

JACKSONVILLE HOUSING FINANCE AUTHORITY



Jacksonville Housing Finance Authority Board of Directors Meeting

October 14, 2020

Noon

VIRTUAL MEETING VIA ZOOM

- AGENDA -

- | | |
|--|--------------------------|
| Call Meeting to Order | Chair |
| Roll Call of Members to Determine Quorum | |
| Approval of Minutes of August 19, 2020 Meeting | JHFA Board |
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| I. <u>Public Comments</u> | |
| A. Public Comments | Public |
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 | |
| II. <u>REPORTS</u> | |
| A. Staff and Financial Report | Laura Stagner |
| • Financial Statement | |
| B. Financial Advisor Memo | Mark Hendrickson |
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| IV. <u>ACTION ITEMS</u> | |
| A. Board Members Declare Conflicts, if any | Board |
| B. Consider Approval \$100 million Single Family | Hendrickson/Bond Collins |
| C. Consider Authorization of \$100,000 for DPA Loans | Stagner/Hendrickson |
| D. Consider Final Approvals: Ashley Square | Hendrickson/Bond Collins |
| E. Local Government Area of Opportunity Funding | Hendrickson |
| F. Local Government Support Loans | Hendrickson |
| G. Consider Resolution: Bennett Creek | Hendrickson/Bond Collins |
| H. Consider Resolution: Millennia Portfolio | Hendrickson/Bond Collins |
| I. Consider Resolution: Cathedral Terrace | Hendrickson/Bond Collins |
| J. Consider General Delegation on LURA Amendments | Bond Collins/Dillard |
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| V. <u>NEW BUSINESS</u> | |
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| VI. <u>OLD BUSINESS</u> | |
| A. Single Family Program | Mark Hendrickson |
| B. Update on Existing Rental Properties | Mark Hendrickson |
| • Camri Green Bond Redemption | |
| • Recent JHFA Activities/Developments | |
| • Occupancy Report | |
| C. Update on 2020 Legislative Session | Mark Hendrickson |
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| VII. <u>ADJOURN JHFA MEETING</u> | Chair |

JACKSONVILLE HOUSING FINANCE AUTHORITY



JACKSONVILLE HOUSING FINANCE AUTHORITY

Board of Directors Meeting

MINUTES

OF

REGULAR MEETING

August 19, 2020

August 19, 2020: JHFA Board Meeting
Noon
Meeting Held Via Zoom

BOARD MEETING:

Present at the meeting were:

BOARD MEMBERS

Barney Smith, Chair
Spencer Cummings, Vice Chair
Dee Bumbarger, Secretary
Nadine Carswell, Member
Jeffrey Rosen, Member
Jane Scofield, Member

PROFESSIONAL STAFF:

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

CITY STAFF:

Laura Stagner
Taryn Roberts

PUBLIC:

Ryan Hoover, Vestcor
Brianne Heffner, Southport
Jordan Nelson, Southport
Geoff Harlan, Blue Sky Communities
Angela Hatcher, Blue Sky Communities
Deannandra Taylor, Blue Sky Communities
Jay Woeppej, Richman Group of Florida

BOARD MEETING

Chairman Smith called the meeting to order at 12:02 pm, and read a statement related to the conduct of meeting via Zoom, and methods for public participation.

Establishment of Quorum Via Roll Call

Chairman Smith called the roll of Board members and all members were present.

Minutes

Mr. Cummings moved, with a second by Ms. Scofield, that the **Board approve the minutes of the June 17 and July 15, 2020 Board meetings.** The motion passed 6-0, via roll call vote.

Public Comments

Ms. Stagner reported that no public comments had been received via email. At the ten minute mark of the meeting, she again announced that no public comments had been received via email.

Mr. Hoover updated the Board on various developments assisted by the JHFA.

Staff Report and Financial Report

Ms. Stagner updated the Board on JHFA financials, detailing the amount of funds that were available to assist rental developments.

Board Member Conflicts

No Board member reported a conflict.

Timuquana Park Apartments

Mr. Hendrickson presented the background and asked if there were any questions on the development or the credit underwriting report. Ms. Bumbarger asked about changes from the original application to the final credit underwriting report. Mr. Hendrickson stated that changes were common, and that any change that was considered significant or of a policy nature would be brought to the Board's attention for separate action. He stated that no change in this application met that standard. Ms. Heffner explained the change in laundry from in-unit hookups to a common laundry facility.

Ms. Bond-Collins presented the resolution granting final approvals for the Timuquana Park bond transaction. After discussion, Mr. Cummings moved, with a second by Mr. Rosen, that the Board **adopt the Resolution prepared by bond counsel giving final approvals for the Timuquana Park bond sale**. The motion passed 6-0, via roll call vote.

Local Government Area of Opportunity Funding (Preference)—October Meeting Date Change

Mr. Hendrickson stated that FHFC had moved their application deadline from November 20 to October 20, and that the JHFA would need to meet to select the LGAOF development prior to the meeting scheduled for October 21. He stated that applications to the JHFA were due October 1. After discussion, Ms. Scofield moved, with a second by Ms. Carswell, that the Board **change the date of the October meeting from October 21 to October 14**. The motion passed 6-0, via roll call vote.

Lofts at Murray Hill Unit Mix Change

Mr. Hendrickson stated that the developer had requested a unit mix change, dropping one 1-bedroom unit and adding one efficiency unit. After discussion, Ms. Bumbarger moved, with a second by Ms. Carswell, that the Board **authorize the requested unit mix change**. The motion passed 6-0, via roll call vote.

Millennia Portfolio Date Changes

Mr. Hendrickson stated that the Millennia Portfolio had experienced delays in rehabilitation which necessitated various changes to completion, bond maturity and other dates. Ms. Bond-Collins presented a resolution approving the form of the Agreement Regarding Stabilization which sets forth the extension requests, as well as certain amendments to the relevant provisions of the bond documents and the Series 2019 B Bond. After discussion, Mr. Cummings moved, with a second by Ms. Scofield, that the Board **adopt the Resolution prepared by bond counsel related to the Millennia Portfolio extensions**. The motion passed 6-0, via roll call vote.

Bond Allocation

Mr. Hendrickson updated the Board on bond allocation.

Single Family

Mr. Hendrickson updated the Board on the program, stating that the profits from MBS sales had covered DPA costs in June, and more than 80% of costs in July. Ms. Bumbarger asked why the rates were set by Hillsborough County. Mr. Hendrickson explained the reason for Hillsborough setting the rates and also explained the philosophy of the rate setting used by the Hillsborough County HFA Board.

New Bond Deals

Ms. Hatcher stated that the Ashley Square development bond issue should close in November.

Existing Properties

Mr. Hendrickson reported that an update on the completion of rehabilitation from Lincoln Properties for Caroline Arms and Monaco Arms was in the materials sent to the Board. Chairman Smith stated that this was good information. **Mr. Hendrickson stated that staff would ask all developers to provide similar reports when rehabilitation was complete.**

Mr. Hendrickson reported that portfolio occupancy was 97.6% as of June 30.

2020 Legislative Update

Mr. Hendrickson stated that the Governor had committed \$250 million of CARES Act funds to housing but had also vetoed the \$225 million SHIP appropriation. He stated that the funds were not swept to General Revenue and would be available for appropriation to SHIP or sweep to GR when the legislature met in Special Session. Mr. Hendrickson stated that the Sadowski Education Effort was in full action working towards a new SHIP appropriation.

New Business

There was no new business.

Public Comment

Chairman Smith again asked for any public comment, and there was none.

Adjournment

On a motion by Ms. Bumbarger, seconded by Mr. Cummings, Chairman Smith adjourned the meeting without objection at 12:40 PM.

JACKSONVILLE HOUSING FINANCE AUTHORITY
COMBINING BALANCE SHEET
JULY 31, 2020

JACKSONVILLE HOUSING FINANCE AUTHORITY				
	721	722	723	TOTAL
	Operating	LGSC Funds	Loan Funds	
<u>ASSETS</u>				
Equity in Cash and Investments.....	\$ 5,957,511	\$ 2,091,366	\$ 2,019,021	\$ 10,067,898
Cash in Escrow and with Fiscal Agents.....	1,500,000	-	348,446	1,848,446
Mortgages Receivable.....	5,025,105	5,915,873	1,369,374	12,310,351
Allowance for Doubtful Accounts.....	(1,168,459)	-	-	(1,168,459)
Other Assets.....	-	-	-	-
TOTAL ASSETS.....	\$ 11,314,157	\$ 8,007,239	\$ 3,736,841	\$ 23,058,237
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts Payable and Accrued Liabilities.....	\$ 2,611	\$ -	\$ -	\$ 2,611
Deposits.....	409,900	-	-	409,900
Deferred Revenue.....	-	-	-	-
Loan Commitments.....	-	-	-	-
TOTAL LIABILITIES.....	\$ 412,510	\$ -	\$ -	\$ 412,510
FUND BALANCES:				
Nonspendable Fund Balance.....	\$ 3,856,646	\$ 5,915,873	\$ 1,369,374	\$ 11,141,893
Restricted Fund Balance.....	1,500,000	-	348,446	1,848,446
Committed Fund Balance.....	-	-	2,455,750	2,455,750
Assigned Fund Balance.....	-	-	-	-
Unassigned Fund Balance.....	\$ 4,712,160	\$ 2,043,240	\$ 623,426	7,378,826
Current Year Operating Excess (Deficit).....	832,840	48,126	(1,060,155)	(179,188)
Total Fund Balances.....	\$ 10,901,646	\$ 8,007,239	\$ 3,736,842	\$ 22,645,727
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 11,314,157	\$ 8,007,239	\$ 3,736,842	\$ 23,058,237
 Outstanding Loan Commitments				
Sydney Trace (Pending/Partially funded)	1,500,000	Outstanding Loan Commitments		
		The Waves (Closed/Unfunded)		115,000
		Lofts at Jefferson (Closed/Unfunded)		225,750
		Ashley Square (Pending/Unfunded)		500,000
		Lofts at Murray Hill (Pending/Unfunded)		115,000
				955,750
	\$ 1,500,000	Grand Total Loan Commitments		\$ 2,455,750

JACKSONVILLE HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR TO DATE AS OF JULY 31, 2020

	JACKSONVILLE HOUSING FINANCE AUTHORITY			
	721	722	723	TOTAL
	Operating	LGSC Funds	Loan Funds	
REVENUE:				
From Bond Sources.....	\$ 381,232	\$ -	\$ -	\$ 381,232
From Mortgage Servicing.....	33,825	-	-	33,825
From Investment & Interest Income.....	570,137	48,126	67,903	686,166
From Other Sources.....	15,000	-	-	15,000
Total Revenue (Excluding Transfers).....	<u>\$ 1,000,193</u>	<u>\$ 48,126</u>	<u>\$ 67,903</u>	<u>\$ 1,116,223</u>
Transfers from Fund Balance/Intra-fund.....	-	-	-	-
Total Revenue (Including Transfers).....	<u>\$ 1,000,193</u>	<u>\$ 48,126</u>	<u>\$ 67,903</u>	<u>\$ 1,116,223</u>
EXPENDITURES:				
For Program Uses.....	\$ -	\$ -	\$ -	\$ -
For Personnel Expenses.....	-	-	-	-
For Operating Expenses.....	167,353	-	-	167,353
For Other Expenses.....	-	-	-	-
Total Expenditures.....	<u>\$ 167,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,353</u>
ENCUMBRANCES:				
For Program Uses.....	\$ -	\$ -	\$ 1,128,058	\$ 1,128,058
For Personnel Expenses.....	-	-	-	-
For Operating Expenses.....	196	-	-	196
For Other Expenses.....	-	-	-	-
Total Encumbrances.....	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ 1,128,058</u>	<u>\$ 1,128,254</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES AND ENCUMBRANCES.....	<u>\$ 832,644</u>	<u>\$ 48,126</u>	<u>\$ (1,060,155)</u>	<u>\$ (179,385)</u>

THE HENDRICKSON COMPANY & COMMUNITY CONCEPTS GROUP

To: Board of Directors, Jacksonville Housing Finance Authority

From: Mark Hendrickson & Susan Leigh, Financial Advisors

Subject: October 14, 2020 JHFA Meeting

Date: October 6, 2020

I. 2020 Bond Allocation—Action

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2020	\$ 50,000,000			December 30, 2020
2019		\$100,000,000		December 30, 2022
2018	\$100,000,000	\$ 17,500,000		December 30, 2021
2017		\$ 96,420,000		December 30, 2020
TOTAL	\$150,000,000	\$213,920,000	\$0	

1. The initial 2020 allocation was \$49,375,809 an increase of \$478,338 (1.0%) over 2019. The request to increase the allocation to \$50 million was granted.
2. \$50 million of single-family authority expiring this year was converted to \$12.5 million of MCC's, which are available until December 31, 2022.
3. Bond counsel has prepared a Resolution for \$100 million of single family—which will begin the TEFRA process and allow the JHFA to reserve allocation from either/both the 2020 State Pool allocation or 2021 Regional Pool.
4. **Recommendation:** Adopt Resolution prepared by bond counsel related to \$100 million single family bond allocation.

II. 2013 Single Family Loan Program—Action

1. The **current program guidelines**:
 - 1st mortgage: 3.125%, 1% origination fee, FHA, VA, RD, Freddie Mac loans suspended
 - First time homebuyers.
 - Income Limit: \$78,865 (1-2 person household) & \$90,694 (3+ person household)
 - Sales Price limit \$225,000.
 - Minimum credit score of 640 (limited to 70 loans, all county total for 2020, then 660)
 - 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: \$7,500 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. **DPA Analysis:** Additional funds were added in July 2020. **Twelve loans for \$90,000 were funded in September. Given the current balance, Ms. Stagner recommends authorization of an additional \$100,000 for DPA loans.**

DPA AUTHORIZED	
Date	Amount
2012	\$ 250,000
May- 2015	\$ 200,000
Jun- 2015	\$ 400,000
Sep- 2017	\$ 703,000
Jun- 2018	\$ 250,000
Jun- 2018	\$ 315,443
Feb- 2019	\$ 100,000
Oct- 2019	\$ 250,000
Feb- 2020	\$ 250,000
July 2020	\$ 250,000
TOTAL	\$ 2,968,443

LOAN VOLUME	\$ 3,181,800
FHFC	\$ 88,796
Repayments	\$ 220,790
Total	\$ 309,586
NET VOLUME	\$ 2,872,214
AVAILABLE	\$ 96,229

3. **Rate Change:** The interest rate is at an all-time program low of 3.125%.

