, a distance of 891.9 feet to the southeast corner of Lot 70;

Thence North 0° 08' west and along the east line of said Lots 70 and 69 and along the west line of LaBelle Street, 200.0 feet to the northeast corner of said Lot 69;

Thence South 89° 52' west along the north line of said Lot 69, a distance of 200.0 feet to the northwest corner of said Lot 69;

Thence North 00° 08' west along the east line of said Lot 57, a distance of 200.0 feet to the point of beginning.

16123607N-MONCRIEF VILLAGE—THE WELDON

MONCRIEF PARCEL

Parcel A:

That certain piece, parcel of tract of land, situate, lying and being in the City of Jacksonville, County of Duval, State of Florida, known and described as:

A part of Tract "F", Replat No. 2 of Royal Terrace, according to plat recorded in Plat Book 7, Page 19, of the current public records of Duval County, Florida, being more particularly described as follows:

Beginning at the intersection of the easterly right of way line of Pearce Street with the northerly right of way line of West 36th Street (both 50 feet right of ways as now established);

Thence North 00° 38' 10" west along said easterly right of way of Pearce Street 462.789 feet to its intersection with the southerly right of way line of the Atlantic Coast Line Railroad right of way (a 60-foot right of way as now established);

Thence North 74° 02' 50" east along said southerly right of way line of Atlantic Coast Line Railroad right of way, 506.65 feet;

Thence South 50° 09' 50" east, 223.34 feet to the southeasterly line of said Tract "F" Replat No. 2 Royal Terrace;

Thence South 40° west along said southeasterly line of said Tract "F" 426.61 feet;

Thence North 55° 42' 40" west 100.50 feet;

Thence South 40° west, 114.88 feet to the PC of a curve to the left, having a radius of 75.88 feet;

Thence around and along said curve to the left South 19° 47' 55" west, 52.41 feet (chord bearing and distance) to the point of tangency of said curve;

Thence South 00° 24' 10" east 50.0 feet to said northerly right of way line of West 36th Street;

Thence South 89° 35' 50" west along said northerly right of way line of West 36th Street, 205 feet to the point of beginning.

Parcel B:

That certain piece, parcel of tract of land, situate, lying and being in the City of Jacksonville, County of Duval, State of Florida, known and described as:

Commencing at the center line intersection of West 36th Street (as established by the office of the City Engineer) and Moncrief Road;

Thence North 33° 30' west along the center line of said Moncrief Road 720.54 feet;

Thence South 40° west, 15.64 feet to a point, said point being the intersection of the southwesterly line of said Moncrief Road (prior to widening to a 60 foot right of way) with the southeasterly line of Flynn Avenue (this point also known as the most northerly corner of a 17 acre tract of land, described in Deed recorded in Deed Book "Y", Page 587, of the former public records of said County;

Thence South 40° west along the southeasterly line of said Flynn Avenue and a prolongation thereof 190.64 feet to a point of beginning;

Thence continuing South 40° west, 409.96 feet to the most northerly corner of Tract "G", of Replat of Royal Terrace No. 2 according to plat thereof recorded in Plat Book 7, Page 19 of the current public records of

said County;

Thence South 33° 30' east along the northeasterly line of said Tract "G" 150.48 feet;

Thence North 40° east along the northeasterly line of Tract "H" of said Replat, 303.6 feet;

South 33° 30' east along the northeasterly line of Tract "H" 100 feet;

Thence North 40° east along the northwesterly line of said Tract "H" 106.36 feet;

Thence North 33° 30' west, 250.48 feet to the point of beginning. (except that part of above described property lying in 36th Street, a public right of way as now established by the City of Jacksonville as described in deed recorded in Official Records Volume 1649, Page 355 of the current public records of Duval County, Florida.)

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Southside Palmetto Glen Parcel:

Parcel "A":

Lots 7, 8, 9 and 10, Block 5, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida.

Parcel "B":

A portion of Lots 1, 2, 3, 4 and 5, Block 5, all of Lot 6, Block 5, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida, and all being more particularly described as follows:

For a point of beginning commence at the southeast corner of said Lot 4, Block 5;

Thence South  $89^{\circ} 26' 57''$  west along the south line of said Block 5, a distance of 153.11 feet to the southwest corner of said Lot 6, Block 5;

Thence North  $00^{\circ} 32' 00''$  west along the easterly line of a 10-foot alley, lying adjacent to and westerly of said Lots 1, 2, 3 and 6, Block 5, a distance of 281.40 feet to its intersection with the southwesterly limited access right of way line of Interstate Highway No. 95 or State Road No. 9 (a 200 foot right of way as now established);

Thence in a southeasterly direction along the arc of a curve in said southwesterly limited access right of way line, said curve being concave northeasterly and having a radius of 2,964.79 feet, an arc distance of 256.95 feet to its intersection with the east line of said Lot 4, Block 5, said arc being subtended by a chord bearing and distance of South  $37^{\circ} 14' 49''$  east, 256.87 feet;

Thence South  $00^{\circ} 09' 00''$  east, along said east line of Lot 4, a distance of 75.37 feet to the point of beginning.

Parcel "C"

A portion of Lots 7, 8, 9 and 10, Block 4, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida, together with a portion of Lot 9, Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, former Public Records of said county and all being more particularly described as follows:

For a point of beginning commence at the intersection of the southerly line of said Lot 9, Phillips Subdivision with the easterly right of way line of Willow Street (a 40-foot right of way as now established);

Thence North  $89^{\circ} 31' 18''$  east along said southerly line, a distance of 122.35 feet to its intersection with the westerly line of San Diego Terrace, as recorded in Plat Book 16, Page 53, current Public Records of said county;

Thence North  $00^{\circ} 51' 01''$  west along said westerly line of San Diego Terrace, a distance of 65.22 feet to its intersection with the southwesterly right of way line of Westmont Street (a 40-foot access right of way adjacent to and southwesterly of Interstate Highway No. 95 limited access right of way line);

Thence North  $42^{\circ} 56' 25''$  west along said southwesterly right of way line of Westmont Street, a distance of 115.06 feet to a point of curvature;

Thence in a northwesterly direction along the arc of a curve in said southwesterly right of way line, said curve being concave northeasterly, and having a radius of 3,004.79 feet, an arc distance of 64.50 feet to its

intersection with said easterly right of way line of Willow Street, said arc being subtended by a chord bearing and distance of North 42° 25' 10" west, 64.50 feet;

Thence South 00° 09' 00" east along said easterly right of way of Willow Street, a distance of 198.08 feet to the point of beginning.

Parcel "D":

Lots 1, 2 and 3, Block 6, Walsh's Second Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida; together with a portion of Lot 9, Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, former Public Records of said county and all being more particularly described as follows:

For a point of beginning commence at the intersection of the southerly right of way line of Westmont Street (a variable width right of way as established by the City of Jacksonville in Map Book C, Page 59) with the westerly right of way line of Willow Street (a 40-foot right of way as now established);

Thence South 00° 09' 00" east along said westerly right of way line of Willow Street, a distance of 191.18 feet to its intersection with the southerly line of said Lot 9, Phillips Subdivision;

Thence South 89° 31' 18" west along said southerly line of Lot 9, a distance of 245.71 feet;

Thence North 00° 28' 30" west, a distance of 191.11 feet to a point on said southerly right of way line of Westmont Street;

Thence North 89° 46' 51" east along said southerly right of way line, a distance of 96.06 feet to the northwest corner of said Lot 3, Block 6, Walsh's Second Addition;

Thence North 89° 21' 44" east continuing along said southerly right of way line of Westmont Street, a distance of 150.75 feet to the point of beginning.

Parcel "E":

All of that portion of Lots 1 and 2, Block 4, as shown on plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, lying northeasterly of the northeasterly right of way line of Interstate No. 95 and/or State Road No. 9 (a 20 foot right of way as now established), except that portion thereof lying within the present right of way of San Diego Road (a 55 foot right of way as now established).

The foregoing lands being also described as follows:

Parcel 1:

All of Lots 7, 8, 9 and 10, Block 5, as shown by the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, current Public Records of Duval County, Florida.

Parcel 2:

together with that part of said Block 5, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, more particularly described as follows:

Beginning at the southeast corner of said Block 5;

Thence South 89° 22' west along the south line of said Block 5, 153.30 feet;

Thence North 0° 32' west along the easterly line of that certain 10-foot alley, lying immediately west of and adjacent to Lots 1, 2, 3 and 6 of said Block 5, 281.40 feet to its intersection with the southwesterly

right of way line of Interstate Highway No. 95 and/or State Road No. 9 (a 200 foot right of way as now established), said right of way line being a curve concave to the northeast and having a radius of 2,964.79 feet;

Thence around and along said curve and along said southwesterly right of way line of Interstate No. 95, South  $37^{\circ} 10' 30''$  east, 257.30 feet (chord bearing and distance) to its intersection with the easterly line of said Block 5;

Thence South  $0^{\circ} 09'$  east along said easterly line of Block 5, 74.85 feet to the point of beginning.

Parcel 3:

Together with the following described parcel:

Part of Block 4, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 45, of the current Public Records of Duval County, Florida, and a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478 of the former Public Records of said county, and being more particularly described as follows:

Beginning at the intersection of the easterly line of Willow Street (a 40-foot right of way as now established), with the south line of said Lot 9, Phillips Subdivision;

Thence North  $89^{\circ} 25' 45''$  east along said south line of Lot 9, 122.46 feet to its intersection with the westerly line of San Diego Terrace, as recorded in Plat Book 16, Page 53, of the current Public Records of said county;

Thence North  $0^{\circ} 49' 45''$  west along said westerly line of San Diego Terrace, 64.39 feet to its intersection with the southwesterly right of way line of Interstate No. 95 and/or State Road No. 9 (a 240-foot right of way line as now established);

Thence North  $42^{\circ} 58' 30''$  west along said southwesterly right of way line of Interstate No. 95, 115.20 feet to the P.C. of a curve to the right, having a radius of 3,004.79 feet;

Thence around and along said curve, North  $42^{\circ} 21' 06''$  west, 64.56 feet (chord bearing and distance) to its intersection with said easterly right of way line of Willow Street;

Thence South  $0^{\circ} 09'$  east along said easterly right of way line of Willow Street, 197.60 feet to the point of beginning.

Parcel 4:

Together with the following described parcel:

A part of Block 6, as shown on plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, and as a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478 of the former Public Records of said county, and being more particularly described as follows:

Beginning at the intersection of the south line of Westmont Street, with the westerly line of Willow Street (both being 40-foot right of ways as now established);

Thence South  $00^{\circ} 09'$  east along said westerly right of way line of Willow Street, 190.67 feet to its intersection with the south line of said Lot 9;

Thence South  $89^{\circ} 25' 45''$  west along said south line of Lot 9, 50.0 feet;

Thence North  $0^{\circ} 09'$  west, 49.63 feet;



Thence South 89° 22' west, 15.0 feet;

Thence North 0° 09' west, 6.0 feet;

Thence South 89° 22' west, 85.03 feet;

Thence South 0° 28' 30" east, 55.63 feet to a point in said south line of Lot 9;

Thence South 89° 25' 45" west, along said south line of Lot 9, 96.0 feet;

Thence North 00° 28' 30" west, 205.43 feet to a point in the southerly right of way line of Westmont Street (a 25-foot right of way at this point);

Thence North 89° 22' east along said southerly right of way line of Westmont Street, 96.0 feet;

Thence continuing along said southerly right of way line, South 0° 28' 30" east 15.0 feet;

Thence continuing along the southerly right of way line of said Westmont Street, North 89° 22' east, 150.80 feet to the point of beginning.

Except that portion lying within the right of way of Westmont Street as shown on City of Jacksonville Right of Way Map Book C, Page 59.

Parcel 5:

Together with the following described residue parcel:

All of that portion of Lots 1 and 2, Block 4, as shown on the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 46, of the current Public Records of Duval County, Florida, lying northeasterly of the northeasterly right of way line of Interstate No. 95 and/or State Road NO. 9 (a 200-foot right of way as now established), except that portion thereof lying within the present right of way of San Diego Road (a 55-foot right of way as now established).

Parcel 6:

That certain piece, parcel or tract of land, situate, lying and being a part of Block 6, as shown by the plat of Walsh's 2nd Addition, as recorded in Plat Book 7, Page 45, of the current Public Records of Duval County, Florida, and a part of Lot 9, as shown on the plat of Phillips Subdivision, as recorded in Deed Book "AQ", Page 478, of the former Public Records of said county, and being more particularly described as follows:

Commencing at the intersection of the south line of Westmont Street, with the westerly line of Willow Street (both being 40-foot right of ways as now established);

Thence South 0° 09' 00" east along said westerly right of way line of Willow Street, 190.67 feet to its intersection with the south line of said Lot 9;

Thence South 89° 25' 45" west along said south line of Lot 9, 50.00 feet for a point of beginning;

Thence North 0° 09' 00" west, 49.63 feet;

Thence South 89° 22' 00" west, 15.00 feet;

Thence North 00° 09' 00" west, 6.00 feet;

Thence South 89° 22' 00" west, 85.03 feet;

Thence South 0° 28' 30" east, 55.63 feet to a point in said south line of Lot 9;

Thence North 89° 25' 45" east along said south line of Lot 9, 99.71 feet to the point of beginning.

16123607Q-WASHINGTON HEIGHTS-CALLOWAY COVE

WASHINGTON HEIGHTS PARCEL:

A part of the Francis Bagley Grant, Section 43, Township 1 South, Range 26 East and a part of the Charles F. Sibbald Grant, Section 39, Township 1 South, Range 26 East, Duval County, Florida, and being more particularly described as follows:

Beginning at the southeast corner of Tract "I" as shown on map of Washington Heights Estates as recorded in Plat Book 31, Pages 93, 93A, 93B, and 93C, of the Current Public Records of said county;

Thence North 6° 38' 20" east and along the easterly line of said Washington Heights Estates, a distance of 452.26 feet;

Thence continue along the easterly line of said Washington Heights Estates North 24° 36' west, a distance of 630.12 feet to the southwest corner of Tract 'A-A' as shown on map of Washington Heights Estates Unit 2 as recorded in Plat Book 34, Page 14 of the said Public Records;

Thence North 65° 24' east along the southerly line of Tract "A-A" and its northeasterly prolongation, a distance of 180.0 feet;

Thence North 24° 36' west 15.0 feet to the southwest corner of Lot 9, Block 48, of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lot 9, Block 48 of said Washington Heights Estates Unit 2, a distance of 90.0 feet to the southeast corner thereof;

Thence North 24° 36' west along the easterly line of Lots 9, 8, 7, 6 and 5, Block 48, a distance of 100.0 feet to the southwesterly corner of Lot 1, Block 49 of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lots 1, 2, 3, 4, 5 and 6, Block 49, a distance of 120.0 feet to the northwesterly corner of Lot 5, Block 50 of said Washington Heights Estates Unit 2;

Thence South 24° 36' east along the westerly line of Lots 5, 6, 7, 8 and 9, Block 50, a distance of 100.0 feet to the southwesterly corner of Lot 9, Block 50 of said Washington Heights Estates Unit 2;

Thence North 65° 24' east along the southerly line of Lot 9, Block 50, a distance of 90.0 feet to the southeasterly corner thereof;

Thence South 24° 36' east, a distance of 15.0 feet;

Thence North 65° 24' east along the southerly line of Tract "B-B" and its southwesterly prolongation, a distance of 174.98 feet to the southeasterly corner of said Washington Heights Estates Unit 2;

Thence South 24° 40' east, a distance of 875.07 feet;

Thence South 65° 32' 50" west, a distance of 656.0 feet;

Thence South 6° 39' 05" west, a distance of 292.37 feet to the northerly right-of-way line of Moncrief Road;

Thence North 62° 21' west along the northerly right-of-way line of Moncrief Road, a distance of 135.5 feet to the point of beginning.

**EXHIBIT "B"**

**BUDGET AND CONSTRUCTION DRAW SCHEDULE**

**EXHIBIT "C"**

**PENDING LITIGATION SCHEDULE**

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**BOND PURCHASE AGREEMENT**

**by and among**

**JACKSONVILLE HOUSING FINANCE AUTHORITY,**

**MILLENNIA JACKSONVILLE FL TC LP**

**and**

**RBC CAPITAL MARKETS, LLC**

**Dated September [25], 2018**

**Relating to:**

**[\$81,600,000]**

**Jacksonville Housing Finance Authority  
Multifamily Housing Revenue Bonds  
(Millennia Jacksonville Project), Series 2018**

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## **BOND PURCHASE AGREEMENT**

RBC CAPITAL MARKETS, LLC (together with its successors, assigns or designees hereunder, the “Underwriter”), hereby offers to enter into the following agreement with JACKSONVILLE HOUSING FINANCE AUTHORITY, a public body corporate and politic duly organized and validly existing under the laws of the State of Florida (together with its successors and assigns, the “Issuer”) and MILLENNIA JACKSONVILLE FL TC LP, a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the “Borrower”), for the sale by the Issuer and the purchase by the Underwriter or its designee of the Bonds described below, which are being issued by the Issuer for the benefit of the Borrower. Upon your acceptance of this offer and your execution and delivery of this Agreement, this Agreement will be binding upon each of you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Agreement to the Underwriter, at or prior to 1 p.m., eastern time, on September [25], 2018 and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing).

Section 1.     Definitions. The capitalized terms used in this Agreement have the meanings assigned to them in the Glossary of Terms attached as Exhibit A hereto.

Section 2.     Purchase and Sale.

2.1     Subject to the terms and conditions set forth in this Agreement, and in reliance on the representations, warranties and covenants contained herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all (but not less than all) of the Bonds identified in Item 1 in Exhibit B attached hereto in exchange for delivery by the Underwriter of the Purchase Price for the Bonds in the amounts and on the dates set forth as Item 2 in Exhibit B attached hereto.

2.2     The Bonds will (i) be issued pursuant to the Resolution and the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate, interest payment dates and redemption provisions) set forth in Item 3 in Exhibit B attached hereto and in the Indenture. A disclosure statement submitted in compliance with Section 218.385, Florida Statutes, as amended, is attached hereto as Schedule 1.

Section 3.     Closing. The Closing will take place at the time and on the date set forth in Item 5 in Exhibit B or at such other time or on such other date as may be mutually agreed upon by you and the Underwriter. At the Closing, the Issuer will direct the Trustee to deliver the Bonds to or upon the order of the Underwriter, pursuant to the DTC FAST System, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the offices of Bryant Miller Olive, 255 South Orange Avenue, Suite 1350, Orlando, Florida 32801, the other documents and instruments to be delivered pursuant to this Agreement (the “Closing Documents”) and the Underwriter will accept delivery of the Bonds and Closing Documents and simultaneously will deliver the Purchase Price for the Bonds, by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs. The Bonds are issued as draw-down Bonds with the Purchase Price as set forth in Section 2.1. The Underwriter shall fund the purchase price of the Bonds in installments on the dates and in the amounts set forth on Exhibit B attached hereto, subject to Section 12 hereof, the terms and conditions contained in the Indenture, the Loan Agreement and the other Borrower Documents. The Bonds will be made available to the Underwriter one business day before the Closing at the closing location for purposes of inspection. The Bonds will be prepared and delivered as fully registered Bonds without coupons in the denominations set forth in the Indenture. The Bonds

should be registered by the Trustee in the name of Cede & Co., as nominee for the Depository Trust & Clearing Corporation.

Section 4.      Representations and Warranties of Issuer.

4.1      The Issuer hereby makes the following representations and warranties to the Underwriter, for its benefit and the benefit of the Purchaser and the Holders from time to time of the Bonds, all of which will continue in effect subsequent to the purchase of the Bonds:

(a)      The Issuer is a public body corporate and politic, duly organized, validly existing and in good standing under the laws of the State and is authorized to execute and deliver this Agreement and the other Issuer Documents and to issue, sell and deliver the Bonds pursuant to the laws of the State, including particularly the Act.

(b)      The Issuer has, and as of the Closing Date will have, all necessary power and authority to (i) execute and deliver this Agreement and the Issuer Documents, (ii) issue the Bonds in the manner contemplated by the Resolution, this Agreement and the Indenture, and (iii) otherwise consummate the transactions contemplated by the Resolution, this Agreement and the Issuer Documents.

(c)      At the time of its adoption, the Issuer had all necessary power and authority to adopt the Resolution.

(d)      The Issuer has duly adopted the Resolution at a meeting or meetings duly called and held in accordance with applicable law and procedures of the Issuer, and since that time the Resolution has not been rescinded, amended or modified.

(e)      By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized the (i) execution and delivery of this Agreement, the Bonds and the Issuer Documents, (ii) performance by the Issuer of the obligations contained in this Agreement, in the Bonds and in the Issuer Documents, and (iii) consummation by the Issuer of all of the transactions contemplated hereby and by the Issuer Documents.

(f)      Assuming the valid authorization, execution and delivery of this Agreement and the Issuer Documents by the other parties hereto and thereto and the authentication of the Bonds by the Trustee, this Agreement is, and the Bonds and the other Issuer Documents will be, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(g)      All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority, board, agency, commission or body having jurisdiction which are required by or on behalf of the Issuer for the execution and delivery by the Issuer of this Agreement, the Issuer Documents or the Bonds, or the consummation by the Issuer of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing, except for the filing of the IRS Form 8038 (which will be timely filed after Closing).

(h)      The execution and delivery by the Issuer of this Agreement, the Bonds and the Issuer Documents, and the consummation by the Issuer of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach

of or default under (i) the Act, the Constitution of the State or the organizational documents of the Issuer, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement applicable to the Issuer, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound.

(i) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer or its officials, in their respective capacities as such, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which may reasonably be expected to contest or have a material and adverse effect upon (A) the due performance by the Issuer of this Agreement or the Issuer Documents or the transactions contemplated hereby or thereby, (B) the validity or enforceability of the Bonds, the Resolution, this Agreement, the Issuer Documents or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, or (C) the exclusion of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(j) When delivered to the Underwriter after receipt of payment therefor in accordance with the provisions of this Agreement, the Bonds will be duly authorized, executed, issued, and delivered and will constitute the Issuer's legal, valid and binding special, limited obligations, enforceable in accordance with their terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity), and will be entitled to the benefit and security of the Indenture.

(k) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture.

(l) The Issuer has not taken or omitted to take on or prior to the date hereof any action, that would adversely affect the exclusion of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes.

(m) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(n) On the Closing Date, each of the representations and warranties of the Issuer contained herein and in the Issuer Documents shall be true, correct and complete.

(o) The Underwriter has not provided any municipal advisory services to the Issuer within the meaning of Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended.

4.2 Any certificate signed by any official of the Issuer and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Underwriter for its benefit and for the benefit of the Purchaser and the Holders from time to time of the Bonds, as to the statements made therein.



Section 5.      Representations and Warranties of Borrower.

5.1      The Borrower makes the following representations and warranties to the Issuer and the Underwriter for its benefit and for the benefit of the Purchaser and the Holders from time to time of the Bonds, as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

(a)      The Borrower is, and at all times will be, a limited partnership duly organized, validly existing and in good standing under the laws of the State. The General Partner is, and at all times will be, a limited liability company duly organized, validly existing and in good standing under the laws of the State of Ohio.

(b)      The Borrower has, and on the Closing Date will have, full legal right, power and authority (i) to execute and deliver this Agreement and the Borrower Documents and (ii) to consummate the transactions contemplated by this Agreement and the Borrower Documents. The General Partner has, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Agreement and the Borrower Documents on behalf of the Borrower.

(c)      The Borrower has duly authorized the execution and delivery of this Agreement and the performance by the Borrower of the obligations contained herein, and prior to the Closing Date the Borrower will have duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, and (iii) consummation by the Borrower of all transactions contemplated hereby and by the Borrower Documents.

(d)      All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or for the execution and delivery by the Borrower of this Agreement and the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby have been obtained or will be obtained prior to the Closing Date.

(e)      The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion of the interest on the Bonds from the gross income of the holders thereof for purposes of federal income taxation.

(f)      All information concerning the Project, the Borrower, the General Partner and the Guarantors submitted to the Underwriter by the Borrower, the General Partner or the Guarantors, is true and correct in all material respects as of the date hereof and does not omit to state a material fact necessary to make the statements therein not misleading.

(g)      There is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or threatened against or affecting the Borrower, the General Partner or the Guarantors or, to the knowledge of the Borrower, any basis therefor (i) in any way affecting the organization and existence of the Borrower, the General Partner or the Guarantors, (ii) contesting or materially affecting the validity or enforceability of this Agreement, the Borrower Documents or the Guarantor Documents, (iii) contesting the powers of the Borrower or its authority with respect to the Borrower Documents, (iv) contesting the authority of the General Partner to act on behalf of the Borrower, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the operations of the Borrower, the General Partner or the Guarantors, (B) the due performance by the Borrower of the

Borrower Documents to which it is a party or by the Guarantors of the Guarantor Documents to which such Guarantors are a party, (C) the validity or enforceability of any of the Borrower Documents or the transactions contemplated hereby or by any Borrower Document or Guarantor Document, or (vi) in any way contesting the exclusion from the gross income of the holders thereof for purposes of federal income taxation of the interest on the Bonds.

(h) This Agreement is, and, when executed and delivered by the Borrower and the other parties hereto, and the Borrower Documents will be, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(i) The execution and delivery by the Borrower of this Agreement and the Borrower Documents and the consummation by the Borrower of the transactions contemplated thereby and hereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) organizational documents of the Borrower, (ii) any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

(j) The Underwriter has not provided any municipal advisory services to the Borrower within the meaning of Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended.

5.2 Each of the representations and warranties set forth in this Section will survive the Closing.

5.3 Any certificate signed by the Borrower or the General Partner and delivered to the Underwriter shall be deemed a representation and warranty by the Borrower to the Underwriter for its benefit and for the benefit of the Purchaser and the Holders from time to time of the Bonds, as to the statements made therein.

## Section 6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture and the other Issuer Documents.

(b) After all conditions have been met with respect to the issuance of the Bonds (including without limitation the payment of the Purchase Price), the Issuer will cause the Bonds to be delivered in accordance with this Agreement, and upon receipt of evidence that the Trustee has received the Purchase Price set forth in Section 2.1 hereof, to the address and at the time specified by the Underwriter in conjunction with the Closing.

(c) The Issuer will not knowingly take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided

in the Indenture or which would cause the interest on the Bonds to be included in the gross income of the holders thereof for federal income tax purposes.

(d) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of obligations under the Resolution, this Agreement, the Issuer Documents and the Bonds.

6.2 The Borrower hereby makes the following covenants with the Issuer and the Underwriter:

(a) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency, if any, that would constitute a condition precedent to the performance by it of its obligations under this Agreement and the Borrower Documents.

(c) The Borrower will not voluntarily undertake any course of action inconsistent with the satisfaction by the Borrower of the requirements applicable to it, as set forth in this Agreement and the Borrower Documents.

## Section 7. Conditions of Closing.

7.1 The Underwriter has entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds will be subject to the performance by the Issuer and the Borrower of their obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) There shall not have occurred any material error, misstatement or omission in the representations and warranties made by either of you in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) Each of you shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by you at or prior to Closing.

(c) This Agreement, the Issuer Documents, the Borrower Documents and the Guarantor Documents shall have been executed and delivered by each of the parties

thereto, shall be in full force and effect on and as of the Closing Date, shall be in form and substance satisfactory to the Originator, and no event of default shall exist under any such documents.

(d) Each of the Subordinate Debt Documents shall have been executed and delivered, shall be in full force and effect, shall be in form and substance acceptable to the Originator, and shall be subject to subordination agreements in form and substance satisfactory to the Originator.

7.2 On the Closing Date, (a) the Underwriter shall have received, in immediately available funds, an amount equal to the fees set forth in Section 10, and the costs and expenses of the Underwriter incurred as of the date of the execution and delivery hereof, and (b) the Trustee shall have received the deposits required to be made in the Accounts.

7.3 In addition to the conditions set forth above, the obligations of the Underwriter and the Originator to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter or the Originator, as applicable, of the following items:

(a) A certificate of the Borrower, dated the Closing Date and reasonably satisfactory to the Originator, signed by the General Partner, that: (1) each of the attached organizational documents, certificate of good standing, and partner consents (if any), is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Borrower's representations and warranties contained herein and in the other Borrower Documents is true and correct in all material respects on and as of the Closing Date; (3) the Borrower has performed and complied in all material respects with all agreements and conditions required of the Borrower by this Agreement to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Originator or the Underwriter;

(b) A certificate of the General Partner, dated the Closing Date and in form and substance reasonably satisfactory to the Originator, signed by an authorized officer of the General Partner, that (1) each of the attached organizational documents, certificate of good standing, authorizing resolution and evidence of incumbency is true, correct and complete and has not been amended, modified or rescinded; (2) the General Partner is a limited liability company duly organized, validly existing and is in good standing under the laws of the State of Ohio and is duly qualified to conduct business in the State, with full legal right, power and authority to execute and deliver this Agreement and the other Borrower Documents on behalf of the Borrower as its General Partner; (3) the General Partner has, by all necessary corporate action, duly authorized the execution and delivery, on its own behalf and on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents; (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the General Partner for the execution and delivery by the General Partner, on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder; (5) the execution and delivery by the General Partner, on its own behalf and/or on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder do not violate the organizational documents of the General Partner, any applicable law, rule or regulation, or any court order by which the General Partner is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the General Partner is a party or by which it or its properties is bound; (6) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to its knowledge, threatened against the General Partner nor, to the best knowledge of the General Partner, any basis therefor (i) in any way contesting the existence of the General Partner, (ii) in any way contesting the authority of the General Partner to act on

behalf of the Borrower or the authority of the officers of the General Partner to act on behalf of the General Partner or (iii) which would have a material adverse effect on the financial condition or operations of the General Partner or the consummation of the transactions on the part of the General Partner or the Borrower contemplated hereby or by any Borrower Document; and (7) such other matters reasonably requested by the Originator;

(c) Opinions of counsel to the Borrower, the General Partner and the Guarantors dated the date of issuance of the Bonds and addressed to the Issuer, the Trustee, the Purchaser and the Underwriter as to the matters on Exhibit C attached hereto;

(d) A tax opinion of Bond Counsel from Bryant Miller Olive P.A., dated the date of issuance of the Bonds and addressed to the Underwriter, the Purchaser, the Originator, the Trustee and the Issuer, in form and substance acceptable to the Purchaser and the Originator;

(e) A supplemental opinion of Bond Counsel, dated the date of issuance of the Bonds and addressed to the Underwriter, the Purchaser, the Originator, the Trustee and the Issuer, in form and substance acceptable to the Underwriter.