4. **Program Demographics:**

Sales Price/ # Loans	Loan Amount	Borrower Income	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	MCC Amount
\$142,266 582 loans +10 loans	\$136,772	\$47,254	37.0 50% female	2.3	SF Detached 93% Condo: 2% Townhouse: 5% Existing: 98% New: 2%	Black: 30% White NH 39% Hispanic: 18% Mixed: 1% Asian: 7% Other: 5%	\$37,148,919 \$67,543.49 avg. 550 buyers

5. **Lender Originations:**

Lender	2012-2018	2019	2020	Total
Academy	124	31	50	205
Fairway	50	7	8	65
SWBC	112	11	6	129
Prime	51	4	0	55
Bank of England	51	1	3	55
Synovus	0	0	6	6
CMG	13	0	1	14
Pacific Union	23	0	0	23
Other	23	1	6	30
TOTAL	447	55	80	582

6. **Sales Price by Year:**

	SALES PRICE BY YEAR	
	NUMBER LOANS	Average Sale Price
2014	31	\$103,360
2015	45	\$113,192
2016	8	\$142,617
2017	48	\$136,902
2018	315	\$146,150
2019	55	\$150,359
2020	80	\$156,018

7. **MCC's:** The HFA converted \$229.25 million of bond authority into \$57,312,500 of MCC's.

Mortgage Credit Certificate Summary						
Began	Ends	MCC Amount	Number Loans	Average MCC	Total MCC	Balance
2013	2015	\$ 5,250,000	50	\$ 51,930	\$ 2,596,495	\$ 2,653,505
2014	2016	\$ 10,000,000	29	\$ 56,147	\$ 1,628,257	\$ 8,371,743
2016	2018	\$ 14,750,000	210	\$ 66,409	\$ 13,945,961	\$ 804,039
2018	2020	\$ 20,062,500	261	\$ 72,713	\$ 18,978,205	\$ 1,084,295
2020	2022	\$ 12,500,000			\$ -	\$ 12,500,000

8. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan in 2020 of \$143,000 and a 3.125%/30-year mortgage, interest payments in Year 1 = \$4,469. With the 50% MCC rate that the HFA has chosen, **the homebuyer can claim a tax credit of the full \$2,000 per year maximum allowed by federal law** (slightly declining after year 6 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 from 3.125% to approximately 0.85%.**

9. **MBS Sales:** The HFA has executed 158 sales, with net revenues to JHFA of \$1,887,746--\$74,905 in September (net meaning after payments to RBC and counsel). **September sales averaged a 4.0% profit, enough to cover the \$6,500 of the \$7,500 cost of the DPA.**
10. **Hedges & Exposure:** Hillsborough County has 12 hedges totaling \$15.50 million in place. With full delivery, the projected net revenues are estimated at \$678,652 (shared pro rata with counties based upon originations). The unhedged pipeline as of October 1 is \$228,387 (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 \$82.80 million.**
12. **Recommendation:** Authorize additional \$100,000 of DPA loans.

III. New Rental Financings—Action

1. **Ashley Square** is scheduled to close November 4, 2020. The developer has requested issuance of bonds in an amount not to exceed \$15,000,000. 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 including the Funding Loan Agreement, Project Loan Agreement, Compliance Monitoring Agreement, Construction Loan and Mortgage Servicing Agreement, Financial Monitoring Agreement, Assignment of Mortgage Documents, and Assignment and Assumption of Land Use Restriction 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 Placement Agent/Purchaser with respect to the Governmental Note;
 - Official Appointment of RBC Capital Markets LLC as Placement Agent in connection with the sale of the Bonds;
 - Official appointment of First Housing Development Corporation of Florida as compliance monitor, financial 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.
2. **Cedar Station** and **Parkway Commons** applied for SAIL but did not win. The developer still has the sites under contract and the deals are still “active”.

	Ashley Square
Developer/ Location	Blue Sky Communities Tampa, FL
Development Location	127 E. Ashley St. & 116 E. Beaver St. Cathedral District
City Council District	Reggie Gaffney
Type	New Construction Mid-Rise
Demographic	Elderly
Bond Request	\$15,000,000 \$125,000/unit
TEFRA Hearing	2-1-19/11-4-19
TEFRA Approval	3-26-19/12-10-19
Preliminary Agreement Expiration	12-31-20
Credit Enhancement	Freddie Mac with Truist as DUS
Credit Underwriter	First Housing
Closing Date	November 2020
Units	120
Permanent 1st Mortgage Estimate	\$6,850,000
SAIL ELI & NHTF (FHFC)	\$8,426,800
City Loan	\$1,000,000
JHFA Loan	\$610,000
Housing Credits	Raymond James \$9,628,831 \$80,215/unit
TDC	\$29,805,385
TDC per unit	\$248,378
Land Cost	\$1,500,000 \$12,500/unit
Acquisition of Building	NA
Hard Construction or Rehabilitation Cost	\$19,851,342 \$165,428/unit
Set Aside Period	Perpetuity
Set Aside Levels	85.0%<60% AMI 10.0%<33% AMI 5.0%<22% AMI

	Cedar Station	Parkway Commons
Developer/ Location	Southport Development Tampa, FL	Southport Development Tampa, FL
Development Location	East side of Harlow Blvd. approx. 985 feet north of Harlow & 103rd Street Cedar Hills	901 Main Street North Downtown
City Council District	Brenda Priestly Jackson	Reggie Gaffney
Type	New Construction Garden	New Construction Mid-Rise
Demographic	Family	Family
Bond Request	\$13,500,000 \$105,469/unit	\$14,500,000 \$118,852/unit
TEFRA Hearing TEFRA Approval Preliminary Agreement Expiration	TBD TBD TBD	TBD TBD TBD
Credit Enhancement	TBD	TBD
Credit Underwriter	TBD	TBD
Closing Date	Late 2020	Late 2020
Units	128	122
Permanent 1st Mortgage Estimate	\$8,000,000	\$7,900,000
SAIL & ELI (FHFC)	\$7,500,000	\$7,500,000
City Loan	\$0	\$0
JHFA Loan	\$115,000	\$115,000
Housing Credits	TBD \$8,939,237 \$69,838/unit	TBD \$8,436,374 \$69,151/unit
TDC	\$24,091,344	\$25,570,838
TDC per unit	\$188,214	\$213,877
Land Cost	\$895,000 \$6,992/unit	\$2,750,000 \$22,541/unit
Acquisition of Building	NA	NA
Hard Construction or Rehabilitation Cost	\$16,755,200 \$303,900/unit	\$16,461,750 \$134,932/unit
Set Aside Period	50 years	50 years
Set Aside Levels	84%<60% AMI 11%<40% AMI 5%<22% AMI	85%<60% AMI 10%<30% AMI 5%<22% AMI

- The 2020 Bond Application is now “open”, meaning applications are evaluated on a first-come first-evaluated basis.
- Recommendation:** Adopt Resolution prepared by Bond Counsel giving final approvals for Ashley Square bond transaction.

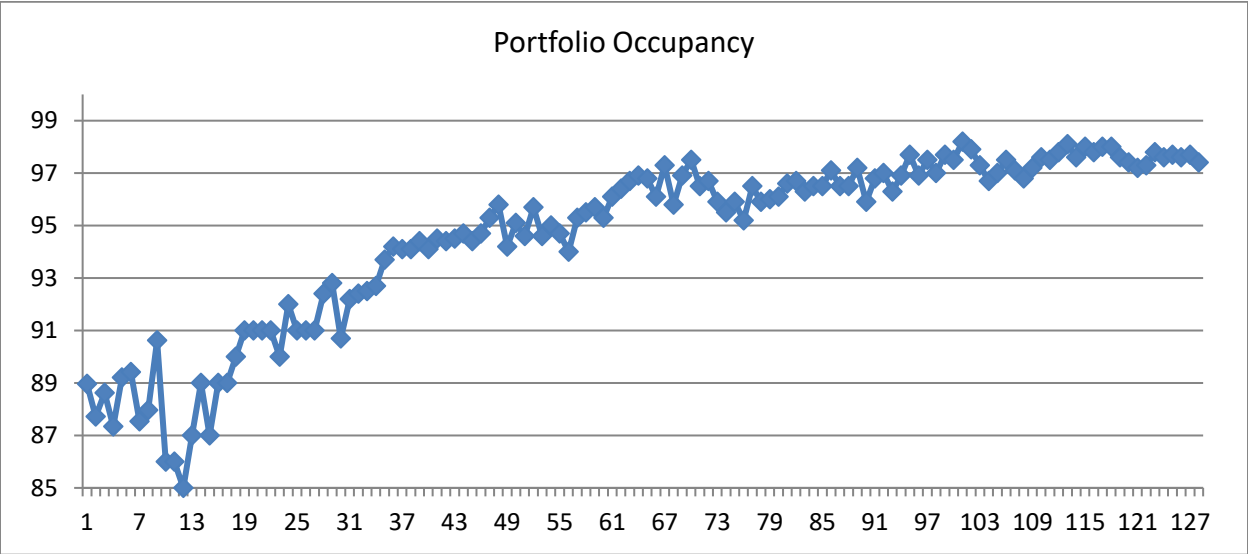
IV. Local Government Area of Opportunity Funding (Preference) & Local Government Support Loans—Informational

1. A NOFA and Application for the Local Government Area of Opportunity selection process was issued with a due date of October 1. A NOFA and Application for Local Government Support Loans (SAIL) was also issued with a due date of October 1.
2. Six applications were received for LGAOF funding. See attached analysis for detailed information and recommendations. No applications were received for local contribution for SAIL.
3. 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 who submitted an application for the Jacksonville LGAOF or other funding.
4. **Recommendation:** See attached analysis for full recommendation.

V. Update on Existing Rental Properties—Action

1. **Development Activity & Occupancy:** The charts below detail developments financed in the last five years and the occupancy of the entire portfolio which is 97.4% (-0.3%).
2. **Bennett Creek:** The owner (Richman Group) is refinancing and retiring the bonds. The owner has requested that the \$750,000 of the \$1 million JHFA subordinate loan remain in place subordinate to the new loan and HUD LURA. All accrued interest is being paid (\$100,000), plus a paydown of \$250,000—and the 50-year affordability period remains (as does compliance monitoring, paid for by owner).
3. **Camri Green:** The owner (Vestcor) is selling the property and retiring the bonds. This deal was done when JHFA had only a 15-year compliance period (only longer if bonds remained outstanding)—so these units will no longer be income/rent restricted.
4. **Millennia Portfolio:** The owner is requesting amendment to LURA changing amenity from basketball court to volleyball court at Calloway Cove and to a 4-square/tether ball court at The Weldon and Palmetto Glen. Both replacements meet the requirements of the bond application and would have been acceptable as part of initial application. This will require amendments to the LURA's for those developments.
5. **Cathedral Terrace:** The owner (Blue Sky Communities) requests an amendment to the LURA with a technical change related to energy efficiency of windows—syncing the JHFA LURA to the current FHFC requirements.
6. **General Delegation of LURA Amendment Approval:** From time-to-time, developers make minor changes to the features and programs in a development that do NOT have policy implications. By this, they are substituting an FHFC technical standard for a JHFA one or are replacing one acceptable feature with another that also meets JHFA requirements. The Chairman suggests that a general delegation of these approvals be made.
7. **Recommendations:** (1) **Bennett Creek:** Approve Resolution prepared by bond counsel approving amendment to LURA and subordination of existing JHFA loan, (2) **Millennia Portfolio:** Approve Resolution prepared by bond counsel approving amendments to LURA for

Calloway Cove, The Weldon, and Palmetto Glen, (3) **Cathedral Terrace**: Approve Resolution prepared by bond counsel approving amendment to LURA, and (4) **General Delegation of LURA Amendment Approval**: Adopt Resolution prepared by OGC authorizing staff, Financial Advisor, OGC Counsel and Bond Counsel to approve LURA amendments that do not have policy implications



Development	Location	Building Type Demographic	Units	TDC	JHFA Loan
Caroline Oaks 4-22-15	North Main, east side just south of E. 43 rd Street	3-Story Elevator NC Elderly	82	\$14,146,603	\$5.6 million bonds \$2.2 million JHFA loan
Cathedral Terrace 1-21-16	701 N. Ocean St.	High Rise Rehab Elderly	240	\$25,604,057	\$12.5 million bonds \$1.0 million JHFA loan
Peyton Ridge 4-7-16	1800 Corporate Square Blvd	3-Story Elevator NC Elderly	120	\$16,894,456	\$115,000
Mt. Carmel Gardens 8-19-16	5746 Mt. Carmel Terrace	High Rise Rehab Elderly	207	\$21,631,853	\$9.75 million bonds
Mary Eaves 8-19-16	East of intersection of Myrtle Ave. N. & West 16 th St.	Mid-Rise NC Elderly	80	\$13,325,568	\$300,000
Lofts at LaVilla 10-12-16	906 West Bay Street	Mid-Rise NC Family	130	\$23,382,885	\$265,000
Timberwood Trace 2-1-17	12250 Atlantic Boulevard	Garden Rehab Family	224	\$31,238,140	\$16.0 million bonds
Oakwood Villa 6-30-17	8201 Kona Avenue	Garden Rehab Family	200	\$23,092,183	\$12.7 million bonds
Lofts at Monroe 9-29-17	1000 West Monroe Street	Mid-Rise NC Family	108	\$20,245,500	\$303,750
Houston Street Manor	615 Houston Street	Mid-Rise NC Elderly	72	\$21,465,333	\$115,000
Caroline Arms 7-3-18	6457 Fort Caroline Road	Garden Rehab Family	204	\$22,630,922	\$12.5 million bonds
Lofts at Jefferson Station 10-3-18	799 Water Street	Mid-Rise NC Family	98	\$20,943,699	\$225,750
Millennia Portfolio 10-24-18	Valencia (Eureka Gardens) 1214 Labelle Street The Weldon (Moncrief Village) 1650 Moncrief Village Drive N. Palmetto Glen (Southside) 2301 Westmont St. Calloway Cove (Washington Heights) 4229 Moncrief Rd. West	Garden Rehab Family	768	\$129,590,169	\$81.6 million bonds
Desert Winds/Silver Creek 12-28-18	300 Silver Creek Trace	Garden Rehab Family	304	\$38,294,751	\$22.0 million bonds
Monaco Arms 5-31-19	10415 & 10525 Monaco Drive	Garden Rehab Family	156	\$20,375,112	16.38 million bonds
The Waves 9-26-19	Nine scattered JHA public housing sites in Jacksonville Beach	Garden NC Family	127	\$29,726,033	\$15.8 million bonds \$115,000 JHFA loan
Lofts at Brooklyn	190 Chelsea Street	Mid-Rise NC Family	133	\$29,348,801	DIA loan with HC
Sydney Trace 6-30-20	8575 Merchants Way	Garden NC Family	192	\$35,603,382	\$21.5 million bonds \$1.5 million JHFA loan
Lofts at Murray Hill 8-28-20	840 Edgewood Avenue, South	Mid-Rise NC Family	117	\$25,013,217	\$115,000 JHFA loan
Timuquana Park 8-31-20	5615 Seaboard Avenue	Garden Rehab Family	100	\$18,213,049	\$10.2 million bonds
TOTAL			3,662	\$580,765,713	\$236.53 million bonds \$6.26 million JHFA loans

VI. State Legislative Update—Informational

1. The Senate and House agreed to full funding (\$370 million for housing—the first time in 13 years. The importance of this cannot be understated.
2. The Governor committed \$250 million of CARES Act funding to housing—primarily for rent and mortgage relief. The Governor vetoed the \$225 million SHIP appropriation. This does not sweep the money into general revenue—it simply accumulates in the Local Government Housing Trust Fund and is available in a Special Legislative session to sweep, appropriate for SHIP, or leave.
3. SEE is launching a strategy and action steps leading to November—with the goal of the legislature making the SHIP appropriation in November or whenever a special session takes place.
4. **Recommendations:** None.

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 \$100,000,000 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 \$100,000,000 (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 \$100,000,000. 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 from the 2020 November state pool, 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, he/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 7. 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 8. 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 9. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED this 14th day of October, 2020.

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

(SEAL)

By: _____
Bernard E. Smith, Chair

ATTEST:

By: _____
Name: _____
Title: _____

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 October 19, 2020, at 10:00 a.m., 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 \$100,000,000 (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. The public hearing will be held via the following toll-free telephonic conference line in lieu of physical presence at the public hearing:

Dial In Number: (866) 569-3761

PARTICIPATION Code: 8537016177

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

Jacksonville Housing Finance Authority (“JHFA”)

Credit Underwriting Report

Ashley Square

Tax-Exempt Multifamily Mortgage Revenue Note (“MMRN”)

Section A: Report Summary

Section B: MMRN Loan Special and General Conditions

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

September 2, 2020

Ashley Square

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Section A
Report Summary

Recommendation

First Housing Development Corporation of Florida (“First Housing”, “FHDC”, or “Servicer”) recommends a MMRN Loan in the amount of \$15,000,000 for the construction and permanent financing of Ashley Square (“Development”).

DEVELOPMENT & SET-ASIDES										
Development Name:		<u>Ashley Square</u>								
RFA/Program Numbers:		<u> </u> / <u> </u> <u> </u>								
Address:		<u>127 E. Ashley St. and 116 E. Beaver St</u>								
City:		<u>Jacksonville</u>	Zip Code:		<u>32202</u>	County:		<u>Duval</u>	County Size:	<u>Large</u>
Development Category:		<u>New Construction</u>				Development Type: <u>Mid-Rise (5-6 Stories)</u>				
Construction Type:		<u>Masonry</u>								
Demographic Commitment:										
Primary:		<u>Elderly: 55+ or 62+</u>				for		<u>80%</u>	of the Units	
Unit Composition:										
# of ELI Units:		<u>12</u>	ELI Units Are Restricted to		<u>33%</u>	AMI, or less.		Total # of units with PBRA?	<u>0</u>	
# of Link Units:		<u>6</u>	Are the Link Units Demographically Restricted?		<u>Yes</u>	# of NHTF Units:		<u>6</u>		

The Development will consist of a six-story apartment building. The total number of units is 120, and the units are comprised of 96 one bedroom/one-bathroom units and 24 two-bedroom/two-bathroom units. Parking will be provided in an underground parking garage (first floor) and additional parking will be provided on the second floor of the building. A mail room, lobby, seating area, activity room, conference room, fitness room, internet room, storage rooms, mechanical rooms, restrooms, and offices will also be located on the second floor of the building. Storage rooms, laundry rooms, janitor rooms, and mechanical rooms will be located on floors three through six of the building. All floors are accessible by two centrally located elevators.

Duval County/Jacksonville MSA

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	6	585	22%			\$309	\$63	\$ 246		\$ 314	\$ 246	\$ 246	\$ 17,712
1	1.0	10	585	33%			\$464	\$63	\$ 401		\$ 454	\$ 401	\$ 401	\$ 48,120
1	1.0	80	585	60%			\$843	\$63	\$ 780		\$ 827	\$ 780	\$ 780	\$ 748,800
2	2.0	2	853	33%			\$556	\$85	\$ 471		\$ 546	\$ 471	\$ 471	\$ 11,304
2	2.0	22	853	60%			\$1,012	\$85	\$ 927		\$ 993	\$ 927	\$ 927	\$ 244,728
		120	76,632											\$ 1,070,664

As required by the Federal Fair Housing Act, at least 80% of the total units will be rented to residents that qualify as Elderly.

Buildings: Residential - 1 Non-Residential - 0
 Parking: Parking Spaces - 161 Accessible Spaces - 19

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
NHTF	5.0%	6	22%	50
SAIL/ELI	10.0%	12	33%	50
SAIL	90.0%	108	60%	50
MMRN	100.0%	120	60%	Perpetuity
HC	100.0%	120	60%	50

Absorption Rate 25 units per month for 5.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 97.00% Economic Occupancy 95.00%
 Occupancy Comments N/A - New Construction

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
 Site Acreage: 1.039 Density: 115.50 Flood Zone Designation: X
 Zoning: CCBD - Commerical Community General Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	Ashley Square Jacksonville, Ltd.	
General Partner	CFJ Ashley, Inc.	% Ownership 0.0030%
Limited Partner	Ashley Square ALP, LLC	0.0070%
Limited Partner	Raymond James Tax Credit Funds, Inc. ("RJTCF")	99.9900%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Ashley Square Jacksonville, Ltd.	
CC Guarantor 2:	CFJ Ashley, Inc.	
CC Guarantor 3:	Cathedral Foundation of Jacksonville, Inc. ("Cathedral Foundation")	
CC Guarantor 4:	Blue AS Developer, LLC	
CC Guarantor 5:	Blue Sky Communities LLC ("Blue Sky")	
CC Guarantor 6:	James Chadwick	
CC Guarantor 7:	Shawn Wilson	
CC Guarantor 8:	Weedon Enterprises LLC	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Ashley Square Jacksonville, Ltd.	
OD Guarantor 2:	CFJ Ashley, Inc.	
OD Guarantor 3:	Cathedral Foundation	
OD Guarantor 4:	Blue AS Developer, LLC	
OD Guarantor 5:	Blue Sky	
OD Guarantor 6:	James Chadwick	
OD Guarantor 7:	Shawn Wilson	
OD Guarantor 8:	Weedon Enterprises LLC	
Note Purchaser	TD Bank, N.A. ("TD Bank") and Freddie Mac	
Developer:	Blue AS Developer, LLC	
Principal 1	Blue Sky	
Co-Developer:	Cathedral Foundation	
General Contractor 1:	NEI General Contracting, Inc. ("NEI")	
Management Company:	Carteret Management Corporation ("Carteret")	
Syndicator:	RJTCF	
Note Issuer:	Jacksonville Housing Finance Authority ("JHFA")	
Architect:	PQH Group Design, Inc.	
Market Study Provider:	Novogradac and Company, LLC ("Novogradac")	
Appraiser:	Novogradac	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First	Second	Third	Fourth	Fifth	Sixth, Seventh
Lender/Grantor	Truist/JHFA/ Freddie Mac	FHFC - SAIL	FHFC - SAIL ELI	FHFC - NHTF	JHFA	City of Jacksonville/ Seller Note
Amount	\$6,850,000	\$6,500,000	\$600,000	\$1,426,800	\$ 610,000	\$1,750,000
Underwritten Interest Rate	3.69%	1.00%	0.00%	0.00%	0.82%	3.75%
All In Interest Rate	3.69%	1.00%	0.00%	0.00%	0.82%	3.75%
Loan Term	15	19.5	19.5	30	19.5	19.5
Amortization	35	-	-	-	-	-
Market Rate/Market Financing LTV	34%	65%	68%	75%	78%	87%
Restricted Market Financing LTV	70%	136%	142%	157%	163%	181%
Loan to Cost - Cumulative	23%	45%	47%	52%	54%	60%
Loan to Cost - SAIL Only	N/A	22%	N/A	N/A	N/A	N/A
Debt Service Coverage	1.23	1.02	1.01	1.00	0.99	0.81
Operating Deficit & Debt Service Reserves	\$225,192					
# of Months covered by the Reserves	4.6					

The chart above shows the total term of the NHTF loan which is 30 years of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period.

The Applicant shall not be obligated to pay more than 75% of development surplus cash on an annual basis as required and defined by Freddie Mac's Regulatory Agreement for any of the subordinate debt payments.

First Housing has combined the sixth and the seventh mortgages into one column above. The interest rate and loan term is based on an average of the two loans and is further broken out in the Sources section of this report.

Deferred Developer Fee	\$2,439,754
As-Is Land Value	\$1,500,000
Market Rent/Market Financing Stabilized Value	\$20,400,000
Rent Restricted Market Financing Stabilized Value	\$9,800,000
Projected Net Operating Income (NOI) - Year 1	\$461,157
Projected Net Operating Income (NOI) - 15 Year	\$505,191
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Note Structure	Private Placement
Housing Credit (HC) Syndication Price	\$0.9375
HC Annual Allocation - Initial Award	\$933,400
HC Annual Allocation - Qualified in CUR	\$1,160,601
HC Annual Allocation - Equity Letter of Interest	\$1,027,178

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Notes	TD Bank/JHFA/Truist/Freddie	\$15,000,000	\$6,850,000	\$57,083
FHFC - SAIL	FHFC	\$6,500,000	\$6,500,000	\$54,167
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$5,000
FHFC - NHTF	FHFC	\$1,426,800	\$1,426,800	\$11,890
Local Government Subsidy	JHFA	\$500,000	\$500,000	\$4,167
Local Government Subsidy	JHFA	\$110,000	\$110,000	\$917
Local Government Subsidy	City of Jacksonville	\$1,000,000	\$1,000,000	\$8,333
Seller Financing	Seller Note	\$750,000	\$750,000	\$6,250
HC Equity	RJTCF	\$1,444,325	\$9,628,831	\$80,240
Deferred Developer Fee	Blue AS Developer, LLC and Cathedral Foundation	\$2,474,260	\$2,439,754	\$20,331
TOTAL		\$29,805,385	\$29,805,385	\$248,378

Strengths:

1. The Principals, Developer, and Management Company are experienced in affordable multifamily housing.
2. The Principals have sufficient experience and substantial financial resources to develop and operate the proposed Development.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. The Applicant has applied to TD Bank to provide construction funding and Truist Bank (“Truist”) to provide permanent funding (“Funding Loan”) pursuant to the Freddie Mac Multifamily Direct Purchase of Tax-Exempt Loan Program (“TEL Program”). The Funding Loan is requested pursuant to any Federal, State or local requirements concerning the proposed tax-exempt private activity allocation and/or Low-Income Housing Tax Credit requirements. The Funding Loan will be originated by TD Bank on behalf of JHFA (“Governmental Lender”) for subsequent purchase by and delivery to Freddie Mac at conversion. The proceeds of the Funding Loan will be used by JHFA to fund a mortgage loan with matching economic terms (“Project Loan”) to the Applicant to finance the construction and permanent financing of the Development. The Funding Loan will be a non-recourse obligation of JHFA secured solely by receipts and revenues from the Project Loan and the collateral pledged (including a first mortgage lien with respect to the Development). Under the MMRN structure, the Funding Loan replaces the purchase by Freddie Mac of tax-exempt bonds.
2. The JHFA requires certain Features and Amenities under the MMRN program. The following Features and Amenity changes have been made for this deal:
 - JHFA requires minimum square footage of 600 square feet (one bedroom) and 850 square feet (2 bedroom):
 - The Development has requested a waiver of this requirement. The Development will have a minimum square footage of 585 square feet (one bedroom) and 853 square feet (2 bedroom)
 - JHFA requires laundry facilities available on every floor:
 - The first floor of the Development is a parking garage and the second floor has more parking as well as the mail room, lobby, fitness room, offices, etc. Laundry facilities are available on floors three through six which are the floors with residential units.
 - JHFA requires minimum SEER of 15 for unit air conditioners (excluding buildings with a central chiller system):
 - The Development will be providing a single package vertical heat pump (“SPVHP”) system with a minimum design of 11 EER instead of a 15 SEER air conditioner. The 11 EER SPVHP exceeds the Florida Energy Building Code and has been approved by FHFC.

- JHFA requires 30-year expected life roofing
 - The Development has committed to have Energy star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) for the FHFC application. The 30-year expected life roofing option is no longer applicable for FHFC applications. First Housing recommends that the Energy star certified roofing materials be accepted in order to be consistent with FHFC requirements.
- 3. As requested by RJTCF for the residual value analysis, the minimum term of the subordinate debt is 22 years (including construction/stabilization and permanent loan period).

Issues and Concerns:

1. First Housing received a Statement of Financial Affairs, dated June 15, 2020, which indicates that James Chadwick has been part of an entity which has filed for bankruptcy and has been part of a deed in lieu of foreclosure on four separate occasions.

Mitigating Factors:

1. All of the deed in lieu of foreclosures happened prior to June 2011 and none of the developments were affordable housing developments, which meets the requirements of Rule Chapters 67-48 and 67-21. First Housing is not aware of any other arrearages or material defaults outstanding at this time.

Recommendation:

First Housing recommends a MMRN Loan of \$15,000,000 for the construction and permanent financing of the Development.

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 MMRN Loan Special and General Conditions (Section B). **This recommendation is only valid for six months from the date of the report.**

The United States is currently under a national emergency due to the spread of the virus known as COVID-19. The extent of the virus' impact to the overall economy is unknown. More specifically, it is unknown as to the magnitude and timeframe the residential rental market (e.g. absorption rates, vacancy rates, collection losses, appraised value, etc.) and the construction industry (e.g. construction schedules, construction costs, subcontractors, insurance, etc.) will be impacted. Recommendations made by First Housing in this report, in part, rely upon assumptions made by third-party reports that are unable to predict the impacts of the virus.