(f) An opinion of counsel to the Issuer, or of Bond Counsel acting in such capacity, dated the date of issuance of the Bonds and addressed to the Trustee, the Underwriter, the Originator and the Purchaser, in form and substance acceptable to the Purchaser and the Originator;

(g) A certificate of the Issuer, dated the date of issuance of the Bonds and in form and substance acceptable to Bond Counsel and the Underwriter;

(h) A pro forma mortgagee title insurance policy issued by the Title Company to the Trustee, dated effective as of the date of recording of the Mortgage, in form, scope and substance satisfactory to the Originator, insuring the lien of the Mortgage in an amount equal to the initial face amount of the Bonds, subject only to such liens and encumbrances as the Originator may approve;

(i) Evidence of the insurance required under the Loan Agreement, including, without limitation, flood insurance to the extent that any portion of the Improvements is located in a Special Flood Hazard area as defined by the United States Department of Housing and Urban Development;

(j) A certified legal description and as-built ALTA/ACSM Land Title Survey of the land included in the Project by a surveyor approved by the Originator in form and substance acceptable to the Originator;

(k) Evidence in such form as the Originator may reasonably require of (i) satisfactory subdivision of the Project and zoning for all buildings and improvements; (ii) the valid issuance of all necessary permits and licenses to renovate, occupy and operate the buildings and improvements, including without limitation all permits and licenses required under applicable law with respect to subdivision, zoning, safety, building, occupancy, fire protection, environmental, energy and similar matters; (iii) the availability of all utility and municipal services required for the operation of the buildings and improvements; and (iv) the availability of means of access to and from such property, by means of public ways or easements benefiting such property;

(l) Evidence reasonably satisfactory to the Originator that the proposed rehabilitation may be performed without obtaining government-issued permits (or that, if

permits are required, such permits may be obtained as a matter of right) and that upon final completion of the contemplated rehabilitation, no new certificates of occupancy will be issued;

(m) A budget detailing the costs of the proposed rehabilitation of the Project, and plans and specifications detailing the scope of such rehabilitation, all satisfactory to the Originator;

(n) Copies of contracts with an architect and a general contractor or prime contractors, satisfactory to the Originator, for the performance of the rehabilitation, plus consents of the assignments of all such contracts to the Trustee by each professional;

(o) A report or written confirmation from the Engineering Consultant that (a) the Engineering Consultant has reviewed the final plans and specifications, (b) the construction contract(s) satisfactorily provide for the rehabilitation of the Project, and (c) in the opinion of the Engineering Consultant, rehabilitation of the Project can be completed within twenty (20) months following Closing for an amount not greater than the amounts allocated for such purpose on the submitted budget;

(p) An environmental audit satisfactory to the Originator in scope, form and substance, and performed and certified to the Originator by an environmental engineer satisfactory to the Originator;

(q) An engineering report satisfactory to the Originator in scope, form and substance, and prepared and certified to the Originator by a structural engineer satisfactory to the Originator, and a report showing no infestation by wood-destroying insects;

(r) For each of the Borrower, the General Partner and the Guarantors, a certified copy of its organizational documents as in effect on the date of closing, including copies of all filed documents, which shall, with respect to the Borrower and the General Partner, contain provisions denoting its single purpose entity status, and evidence that all action necessary for the valid execution, delivery and performance by the Borrower, the General Partner and the Guarantors of this Agreement and the other Borrower Documents or the Guarantor Documents, as applicable, to which it is or is to become a party shall have been duly and effectively taken;

(s) A certificate of the Borrower, dated the Closing Date and signed by the General Partner, in form and substance reasonably satisfactory to the Underwriter, the Originator and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion;

(t) A non-arbitrage certificate of the Issuer, in form and substance acceptable to Bond Counsel;

(u) A certificate of the Trustee, dated the Closing Date, in form and substance satisfactory to the Originator, signed by an authorized officer of the Trustee, that (1) the Trustee has all necessary power and authority to accept the trusts granted under the Indenture and to perform its duties under the Trustee Documents; (2) the Trustee Documents have been duly authorized, executed and delivered by an authorized officer of the Trustee; (3) the Bonds have been authenticated by an authorized representative of the Trustee and delivered to or at the direction of the Underwriter; and (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental agency or body is required on behalf of the Trustee for the execution and delivery by the Trustee of the Trustee Documents or the performance by the Trustee of its obligations thereunder;

(v) A properly completed and executed IRS Form 8038 as to the Bonds to be filed with the IRS promptly following the Closing Date;

(w) Evidence of the consent of HUD to the assignment to and assumption by the Borrower of the Housing Assistance Payments Agreement for the Project and of final approval by HUD of the rentals to be charged by the Borrower following completion of the rehabilitation of the Project;

(x) A current rent roll and an income and expense statement as of the last full month prior to Closing, concerning the leasing and operation of the Project, certified as true and correct by the Borrower;

(y) A certificate from the Originator delivered to the Underwriter dated the Closing Date, in form and substance satisfactory to the Underwriter, signed by an authorized officer of the Originator, to the effect that all conditions of the Originator under this Agreement have either been satisfied or waived by the Originator, and acknowledgement by the Originator that the Originator, not the Underwriter, shall accept responsibility for its approval of the items required to be approved by the Originator as a condition to Closing, and the Underwriter shall have no responsibility for such approvals;

(z) An investor letter from the Purchaser in the form attached to the Indenture; and

(aa) Such other documents, certificates, approvals, assurances and opinions as the Underwriter or the Originator may reasonably request.

7.4 If any of the conditions set forth in Sections 7.1, 7.2 or 7.3 have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Agreement or proceed to Closing upon waiving in writing any rights under this Agreement with respect to any such condition (but with the consent of the Underwriter or the Purchaser and the Originator as to any condition subject to their approval or receipt). If this Agreement is terminated pursuant to this Section, no party will have any rights or obligations to the other parties hereto, except as provided in Section 10.

Section 8. Actions and Events at the Closing. The following events will take place at the Closing:

(a) The Issuer will deliver the Bonds to the Trustee for closing through DTCC's book-entry only system. The Bonds so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee for DTCC.

(b) The Borrower and the Issuer, as applicable, will deliver or cause to be delivered to the Underwriter or the Originator, as applicable, at the place set forth in Item 5 in Exhibit B, or at such other place or places as you and the Originator may mutually agree upon, the materials described in Section 7.3.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer or as the Issuer directs, an amount equal to the initial installment of the Purchase Price of the Bonds, by wire transfer to the Trustee, in immediately available federal funds, to be deposited in the funds and accounts set forth in the Indenture upon the issuance of the Bonds, and applied as set forth in the Indenture.

Section 9. Termination of Agreement. The Underwriter may terminate this Agreement, without liability therefor, by notifying you at any time prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee or be pending in committee, or any decision is rendered by any court of competent jurisdiction, or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable judgment of the Underwriter, has the purpose or effect of causing interest on the Bonds to be includable in gross income of the holders thereof for purposes of federal income taxation or to be an item of tax preference for purposes of the federal alternative minimum tax; or

(b) Any legislation is introduced in, or enacted by the United States Congress or any action is taken by, or on behalf of, the Securities and Exchange Commission, that, in the opinion of counsel to the Underwriter has the effect of requiring (i) the Bonds or the interests in the Loan Agreement or other financing documents to be registered under the 1933 Act or the Indenture to be qualified under the 1939 Act, or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Agreement, the Issuer Documents, the Borrower Documents or the Guarantor Documents which cannot, without undue expense, be obtained prior to the Closing Date.

(c) In the reasonable judgment of the Underwriter it becomes impracticable to market, purchase or sell the Bonds or to enforce commitments for the purchase of Bonds because (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) a general banking moratorium shall have been established by federal, New York or California authorities; or (C) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Underwriter to purchase or sell the Bonds;

(d) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer;

(e) Legislation shall have been introduced in or enacted by the legislature of the State that would, in the reasonable judgment of the Originator or the Underwriter, materially adversely affect the security for the Bonds;

(f) There shall have occurred any change that, in the reasonable judgment of the Originator or the Underwriter, makes unreasonable or unreliable any of the assumptions upon which (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated;

(g) There shall have occurred any outbreak or material escalation of hostilities or other national or international calamity or crisis, the effect of which on the financial markets of the United States is such as to make it, in the reasonable opinion of the Underwriter, impractical to enforce commitments for the purchase of the Bonds; or



(h) The Issuer shall fail to execute and deliver or to obtain one or more filings, consents, approvals, authorizations, registrations or other action requested by the Underwriter to be obtained or taken by the Issuer and such failure is based upon the Issuer's conclusion that such action is unduly burdensome and the Underwriter shall reasonably conclude that, as a result of the Issuer's failure to so execute and deliver or to obtain what has been requested by the Underwriter, the purchase of the Bonds will be materially adversely affected.

Section 10. Fees and Expenses; Costs of Issuance. The Borrower shall pay or cause to be paid all costs of issuance of the Bonds, including all reasonable expenses incident to the performance of the Underwriter's obligations hereunder in connection with its purchase of the Bonds, including, but not limited to, (i) the fees of the Originator set forth in Section 2.2(a) of the Loan Agreement, (ii) the cost of the preparation, printing or other reproduction of the Resolution, this Agreement, the Issuer Documents, the Borrower Documents and the Guarantor Documents, in reasonable quantities for distribution, (iii) the cost of producing, authenticating and delivering the Bonds, (iv) the fees and disbursements of Bond Counsel, Issuer's counsel, Originator's counsel, Underwriter's counsel and Trustee's counsel, (v) the fees and expenses, including without limitation all initial and continuing fees and expenses of the Issuer, the Trustee, the Underwriter and all paying agents, transfer agents and bond registrars and (vi) the fees and expenses, including travel expenses, incurred by your representatives in connection with the issuance, sale and delivery of the Bonds. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

Section 11. Indemnification.

11.1 The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Trustee, the Underwriter, the Originator, the Purchaser (the "Principal Indemnified Parties") and each affiliate, member, officer, director, official, employee and agent of the Issuer, the Trustee, the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (a "Control Person") (collectively referred to herein as the "Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities") caused by or directly or indirectly arising from or in any way relating to the Bonds, the loan of the proceeds of the Bonds, the Loan Agreement, the Indenture, this Agreement or any document related to the Bonds, the loan of the proceeds of the Bonds (the "Transaction Documents") or any transaction or agreement, written or oral, pertaining to the foregoing; provided the Borrower shall not be required to so indemnify any Indemnified Party to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnified Party.

11.2 The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Trustee, the Underwriter, the Originator, the Purchaser and each affiliate, member, officer, director, official, employee and agent of such parties from and against all Liabilities directly or indirectly arising from or relating to any fraud or misrepresentations or omissions contained in the proceedings of the Issuer pertaining to the financial condition of the Borrower; provided, however that the foregoing indemnity of an Indemnified Party pursuant to Section 11.1 and this Section 11.2 shall not apply to any loss to the extent such damages are caused by the gross negligence or willful misconduct or default of such Indemnified Party or any affiliate, member, officer, director, official, employee, agent or Control Person of said Indemnified Party or of the Principal Indemnified Party with which said party is affiliated.

11.3 Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower's expense and with counsel reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense but not to take any action to settle the same without the approval of the Borrower which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding and the Borrower shall be obligated to pay the reasonable fees and expenses of such separate counsel if the Indemnified Party reasonably determines that a conflict of interest exists between the interests of the Indemnified Party and the interests of the Borrower. If the Borrower shall, after this notice and within a period of time necessary to preserve any and all reasonable defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk, cost and expense of, the Borrower.

11.4 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in Section 11.1 or 11.2 hereof is for any reason held to be unavailable, the Borrower and the Underwriter shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Underwriter is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds and provided further that the Borrower shall not be required to contribute for Liabilities to an Indemnified Party arising from the gross negligence or willful misconduct of such Indemnified Party. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

11.5 The Indemnified Parties, other than the Issuer and the Underwriter, shall be considered to be third-party beneficiaries of this Agreement for purposes of this Section 11. The provisions of this Section 11 will be in addition to all liability that the Borrower may otherwise have under law or any other Borrower Document and shall survive any termination of this Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

11.6 The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement or any other document.

11.7 The Borrower shall be subrogated to an Indemnified Party's rights of recovery to the extent of any liabilities satisfied by Borrower. Such Indemnified Party shall execute and deliver such instruments and papers as are necessary to assign such rights and assist in the exercise thereof.

11.8 Nothing herein shall be construed to create recourse debt to the Borrower or any of its partners for the Loan or the Bonds, except as set forth in Section 10.13 of the Loan Agreement.

## Section 12. Miscellaneous.

12.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following addresses or such other address as any of the parties shall specify:

If to the Underwriter	RBC Capital Markets, LLC 100 2nd Avenue South, Suite 800 St. Petersburg, Florida 33701 Attention: Helen Feinberg
With a copy to:	R4 Capital Funding LLC 780 Third Avenue, 10th Floor New York, New York 10017 Attention: James D. Spound
and:	Kutak Rock LLP 1760 Market Street, Suite 1100 Philadelphia, Pennsylvania 19103 Attention: Andrew P. Schmutz
If to the Issuer:	Jacksonville Housing Finance Authority 214 N. Hogan Street, 7 <sup>th</sup> Floor Jacksonville, Florida 32202 Attention: Finance Director
If to the Borrower:	Millennia Jacksonville FL TC LP c/o Millennia Housing Development, Ltd. 4000 Key Tower 127 Public Square Cleveland, Ohio 44114 Attention: Frank T. Sinito
With copies to:	Millennia Company 4000 Key Tower 127 Public Square Cleveland, Ohio 44114 Attention: Laura R. Anderson, General Counsel
	and
	Baker Hostetler 2000 Key Tower 127 Public Square Cleveland, Ohio 44114 Attention: Larry Lindberg, Esq.

12.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person except as set forth in Section 11 hereof or as provided herein with respect to the Purchaser and the Holders of the Bonds.

12.3 This Agreement may not be assigned by the Issuer or the Borrower. This Agreement may be assigned by the Underwriter upon written notice of such assignment from the Underwriter to the Issuer and the Borrower. The Underwriter may designate the entity in whose name the Bonds are to be registered at Closing by providing registration information to the Trustee on or prior to the Closing Date.

12.4 This Agreement may not be amended without the prior written consent of the Issuer, the Borrower and the Underwriter.

12.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bonds.

12.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Agreement.

12.7 This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

12.8 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

12.9 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

12.10 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein, without regard to conflict of laws principles.

12.11 The obligations of the Underwriter hereunder shall be without recourse to any shareholder, trustee, officer, employee, agent or manager of the Underwriter and no shareholder, trustee, officer, employee, agent or manager of the Underwriter shall be personally liable for the payment of any obligation of the Underwriter hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Underwriter shall be enforced only against the assets of the Underwriter and not against any property of any trustee or manager of the Underwriter.

12.12 As an inducement to the agreement of the Underwriter to purchase the Bonds pursuant to the terms of this Agreement, the Borrower agrees not to obtain or seek to obtain financing or credit of any kind or nature whatsoever from any other sources in lieu of the financing to be provided by the issuance of the Bonds by the Issuer and the purchase of the Bonds by the Underwriter. In the event of a breach of this covenant, the Underwriter shall be entitled to all remedies available to it, at law and in equity, including specific performance and damages. As a further inducement, the Borrower agrees to indemnify and hold harmless the Underwriter and the Purchaser from any and all litigation or claims arising out of transactions contemplated herein, except for any litigation or claims directly resulting from the gross negligence or willful misconduct of the Underwriter and the Purchaser.