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

Prepared by:



Taylor Arruda
Senior Credit Underwriter

Reviewed by:



Edward Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Local HFA Notes	TD Bank/JHFA	\$16,500,000	\$15,500,000	\$15,000,000	2.75%	\$412,500
FHFC - SAIL	FHFC	\$6,500,000	\$6,500,000	\$6,500,000	1.00%	\$65,000
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$600,000	0.00%	\$0
FHFC - NHTF	FHFC	\$0	\$1,426,800	\$1,426,800	0.00%	\$0
Local Government Subsidy	JHFA	\$0	\$500,000	\$500,000	1.00%	\$5,000
Local Government Subsidy	City of Jacksonville	\$110,000	\$220,000	\$110,000	0.00%	\$0
Local Government Subsidy	City of Jacksonville	\$0	\$1,000,000	\$1,000,000	1.00%	\$10,000
Seller Financing	Seller Note	\$0	\$750,000	\$750,000	6.00%	\$45,000
HC Equity	RJTCF	\$1,329,962	\$1,448,268	\$1,444,325	N/A	N/A
Deferred Developer Fee	Blue AS Developer, LLC and Cathedral Foundation	\$1,000,000	\$3,644,911	\$2,474,260	N/A	N/A
Deferred Costs - Other	ODR	\$0	\$391,610	\$0	N/A	N/A
Deferred Costs - Other	FHFC Compliance Fee	\$0	\$220,000	\$0	N/A	N/A
Total		\$26,039,962	\$32,201,589	\$29,805,385		\$537,500

First Mortgage:

First Housing has reviewed a term sheet, dated July 7, 2020, which indicates that TD Bank will provide a construction loan in an amount equal to the least of: \$15,000,000, an amount not to exceed 75% of the appraised “as-stabilized” and “as restricted” value plus the value of the tax credits and favorable financing, as determined by a FIRREA-conforming appraisal engaged by TD Bank and subject to TD Bank’s respective internal review and approval, and 65% loan to total project cost ratio during construction (excluding deferred development fee). The loan will require interest only payments for the term of the loan, which is expected to be for 24 months from the loan closing. A six-month extension option is available subject to approval from TD Bank. The interest rate of the construction loan will be a floating rate based on the London Interbank Offered Rate (“LIBOR”) 30-day floating rate plus a 2.00% spread. The interest rate has a 2.50% floor. The construction loan interest is based on the 2.50% floor rate plus a 25 bps cushion for an all-in rate of 2.75%. As of July 8, 2020, the floating rate of the 30-day LIBOR rate of 0.18% plus 2.00% is 2.18% which is less than the floor rate of 2.50%.

The annual JHFA Issuer Fee of 20 bps and Fiscal Agent Fee of \$4,250 are included in the Uses section of this report.

FHFC SAIL, ELI, NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated May 13, 2019, from FHFC with a preliminary SAIL Loan in the amount of \$6,500,000, a preliminary ELI loan in the amount of \$600,000, and a preliminary NHTF Loan in the amount of \$1,426,800.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of up to 22 years, of which 2.5 years is for the construction/stabilization period and 19.5 years is for the permanent period. As required by RJTCF, the SAIL loan term will be a total of 22 years. Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of development surplus cash on an annual basis as required and defined by Freddie Mac's Regulatory Agreement. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of up to 22 years, of which 2.5 years is for the construction/stabilization period and 19.5 years if for the permanent period. As required by RJTCF, the SAIL loan term will be a total of 22 years. Annual payments of all applicable fees will be required. Principal is forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50 year Compliance Period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. After 30 years all of the NHTF Link units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set aside commitments must be maintained throughout the entire 50 year Compliance Period. The principal will be forgiven at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period.

Co-Fifth Mortgages:

JHFA will provide a loan in the amount of \$500,000. Based on September 18, 2019 JHFA meeting minutes, the total term of the loan is for 20 years or a term which is co-terminus with the first mortgage. RJTCF has requested that the loan have a total term fo 22 years. Therefore, First Housing has assumed a 22 year term, of which 2.5 years is for the construction/stabilization period

and 19.5 years is for the permanent period. The loan will bear interest at 1% with interest only payments required subject to 75% of available cash flow.

JHFA will provide a local government contribution loan in the amount of \$110,000. RJTCF has requested a total loan term off 22 years. Therefore, First Housing has assumed a construction loan term of 2.5 years and a permanent loan term of 19.5 years. The loan will bear interest at 0%. There will be no annual payments required but principal will be due at maturity.

It is anticipated that the loans will have two separate promissory notes, but will be secured by one mortgage.

Sixth Mortgage:

First Housing received a project loan commitment terms and conditions letter, dated January 15, 2020, from the City of Jacksonville, Florida. The principal amount of the loan shall be \$1,000,000. The term of the loan is for 20 years from the date of certificate of completion; however, First Housing has received email confirmation that a 22 year loan term would be acceptable. First Housing has assumed a construction/stabilization period of 2.5 years and a permanent loan term of 19.5 years. The loan will bear interest at a rate of 1% during construction and 1.5% during the permanent period. The loan will amortize over 20 years and will require monthly payments of principal and interest. First Housing received an email from City of Jacksonville confirming that payments will be made from available cash flow.

Seventh Mortgage:

First Housing received a letter, dated July 13, 2020, which indicates a Seller Note in the amount of \$750,000. The loan will bear interest at 6% per annum and will have a 22 year term, of which 2.5 years is for the construction/stabilization period and 19.5 years is for the permanent period as required by RJTCF. No hard payments are required. Interest and principal will be paid from available cash flow.

Housing Credit Equity:

First Housing has reviewed an executed LOI, dated July 8, 2020, indicating RJTCF will acquire 99.99% ownership interest in the Partnership. Based on the proposal, the annual HC allocation is estimated to be in the amount of \$1,027,178 and a syndication rate of \$0.9375 per dollar. RJTCF anticipates a net capital contribution of \$9,628,831 and has committed to make available 15% or \$1,444,325 of the total net equity during the construction period. Three additional installments will be available at completion, stabilization, and upon receipt of the Form 8609. The first installment,

in the amount of \$1,444,325 or 15.00% of the total net equity, meets the FHFC requirement that 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer \$2,474,260 or approximately 57.95% of the total Developer Fee of \$4,269,690.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Local HFA Notes	Truist/JHFA/Freddie Mac	\$16,500,000	\$6,850,000	\$6,850,000	15	35	3.69%	\$348,835
FHFC - SAIL	FHFC	\$6,500,000	\$6,500,000	\$6,500,000	19.5	0	1.00%	\$65,000
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$600,000	19.5	0	0.00%	\$0
FHFC - NHTF	FHFC	\$0	\$1,426,800	\$1,426,800	30	0	0.00%	\$0
Local Government Subsidy	JHFA	\$0	\$500,000	\$500,000	19.5	0	1.00%	\$5,000
Local Government Subsidy	JHFA	\$100,000	\$110,000	\$110,000	19.5	0	0.00%	\$0
Local Government Subsidy	City of Jacksonville	\$0	\$1,000,000	\$1,000,000	19.5	20	1.50%	\$57,905
Seller Financing	Seller Note	\$0	\$750,000	\$750,000	19.5	0	6.00%	\$45,000
HC Equity	RJTCF	\$8,866,413	\$9,655,120	\$9,628,831	N/A	N/A	N/A	N/A
Deferred Developer Fee	Blue AS Developer, LLC and Cathedral Foundation	\$0	\$2,266,574	\$2,439,754	N/A	N/A	N/A	N/A
Total		\$32,566,413	\$29,658,494	\$29,805,385				\$521,741

First Mortgage:

First Housing has reviewed a mortgage loan application from Truist Bank, dated June 11, 2020, to provide a permanent loan through the Freddie Mac Multifamily Direct Purchase of TEL Program. The loan amount is up to \$6,850,000 and has a term of 15 years with a 35-year amortization period. The interest rate will be locked at loan commitment and is currently estimated to be the 10-year U.S. Treasury Security plus a spread of 2.71%. The Treasury Floor is set at 0.73%. The permanent loan interest is calculated based on the 10-year Treasury floor rate of 0.73% (as of July 14, 2020 the 10-year treasury rate was 0.63%) plus 2.71%, and a 0.25% underwriting cushion for an all-in rate of 3.69%.

In addition to the actual interest rate, JHFA will annually charge the costs of all ongoing or one-time third-party service provided to JHFA in conjunction with the note issue. These fees include a permanent servicing fee of 0.023% with a minimum fee of \$2,628, a compliance monitoring fee of 0.04% with a minimum fee of \$3,204, a financial monitoring fee of 0.015% with a minimum fee of \$2,071, and an annual fiscal agent fee estimated at \$4,250 per year. Also, JHFA will charge the Applicant an administrative fee of 0.20% of the outstanding principal amount of the Note. These fees above were included in the Debt Service Coverage (“DSC”) ratio analysis under the Operating Pro Forma section.

FHFC SAIL, ELI, and NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated May 13, 2019, from FHFC with a preliminary SAIL Loan in the amount of \$6,500,000, a preliminary ELI loan in the amount of \$600,000, and a preliminary NHTF Loan in the amount of \$1,426,800.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of up to 22 years, of which 2.5 years is for the construction/stabilization period and 19.5 years is for the permanent period. As required by RJTCF, the SAIL loan term will be a total of 22 years. Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of development surplus cash on an annual basis as required and defined by Freddie Mac's Regulatory Agreement. Any unpaid interest will be deferred until surplus cash is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of up to 22 years, of which 2.5 years is for the construction/stabilization period and 19.5 years is for the permanent period. As required by RJTCF, the SAIL loan term will be a total of 22 years. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50-year Compliance Period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a term of 30 years of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. After 30 years all of the NHTF Link units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set aside commitments must be maintained throughout the entire 50-year Compliance Period. The principal will be forgiven at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period.

The annual multiple program Compliance Monitoring Fee of \$953 for each of the SAIL, ELI, and NHTF loans. The annual Permanent Loan Servicing Fee is based upon the outstanding loan amounts, with fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of \$219 for each loan, and a maximum monthly fee of \$873 for each loan.

Co-Fifth Mortgages:

JHFA will provide a loan in the amount of \$500,000. Based on September 18, 2019 JHFA meeting minutes, the total term of the loan is for 20 years or a term which is co-terminus with the first mortgage. RJTCF has requested that the loan have a total term fo 22 years. Therefore, First Housing has assumed a 22 year term, of which 2.5 years is for the construction/stabilization period

and 19.5 years is for the permanent period. The loan will bear interest at 1% with interest only payments required subject to 75% of available cash flow.

JHFA will provide a local government contribution loan in the amount of \$110,000. RJTCF has requested a total loan term off 22 years. Therefore, First Housing has assumed a construction loan term of 2.5 years and a permanent loan term of 19.5 years. The loan will bear interest at 0%. There will be no annual payments required but principal will be due at maturity.

It is anticipated that the loans will have two separate promissory notes, but will be secured by one mortgage.

Sixth Mortgage:

First Housing received a project loan commitment terms and conditions letter, dated January 15, 2020, from the City of Jacksonville, Florida. The principal amount of the loan shall be \$1,000,000. The term of the loan is for 20 years from the date of certificate of completion; however, First Housing has received email confirmation that a 22 year loan term would be acceptable. First Housing has assumed a construction/stabilization period of 2.5 years and a permanent loan term of 19.5 years. The loan will bear interest at a rate of 1% during construction and 1.5% during the permanent period. The loan will amortize over 20 years and will require monthly payments of principal and interest. First Housing received an email from City of Jacksonville confirming that payments will be made from available cash flow.

Seventh Mortgage:

First Housing received a letter, dated July 13, 2020, which indicates a Seller Note in the amount of \$750,000. The loan will bear interest at 6% per annum and will have a 22 year term, of which 2.5 years is for the construction/stabilization period and 19.5 years is for the permanent period as required by RJTCF. No hard payments are required. Interest and principal will be paid from available cash flow.

Housing Credit Equity:

The Applicant has applied to FHFC to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax-exempt financing. A HC calculation is contained in Exhibit 2 of this credit underwriting report. Based on an executed LOI, dated July 8, 2020, RJTCF will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$1,444,325	15.00%	At Closing
2nd Installment	\$1,444,325	15.00%	Construction Completion or March 1, 2022
3rd Installment	\$6,640,181	68.96%	Stabilized Operations or June 1, 2022
4th Installment	\$100,000	1.04%	Extended Use Agreement and Forms 8609 are received and audited financials for the year of Breakeven Operations are available.
Total	\$9,628,831	100.00%	

Annual Credit Per Syndication Agreement

\$1,027,178

Calculated HC Exchange Rate

\$0.9375

Limited Partner Ownership Percentage

99.99%

Proceeds Available During Construction

\$1,444,325

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer \$2,439,754 or approximately 57.14% of the total Developer Fee of \$4,269,690.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
New Rental Units	\$13,350,120	\$16,349,978	\$16,349,977	\$136,250
Constr. Contr. Costs subject to GC Fee	\$13,350,120	\$16,349,978	\$16,349,977	\$136,250
General Conditions	\$0	\$817,499	\$817,499	\$6,812
Overhead	\$0	\$327,000	\$327,000	\$2,725
Profit	\$1,869,016	\$817,499	\$817,499	\$6,812
General Liability Insurance	\$0	\$0	\$188,025	\$1,567
Total Construction Contract/Costs	\$15,219,136	\$18,311,975	\$18,500,000	\$154,167
Hard Cost Contingency	\$760,956	\$915,599	\$915,598	\$7,630
PnP Bond paid outside Constr. Contr.	\$182,630	\$219,744	\$219,744	\$1,831
FF&E paid outside Constr. Contr.	\$150,000	\$216,000	\$216,000	\$1,800
Total Construction Costs:	\$16,312,722	\$19,663,318	\$19,851,342	\$165,428

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated May 15, 2020, in the amount of \$18,500,000. This is a Standard Form of Agreement between Owner, Ashley Square Jacksonville, Ltd., and Contractor, NEI General Contracting where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price ("GMP"). Per the contract, substantial completion is to be achieved by no later than 540 days from the date of commencement. The construction contract specifies a 10% retainage of each application for payment. After the completed work has reached 50% of the GMP, no retainage will be deducted from progress payments thereafter, unless the Owner determines in its sole discretion, and the Architect agrees in writing that the quality of the work is less than that required by the contract documents or that the Development can't be completed within the contract time, at which time the Owner may reinstate retainage at 10% of subsequent progress payments.
2. The GC fee is within the maximum 14% of hard costs allowed by Rule Chapters 67-48 and 67-21, excluding Payment and Performance Bonds ("P&P Bonds") and General Liability Insurance. 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 as per Rule Chapters 67-48 and 67-21.
3. First Housing has received the GC Section 3 contract requirements.
4. The Schedule of Values includes an allowance of \$29,625 or 0.16% of the GMP for Parking Control Equipment which is within an industry standard.
5. The Hard Cost Contingency is within 5% of the total construction cost (excluding General Liability Insurance) as required by Rule Chapters 67-48 and 67-21.