12.13 The Issuer and the Borrower acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's length commercial transaction between the Issuer and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Issuer or the Borrower on other matters) or any other obligation to the Issuer or the Borrower except the obligations expressly set forth in this Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Issuer and the Borrower, and (v) each of the Issuer and the Borrower has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

Section 13. Contingency Draw Down. In the event either the Originator or the Borrower, with the consent of the Originator, determines that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on the Bonds not being excluded from gross income for federal income tax purposes, or otherwise determines that it is in the requesting party's best interest to cause the remaining authorized amount of the Bonds to be fully funded (the "Remaining Authorized Amount") in order to assure that interest on the Bonds will remain excluded from gross income for federal income tax purposes, and, in the case of such determination by the Borrower, such action will resolve the uncertainty with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and will not jeopardize receipt of previously committed unfunded debt or equity funding for the Project, then the Majority Owner may provide a written letter of direction (a "Draw-Down Notice") to the Trustee, with a copy to the Borrower and the Purchaser, to cause the Remaining Authorized Amount of the Bonds to be funded. The Draw-Down Notice, if given, shall take effect on the fifth (5th) Business Day following the date of such notice (or such greater number of Business Days to which the Originator, Borrower and the Purchaser may agree in writing, with written notice to the Trustee) and contain substantially the following words: "The Majority Owner elects to fund the Remaining Authorized Amount of the Bonds (\$\_\_\_\_\_) to be funded effective \_\_\_\_\_ (the "Draw-Down Date")." The Draw-Down Notice will be delivered in the manner provided for notices under the Indenture and the Loan Agreement. After the delivery of a Draw-Down Notice, the Purchaser shall advance proceeds of the Bonds in the Remaining Authorized Amount to the Trustee for deposit in the Bond Proceeds Account of the Project Fund and, if applicable, the Capitalized Interest Account of the Project Fund, to be held and disbursed pursuant to the Indenture and the Loan Agreement. The Borrower agrees to pay to the Trustee, on the Draw-Down Date, an amount of funds to be agreed upon by the Originator and the Borrower prior to the Draw-Down Date to cover the expected interest costs for the period between the Draw-Down Date and the date of each expected draw in accordance with the then-approved draw schedule set forth on Exhibit D hereto (the "Capitalized Interest Deposit"), to be deposited by the Trustee into the Capitalized Interest Account of the Project Fund.

{ signatures on next page }

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement and returning this executed Agreement to the undersigned.

**RBC CAPITAL MARKETS LLC**

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

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

**JACKSONVILLE      HOUSING      FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
Name: William I. Gulliford, III  
Title: Chair

**MILLENNIA JACKSONVILLE FL TC LP, a**  
Florida limited partnership

By: Jacksonville TC Investment, LLC, an  
Ohio limited liability company, its  
general partner

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

SCHEDULE I  
DISCLOSURE LETTER

September \_\_, 2018

Jacksonville Housing Finance Authority  
214 N. Hogan Street, 3rd Floor  
Jacksonville, Florida 32202

Ladies and Gentlemen:

In reference to the issuance of those certain \$[81,600,000] Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018 (the “Bonds”), RBC Capital Markets, LLC (the “Underwriter”), pursuant to the Bond Purchase Agreement (the “Purchase Contract”) between the Underwriter, Millennia Jacksonville FL TC LP (the “Borrower”), and the Jacksonville Housing Finance Authority (the “Issuer”), hereby makes the following disclosures to the Issuer:

1. The Underwriter is acting as underwriter to the Issuer for the public offering of the Bonds. The total fee to be paid to the Underwriter pursuant to the Purchase Contract is equal to approximately \$1.00 per bond, of the total face amount of the Bonds, or \$[81,600].

2. The estimated expenses not included in the above number to be incurred by the Underwriter and to be charged to the Borrower in connection with the issuance of the Bonds are:

Underwriter’s Counsel (including disbursements)	\$17,500 or \$[0.2145] per Bond)
---	----------------------------------

3. The names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, an underwriter, bank, banker or financial consultant or advisor and who enters into an understanding with either the Issuer or the Underwriter, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Underwriter or who exercises or attempts to exercise any influence to effect any transaction in the purchase of the Bonds are:

None

4. The amount of the underwriting risk and takedown expected to be realized is:

Takedown/Concession	\$[81,600,000] or \$1.00 per Bond.
---------------------	------------------------------------

5. The amount of the management fee to be charged by the Underwriter is:

\$[25,000] or \$0.30 per Bond.

6. Any other fee, bonus, and other compensation estimated to be paid by the Underwriter in connection with the Bonds to any person not regularly employed or retained by the Underwriter is as follows:



Fee and Expenses

\$[6,250] or \$0.08 per Bond

7. The name and address of the Underwriter connected with the Bonds is:

RBC Capital Markets, LLC  
100 2nd Avenue South, Suite 800  
St. Petersburg, Florida 33701

8. The Authority is proposing to issue the Bonds for the purpose of making a loan (the “Loan”) to the Borrower to be used for the acquisition, rehabilitation and equipping of a multifamily housing rental project. Unless earlier redeemed, the Bonds are expected to be repaid over a period of [\_\_\_\_] years. At an estimated interest rate of [\_\_\_\_]%, total interest paid over the life of the Loan will be \$[\_\_\_\_\_].

9. The source of repayment of the Bonds is as provided in the Indenture of Trust, dated as of September 1, 2018, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee. Authorizing the issuance of the Bonds will not have a financial impact on the Issuer since the Bonds are being repaid by the Borrower.

[Signature appears on following page]

RBC CAPITAL MARKETS, LLC

By: \_\_\_\_\_  
Name: Helen H. Feinberg  
Title: Managing Director

## **EXHIBIT A**

### **Glossary of Terms**

“1933 Act” means the Securities Act of 1933, as amended.

“1939 Act” means the Trust Indenture Act of 1939, as amended.

“Accounts” means all of the funds and accounts to be established under, and defined in, the Indenture.

“Act” means the Florida Housing Finance Authority Law, Part IV, Chapter 159, Florida Statutes, as amended and supplemented from time to time, Chapter 52 Ordinance Code of the City, as amended, Ordinance 2014-185-E of the City, Resolution No. 2017-671-A of the City adopted on October 24, 2017, a Resolution of the Issuer adopted on September 19, 2017 and a Resolution of the Issuer adopted on September 19, 2018.

“Agreement” means this Bond Purchase Agreement, as amended from time to time.

“Assignment of Capital Contributions” means that certain Assignment of Capital Contributions to be dated as of September 1, 2018, from the Borrower to the Trustee.

“Assignment of HAP Contract” means, collectively, those certain Assignment of HAP Contracts to be dated as of September 1, 2018, from the Borrower to the Trustee, with the consent of HUD for each of (i) Valencia Way Apartments, (ii) The Weldon Apartments, (iii) Palmetto Glen Apartments and (iv) Calloway Cove Apartments.

“Assignment of Management Agreement and Consent” shall mean that contain Assignment of Management Agreement to be dated as of September 1, 2018, from the Borrower to the Trustee, together with the consent of the manager of the Project.

“Assignment of Project Documents” means that certain Assignment of Project Documents to be dated as of September 1, 2018, from the Borrower to the Trustee.

“Bonds” means \$[81,600,000] in aggregate principal amount of Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018.

“Borrower” means Millennia Jacksonville FL TC LP, a limited partnership duly organized, validly existing and in good standing under the laws of the State, together with its permitted successors and assigns hereunder.

“Borrower Documents” means, collectively, this Agreement, the Loan Agreement, the Land Use Restriction Agreement, the Mortgage, the Note, the Environmental Indemnity, the Assignment of Project Documents, each Assignment of HAP Contract, the Assignment of Capital Contributions, each HAP Contract, the Assignment of Management Agreement and Consent, the Replacement Reserve and all other agreements, documents and certificates as may be required to be executed and delivered by the Borrower to carry out, give effect to, and consummate the transactions contemplated by this Agreement or by the other Borrower Documents.

“Closing” means the proceeding at which the actions described in Section 8 are performed.

“Closing Date” means the date on which the Closing takes place.

“Engineering Consultant” means the Engineering Consultant approved Originator.

“Environmental Indemnity” means that certain Environmental Indemnity Agreement to be dated as of September 1, 2018, from the Borrower and the Guarantors named therein for the benefit of the Trustee.

“General Partner” means Jacksonville TC Investment, LLC, a limited liability company duly organized and validly existing under the laws of the State of Ohio, together with its permitted successors and assigns hereunder.

“General Partner Pledge” means that certain Limited Guaranty, Pledge of Partnership Interests and Security Agreement to be dated as of September 1, 2018 from the General Partner to the Trustee.

“Guarantors” means, as applicable with respect to each Guarantor, the Borrower, Jacksonville TC Investments, LLC, Millennia Housing Development, Ltd., Frank T. Sinito, a resident of the State of Ohio, and Malisse Sinito, a resident of the State of Ohio, together with their respective heirs, executors, personal and legal representatives and permitted successors and assigns.

“Guarantor Documents” means, collectively, (i) the Guaranty of Recourse Obligations to be dated as of September 1, 2018 from the Guarantors named therein for the benefit of the Trustee, (ii) the Guaranty of Completion to be dated as of September 1, 2018 from the Guarantors named therein for the benefit of the Trustee, (iii) the Guaranty of Debt Service and Stabilization to be dated as of as of September 1, 2018 from the Guarantors named therein for the benefit of the Trustee, (iv) the Environmental Indemnity, (v) the Environmental Indemnity Agreement to be dated as of September 1, 2018, by the Borrower and the Guarantors named therein in favor of the Trustee, (vi) the Continuing, Absolute and Unconditional Guaranty of Recourse Obligations to be dated as of September 1, 2018, by the Borrower, the General Partner and the Guarantors named therein for the benefit of the Issuer and the Trustee, (vii) the Absolute and Unconditional Guaranty of Completion to be dated as of September 1, 2018, by the Borrower, the General Partner, the Developer and the Guarantors named therein for the benefit of the Issuer and the Trustee, and (viii) the Absolute and Unconditional Guaranty of Operating Deficits to be dated as of September 1, 2018 by the Borrower, the General Partner and the Guarantors named therein for the benefit of the Issuer and the Trustee.

“HAP Contract” means that each of those certain Housing Assistance Payment Contracts between the Borrower and HUD for each of (i) Valencia Way Apartments, (ii) The Weldon Apartments, (iii) Palmetto Glen Apartments and (iv) Calloway Cove Apartments.

“HUD” means the United States Department of Housing and Urban Development.

“Indenture” means that certain Indenture of Trust to be dated as of September 1, 2018, between the Issuer and the Trustee.

“Issuer” means the Jacksonville Housing Finance Authority, a public body corporate and politic duly organized and validly existing under the laws of the State, together with its successors and assigns.

“Issuer Assignment” means, collectively, the Issuer’s endorsement of the Note and that certain Assignment of Mortgage Documents to be dated as of September 1, 2018, from the Issuer to the Trustee.

“Issuer Documents” means, collectively, the Indenture, the Loan Agreement, the Land Use Restriction Agreement, the Issuer Assignment and this Agreement.

“Land Use Restriction Agreement” means that certain Land Use Restriction Agreement dated as of September 1, 2018, among the Issuer, the Trustee and the Borrower.

“Loan Agreement” means that certain Loan Agreement to be dated as of September 1, 2018, between the Issuer and the Borrower.

“Mortgage” means that certain Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing to be dated as of September 1, 2018, from the Borrower to the Issuer and assigned to the Trustee.

“Note” means the promissory note of the Borrower to be dated the date of issuance of the Bonds from the Borrower to the Issuer and endorsed to the Trustee.

“Originator” means R4 Capital Funding LLC, a Delaware limited liability company.

“Project” means, collectively, those certain (i) 400 units and related personal property and equipment to be known as Valencia Way Apartments, (ii) 94 units and related personal property and equipment to be known as The Weldon Apartments, (iii) 74 units and related personal property and equipment to be known as Palmetto Glen Apartments; and (iv) 200 units and related personal property and equipment to be known as Calloway Cove Apartments located in Jacksonville, Florida, the acquisition, rehabilitation and equipping of which are being financed with the proceeds of the Bonds.

“Purchaser” means Deutsche Bank Securities, Inc.

“Replacement Reserve” means that certain Replacement Reserve and Security Agreement dated as of September 1, 2018, between the Borrower and the Trustee.

“Resolution” means, collectively, the resolutions adopted by the Issuer on September 19, 2017 and September 19, 2018, relating to the transactions contemplated by this Agreement.

“State” means the State of Florida.

“Subordinate Debt” means that certain loan in the original principal amount of \$11,700,000 from GMF-Jacksonville Pool, LLC to the Borrower, as assigned to True Freedom Enterprises, an Ohio non-profit corporation.

“Subordinate Debt Documents” means, collectively, all loan agreements, notes, deeds of trust and other agreements, documents and instruments executed by the Borrower to evidence or secure, or otherwise in connection with, the Subordinate Debt.

“Title Company” means Fidelity National Title Insurance Company.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Trustee Documents” means the Indenture, the Loan Agreement, the Land Use Restriction Agreement and all other agreements, documents and certificates as may be required to be executed and delivered by the Trustee to carry out, give effect to, and consummate the transactions contemplated by this Agreement and the other Trustee Documents.

“Underwriter” means RBC Capital Markets, LLC, or its designee or nominee, together with their respective permitted successors and assigns hereunder.

“You” and similar terms refer collectively to the Issuer and the Borrower.

## EXHIBIT B

### Terms of Bonds

1. Title of Bonds: \$[81,600,000] Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018
2. Purchase Price of Bonds: \$[81,600,000]
3. Basic Bond Terms:
  - (a) Date of the Bonds: September [25], 2018
  - (b) Interest Payment Dates: First day of each month commencing [November] 1, 2018.
  - (c) Aggregate Principal Amount of Bonds: \$[81,600,000]
  - (d) Maturity Date for Bonds: September 1, 20\_\_
  - (e) Bondholder right to demand redemption: Bondholders will have a right to require redemption of Bonds in whole at par on or after: \_\_\_\_\_, 20\_\_
  - (f) Interest Rate for Bonds: \_\_\_\_% per annum.
  - (g) Special Redemption Provisions:
    - (i) sinking fund: on a quarterly basis to be deposited into the Redemption Fund on the dates and in the amounts shown on Schedule 3 to Loan Agreement .
    - (ii) optional prepayment: no optional prepayment will be permitted prior to \_\_\_\_\_, 1, 20\_\_; thereafter, Bonds may be optionally redeemed at the redemption price equal to 100% of the principal amount thereof, plus interest thereon to, but not including, the redemption date.
    - (iii) a special mandatory redemption: an amount of \$\_\_\_\_\_ in principal amount of the Bonds will be subject to special mandatory redemption as a condition to Stabilization (as defined in the Indenture)
    - (iv) mandatory redemption: as set forth in the Indenture.
  - (h) Draw-down Installments

<u>Purchase Date</u>	<u>Amount</u>
_____, 20__	\$ _____
_____, 20__	_____
_____, 20__	_____
_____, 20__	_____]

4. Certain Required Funded Accounts:

- (a) Tax and Insurance Escrow
- (b) Replacement Reserve - deposits to commence upon final completion
- (c) Project Fund - funds sufficient to pay all estimated costs of rehabilitation shall be deposited into the Indenture at Closing or be paid pursuant to the Assignment of Capital Contributions and/or Subordinate Debt Documents

5. Time of Closing: 1 p.m., eastern time

- (a) Date of Closing: On or before September [25], 2018
- (b) Place of Closing: Bryant Miller Olive P.A.  
255 South Orange Avenue, Suite 1350  
Orlando, Florida 32801
- (c) Delivery of Bonds: Through DTCC's book-entry only system



## **EXHIBIT C**

### **Matters to be Covered by Opinions of Counsel to the Borrower, the General Partner and the Guarantors**

1. Organization and Qualification. The Borrower is duly formed and validly existing as a limited partnership under the laws of the State of Florida. The General Partner is duly formed and validly existing as a limited liability company under the laws of the State of Ohio.