6. The Applicant has budgeted for P&P Bonds to secure the construction contract.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Accounting Fees	\$30,000	\$40,000	\$40,000	\$333
Appraisal	\$10,000	\$15,000	\$4,000	\$33
Architect's Fee - Site/Building Design	\$300,000	\$480,000	\$480,000	\$4,000
Architect's Fee - Supervision	\$40,000	\$75,000	\$75,000	\$625
Building Permits	\$133,501	\$163,500	\$163,500	\$1,363
Engineering Fees	\$50,000	\$48,000	\$48,000	\$400
Environmental Report	\$15,000	\$15,000	\$15,000	\$125
FHFC Administrative Fees	\$84,046	\$96,000	\$63,833	\$532
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$25
FHFC Credit Underwriting Fee	\$25,000	\$27,516	\$25,987	\$217
FHFC Compliance Fee	\$210,000	\$220,000	\$223,531	\$1,863
Impact Fee	\$188,280	\$144,299	\$144,299	\$1,202
Lender Inspection Fees / Const Admin	\$25,000	\$72,200	\$72,200	\$602
Green Building Cert. (LEED, FGBC, NAHB)	\$0	\$28,200	\$28,200	\$235
Insurance	\$166,000	\$360,000	\$360,000	\$3,000
Legal Fees - Organizational Costs	\$210,000	\$125,000	\$125,000	\$1,042
Market Study	\$5,000	\$0	\$5,750	\$48
Marketing and Advertising	\$10,000	\$15,000	\$15,000	\$125
Plan and Cost Review Analysis	\$0	\$0	\$2,400	\$20
Property Taxes	\$28,500	\$27,035	\$27,035	\$225
Soil Test	\$10,000	\$10,000	\$10,000	\$83
Survey	\$15,000	\$27,700	\$27,700	\$231
Title Insurance and Recording Fees	\$80,000	\$115,000	\$115,000	\$958
Utility Connection Fees	\$120,000	\$168,300	\$168,300	\$1,403
Soft Cost Contingency	\$104,547	\$147,338	\$112,136	\$934
Total General Development Costs:	\$1,862,874	\$2,423,088	\$2,354,871	\$19,624

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. First Housing has utilized actual costs for: FHFC Credit Underwriting, Market Study, Appraisal, and Plan and Cost Analysis ("PCA").
3. The FHFC Administrative Fee is based on 5.5% of the recommended annual 4% Housing Credit allocation.
4. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by Rule Chapters 67-48 and 67-21 for new construction developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Construction Loan Commitment Fee	\$123,750	\$156,250	\$112,500	\$938
Construction Loan Interest	\$643,500	\$620,000	\$620,000	\$5,167
Permanent Loan Application Fee	\$0	\$0	\$6,850	\$57
Permanent Loan Commitment Fee	\$117,000	\$51,375	\$68,500	\$571
Permanent Loan Closing Costs	\$0	\$0	\$10,000	\$83
Local HFA Note Application Fee	\$0	\$0	\$11,000	\$92
Local HFA Note Underwriting Fee	\$0	\$0	\$15,117	\$126
Local HFA Note Fiscal Agent Fee	\$0	\$0	\$10,625	\$89
Local HFA Note Cost of Issuance	\$245,000	\$220,960	\$221,242	\$1,844
Local HFA Note Closing Costs	\$0	\$0	\$75,000	\$625
SAIL Commitment Fee	\$0	\$65,000	\$130,000	\$1,083
SAIL Closing Costs	\$0	\$85,268	\$12,500	\$104
SAIL-ELI Commitment Fee	\$0	\$6,000	\$12,000	\$100
SAIL-ELI Closing Costs	\$0	\$0	\$6,500	\$54
NHTF Commitment Fee	\$0	\$0	\$14,268	\$119
NHTF Closing Costs	\$0	\$0	\$12,500	\$104
Legal Fees - Financing Costs	\$0	\$150,000	\$150,000	\$1,250
Other: Freddie Mac Standby Fees	\$0	\$0	\$25,688	\$214
Total Financial Costs:	\$1,129,250	\$1,354,853	\$1,514,290	\$12,619
Dev. Costs before Acq., Dev. Fee & Reserves	\$19,304,846	\$23,441,259	\$23,720,503	\$197,671

Notes to the Financial Costs:

1. The Construction Loan Commitment Fee is based on 0.75% of the construction loan amount as indicated in TD Bank's LOI.
2. The Construction Loan Interest of \$620,000 is based on the Developer's estimate, which appears reasonable.
3. First Housing received a COI estimate from the Placement Agent.
4. Local HFA Note Closing Costs includes 30 months of JHFA's Administrative Fee equal to 20 basis points of the principal amount of the Note.
5. SAIL Commitment Fee includes an extension fee of 1% and a commitment fee of 1% of the SAIL Loan.
6. ELI Commitment Fee includes an extension fee of 1% and a commitment fee of 1% of the ELI Loan.
7. NHTF Commitment Fee includes an extension fee of 1% of the NHTF Loan.

8. First Housing included closing costs of \$6,500 for the ELI loan and \$12,500 for the SAIL, and NHTF loans.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Total Non-Land Acquisition Costs:	\$0	\$0	\$0	\$0

Notes to the Non-Land Acquisition Costs:

1. Since this is new construction, there are no non-land acquisition costs.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	\$3,474,872	\$4,235,626	\$4,269,690	\$35,581
Total Other Development Costs:	\$3,474,872	\$4,235,626	\$4,269,690	\$35,581

Notes to the Other Development Costs:

1. The recommended Developer's Fee does not exceed 18% of Total Development Cost before Developer Fee and ODR as allowed by Rule Chapters 67-48 and 67-21.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land	\$1,500,000	\$1,500,000	\$1,500,000	\$12,500
Total Acquisition Costs:	\$1,500,000	\$1,500,000	\$1,500,000	\$12,500

Notes to Acquisition Costs:

- First Housing reviewed an executed Purchase Agreement, dated September 26, 2018, between Cathedral Foundation of Jacksonville, Inc. ("Seller") and Ashley Square Associates, LLC ("Purchaser"). The purchase price of the land is \$1,500,000. According to the First and Second Extension of Purchase Agreement, the Purchaser extended the closing date to December 31, 2020. First Housing received an executed Assignment of Purchase and Sale Agreement, dated May 26, 2020 between Ashley Square Associates, LLC ("Assignor") and Ashley Square Jacksonville, Ltd. ("Assignee"). Assignor directs Seller to deed the property to Assignee.
- First Housing reviewed an Appraisal of the Development prepared by Novogradac, dated April 28, 2020, which estimated the market value "as is" of the unencumbered fee simple

interest in the Development, free and clear of financing, as of February 6, 2020 is \$1,500,000.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Syndicator)	\$0	\$391,610	\$225,192	\$1,877
Reserves - Start-Up/Lease-up Expenses	\$0	\$90,000	\$90,000	\$750
Total Reserve Accounts:	\$0	\$481,610	\$315,192	\$2,627

Notes to Reserve Accounts:

- Based on an executed LOI, dated July 8, 2020, RJTCF will require an Operating Deficit Reserve ("ODR") of \$225,192. The funding will occur at the funding of the third equity installment. 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 loan debt; if there is no JHFA loan debt on the proposed 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 amounts 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.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
TOTAL DEVELOPMENT COSTS:	\$24,279,718	\$29,658,495	\$29,805,385	\$248,378

Notes to Total Development Costs:

- Total Development Costs have increased by a total of \$5,525,667 from \$24,279,718 to \$29,805,385 or 22.76% since the Application. This change is mainly due to an increase in construction costs.

Operating Pro Forma – Ashley Square

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			\$1,070,664	\$8,922
	Other Income				
	Miscellaneous			\$33,000	\$275
	Gross Potential Income			\$1,103,664	\$9,197
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	\$33,110	\$276
	Collection Loss	Percentage:	2.00%	\$22,073	\$184
Total Effective Gross Income				\$1,048,481	\$8,737
EXPENSES:	Fixed:				
	Real Estate Taxes			\$0	\$0
	Insurance			\$83,000	\$692
	Variable:				
	Management Fee	Percentage:	5.00%	\$52,424	\$437
	General and Administrative			\$54,000	\$450
	Payroll Expenses			\$160,900	\$1,341
	Utilities			\$84,000	\$700
	Maintenance and Repairs/Pest Control			\$117,000	\$975
	Reserve for Replacements			\$36,000	\$300
	Total Expenses				\$587,324
Net Operating Income				\$461,157	\$3,843
Debt Service Payments					
First Mortgage - Truist/JHFA/Freddie Mac				\$348,835	\$2,907
Second Mortgage - FHFC - SAIL				\$65,000	\$542
Third Mortgage - FHFC - ELI				\$0	\$0
Fourth Mortgage - FHFC - NHTF				\$0	\$0
Fifth Mortgage - JHFA				\$5,000	\$42
All Other Mortgages - City of Jacksonville/Seller Note				\$102,905	\$858
First Mortgage Fees - Truist/JHFA/Freddie Mac				\$25,748	\$215
Second Mortgage Fees - FHFC - SAIL				\$11,429	\$95
Third Mortgage Fees - FHFC - ELI				\$3,581	\$30
Fourth Mortgage Fees - FHFC - NHTF				\$4,520	\$38
Fifth Mortgage Fees - JHFA				\$0	\$0
All Other Mortgages Fees - City of Jacksonville/Seller Note				\$0	\$0
Total Debt Service Payments				\$567,019	\$4,725
Cash Flow after Debt Service				-\$105,862	-\$882
Debt Service Coverage Ratios					
DSC - First Mortgage plus Fees				1.23x	
DSC - Second Mortgage plus Fees				1.02x	
DSC - Third Mortgage plus Fees				1.01x	
DSC - Fourth Mortgage plus Fee				1.00x	
DSC - Fifth Mortgage plus Fees				0.99x	
DSC - All Mortgages and Fees				0.81x	
Financial Ratios					
Operating Expense Ratio				56.02%	
Break-even Economic Occupancy Ratio (all debt)				104.84%	

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing Housing Credits in conjunction with MMRN, SAIL, ELI, and NHTF, which will impose rent restrictions. The rent levels are based on the 2020 maximum LIHTC rents published on FHFC's website for Duval County less the applicable utility allowance. Below is the rent roll for the Development:

Duval County/Jacksonville MSA

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	6	585	22%			\$309	\$63	\$ 246		\$ 314	\$ 246	\$ 246	\$ 17,712
1	1.0	10	585	33%			\$464	\$63	\$ 401		\$ 454	\$ 401	\$ 401	\$ 48,120
1	1.0	80	585	60%			\$843	\$63	\$ 780		\$ 827	\$ 780	\$ 780	\$ 748,800
2	2.0	2	853	33%			\$556	\$85	\$ 471		\$ 546	\$ 471	\$ 471	\$ 11,304
2	2.0	22	853	60%			\$1,012	\$85	\$ 927		\$ 993	\$ 927	\$ 927	\$ 244,728
		120	76,632											\$ 1,070,664

2. The Vacancy and Collection loss rate of 5.00% is based on First Housing's estimate. The appraisal included a Vacancy and Collection loss rate of 6%.
3. Miscellaneous Income is comprised of revenue from interest income, late charges, special service fees, pet rent, central laundry, vending machines and other miscellaneous sources. Total Miscellaneous Income of \$275 per unit/per year is supported by the appraisal.
4. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
5. The Development is assumed to be exempt from paying real estate taxes under the "Homes for the Aged" exemption. Receipt of an opinion from Legal Counsel which confirms the Development is eligible for the Homes for the Aged exemption is a condition to closing.
6. First Housing has received an executed Management Agreement, dated December 31, 2019, between Carteret and Ashley Square Jacksonville, Ltd. The Agreement shall become effective 90 days prior to the anticipated completion of construction and shall be for an initial term of five years. During the initial lease-up phase, Carteret shall receive a fee that equates to the greater of \$2,000 a month or 5% of gross revenues collected during the current month. After construction is completed and certificates of occupancy are issued, the compensation fee shall be a fee equal to 5% of gross revenues collected during the current month. In addition, Carteret will charge a monthly fee for bookkeeping and

computer services equal to the lesser of actual costs or \$900 per month. The bookkeeping and computer services charge is included in the general and administrative line item.

7. The landlord will pay for sewer, water, trash, common areas, and utilities for vacant units. The tenant will be responsible for all other utility expenses.
8. First Housing has based the insurance costs on the Developer's estimate which is \$83,000 a year and is based on guidance from the Developer's insurance company. The Appraisal estimated insurance cost at \$42,000 a year or \$350 per unit per year which seems low.
9. Replacement Reserves of \$300 per unit per year are required. Based on an executed Equity LOI, dated July 8, 2020, from RJTCF, Replacement Reserves will be required at \$300 per unit, increasing 3% per year, which meets Rules 67-21 and 67-48 minimum requirement.
10. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.
11. Per Rule 67-48, the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee for at least six months following construction completion, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to defer 35% of the Developer Fee for at least six months following construction completion, since the SAIL Loan DSC is 1.02x.
12. The Break-even Economic Occupancy Ratio includes all debt; however, all of the mortgages except the first mortgage require payments based on available cash flow. This ratio would improve to 87.41% if only based on the first mortgage debt and fees.

Section B

MMRN Loan Special and General Conditions

Special Conditions

This recommendation is contingent upon the review and approval of the following items by JHFA and First Housing **at least 30 days 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 MMRN closing date.

1. Firm Commitment from TD Bank, Truist, and Freddie Mac (construction and permanent financing) for the MMRN with terms and conditions that are not substantially different than those utilized in this credit underwriting report.
2. Final loan documents for the fifth, sixth, and seventh permanent mortgages with terms which are not substantially different than those utilized in this credit underwriting report.
3. Receipt and satisfactory review of the Final signed, sealed “approved for construction” plans and specifications by the Construction Consultant and the Servicer.
4. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing.
5. Completion of the HUD Section 3 pre-construction conference.
6. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24CFR Part 135).
7. Receipt of an opinion from Legal Counsel which confirms the Development is eligible for the Homes for the Aged exemption.
8. Per Rule 67-48, the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee for at least six months following construction completion, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to defer 35% of the Developer Fee for at least six months following construction completion, since the SAIL Loan DSC is 1.02x.
9. Satisfactory receipt of the Affirmative Fair Housing Marketing Plan.
10. 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 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, Servicer.
2. GLE Associates, Inc. ("GLE") 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. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee 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 Servicer.

Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

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, 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. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
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 insurance coverage which is acceptable to JHFA and its Servicer.
11. The General Contractor shall secure a payment and performance bond equal to 100 percent of the total construction cost listing FHFC as a co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by AMBest & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.
12. Architect, Construction Consultant, and Developer Certifications on forms provided by JHFA 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 Plan and Cost Analysis, prepared by GLE.
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 loan debt; if there is no JHFA loan debt on the proposed 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 amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. 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 of the following items by JHFA, and its Legal Counsel **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 4% Housing Credits and purchase of HC by RJTCF 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, 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.
5. Any other reasonable conditions established by JHFA and its Legal Counsel.

Additional Conditions

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

1. The operating agreement from RJTCF 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 First Housing) shall be deposited with the Fiscal Agent at the MMRN closing.
3. Guarantors to provide the standard JHFA Construction Completion Guaranty, to be released upon lien-free completion, as approved by the Servicer.
4. For the MMRN Loan, Guarantors are to provide the standard JHFA Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x debt service coverage on the MMRN Loan as determined by JHFA, or the Servicer, and 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by First Housing. The calculation of the debt service coverage ratio shall be made by JHFA or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.
5. Guarantors to provide the Standard JHFA Environmental Indemnity Guaranty.
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 Mortgagee Lender, Fiscal Agent, 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. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The construction contract specifies a 10% retainage of each application for payment. After the completed work has reached 50% of the GMP, no retainage will be deducted from progress payments thereafter, unless the Owner determines in its sole discretion, and the Architect agrees in writing that the quality of the work is less than that required by the contract documents or that the Development can't be completed within the contract time, at which time the Owner may reinstate retainage at 10% of subsequent progress payments.
10. Closing of all funding sources prior to or simultaneous with the MMRN loan.
11. Any other reasonable requirements of the Servicer, JHFA, or its Legal Counsel.

Section C

Supporting Information & Schedules

Additional Development & Third Party Supplemental Information

Site Inspection:	<p>First Housing conducted a site inspection on August 29, 2019. The Development is close to many multifamily complexes. North of the Development is Cathedral Terrace and a retail strip center with a small food store, a Metro PCS, and an income tax preparers office. East of the Development is Cathedral Court. Immediately south of the Development is a small single-store medical office, a law office, and Cathedral Townhouses. West of the Development is Stevens Duval apartments. The Development has good exposure on residential streets and is reasonably close to commercial services, employment centers, and schools. The Development is close to Interstate 95, Interstate 295, U.S. Highway 17, U.S. Highway 1 Alternate, and State Road 115 which are major transportation arteries that provide good access to other portions of Jacksonville. The Development is also proximate to the Jacksonville International Airport and the St. Johns River which is a major port for the U.S. The Development neighborhood is serviced by public buses and the Jacksonville Skyway. The Skyway serves eight stations and crosses the St. Johns River on the Acosta Bridge and there is no fare to ride the Skyway.</p>
Appraised Value:	<p>First Housing reviewed a Market Valuation of the Development prepared by Novogradac, dated April 28, 2020, with an effective date of February 6, 2020. The highest and best use for the Development as vacant would be to construct a multifamily rental property with financial subsidies. The estimated market value “as is” of the unencumbered fee simple interest in the Development, free and clear of financing, as of February 6, 2020, is \$1,500,000. The hypothetical leased fee value assuming achievable rents with Section 42 LIHTC encumbrances “As Complete and Stabilized” in March 2022 is \$9,800,000. The leased fee value assuming achievable market rents “As Complete and Stabilized” in March 2022 is \$20,400,000. The Market Valuation was signed and certified by John Cole, Florida State Certified General Real Estate Appraiser (Florida License number is RZ3595 -valid through November 30, 2020).</p>
Market Study:	<p>Novogradac prepared a Market Study for the Development, dated March 9, 2020. The Development is a proposed new construction of</p>

120-unit multifamily age-restricted LIHTC property. Upon completion, the Development will offer one six-story elevator-serviced building with residential buildings with 96 one-bedroom units and 24 two-bedroom units. The property will have 6 units restricted to households earning up to 22% of the area medium income (“AMI”), 12 units restricted to households earning up to 33% of the AMI, and the remaining 102 units restricted to households earning up to 60% of the AMI. The Development will offer a business center/computer lab, clubhouse/meeting room, courtyard, elevators, exercise facility, garage parking, central laundry, on-site management, and service coordination. The unit amenities will include balcony/patios, carpeting, coat closets, ceiling fans, ovens, vaulted ceilings, blinds, central A/C, dishwashers, garbage disposals, refrigerators, and walk-in closets.

The Development site is located in Jacksonville, Duval County, Florida, which is located in the Jacksonville, FL Metropolitan Statistical Area (“MSA”).

The Primary Market Area (“PMA”) generally defined as the Jacksonville Urban Core and surrounding neighborhoods to the north and south including Riverside, Avondale, Brentwood, Lake Forest, Tullah/North Shore, Panama Park, Magnolia Gardens, and Ribault. The PMA encompasses 42 square miles. The Development will experience some leakage from outside the PMA. Novogradac estimated that 20 percent of the Development’s tenants will come from outside these boundaries. The Secondary Market Area (“SMA”) is defined as the Jacksonville, FL MSA, which encompasses 3,429 square miles.

The Development is expected to be completed in October 2021. The immediate neighborhood of the Development consists of multifamily uses, retail, and commercial uses, and religious uses in average to good condition. Immediate surrounding uses consist of Stevens Duval Apartments to the west, a parking lot, commercial uses, and Cathedral Terrace to the north, Cathedral Tower to the east, and Cathedral Townhouse, a parking lot, and health clinic to the south. Retail and commercial uses surrounding the Development are generally 90% occupied.

The Development is located in an area where population and households are expected to increase in the PMA and MSA through 2024. Additionally, the median household income in the PMA is expected to increase through 2024. The median household income will remain lower than the MSA and the nation, but the growth rate is equal to or greater in the PMA than the MSA and the nation. The percentage of rent over-burdened households – defined as households with shelter costs exceeding 35% of gross income – is exceptionally elevated in the PMA at 50.8%, compared to only 42.7% across the overall nation. Overall, the combination of a large share of rent-overburdened households, and rising population and income levels, bodes well for future demand for multifamily housing.

The MSA experienced a lower than average unemployment rate relative to the overall nation during the years preceding the recession. Since 2012, the MSA generally experienced a lower unemployment rate compared to the overall nation. According to the Bureau of Labor Statistics, the unemployment rate for Jacksonville, as of May 2020, was 11.2% compared to 13.3% for the US for the same time period.

There are twelve comparable properties located within the Development's PMA. The weighted average physical occupancy rate of the comparables is 96.6%, which meets the FHFC requirement that the submarket must have an average physical occupancy rate of 92% or greater. The LIHTC comparables reported occupancy rates between 93.6% and 100% with a weighted average of 97.2%.

The Development's capture rate for all of the units adjusted for leakage outside of the PMA is 3.02%.

Novogradac obtained absorption information from three of the comparable properties, which revealed absorption rates ranging from 19 to 55 units per month. The Development is most similar in terms of tenancy and location to Houston Street Manor Senior Apartments, a senior LIHTC property that opened in 2018. This property experienced an absorption pace of 21 units per month. Novogradac believes the Development as vacant would operate with a similar

absorption pace of 25 units per month, indicating an absorption period of five months.

According to information from the Florida Housing Finance Corporation, there are no FHFC Guarantee Fund Developments within the Development's PMA.

Based on FHDC's calculations, the Development's average market rents will have rents averaging 155% higher when compared to the Development's highest proposed LIHTC gross rents. FHFC requires verification that the submarket of the proposed development has an average market rental rate, based on unit mix and annualized rent concessions, of 110% or greater of the applicable maximum Housing Credit rental rate. The Development meets this rent threshold requirement.

Environmental Report: First Housing reviewed a Phase I Environmental Site Assessment ("ESA"), dated March 13, 2020, prepared by Environmental Property Audits, Inc. ("EPA") and prepared in conformance with the scope and limitations of ASTM Practice E 1527-13.

The Development was first observed developed in 1887 with several dwellings. The Development was vacant in 1903 which is believed to be a result of a fire. The Development was once again developed in 1913 with multiple residential dwellings. These structures were demolished, and the current parking lot was constructed around 1970. The property has been utilized as a parking lot since completion.

In conclusion, there were no recognized environmental conditions, no controlled recognized environmental conditions, no historical recognized environmental condition, and no de minimis conditions identified in the ESA.

However, it should be noted, the site was formerly developed with multiple residential structures. It was common with this vintage of residential buildings to utilize small underground storage tanks to store heating oil utilized in mechanical HVAC systems and hot water boilers. As these tanks would have been installed prior to current environmental regulations and heating oil tanks are not regulated by

the State, the tanks would not appear on the government database. Because these types of underground storage tanks would be connected to the buildings with piping, during the building demolition process and construction of the current parking area, it would be common practice to follow the piping from the building to the tank and remove the tank at the time of demolition. Therefore, in EPA's opinion the potential for buried tanks is low.

Soils Test Report:

First Housing reviewed a Geotechnical Engineering Report, dated June 13, 2019, prepared by ECS Florida, LLC ("ECS"). ECS performed four soil test borings drilled to depths of approximately 75 feet. In general, the borings encountered fine sand with varying amounts of concrete, brick, and gravel to depths of approximately 10 feet below grade. Below the fill material, the borings encountered fine sand to depths of approximately 47 feet underlain by sand with limestone fragments to depths of 52 feet and sandy clay to the termination depth of the borings at 75 feet below grade.

First Housing received an email from ECS staff which indicates they have reviewed the approved civil plans and believe that they are consistent with the geotechnical recommendations.

Plan and Cost Review ("PCR"):

First Housing reviewed a final Plan and Cost Review Construction Document and Cost Review, dated August 19, 2020, as prepared by GLE. The Development will consist of a six-story apartment building. The total number of units is 120, and the units are comprised of 96 one bedroom/one-bathroom units and 24 two-bedroom/two-bathroom units. Parking will be provided in an underground parking garage (first floor) and additional parking will be provided on the second floor of the building. A mail room, lobby, seating area, activity room, conference room, fitness room, internet room, storage rooms, mechanical rooms, restrooms, and offices will also be located on the second floor of the building. Storage rooms, laundry rooms, janitor rooms, and mechanical rooms will be located on floors three through six of the building. All floors are accessible by two centrally located elevators. The project design is in general conformance with the 2017 Florida Building Code, 2017 Florida Accessibility Code, 2017 Florida Fire Prevention Code, Fair Housing Act Design Guide as implemented by 24 CFR 100 ("Fair Housing"), Titles II and III of the Americans with Disabilities Act of

1990 as implemented by 28 CFR 35 (“ADA”), and Section 504 of the Rehabilitation Act of 1973 (“Section 504”). The Development is zoned CCBD Commercial Community General.

Based on the Schedule of Values provided to GLE for review, the cost of the Development is \$18,500,000 which yields a projected cost of \$154,166.66 per unit. It is GLE’s opinion that this is within acceptable range compared to similar type developments.

It is GLE’s opinion that the Development meets FHFC’s Enhanced Structural Systems definition.

**Features, Amenities &
Resident Programs:**

The Applicant committed to provide certain features and amenities which are listed in Exhibit 3 of this report. The features and amenities will be verified by the construction inspector during construction of the Development.

**ADA Accessibility
Review:**

First Housing has received executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128 certifying that the plans for the Development comply with these requirements.

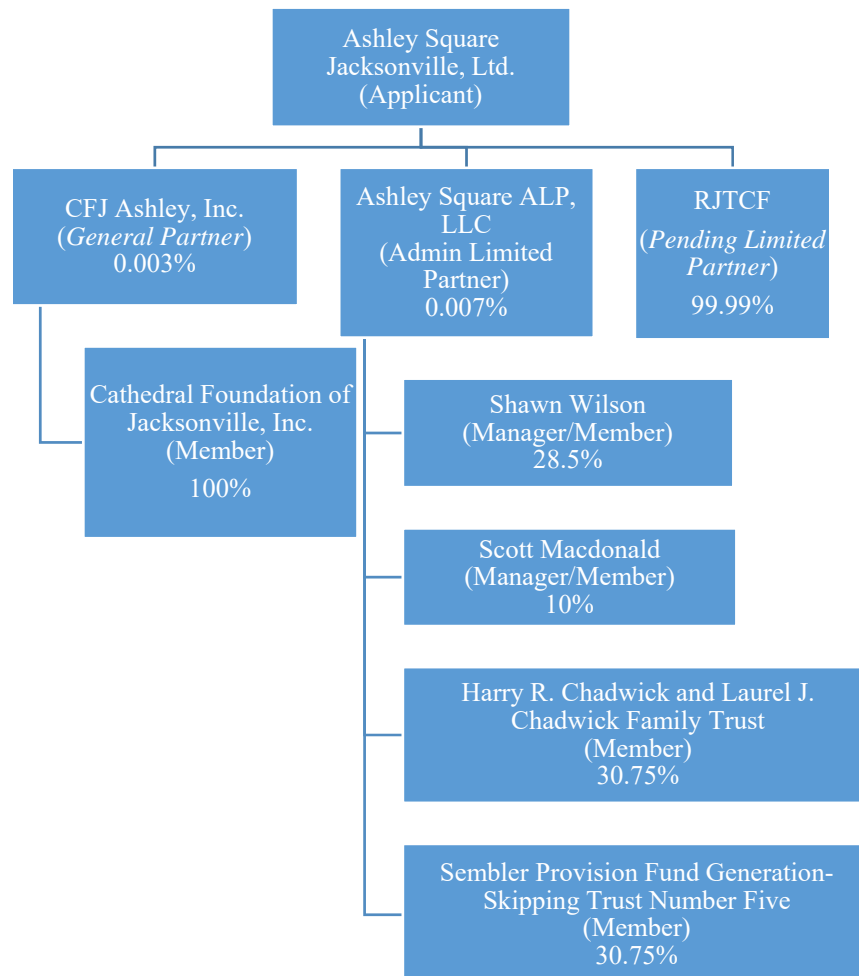
Applicant Information

Applicant: Ashley Square Jacksonville, Ltd.