2. Authority and Authorization. Each of the Borrower and the General Partner has all requisite power and authority to execute and deliver the Borrower Documents to which it is a party and to perform its obligations under the Borrower Documents to which it is a party, and all such action has been duly and validly authorized by all necessary action on its part. Each Guarantor has all requisite power and authority to execute and deliver the Guarantor Documents and to perform its obligations under the Guarantor Documents, and all such action has been duly and validly authorized by all necessary action on its part.

3. Execution and Binding Effect. The Borrower Documents to which the Borrower is a party have been duly and validly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with the terms thereof, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights. The Guarantor Documents have been duly and validly executed and delivered by the Guarantors and constitute the legal, valid and binding obligation of the Guarantors, enforceable in accordance with the terms thereof, except as such, enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights.

4. Authorization and Filings. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any governmental authority is or will be necessary in connection with the execution and delivery of the Borrower Documents or the Guarantor Documents, or the consummation of the transactions contemplated or performance of or compliance with the terms and conditions thereof, other than the recordings and filings referred to in paragraphs 7, 8 and 9 below.

5. Absence of Conflicts. Neither the execution and delivery of the Borrower Documents and the Guarantor Documents, nor consummation of the transactions therein contemplated, nor performance of or compliance with the terms and conditions thereof will (a) violate any Legal Requirement, (b) conflict with or result in a breach of or a default under the partnership agreement of the Borrower or the operating agreement of the General Partner or, to counsel's actual knowledge, any agreement or instrument to which any of such parties or the individual Guarantors are a party or by which any of such parties or the individual Guarantors or any of their properties (now owned or hereafter acquired) may be subject or bound or (c) to counsel's actual knowledge, result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property (now owned or hereafter acquired) of the Borrower, other than the liens created by the Borrower Documents.

6. Litigation. There is no pending or, to counsel's actual knowledge, threatened proceeding by or before any governmental authority against or affecting the Borrower, the General Partner, the Guarantors or the Project which, if adversely decided, would have a material adverse effect on the business, operations, condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantors or on the ability of the Borrower or the Guarantors to perform their respective

obligations under the Borrower Documents and the Guarantor Documents, as applicable, or on the operation of the Project.

7. Validity of Mortgage Liens. The Mortgage is in appropriate form for recording and, when recorded in [SPECIFY RECORDING OFFICE], will create in favor of the Trustee a valid mortgage lien upon and security interest in the Project.

8. Perfection of Security Interests. The Borrower Documents and, when filed with the Secretary of State of the State of Florida, and in the real estate records of Duval County, the UCC financing statements, will create in the Trustee valid and perfected security interests in the collateral described therein.

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**ASSIGNMENT OF MORTGAGE DOCUMENTS**

**from**

**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**to**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee,**

**with the consent of**

**MILLENNIA JACKSONVILLE FL TC LP**

**Dated as of September 1, 2018**

**Relating to:**

**[\$81,600,000]**

**Jacksonville Housing Finance Authority**

**Multifamily Housing Revenue Bonds**

**(Millennia Jacksonville Project), Series 2018**

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This instrument prepared by and  
when recorded return to:

Kutak Rock LLP  
1760 Market Street, Suite 1100  
Philadelphia, Pennsylvania 19103  
Attention: Andrew P. Schmutz, Esquire

## ASSIGNMENT OF MORTGAGE DOCUMENTS

This **ASSIGNMENT OF MORTGAGE DOCUMENTS**, dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, "Assignment") from the JACKSONVILLE HOUSING FINANCE AUTHORITY, a public body corporate and politic organized under the laws of the State of Florida (together with its successors and assigns, the "Assignor"), to THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as trustee (together with any successor trustee under the Indenture described below and their respective successors and assigns, the "Assignee") under the Indenture of Trust dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, the "Indenture"), between the Assignor as Issuer and the Assignee as Trustee,

### WITNESSETH:

**WHEREAS**, Millennia Jacksonville FL TC LP, a limited partnership organized and existing under the laws of the State of Florida (together with its permitted successors and assigns, the "Borrower") has:

(i) entered into a Loan Agreement with the Assignor dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"), evidencing indebtedness in the aggregate principal amount of \$[81,600,000] (the "Loan"); and

(ii) executed and delivered to the Assignor the Promissory Note dated September \_\_, 2018 (as the same may be amended, modified or supplemented from time to time, the "Promissory Note") in the principal amount of \$[81,600,000] and made to the order of the Assignor, as payee, further evidencing the Loan; and

(iii) delivered to the Assignor a Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, the "Mortgage") made to the Assignor, securing the Promissory Note, recorded in the \_\_\_\_\_ of Duval County, and relating to the real estate described in Exhibit A hereto; and

**WHEREAS**, the Loan Agreement, the Promissory Note and the Mortgage, together with all financing and continuation statements to perfect the liens and security interests granted thereby, are collectively referred to herein as the "Mortgage Documents"; and

**WHEREAS**, the Assignor desires to assign and transfer to the Assignee all its right, title and interest in and to the Mortgage Documents, excluding the Reserved Rights (as defined in the Indenture) of the Assignor, and the Assignee desires to acquire Assignor's rights, title and interest as aforesaid under the Mortgage Documents in accordance with the terms hereof, and the Assignee is joining in the execution of this Assignment in order to evidence its acceptance hereof; and

**WHEREAS**, the Borrower is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the Mortgage Documents shall be effective to secure the obligations of the Borrower to the Assignee as more fully set forth therein and herein.

**NOW THEREFORE**, in consideration of issuance of the Bonds and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

Section 1. Definitions. All words and phrases defined in the Indenture have the same meanings in this Assignment, which definitions are incorporated herein by reference, unless a different definition is set forth in this Assignment.

Section 2. Assignment. The Assignor sells, assigns and sets over and transfers to the Assignee all the right, title and interest of the Assignor in, to and under the Mortgage Documents, excluding the Reserved Rights of the Assignor and the Assignee hereby accepts such assignment. This Assignment is made and shall be without recourse, warranty or representation of the Assignor.

Section 3. Miscellaneous. In case any one or more of the provisions contained in this Assignment are invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not be affected or impaired thereby.

Section 4. Counterparts; Electronic Signatures. This Assignment may be executed in any number of counterparts, each executed counterpart constituting an original, but all counterparts together constituting only one instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Assignment.

Section 5. Governing Law. It is the intention of the parties hereto that this Assignment and the rights and obligations of the parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of Florida, without reference to its conflicts of laws and principles.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed by their duly authorized representatives as of the date first written above.

**ASSIGNOR:**

JACKSONVILLE HOUSING FINANCE AUTHORITY

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

Name: William I. Gulliford, III

Title: Chair

**ACKNOWLEDGMENT**

STATE OF FLORIDA )

)

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018, by William I. Gulliford, III, Chair of Jacksonville Housing Finance Authority, a public body corporate and politic on behalf of said Jacksonville Housing Finance Authority.

\_\_\_\_\_  
Notary Public's Signature

My commission expires: \_\_\_\_\_

(SEAL)

**ASSIGNEE:**

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as trustee

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

Name: Tricia Heintz

Title: Vice President

**ACKNOWLEDGMENT**

STATE OF FLORIDA                    )  
  )  
COUNTY OF DUVAL                 )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018, by Tricia Heintz, a Vice President of The Bank of New York Mellon Trust Company, N.A., a national banking association, on behalf of The Bank of New York Mellon Trust Company, N.A.

\_\_\_\_\_  
Notary Public's Signature

My commission expires:

(SEAL)

The undersigned, being the Borrower referred to in the foregoing Assignment, hereby acknowledges receipt and acceptance thereof and consents and agrees to the Assignment made therein and to the terms and provisions thereof to such Assignment.

**OWNER:**

MILLENNIA JACKSONVILLE FL TC LP, a Florida  
limited partnership

By: Jacksonville TC Investment, LLC, an Ohio  
limited liability company, its general partner

By: \_\_\_\_\_  
Name: Frank T. Sinito  
Title: Managing Member

**ACKNOWLEDGMENT**

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018, by Frank T. Sinito, managing member of Jacksonville TC Investment, LLC, the general partner of Millennia Jacksonville FL TC LP, known to me to be the person whose true and genuine signature was subscribed to the foregoing instrument in my presence.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public's Signature  
My commission expires: \_\_\_\_\_

(SEAL)



**EXHIBIT A**  
**LEGAL DESCRIPTION OF PROPERTY**

## **RESOLUTION**

### **A RESOLUTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF AN ASSIGNMENT AND ASSUMPTION OF LAND USE RESTRICTION AGREEMENT AND A TERMINATION OF LAND USE RESTRICTION AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Duval County Housing Finance Authority, predecessor to the Jacksonville Housing Finance Authority (the "Authority") previously issued its \$12,645,000 Multifamily Housing Revenue Bonds, Series 2001 (the "Bonds"); and

**WHEREAS**, the Bonds were fully paid on or about March 7, 2011 and are no longer outstanding; and

**WHEREAS**, the Land Use Restriction Agreement dated as of April 1, 2001 by and between the Authority, Vestcor Fund XVI, Ltd. and SunTrust Bank provides in pertinent part that the Qualified Project Period (as defined in the LURA) ends on the latest of (a) the date that is fifteen years after the date on which at least 50% of the units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond issued with respect to the Project is outstanding, and the date on which any assistance provided with respect to the Project under Section 8 of the U.S. Housing Act of 1937 terminates.

**WHEREAS**, the Authority has received information that pursuant to the 8609s the last building to be placed in service was placed in service on June 21, 2002 and the Project-Based Assistance Housing Choice Voucher Program Housing Assistance Payment Contract will expire on November 30, 2018.

**WHEREAS**, the Project is being transferred to a new owner prior to November 30, 2018; and

**WHEREAS**, in connection with the proposed transfer of the Project, the Authority has been requested to execute and deliver an Assignment and Assumption Agreement of Land Use Restriction Agreement (the "Assignment"); and

**WHEREAS**, in connection with the pending expiration of the Project-Based Assistance Housing Choice Voucher Program Housing Assistance Payment Contract, the Authority has been requested to execute and deliver a Termination of Land Use Restriction Agreement to be effective on November 30, 2018 (the "Termination"); and

**WHEREAS**, all capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the LURA; and

**NOW, THEREFORE, BE IT DETERMINED AND RESOLVED BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY THAT:**

**SECTION 1. EXECUTION AND DELIVERY OF THE ASSIGNMENT.** The Chair or Vice Chair of the Jacksonville Authority is hereby authorized and directed to execute, for and on behalf of the

Authority, the Assignment in substantially the form attached hereto as Exhibit A with such changes, modifications, deletions and insertions as the Chair or Vice Chair, with the advice of Authority's counsel and bond counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Authority.

**SECTION 2. EXECUTION AND DELIVERY OF THE TERMINATION.** The Chair or Vice Chair of the Authority is hereby authorized and directed to execute, for and on behalf of the Authority, the Termination in substantially the form attached hereto as Exhibit B with such changes, modifications, deletions and insertions as the Chair or Vice Chair, with the advice of Authority's counsel and bond counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Authority.

**SECTION 3. WAIVER OF CERTAIN PROVISIONS OF LURA.** Section 10 of the LURA provides, among other things, that prior to any sale of the Project the Authority and the Trustee shall receive an opinion of Bond Counsel that such sale or transfer of the Bonds will not result in interest on the Bonds becoming includable in the gross income of the holders thereof for federal income tax purposes. Since the Bonds are no longer outstanding, the Authority hereby waives the requirement for the Bond Counsel opinion.

**SECTION 2. GENERAL AUTHORIZATION.** The Chair, the Vice Chair, the Secretary and counsel for the Authority, the Authority's financial advisor and bond counsel, are hereby further authorized to proceed, upon execution of the Assignment and the Termination, with the undertakings provided for therein on the part of the Authority.

**SECTION 3. SEVERABILITY.** If any one or more of the covenants, agreements or provisions of this Resolution, or the document attached hereto or contemplated hereby, should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution.

**SECTION 11. EFFECTIVE DATE.** This Resolution shall become effective immediately upon its passage.

**APPROVED AND ADOPTED** by the Jacksonville Housing Finance Authority this  
19th day of September, 2018.

**JACKSONVILLE HOUSING  
FINANCE AUTHORITY**

ATTEST:

By: \_\_\_\_\_  
William I. Gulliford, III, Chair

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Assistant Secretary

**APPROVED AS TO LEGAL SUFFICIENCY:**

By: \_\_\_\_\_  
Office of the General Counsel

**EXHIBIT A**

**FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT OF  
LAND USE RESTRICTION AGREEMENT**

---

When recorded return to:

Attn: Yisell Rodriguez, Esq.

Nelson Mullins Broad and Cassel

390 N. Orange Ave, Suite 1400

Orlando, Florida 32801

## **ASSIGNMENT AND ASSUMPTION AGREEMENT OF LAND USE RESTRICTION AGREEMENT**

This ASSIGNMENT AND ASSUMPTION AGREEMENT OF LAND USE RESTRICTION AGREEMENT (the “Agreement”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2018, by and between VESTCOR FUND XVI, LTD., a Florida limited partnership (the “Transferor”) and SREIT LINDSEY TERRACE, L.L.C., a Delaware limited liability company (“Transferee”), and consented to and acknowledged by the JACKSONVILLE HOUSING FINANCE AUTHORITY, a (formerly known as the Duval County Housing Finance Authority) (the “Authority”).

### **WITNESSETH:**

**WHEREAS**, Transferor entered into that certain Land Use Restriction Agreement dated as of April 1, 2001 (the “LURA”) and recorded April 24, 2001 in Official Records Book 9963, Page 332 in the Official Public Records of the Duval County, Florida with the Authority, regarding that certain real property and improvements commonly known as Lindsey Terrace Apartments (the “Improvements”), which is located on the land legally described in Exhibit “A” attached to and made a part of this Agreement (the “Property”);

**WHEREAS**, pursuant to the LURA, Transferor agreed to comply with the low-income use and rental restrictions and other obligations set forth therein;

**WHEREAS**, Transferor has agreed to convey the Property to Transferee; and

**WHEREAS**, Transferee agrees, except as limited below, to assume, and be bound by the LURA as of the date the Transferee takes title to the Property.

**NOW, THEREFORE**, in order to comply with the requirements of the LURA, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Effective as of the date of recordation of the deed conveying title to the Property to Transferee and recordation of this Agreement (hereinafter referred to as the “Effective Date”) in the Official Public Records of the Duval County, Florida, Transferee hereby assumes and agrees to be bound by the LURA and to perform, keep and observe all of the obligations, duties, liabilities, covenants and agreements of Transferor under and pursuant to the LURA first arising from and after the Effective Date.

2. To the best knowledge of the Transferor, the use and operation of the Property is currently in compliance in all material respects with the provisions of the LURA and the Transferor has not received any notice of default under or non-compliance with the provisions of the LURA.

3. From and after the Effective Date, Transferee shall comply with and perform the provisions, terms, conditions, and requirements embodied in the LURA.

4. As between Transferor and Transferee, Transferor is released from any liability arising under the LURA first arising from and after the Effective Date in connection with Transferee’s ownership and/or operation of the Property and assumption of the obligations of the LURA pursuant to Section 1 above.

5. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

6. All of the terms, covenants, conditions and agreements hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[SIGNATURES AND ACKNOWLEDGMENTS PROVIDED ON SUBSEQUENT PAGES]

[Signature Page to Assignment and Assumption Agreement of  
Land Use Restriction Agreement]

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year  
hereinabove first written.

**TRANSFEROR:**

VESTCOR FUND XVI, LTD., a Florida limited  
partnership

By: VESTCOR PARTNERS XVI, INC., a Florida  
corporation, its general partner

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

STATE OF FLORIDA            )  
  ) ss  
\_\_\_\_\_ COUNTY            )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2018, before me, as a notary public, personally  
appeared \_\_\_\_\_, known to me or satisfactorily proven to be the person  
whose name is subscribed to this instrument and acknowledged that he/she executed the same. If this  
person's name is subscribed in a representative capacity, it is for the principal named and in the capacity  
indicated.

\_\_\_\_\_

Notary Expiration Date

[STAMP/SEAL]

\_\_\_\_\_

Signature of the Notary Public for Owner

[AGREEMENT EXECUTION CONTINUES ON SUBSEQUENT PAGES]



[Signature Page to Assignment and Assumption Agreement of  
Land Use Restriction Agreement]

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year  
hereinabove first written.

**TRANSFeree:**

SREIT LINDSEY TERRACE, L.L.C., a Delaware  
limited liability company

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

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

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

STATE OF \_\_\_\_\_ )  
 ) ss  
\_\_\_\_\_ COUNTY )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2018, before me, as a notary public, personally  
appeared \_\_\_\_\_, known to me or satisfactorily proven to be the person  
whose name is subscribed to this instrument and acknowledged that he/she executed the same. If this  
person's name is subscribed in a representative capacity, it is for the principal named and in the capacity  
indicated.

\_\_\_\_\_  
Notary Expiration Date

\_\_\_\_\_  
Signature of the Notary Public for Owner

[STAMP/SEAL]

[Acknowledgement to Assignment and Assumption Agreement of  
Land Use Restriction Agreement]

**CONSENTED TO AND ACKNOWLEDGED BY:**

**JACKSONVILLE HOUSING FINANCE AUTHORITY,**

a body corporate and politic of the State of Florida

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

Name: William I. Gulliford, III

Title: Chair

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_

STATE OF FLORIDA            )  
  ) ss  
DUVAL COUNTY                )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2018, before me, as a notary public, personally appeared \_\_\_\_\_, known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he/she executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

\_\_\_\_\_  
Notary Expiration Date

\_\_\_\_\_  
Signature of the Notary Public for Authority

[STAMP/SEAL]

## EXHIBIT A

### Legal Description

That certain Tract or Parcel of land being a portion of the F.P. Fatio Grant, Section 42, Township 3 South, Range 26 East, and a part of Tracts 2 and 15, Block 4, Jacksonville Heights, Section 38, Township 3 South, Range 25 East, as recorded in Plat Book 5, Page 93, of the current Public Records of Duval County, Florida, being more particularly described as follows:

Commence at the intersection of the Southerly right of way line of Youngerman Circle (an existing 120 foot right of way) with the Westerly right of way line of Blanding Boulevard (also being State Road 21, an existing variable width right of way), and proceed along the Southerly right of way line of the said Youngerman Circle South 89°57'18" West, a distance of 110.00 feet to the point of curvature of a curve, concave Northerly, having a radius of 560.00 feet and being subtended by a chord bearing and distance of North 61°33'13" West, 534.27 feet; thence along the arc of said curve, a distance of 556.94 feet to the point of curvature of a non-tangent curve, being concave Southwesterly, having a radius of 1840.00 feet, and being subtended by a chord bearing and distance of North 49°38'53" West, 1,051.03 feet; thence along the arc of said curve, a distance of 1065.87 feet to the Northeast corner of Subject Property and the Point of Beginning; thence South 13°36'13" West, along the Westerly line of that parcel of record in Official Records Volume 5739, Page 2318, a distance of 932.34 feet to a corner; thence South 29°29'06" East, along the Southwesterly line of the said same parcel, a distance of 210.73 feet, to the Northeasterly corner of that parcel of record in Official Records Volume 6323, Page 842; thence South 60°30'54" West, along the Northwesterly line thereof, a distance of 575.00 feet, to said parcel's Northwesterly corner; thence South 29°29'06" East, along the Southwesterly line thereof, a distance of 291.08 feet, to an intersection with a curve in the Northerly line of that parcel of record in Official Records Volume 5772, Page 1027, of the County Records, being concave Northwesterly, having a radius of 180.00 feet, and being subtended by a chord bearing and a distance of South 86°34'07" West, 8.99 feet; thence along the arc of said curve, a distance of 8.99 feet, to the point of tangency thereof; thence South 88°00'00" West, continuing along the Northerly line of the aforementioned parcel of record in Official Records Volume 5772, Page 1027 of the County Records, a distance of 93.17 feet, to the point of curvature of a curve concave Southerly, having a radius of 970.00 feet, and being subtended by a chord bearing and distance of South 85°09'23" West, 96.24 feet; thence along the arc of said curve, a distance of 96.28 feet, to the point of compound curvature of a curve concave Southeasterly, having a radius of 25.00 feet, and being subtended by a chord bearing and distance of South 39°29'38" West, 33.98 feet; thence along the arc of said curve, a distance of 37.37 feet, to the point of tangency thereof, also being the Northerly terminus of Argyle Business Loop (an existing variable width right of way); thence South 86°40'30" West, along the Northerly end of Argyle Business Loop, and radial to the last described curve, a distance of 83.05 feet to the Northwesterly corner of said dedicated roadway, also being an intersection with a curve concave Southeasterly,

having a radius of 1011.68 feet, and being subtended by a chord bearing and distance of North 15°55'07" East, 373.31 feet; thence along the arc of said curve, a distance of 375.46 feet to the end of said curve and a corner; thence North 40°59'39" East, along a non-tangent line to previous described curve, a distance of 84.73 feet, to a corner; thence North 42°54'43" West, a distance of 717.45 feet, to the Southeasterly line of a 20 foot wide utility easement, as recorded in Official Records Volume 6326, Page 2268, of the County Records; thence North 45°34'35" West, crossing said easement, a distance of 101.64 feet, to a corner within a drainage easement of record in Official Records Volume 4294, Page 764, of the said County Records; thence North 44°25'25" East, a distance of 400.68 feet to a corner; thence North 38°43'02" West, a distance of 141.93 feet to the Southerly corner of that parcel of record in Official Records Volume 5463, Page 431; thence North 37°48'42" East, along the Southeast lines thereof, a distance of 133.47 feet to a corner; thence North 82°35'55" East, a distance of 252.85 feet to a corner; thence North 30°09'44" East, a distance of 326.82 feet, to the aforementioned Southerly right of way line of Youngerman Circle; thence South 72°08'55" East, along the Southerly right of way line thereof, a distance of 326.58 feet, to the point of curvature of a curve, concave Southwesterly, having a radius of 1840.00 feet and being subtended by a chord bearing and distance of South 69°13'38" East, 191.58 feet; thence along the arc of said curve, a distance of 191.67 feet to the Point of Beginning.

**EXHIBIT B**

**FORM OF TERMINATION OF LAND USE RESTRICTION AGREEMENT**

---

When recorded return to:

Attention: Yisell Rodriguez, Esq.  
Nelson Mullins Broad and Cassel  
390 N. Orange Ave, Suite 1400  
Orlando, Florida 32801

### **TERMINATION OF LAND USE RESTRICTION AGREEMENT**

This TERMINATION OF LAND USE RESTRICTION AGREEMENT (this "Termination") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2018, by and between SREIT LINDSEY TERRACE, L.L.C., a Delaware limited liability company (the "Owner"), U.S. BANK NATIONAL ASSOCIATION, a national banking association (the "Trustee") and the JACKSONVILLE HOUSING FINANCE AUTHORITY, a (formerly known as the Duval County Housing Finance Authority) (the "Authority").

### **RECITALS**

- A. The Owner is the owner of that certain multi-family affordable housing development known as the Lindsey Terrace Apartments (the "Improvements"), which is located on the land legally described in Exhibit "A" attached to and made a part of this Termination (the "Land"). The Owner holds fee title to the Land and the Improvements. The Land and the Improvements constructed thereon are collectively referred to in this Termination as the "Project".
- B. The Authority and VESTCOR FUND XVI, LTD., a Florida limited partnership ("Prior Owner") previously entered into that certain Land Use Restriction Agreement dated as of April 1, 2001 (the "LURA") and recorded April 24, 2001 in Official Records Book 9963, Page 332 in the Official Public Records of the Duval County, Florida.
- C. Prior Owner transferred title to the Project to Owner and Prior Owner, Owner, and consented to and acknowledged by the Authority entered into that certain Assignment and Assumption Agreement of Land Use Restriction Agreement dated as of \_\_\_\_\_, 2018 and recorded \_\_\_\_\_, 2018 in Official Records Book \_\_\_\_\_, Page \_\_\_\_\_ of the Official Public Records of Duval County, Florida.

- D. The Qualified Project Period (as defined in the LURA) ends on the latest of (a) the date that is fifteen years after the date on which at least 50% of the in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond issued with respect to the Project is outstanding, and the date on which any assistance provided with respect to the Project under Section 8 of the U.S. Housing Act of 1937 terminates.
- E. Per the 8609s the last building to be placed in service was placed in service on June 21, 2002. The bonds were paid off on March 7, 2011. The Project-Based Assistance Housing Choice Voucher Program Housing Assistance Payment Contract expired on November 30, 2018.
- F. The parties desire to terminate the LURA as of November 30, 2018.

### **AGREEMENT**

**NOW, THEREFORE**, for and in consideration of the foregoing Recitals and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

- 1. **Incorporation of Recitals**. The foregoing recitals are incorporated herein as a substantive, contractual part of this Agreement.
- 2. **Defaults**. To the best knowledge of the Owner, the use and operation of the Project is currently in compliance in all material respects with the provisions of the LURA and the Seller has not received any notice of default under or non-compliance with the provisions of the LURA.
- 3. **Termination**. Effective as of November 30, 2018, the LURA is terminated and of no further force and effect.
- 4. **Reliance**. The Owner acknowledges that the Authority and the Trustee are relying on the above certifications made by the Owner in agreeing to execute and deliver this Termination.
- 5. **Indemnification**. The Owner hereby covenants and agrees that it shall indemnify and hold harmless the Authority and its directors, officers, commissioners, officials, employees and agents (each an "Indemnified Party") in connection with this Termination. The Owner acknowledges that this provision shall survive this Termination.
- 6. **Counterparts**. This Termination may be executed in multiple counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES APPEAR ON THE SUBSEQUENT PAGES]

[SIGNATURE PAGE TO THE TERMINATION OF LAND USE RESTRICTION AGREEMENT]

**IN WITNESS WHEREOF**, the Owner, the Authority, and the Trustee have hereunto set their hands and seals as of the Effective Date.

**OWNER:**

SREIT LINDSEY TERRACE, L.L.C., a Delaware  
limited partnership

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

STATE OF \_\_\_\_\_ )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, as a notary public, personally appeared \_\_\_\_\_, known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he/she executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Notary Expiration Date

Signature of the Notary Public for Owner

[STAMP/SEAL]



[SIGNATURE PAGE TO THE TERMINATION OF LAND USE RESTRICTION AGREEMENT]

**IN WITNESS WHEREOF**, the Owner, the Authority, and the Trustee have hereunto set their hands and seals as of the Effective Date.

**AUTHORITY:**

JACKSONVILLE HOUSING FINANCE AUTHORITY,  
a body corporate and politic of the State of Florida

By: \_\_\_\_\_  
Name: William I. Gulliford, III  
Title: Chair

ATTEST:

.....

STATE OF \_\_\_\_\_ )  
 ) ss  
 \_\_\_\_\_ COUNTY )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, as a notary public, personally appeared \_\_\_\_\_, known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he/she executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Notary Expiration Date

Signature of the Notary Public for Authority

[STAMP/SEAL]



## EXHIBIT A

### Legal Description of the Land

That certain Tract or Parcel of land being a portion of the F.P. Fatio Grant, Section 42, Township 3 South, Range 26 East, and a part of Tracts 2 and 15, Block 4, Jacksonville Heights, Section 38, Township 3 South, Range 25 East, as recorded in Plat Book 5, Page 93, of the current Public Records of Duval County, Florida, being more particularly described as follows:

Commence at the intersection of the Southerly right of way line of Youngerman Circle (an existing 120 foot right of way) with the Westerly right of way line of Blanding Boulevard (also being State Road 21, an existing variable width right of way), and proceed along the Southerly right of way line of the said Youngerman Circle South 89°57'18" West, a distance of 110.00 feet to the point of curvature of a curve, concave Northerly, having a radius of 560.00 feet and being subtended by a chord bearing and distance of North 61°33'13" West, 534.27 feet; thence along the arc of said curve, a distance of 556.94 feet to the point of curvature of a non-tangent curve, being concave Southwesterly, having a radius of 1840.00 feet, and being subtended by a chord bearing and distance of North 49°38'53" West, 1,051.03 feet; thence along the arc of said curve, a distance of 1065.87 feet to the Northeast corner of Subject Property and the Point of Beginning; thence South 13°36'13" West, along the Westerly line of that parcel of record in Official Records Volume 5739, Page 2318, a distance of 932.34 feet to a corner; thence South 29°29'06" East, along the Southwesterly line of the said same parcel, a distance of 210.73 feet, to the Northeasterly corner of that parcel of record in Official Records Volume 6323, Page 842; thence South 60°30'54" West, along the Northwesterly line thereof, a distance of 575.00 feet, to said parcel's Northwesterly corner; thence South 29°29'06" East, along the Southwesterly line thereof, a distance of 291.08 feet, to an intersection with a curve in the Northerly line of that parcel of record in Official Records Volume 5772, Page 1027, of the County Records, being concave Northwesterly, having a radius of 180.00 feet, and being subtended by a chord bearing and a distance of South 86°34'07" West, 8.99 feet; thence along the arc of said curve, a distance of 8.99 feet, to the point of tangency thereof; thence South 88°00'00" West, continuing along the Northerly line of the aforementioned parcel of record in Official Records Volume 5772, Page 1027 of the County Records, a distance of 93.17 feet, to the point of curvature of a curve concave Southerly, having a radius of 970.00 feet, and being subtended by a chord bearing and distance of South 85°09'23" West, 96.24 feet; thence along the arc of said curve, a distance of 96.28 feet, to the point of compound curvature of a curve concave Southeasterly, having a radius of 25.00 feet, and being subtended by a chord bearing and distance of South 39°29'38" West, 33.98 feet; thence along the arc of said curve, a distance of 37.37 feet, to the point of tangency thereof, also being the Northerly terminus of Argyle Business Loop (an existing variable width right of way); thence South 86°40'30" West, along the Northerly end of Argyle Business Loop, and radial to the last described curve, a distance of 83.05 feet to the Northwesterly corner of said dedicated roadway, also being an intersection with a curve concave Southeasterly,

having a radius of 1011.68 feet, and being subtended by a chord bearing and distance of North 15°55'07" East, 373.31 feet; thence along the arc of said curve, a distance of 375.46 feet to the end of said curve and a corner; thence North 40°59'39" East, along a non-tangent line to previous described curve, a distance of 84.73 feet, to a corner; thence North 42°54'43" West, a distance of 717.45 feet, to the Southeasterly line of a 20 foot wide utility easement, as recorded in Official Records Volume 6326, Page 2268, of the County Records; thence North 45°34'35" West, crossing said easement, a distance of 101.64 feet, to a corner within a drainage easement of record in Official Records Volume 4294, Page 764, of the said County Records; thence North 44°25'25" East, a distance of 400.68 feet to a corner; thence North 38°43'02" West, a distance of 141.93 feet to the Southerly corner of that parcel of record in Official Records Volume 5463, Page 431; thence North 37°48'42" East, along the Southeast lines thereof, a distance of 133.47 feet to a corner; thence North 82°35'55" East, a distance of 252.85 feet to a corner; thence North 30°09'44" East, a distance of 326.82 feet, to the aforementioned Southerly right of way line of Youngerman Circle; thence South 72°08'55" East, along the Southerly right of way line thereof, a distance of 326.58 feet, to the point of curvature of a curve, concave Southwesterly, having a radius of 1840.00 feet and being subtended by a chord bearing and distance of South 69°13'38" East, 191.58 feet; thence along the arc of said curve, a distance of 191.67 feet to the Point of Beginning.