FEI#: 84-2771583

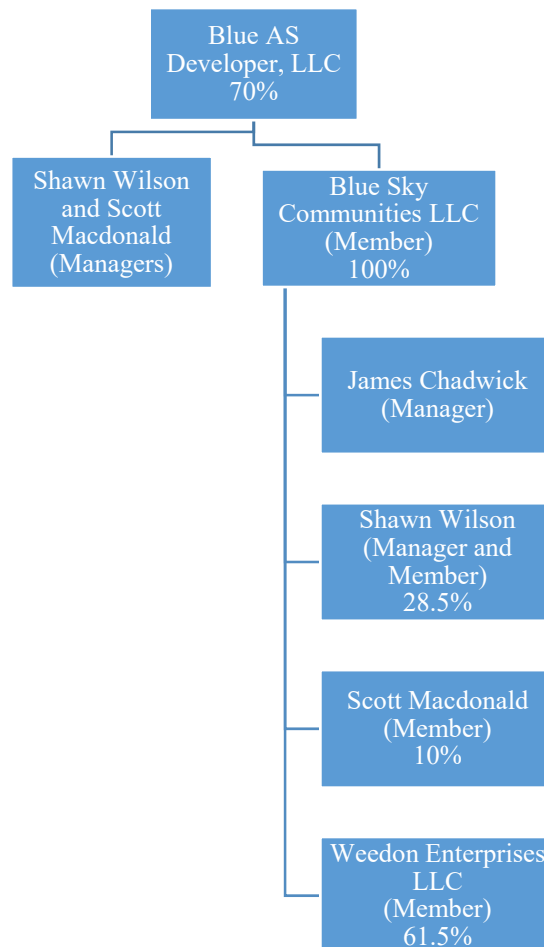
Type: A Florida Limited Partnership

Ownership Structure:



The Applicant was formed on August 5, 2019, to own and operate the Development. The General Partner, with 0.003% interest in the Applicant, is CFJ Ashley, Inc., which was formed on August 2, 2019. First Housing verified that the Applicant and General Partner entities have active status in Sunbiz.

The Co-developers are Blue AS Developer, LLC and Cathedral Foundation of Jacksonville, Inc. Cathedral Foundation of Jacksonville, Inc. is a non-profit entity. Below is the ownership structure of Blue AS Developer, LLC:



First Housing reviewed a Memorandum of Understanding between Cathedral Foundation of Jacksonville, Inc. and Blue Sky Communities, LLC, dated July 16, 2018. Cathedral Foundation will receive 30% of the Developer Fee and Blue Sky shall receive 70% of the Developer Fee.

Contact Person: Shawn Wilson
5300 West Cypress Street, Suite 200
Tampa, FL 33607
(813) 384-4825 Telephone
swilson@blueskycommunities.com Email

Experience: The Applicant and Blue AS Developer, LLC are newly formed entities with no financials or experience. The experience lies within the Managers and Principals of Blue AS Developer, LLC: Shawn Wilson and James Chadwick as well as with Cathedral Foundation of Jacksonville, Inc.

Shawn Wilson is President of Blue Sky Communities LLC. Mr. Wilson has been the President since September of 2012 and currently directs all activities of Blue Sky including guiding the design, permitting, loan closing, and construction administration of all projects. Mr. Wilson has been active in Florida since 1992 and developed more than 4,000 units.

James Chadwick is Manager of Blue Sky and Vice President of Carteret Management Corporation. Carteret is a service-oriented, privately held and family operated corporation with 45 years of experience in managing apartment communities throughout Central Florida. Mr. Chadwick has been developing and managing both affordable and market rate properties since 1981, developing more than 100 distinct properties.

Since 1962, Aging True – operating as Cathedral Foundation of Jacksonville, Inc. and subsequently in partnership with Urban Jacksonville Inc. has designed and administered programs to help seniors in Northeast Florida. Cathedral Foundation of Jacksonville, Inc. was established by a group of St. John's Episcopal Cathedral parishioners who were concerned about the health and welfare of the elderly in Jacksonville. Their grassroots initiative expanded in 1974 to include Urban Jacksonville as a focused community service division dedicated to the needs of seniors. In 1991, Cathedral Foundation of Jacksonville, Inc. was designated as the Community Care for the elderly lead agency in Duval County and in 2008 they opened a licensed Home Health Care Agency. Today, Aging True is one of Northeast Florida's largest non-profit providers of senior services. Cathedral foundation of Jacksonville, Inc. has ownership in three other LIHTC multifamily developments with 622 total units.

Credit Evaluation: A credit report is not available for CFJ Ashley, Inc., Ashley Square ALP, LLC, Sembler Provision Fund Generation-Skipping Trust, Harry R. Chadwick and Laurel J. Chadwick Family Trust, Weedon Enterprises LLC, and Blue AS Developer, LLC.

A credit report was pulled for the Applicant and Cathedral Foundation of Jacksonville, Inc., dated May 26, 2020.

First Housing received satisfactory credit reports for Shawn Wilson, James Chadwick, and Blue Sky Communities LLC, dated May 5, 2020.

Trade References: The Developer provided statements indicating that the Applicant, CFJ Ashley, Inc., Ashley Square ALP, LLC, Blue AS Developer, LLC, James Chadwick, Shawn Wilson, Weedon Enterprises LLC, Sembler Provision Fund Generation Skipping Trust Number Five, and Harry R. Chadwick and Laurel J. Chadwick Family Trust do not have trade references. First Housing has received satisfactory trade references for Cathedral Foundation of Jacksonville, Inc. and Blue Sky.

Bank References: The Developer provided statements indicating that the Applicant, CFJ Ashley, Inc., Ashley Square ALP, LLC, and Blue AS Developer, LLC do not have bank references. First Housing has received satisfactory bank statements for Sembler Provision Fund Generation-Skipping Trust, Harry R. Chadwick and Laurel J. Chadwick Family Trust, Weedon Enterprises LLC, Blue Sky Communities LLC, Shawn Wilson, James Chadwick, and Cathedral Foundation of Jacksonville, Inc.

Financial Statements: First Housing reviewed statements which indicated that financials and tax returns were not available for the following entities: Ashley Square Jacksonville, Ltd., CFJ Ashley, Inc., Ashley Square ALP, LLC, and Blue AS Developer, LLC.

First Housing received satisfactory Sept 2017 and Sept 2018 Form 990s for Cathedral Foundation of Jacksonville, Inc. First Housing also received satisfactory 2017 and 2018 tax returns as well as 2019 tax return extensions for Blue Sky Communities LLC, Weedon Enterprises LLC, Sembler Provision Fund Generation Skipping Trust Number Five, and Harry R. Chadwick and Laurel J. Chadwick Family

Trust. First Housing received 2017 and 2018 joint tax returns and as well as 2019 joint tax return extension for Shawn Wilson and Giselle Guillen. First Housing received 2018 and 2019 joint tax returns for James and Cecile Chadwick. The financials received for these entities are summarized below:

Cathedral Foundation of Jacksonville, Inc. Audited Statement of Financial Position September 30, 2019	
Cash	\$610,209
Total Assets	\$16,776,648
Total Liabilities	\$9,629,655
Total Equity	\$7,146,993

Blue Sky Communities LLC Unaudited Balance Sheet June 30, 2020	
Total Cash	\$1,457,936
Total Assets	\$17,839,985
Total Liabilities	\$4,105,462
Total Equity	\$13,734,523

James M. Chadwick Unaudited Statement of Financial Condition May 31, 2020	
Total Cash & Equivalents	\$776,791
Total Assets	\$6,410,893
Total Liabilities	\$0
Total Equity	\$6,410,893

Shawn Wilson Unaudited Financial Statements June 30, 2020	
Cash on Hand and in Banks	\$228,966
Total Assets	\$2,154,309
Total Liabilities	\$355,676
Total Equity	\$1,798,633

Weedon Enterprises LLC Unaudited Balance Sheet June 30, 2020	
Total Cash	\$20,097
Total Assets	\$5,643,290
Total Liabilities	\$0
Total Equity	\$5,643,290

Sembler Provision Fund Generation Skipping Trust Number 5 Unaudited Financial Statements June 30, 2020	
Total Cash	\$115,167
Total Assets	\$55,701,562
Total Liabilities	\$52,466,662
Total Equity	\$3,234,900

Harry R. & Laurel J. Chadwick Family Trust Unaudited Financial Statements June 30, 2020	
Total Cash	\$588,544
Total Assets	\$4,784,411
Total Liabilities	\$2,783,615
Total Equity	\$2,00,796

Contingent Liabilities:

First Housing received statements indicating that the Applicant, CFJ Ashley, Inc., Ashley Square ALP, LLC, and Blue AS Developer, LLC are newly formed entities; therefore, they do not have any contingent liabilities. First Housing received a statement indicating that Harry R. Chadwick and Laurel J. Chadwick Family Trust do not have contingent liabilities.

First Housing received a Schedule of Contingent Liabilities for Cathedral Foundation of Jacksonville, Inc., dated May 4, 2020, which indicates a maximum of \$4.23 million of unpaid balance of obligation.

First Housing received a Schedule of Contingent Liabilities for Blue Sky, dated June 15, 2020, which indicates that Blue Sky is a Guarantor on three operating deficit guarantees, three recourse obligations, and three completion guarantees.

First Housing received a Schedule of Contingent Liabilities for Shawn Wilson, dated June 15, 2020, which indicates that Mr. Wilson

is a guarantor on fifteen operating deficit guarantees, fifteen recourse obligations, and three completion guarantees.

First Housing received a Schedule of Contingent Liabilities for James Chadwick, dated June 15, 2020, which indicates that Mr. Chadwick is a guarantor on fifteen operating deficit guarantees, fifteen recourse guarantees, and three completion guarantees.

Financial Affairs: First Housing received a schedule of Contingent Liabilities for Sembler Provision Fund Generation Skipping Trust Number Five, dated May 4, 2020, which indicates an original contingent liability amount of \$5,150,000.

First Housing received a Statement of Financial Affairs, dated June 15, 2020, which indicates that James Chadwick has been part of an entity which has filed for bankruptcy and has been part of a deed in lieu of foreclosure on four separate occasions. As far as we aware, there are no other arrearages or material defaults outstanding at this time.

Summary: Based upon its review of the Financial Statements and Schedule of Contingent Liabilities, First Housing concludes that the Development Team has the requisite financial strength to construct and operate the Development.

Guarantor Information

Guarantor Name: Ashley Square Jacksonville, Ltd., CFJ Ashley, Inc., Cathedral Foundation of Jacksonville, Inc., Blue AS Developer, LLC, Blue Sky Communities LLC, James Chadwick, Shawn Wilson, Weedon Enterprises LLC.

Nature of the Guarantees: The Guarantors will sign standard JHFA Construction Completion, Recourse Obligation, Environmental Indemnity, and Operating Deficit Guaranty. The Construction Completion Guaranty will be released upon 100% lien free completion as approved by the Servicer.

For the MMRN Loan, Guarantors are to provide the standard MMRN Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x DSC on the MMRN as determined by JHFA, or the Servicer, and 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by the Servicer. The calculation of the DSC ratio shall be made by JHFA or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

Financial Statements: Financial Statements for the Guarantors were summarized in the “Applicant Information” section of this credit underwriting report.

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 Foreign Profit Corporation

Contact: Richard L. Ionelli, Jr.
(Florida Certified General Contractor License Number CGC1521796
valid through August 31, 2022)
2707 Rew Circle
Ocoee, Florida 34787
407.347.4417 Telephone
407.395.9581 Facsimile
rionelli@neigc.com Email

Experience: Since 1998, NEI has provided a full spectrum of general contracting and construction management services to the construction market. NEI has completed over \$1 billion in construction projects spanning a wide variety of types and programs such as residential, historic conversions, moderate rehabilitations, and institutional projects. NEI's new residential construction experience ranges in scale from \$5 million to \$50 million and includes affordable housing, market rate, and mixed use properties.

Credit Evaluation: A credit report was not available for NEI.

Bank and Trade
References: First Housing received satisfactory trade references for NEI General Contracting, Inc. First Housing has received a satisfactory bank reference for NEI General Contracting, Inc.

Financial Statements: First Housing was provided with December 31, 2019 audited financial statements for Northeast Consolidated Group, of which NEI General Contracting, Inc. is a subsidiary. A summary of the 2019 audited statement follows below:

Northeast Consolidated Group Audited Financial Statement December 31, 2019	
Cash and Equivalents	\$8,148,089
Total Assets	\$65,198,008
Total Liabilities	\$53,716,237
Total Equity	\$11,481,771

Summary:

First Housing recommends that NEI be accepted as the GC for the construction of the Development. A 100% Payment and Performance Bond will be required.

Syndication Information

Syndicator Name: RJTCF

Contact Person: Sean Jones
Raymond James Tax Credit Funds, Inc.
VP – Director of Acquisitions
880 Carillon Parkway
St. Petersburg, FL 33716
727-567-5703 Telephone
Sean.Jones@RaymondJames.com

Experience: RJTCF is a wholly owned subsidiary of Raymond James Financial, Inc (“RJF”). RJTCF is one of the leading sponsors of Low Income Housing Tax Credit Funds nationwide. Since the inception of the tax credit program in 1986, RJTCF has sponsored more than 150 funds, providing equity for more than 2,100 properties in 47 states, making them a leading provider of high-quality affordable housing developments throughout the nation. And, as a subsidiary of RJF, RJTCF benefits from the support, stability and strong financial backing of their parent company, which has a current market capitalization of over \$11 billion.

RJF is a leading diversified financial services company providing private client group, capital markets, asset management, banking and other services to individuals, corporations and municipalities. The company has approximately 8,100 financial advisors serving \$896 billion in total client assets.

Financial Statements: First Housing reviewed an Form 10-Q for Raymond James Financial In. dated March 31, 2020.

Raymond James Financial, Inc. and Subsidiaries Unaudited Consolidated Balance Sheet (In millions) March 31, 2020	
Cash and cash equivalents	\$10,648
Total Assets	\$49,809
Total Liabilities	\$42,975
Equity	\$6,834

Summary: RJTCF has demonstrated that it has the experience and financial strength to serve as the syndicator for this Development.

Property Management Information

Management

Company: Carteret Management Corporation

Type: A Florida Profit Corporation

Contact: Laurel Macdonald
President
5300 W. Cypress Street, Suite 200
Tampa, FL 33607
(813) 384-4832
LMacdonald@carteretmgmt.com

Experience: Founded in 1971 by Harry Chadwick, Jr., Carteret is a service oriented, privately-held and family operated corporation with 45 years of experience in managing apartment communities throughout Central Florida. The company specializes in the management of affordable housing in the private sector and under Sections 236, 202, and 8 of the National Housing Act. Carteret has recently expanded its portfolio to include Low Income Housing Tax Credit Management.