**A RESOLUTION APPROVING THE ISSUANCE BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY OF ITS HOMEOWNER MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES IN AN ORIGINAL AGGREGATE FACE AMOUNT NOT TO EXCEED \$50,000,000 FOR THE PURPOSE OF PURCHASING MORTGAGE LOANS ORIGINATED BY PARTICIPATING LOCAL LENDING INSTITUTIONS TO FINANCE THE PURCHASE OR REHABILITATION OF NEW OR EXISTING OWNER-OCCUPIED RESIDENCES SITUATED IN DUVAL COUNTY, FLORIDA OR PURCHASING SECURITIES EVIDENCING INTERESTS IN OR BACKED BY A POOL OF SUCH MORTGAGE LOANS, INCLUDING SECURITIES GUARANTEED BY THE FEDERAL GOVERNMENT OR AGENCIES THEREOF OR FOR THE PURPOSE OF REFUNDING OUTSTANDING BONDS OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY PREVIOUSLY ISSUED FOR SUCH PURPOSE; PROVIDING FOR THE HOLDING OF A PUBLIC HEARING; REQUESTING THE INTRODUCTION OF A RESOLUTION OF THE COUNCIL OF THE CITY OF JACKSONVILLE, FLORIDA APPROVING THE ISSUANCE OF THE BONDS; AUTHORIZING SUBMISSION OF A REQUEST FOR A PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT RESOLVED** by the Jacksonville Housing Finance Authority that:

**SECTION 1. AUTHORITY.** This Resolution is adopted pursuant to Part IV, Chapter 159, Florida Statutes, as amended, Chapter 52, Ordinance Code of the City of Jacksonville, Florida (the "City"), as amended, Ordinance 2014-185-E of the City, and other applicable provisions of law (collectively, the "Act").

**SECTION 2. FINDINGS.** The Jacksonville Housing Finance Authority (the "Authority") hereby finds, determines and declares as follows:

A. The Authority, pursuant to the Act, has the authority to issue its homeowner mortgage revenue bonds, in one or more series, in an aggregate face amount of not to exceed \$50,000,000 (the "Bonds") for the purpose of purchasing mortgage loans, and promissory notes executed in connection with such mortgage loans (the "Mortgage Loans"), made for the construction, purchase, improvement or rehabilitation of owner occupied single family residences located in Duval County, Florida (the "County") or securities evidencing interests in or backed by a pool of such Mortgage Loans, including, without limitation, securities guaranteed by the federal government or agencies thereof (the "Project") or to refund outstanding bonds of the Authority to provide funds for the Project.

B. The Project and the issuance of the Bonds to finance the Project in the County will have a substantial public benefit.

C. The issuance of the Bonds must be approved by the Council of the City, the applicable elected representative within the meaning of Section 147 of the Internal Revenue Code of 1986, as amended, (the "Code") prior to the issuance thereof.

**SECTION 3. AUTHORIZATION OF BONDS.** The Authority hereby approves the issuance of the Bonds in an aggregate face amount not to exceed \$50,000,000. Such Bonds will have the terms and conditions set forth in a subsequent resolution of the Authority adopted prior to the sale thereof. The Bonds will not constitute a debt, liability, general or moral obligation, or a pledge of the faith or loan of the credit of the Authority, the City, the State of Florida (the "State") or any political subdivision thereof, within the meaning of any constitutional or statutory limitations or provisions. Neither the Authority, the City, the State nor any political subdivision thereof shall be liable thereon, nor shall the Bonds be payable out of any funds or property other than as expressly provided in the indenture with respect to such Bonds.

**SECTION 4. INTRODUCTION OF COUNCIL RESOLUTION.** The Authority hereby recommends the issuance of the Bonds and the financing of the Project for approval to the Council of the City (the "Council") and hereby requests introduction to the Council of a resolution, approving the issuance of the Bonds for the purposes of Chapter 52 of the Ordinance Code of the City and Section 147(f) of the Code.

**SECTION 5. VOLUME CAP.** The staff and financing team of the Authority are authorized to prepare and submit an application for allocation of the private activity bond volume cap for calendar year 2019 as described in the Council resolution.

**SECTION 6. TEFRA HEARING.** As permitted by Section 147(f) of the Code, a public hearing with respect to the Bonds will be scheduled, noticed, conducted and held by the Finance Director (or her designee) on behalf of the Authority. The Finance Director of the Authority (or her designee) is hereby designated as the hearing officer of the Authority for such purpose, and, in furtherance thereof, she shall prepare and file with the Council a report of the public hearing. The form of notice of public hearing attached hereto as EXHIBIT A is hereby approved and the publishing thereof approved and/or ratified by the Authority.

**SECTION 8. SEVERABILITY.** If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall continue in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity or ineffectiveness of such section, paragraph, clause or provision.

**SECTION 9. REPEALING CLAUSE.** All resolutions or parts thereof of the Authority in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**SECTION 10. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

**APPROVED AND ADOPTED** this 19th day of September, 2018.

**JACKSONVILLE HOUSING  
FINANCE AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
William I. Gulliford, III, Chair

ATTEST:

By: \_\_\_\_\_  
Name:  
Title: Assistant Secretary

**FORM APPROVED:**

By: \_\_\_\_\_  
Office of the General Counsel

## **EXHIBIT A**

### **NOTICE OF PUBLIC HEARING**

**NOTICE IS HEREBY GIVEN**, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, of a public hearing by the Jacksonville Housing Finance Authority (the "Authority") to be held on [\_\_\_\_], 2018, at 214 N. Hogan Street, [\_\_] Floor, Room [\_\_], Jacksonville, Florida 32202, at [\_\_\_\_], or as soon thereafter as possible, for the purpose of receiving comments and hearing discussion concerning the issuance by the Authority of its Homeowner Mortgage Revenue Bonds in one or more series, in an aggregate face amount of not to exceed \$50,000,000 (the "Bonds"). Proceeds of the Bonds will be used to (a) purchase mortgage loans originated by participating local lending institutions to finance the purchase or rehabilitation of new or existing owner-occupied single-family residences situated within Duval County, Florida, by persons or families of low, moderate or middle income, or to purchase securities from a master servicer evidencing interests in or backed by a pool of such mortgage loans, including, without limitation, securities guaranteed by the federal government or agencies thereof (the "Project"), or (b) to refund portions of previously issued homeowner mortgage revenue bonds to thereby make funds available for the financing of the Project.

All interested persons are invited to attend said hearing and, either personally or through their representatives, present oral or written comments and discussion concerning the proposed issuance of the Bonds for the purposes described in the preceding paragraph and the nature and location of the Project. Written comments may be submitted to the Jacksonville Housing Finance Authority at 214 N. Hogan Street, 7th Floor, Jacksonville, Florida 32202. Should any person decide to appeal any decision made by the Authority at this hearing, or by the Council of the City of Jacksonville with respect to the approval of the issuance of the Bonds for the purposes described in the preceding paragraph, he or she will need a record of the proceedings, and he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate in this proceeding should contact the Jacksonville Housing Finance Authority at (904) 255-8200.

All interested persons are invited to attend and be heard and present their comments.

#### **JACKSONVILLE HOUSING FINANCE AUTHORITY**

Laura Stagner-Crites, Finance Director

[\_\_\_\_], 2018



# Houston Street Manor

## Summary

*This information will be a handout at the Board Meeting. Conversations between the parties are scheduled for later this week.*

# OCCUPANCY LEVELS

7-31-18

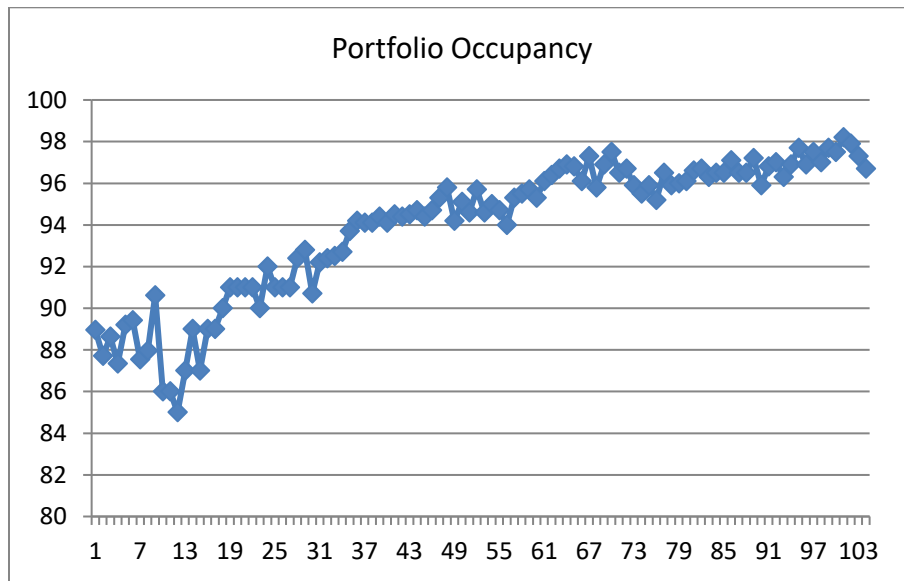
## Active Rental Developments—Financed by DCHFA or JHFA

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Bennett Creek 3585 Salisbury Drive 32216	Richman	\$21,600,000 12-21-10	264 96% (+1%)
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 93% (-2%)
Camri Green Apartments 3820 Losco Road 32257	Vestcor	\$9,200,000 2003	184 98% (-0%)
Caroline Oaks	Vestcor	\$5,600,000 4-22-15	82 100% (+0%)
Cathedral Terrace	Blue Sky	\$12,500,000 1-21-16	200 96% (-1%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 99% (-0%)
Hartwood (AKA Hampton Ridge) 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 94% (-1%)
Lofts at LaVilla 995 Water Street 32204	Vestcor	Housing Credits \$265,000 JHFA loan	130 99% (+1%)
Mary Eaves 1250 16 <sup>th</sup> Street West 32209	Vestcor	FHFC bonds \$300,000 JHFA loan	79 100% (+0%)
Mt. Carmel Gardens 5846 Mt. Carmel Terrace 32216	BREC	\$9,750,000 8-19-16	207 Rolling Rehab 96%
Oakwood Terrace 8201 Kona Avenue	Southport	\$12,700,000 6-30-17	200 Rolling Rehab 80%
Timberwood Trace 12250 Atlantic Blvd. 32225	Southport	\$16,000,000 2-1-17	224 96% (+7%)
Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004	100 99% (-0%)

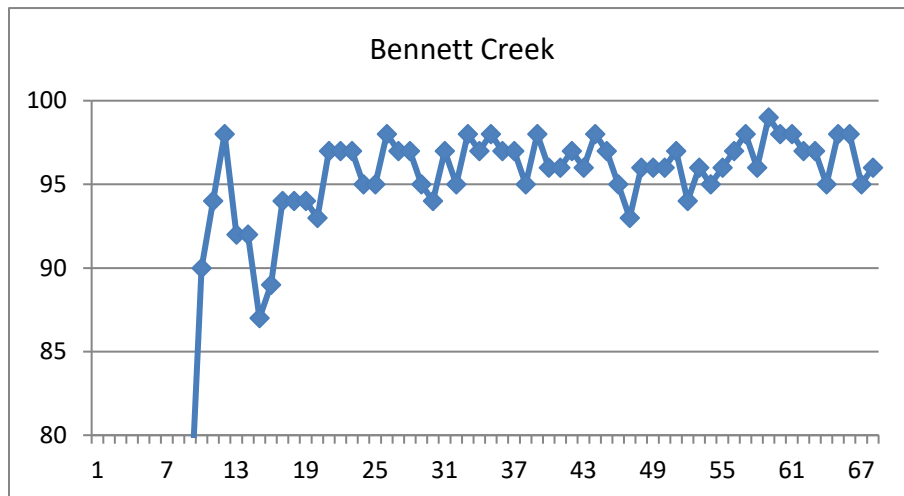
# OCCUPANCY LEVELS

7-31-18

## 104 Month Occupancy Levels—Entire Portfolio Average Occupancy



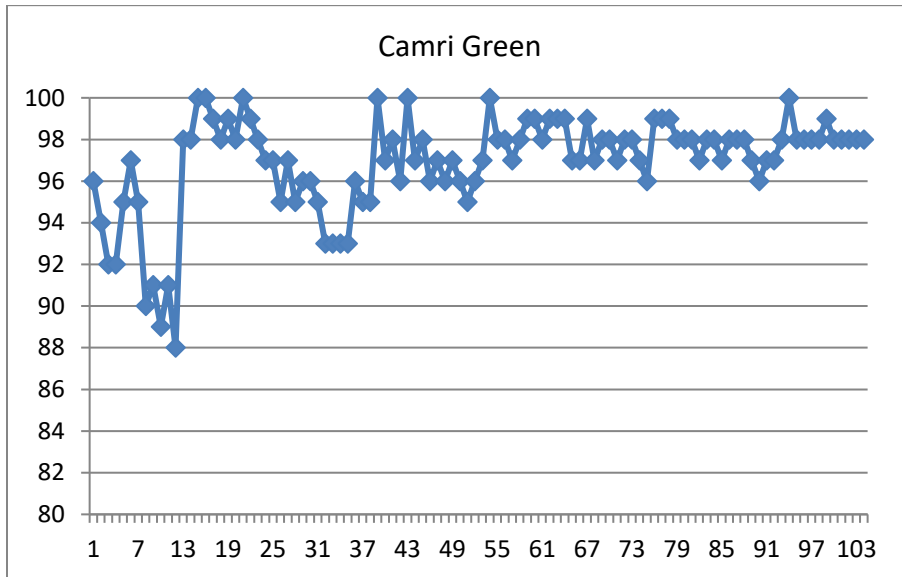
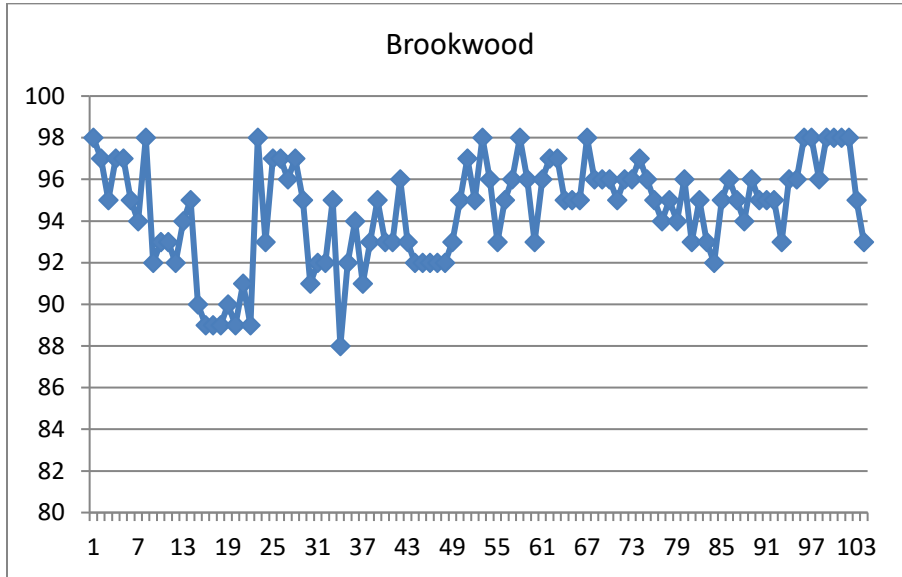
## Average Occupancy by Development



# OCCUPANCY LEVELS

7-31-18

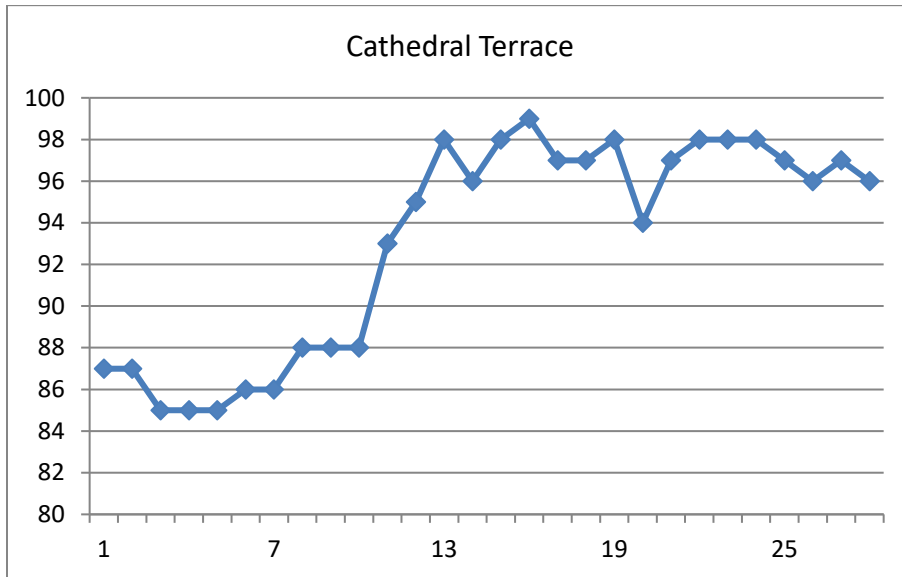
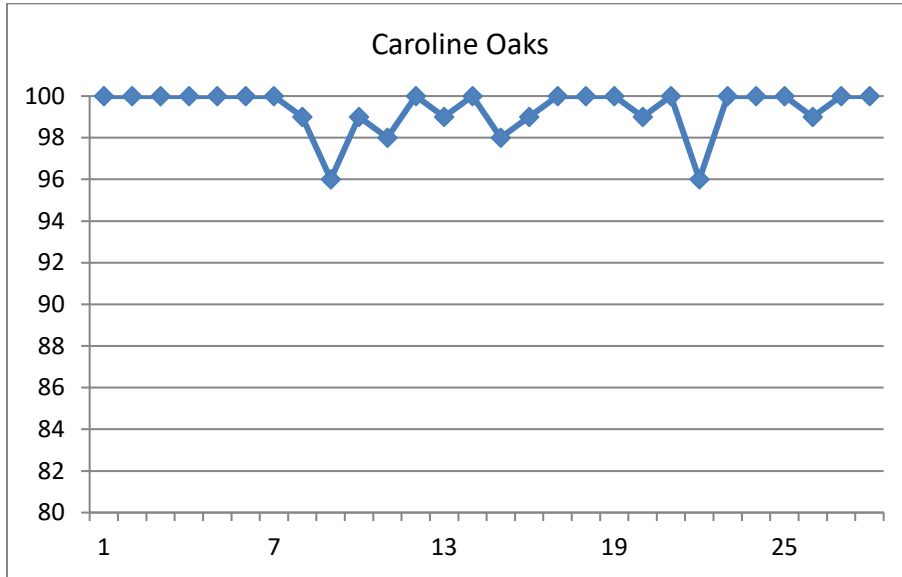
## Average Occupancy by Development



# OCCUPANCY LEVELS

7-31-18

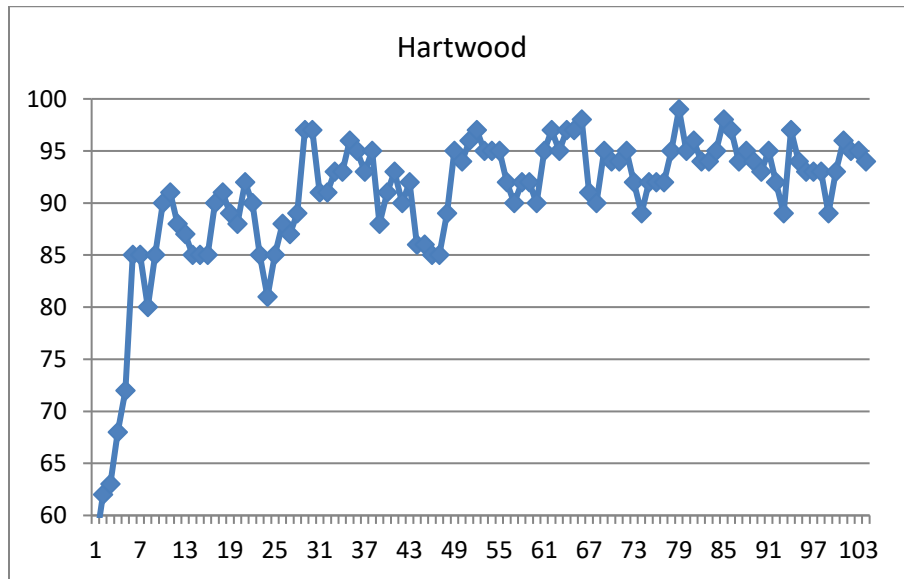
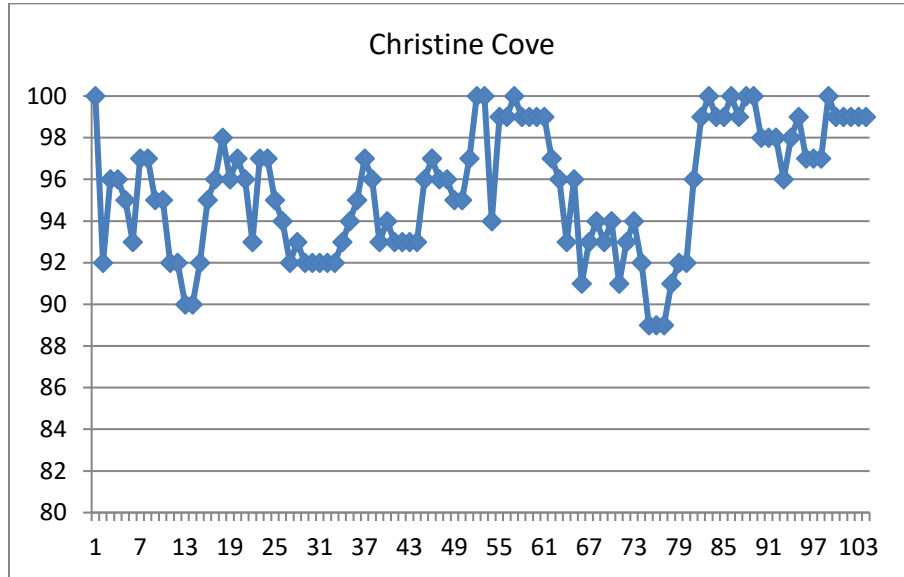
## Average Occupancy by Development



# OCCUPANCY LEVELS

7-31-18

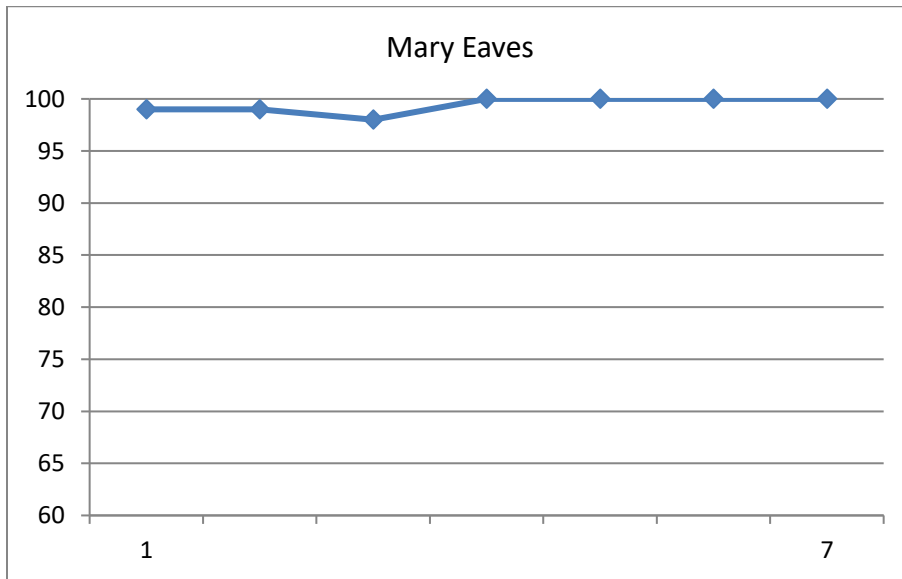
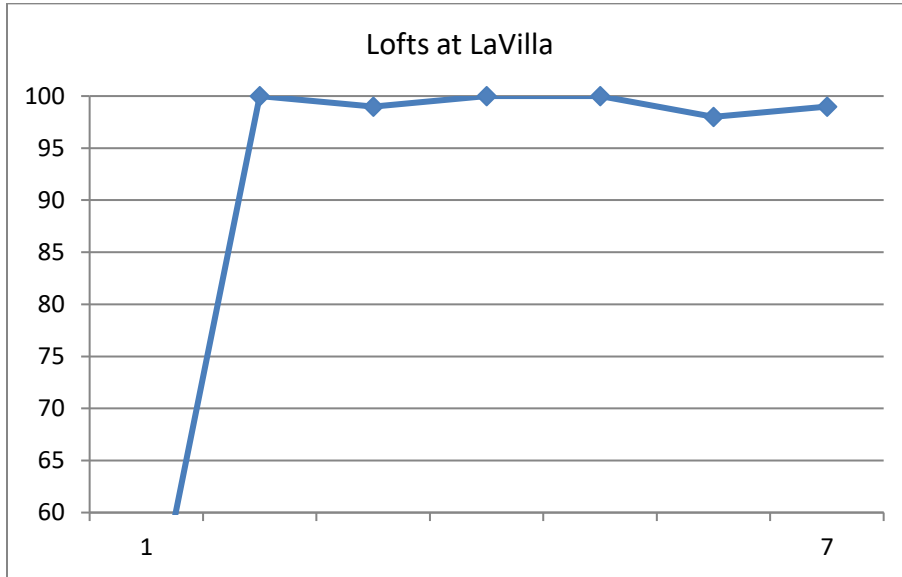
## Average Occupancy by Development



# OCCUPANCY LEVELS

7-31-18

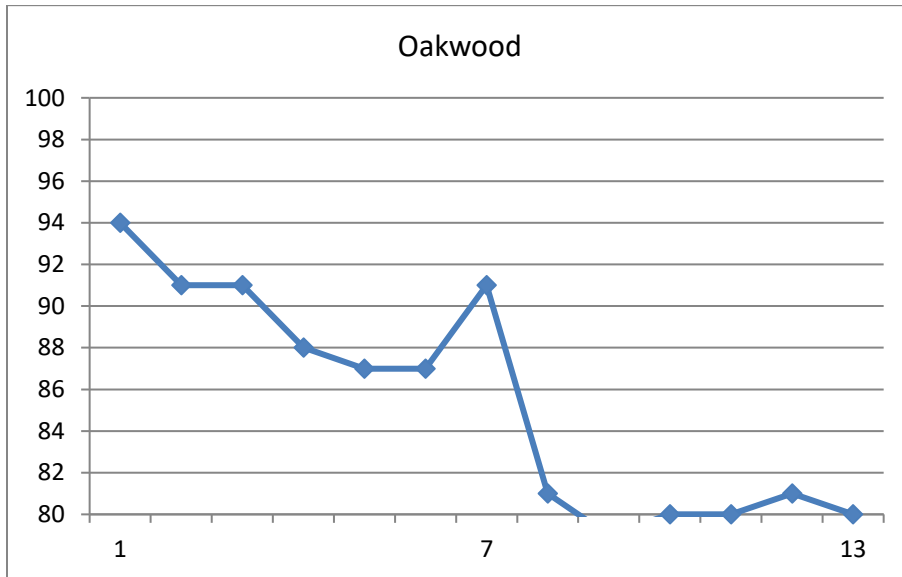
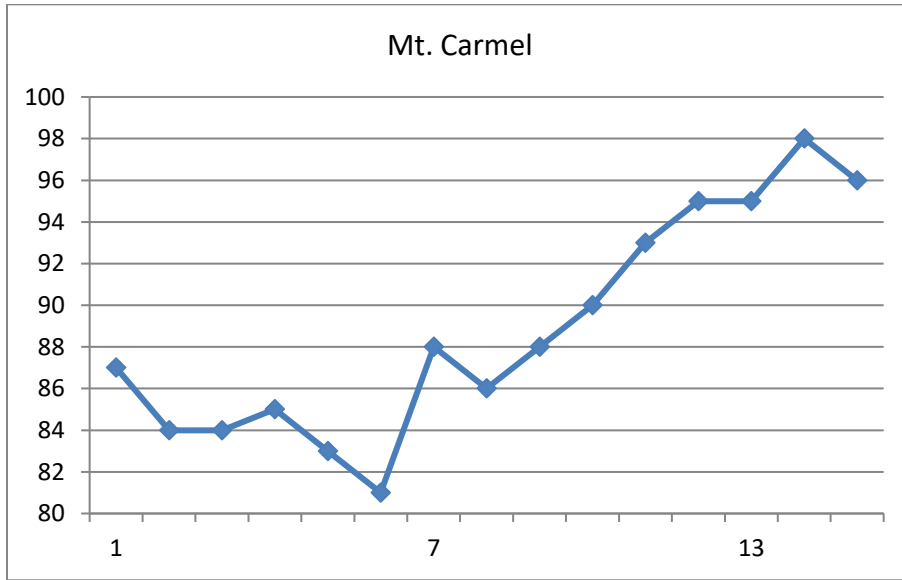
## Average Occupancy by Development



# OCCUPANCY LEVELS

7-31-18

## Average Occupancy by Development





# OCCUPANCY LEVELS

7-31-18

## Average Occupancy by Development