Currently, the Carteret portfolio is comprised of twenty-one properties (2,614 units), ten of which have been under Carteret's management since their inception. Forty percent (40%) are owned by non-profit organizations, fifty percent (50%) are LIHTC projects, and sixty percent (60%) are residences for seniors and the disabled population. Average occupancy for the twenty-one properties is 97.9% and average debt service coverage is 1.80x for the 14 properties which are stabilized and have debt service. Five properties do not have debt and two properties were built in 2018 and debt service coverage ratio was not reported.

Management

Agreement: First Housing has received an executed Management Agreement, dated December 31, 2019, between Carteret and Ashley Square Jacksonville, Ltd. The Agreement shall become effective 90 days prior to the anticipated completion of construction and shall be for an initial term of five years. During the initial lease-up phase, Carteret shall receive a fee that equates to the greater of \$2,000 a month or 5% of gross revenues collected during the current month. After construction is

completed and certificates of occupancy are issued, the compensation fee shall be a fee equal to 5% of gross revenues collected during the current month. In addition, Carteret will charge a monthly fee for bookkeeping and computer services equal to the lesser of actual costs or \$900 per month.

Management Plan: The Applicant has submitted a Management Plan within the Management Agreement, which outlines the various policies and procedures to be implemented in managing the Development. The Management Plan references the appropriate record keeping requirements.

Summary: The management company has experience in the management of affordable multifamily housing.

15-Year Pro Forma

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
OPERATING PRO FORMA																
INCOME:	Gross Potential Rental Income		\$1,070,664	\$1,092,077	\$1,113,919	\$1,136,197	\$1,158,921	\$1,182,100	\$1,205,742	\$1,229,856	\$1,254,454	\$1,279,543	\$1,305,133	\$1,331,236	\$1,357,861	\$1,385,018
	Other Income															
	Miscellaneous		\$33,000	\$33,660	\$34,333	\$35,020	\$35,720	\$36,435	\$37,163	\$37,907	\$38,665	\$39,438	\$40,227	\$41,031	\$41,852	\$42,689
	Gross Potential Income		\$1,103,664	\$1,125,737	\$1,148,252	\$1,171,217	\$1,194,641	\$1,218,534	\$1,242,905	\$1,267,763	\$1,293,118	\$1,318,981	\$1,345,360	\$1,372,267	\$1,399,713	\$1,427,707
	Less:															
	Physical Vac. Loss	Percentage: 3.00%	\$33,110	\$33,772	\$34,448	\$35,137	\$35,839	\$36,556	\$37,287	\$38,033	\$38,794	\$39,569	\$40,361	\$41,168	\$41,991	\$42,831
	Collection Loss	Percentage: 2.00%	\$22,073	\$22,515	\$22,965	\$23,424	\$23,893	\$24,371	\$24,858	\$25,355	\$25,862	\$26,380	\$26,907	\$27,445	\$27,994	\$28,554
Total Effective Gross Income			\$1,048,481	\$1,069,450	\$1,090,839	\$1,112,656	\$1,134,909	\$1,157,608	\$1,180,760	\$1,204,375	\$1,228,462	\$1,253,032	\$1,278,092	\$1,303,654	\$1,329,727	\$1,356,322
EXPENSES:	Fixed:															
	Real Estate Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance		\$83,000	\$85,490	\$88,055	\$90,696	\$93,417	\$96,220	\$99,106	\$102,080	\$105,142	\$108,296	\$111,545	\$114,891	\$118,338	\$121,888
	Variable:															
	Management Fee	Percentage: 5.00%	\$52,424	\$53,473	\$54,542	\$55,633	\$56,745	\$57,880	\$59,038	\$60,219	\$61,423	\$62,652	\$63,905	\$65,183	\$66,486	\$67,816
	General and Administrative		\$54,000	\$55,620	\$57,289	\$59,007	\$60,777	\$62,601	\$64,479	\$66,413	\$68,406	\$70,458	\$72,571	\$74,749	\$76,991	\$79,301
	Payroll Expenses		\$160,900	\$165,727	\$170,699	\$175,820	\$181,094	\$186,527	\$192,123	\$197,887	\$203,823	\$209,938	\$216,236	\$222,723	\$229,405	\$236,287
	Utilities		\$84,000	\$86,520	\$89,116	\$91,789	\$94,543	\$97,379	\$100,300	\$103,309	\$106,409	\$109,601	\$112,889	\$116,276	\$119,764	\$123,357
	Maintenance and Repairs/Pest Control		\$117,000	\$120,510	\$124,125	\$127,849	\$131,685	\$135,635	\$139,704	\$143,895	\$148,212	\$152,658	\$157,238	\$161,955	\$166,814	\$171,818
	Reserve for Replacements		\$36,000	\$37,080	\$38,192	\$39,338	\$40,518	\$41,734	\$42,986	\$44,275	\$45,604	\$46,972	\$48,381	\$49,832	\$51,327	\$52,867
Total Expenses			\$587,324	\$604,420	\$622,017	\$640,132	\$658,780	\$677,976	\$697,737	\$718,078	\$739,018	\$760,575	\$782,765	\$805,609	\$829,126	\$853,335
Net Operating Income			\$461,157	\$465,031	\$468,822	\$472,524	\$476,129	\$479,631	\$483,023	\$486,297	\$489,444	\$492,457	\$495,327	\$498,045	\$500,601	\$502,987
Debt Service Payments																
First Mortgage - Truist/JHFA/Freddie Mac			\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835	\$348,835
Second Mortgage - FHFC - SAIL			\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Third Mortgage - FHFC - ELI			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fourth Mortgage - FHFC - NHTF			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fifth Mortgage - JHFA			\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
All Other Mortgages - City of Jacksonville/Seller Note			\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905	\$102,905
First Mortgage Fees - Truist/JHFA/Freddie Mac			\$25,748	\$25,644	\$25,537	\$25,424	\$25,306	\$25,183	\$25,055	\$24,921	\$24,781	\$24,636	\$24,483	\$24,324	\$24,158	\$23,985
Second Mortgage Fees - FHFC - SAIL			\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429
Third Mortgage Fees - FHFC - ELI			\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581
Fourth Mortgage Fees - FHFC - NHTF			\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520	\$4,520
Fifth Mortgage Fees - JHFA			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments			\$567,019	\$566,915	\$566,808	\$566,695	\$566,577	\$566,454	\$566,326	\$566,192	\$566,052	\$565,906	\$565,754	\$565,595	\$565,429	\$565,256
Cash Flow after Debt Service			-\$105,862	-\$101,885	-\$97,986	-\$94,171	-\$90,448	-\$86,823	-\$83,303	-\$79,896	-\$76,608	-\$73,450	-\$70,427	-\$67,550	-\$64,828	-\$62,269
Debt Service Coverage Ratios																
DSC - First Mortgage plus Fees			1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	1.31	1.32	1.33	1.33	1.34	1.35
DSC - Second Mortgage plus Fees			1.02	1.03	1.04	1.05	1.06	1.06	1.07	1.08	1.09	1.09	1.10	1.11	1.11	1.12
DSC - Third Mortgage plus Fees			1.01	1.02	1.03	1.04	1.05	1.06	1.06	1.07	1.08	1.09	1.09	1.10	1.11	1.11
DSC - Fourth Mortgage plus Fee			1.00	1.01	1.02	1.03	1.04	1.05	1.05	1.06	1.07	1.08	1.08	1.09	1.09	1.10
DSC - Fifth Mortgage plus Fees			0.99	1.00	1.01	1.02	1.03	1.03	1.04	1.05	1.06	1.06	1.07	1.08	1.08	1.09
DSC - All Other Mortgages			0.88	0.89	0.90	0.91	0.91	0.92	0.93	0.93	0.94	0.94	0.95	0.95	0.96	0.96
DSC - All Mortgages and Fees			0.81	0.82	0.83	0.83	0.84	0.85	0.85	0.86	0.86	0.87	0.88	0.88	0.89	0.89
Financial Ratios																
Operating Expense Ratio			56.02%	56.52%	57.02%	57.53%	58.05%	58.57%	59.09%	59.62%	60.16%	60.70%	61.24%	61.80%	62.35%	62.92%
Break-even Economic Occupancy Ratio (all debt)			104.84%	104.30%	103.78%	103.29%	102.82%	102.38%	101.95%	101.55%	101.17%	100.82%	100.48%	100.17%	99.88%	99.61%

Based on an executed Equity LOI, dated July 8, 2020, from RJTCF, Replacement Reserves will be required at \$300 per unit per year, increasing by 3% per year.

50% Test

Tax-Exempt Note Amount	\$15,000,000
Less: Debt Service Reserve Funded with Tax Exempt Note Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Note Amount	\$15,000,000
Total Depreciable Cost	\$26,257,943
Plus Land Cost	\$1,500,000
Aggregate Basis	\$27,757,943
Net Tax-Exempt Note to Aggregate Basis Ratio	54.04%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

FEATURES AND AMENITIES – ASHLEY SQUARE

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning
- Dishwasher
- Garbage Disposal
- Cable TV hook-up
- At least two full bathrooms in all 3 bedroom and larger units
- At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all 2 bedroom units
- Minimum square footage of 600 square feet (one bedroom), 850 square feet (2 bedroom), and 1,050 square feet (3 bedroom):
 - The Development has requested a waiver of this requirement. The Development will have a minimum square footage of 585 square feet (one bedroom) and 853 square feet (2 bedroom)
- Full sized appliances in all units
- Exterior lighting for all buildings and parking areas
- Window Treatment: Mini-blinds

Development amenities include:

- 30-year expected life roofing
 - The Development has committed to have Energy star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) for the FHFC application. The 30-year expected life roofing option is no longer applicable for FHFC applications. First Housing recommends that the Energy star certified roofing materials be accepted in order to be consistent with FHFC requirements.
- Gated community with “carded” entry or security guard, or if mid-or-high-rise, “carded” secure entry to building
- Microwave Oven
- Marble Window Sills
- Fire Sprinklers in All Units
- Steel entry door frames
- Double compartment
- Emergency call service in all elderly units
- Laundry facilities available on every floor:

- The first floor is a parking garage and the second floor has more parking as well as the mail room, lobby, fitness room, offices, etc. Laundry facilities are available on floors three through six which are the floors with residential units.
- 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
- Library consisting of a minimum of 100 books and 5 magazine subscriptions. The Library must include a computer lab.
- Computer room

Mandatory Energy Conservation 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):
 - They will be providing a single package vertical heat pump system with a minimum design of 11 EER instead of a 15 SEER air conditioner. The 11 EER SPVHP exceeds the Florida Energy Building Code and has been approved by FHFC.
- 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—Water Sense 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:

- NGBS Standard

Resident Programs:

- Health Care – Regularly scheduled visits by health care professionals such as nurses, doctors, or other license 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.

- Resident Activities – 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 – 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.
- Resident Assurance Check-In Program – 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 – Applicant or its Management Agent must provide supervised, structured activities at least five days a week. Activities must be on-site and at no charge to the residents.
- Assistance with Light Housekeeping, Shopping, and/or Laundry – Applicant must provide weekly assistance with at least two of the following: light housekeeping, and/or grocery shopping, and/or laundry at a rate which is at least 25% lower than market.
- Manager On-Call 24 Hours Per Day – 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.

A RESOLUTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY APPROVING AND AUTHORIZING THE ISSUANCE OF JACKSONVILLE HOUSING FINANCE AUTHORITY MULTIFAMILY HOUSING MORTGAGE REVENUE NOTE (ASHLEY SQUARE), SERIES 2020, IN ONE OR MORE SERIES, IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 FOR THE BENEFIT OF ASHLEY SQUARE JACKSONVILLE, LTD., A FLORIDA LIMITED PARTNERSHIP, TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY RESIDENTIAL HOUSING PROJECT LOCATED IN THE CITY OF JACKSONVILLE, FLORIDA, COMMONLY KNOWN AS "ASHLEY SQUARE APARTMENTS"; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THE PROJECT LOAN AGREEMENT, THE LAND USE RESTRICTION AGREEMENT, THE ASSIGNMENT OF SECURITY INSTRUMENT AND OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE AND DELIVERY OF THE GOVERNMENTAL NOTE; AUTHORIZING THE NEGOTIATED SALE AND PRIVATE PLACEMENT OF THE GOVERNMENTAL NOTE; AUTHORIZING THE APPOINTMENT OF A FISCAL AGENT; DESIGNATING FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA, AS THE INITIAL ISSUER SERVICER, COMPLIANCE AGENT, FINANCIAL MONITOR AND APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A COMPLIANCE MONITORING AGREEMENT, CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT AND FINANCIAL MONITORING AGREEMENT; APPROVING A CREDIT UNDERWRITING REPORT; DESIGNATING RBC CAPITAL MARKETS, LLC AS PLACEMENT AGENT; APPOINTING A FISCAL AGENT; AUTHORIZING ALL OTHER NECESSARY ACTIONS, AGREEMENTS, CERTIFICATES OR INSTRUMENTS REQUIRED TO ISSUE AND DELIVER THE GOVERNMENTAL NOTE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Legislature of the State of Florida (the "State") has enacted the Florida Housing Finance Authority Law, Chapter 159, Part IV, Sections 159.601 through 159.623, 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, middle or 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, middle and moderate income and to stimulate the acquisition, construction and rehabilitation of housing within Duval County, Florida (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 the County; and

WHEREAS, pursuant to the Act, and the Funding Loan Agreement by and among the Issuer as Governmental Lender, TD Bank, N.A., as Initial Funding Lender (the "Initial Funding Lender") and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent (the "Fiscal Agent") (the "Funding Loan Agreement"), Ashley Square Jacksonville, Ltd. (the "Borrower") has requested that the Issuer issue its Jacksonville Housing Finance Authority Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 (the "Governmental Note"); and

WHEREAS, the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise ("Freddie Mac"), intends to enter into a commitment with the Initial Funding Lender (the "Freddie Mac Commitment") whereby Freddie Mac has agreed to purchase the Funding Loan (as hereinafter defined) upon the date of satisfaction of the conditions set forth therein (the "Freddie Mac Purchase Date"); and

WHEREAS, on the Freddie Mac Purchase Date, the Initial Funding Lender will assign to Freddie Mac all of its rights and interest in the Governmental Note, the Funding Loan Agreement, and other Financing Documents (as defined in the Funding Loan Agreement); and

WHEREAS, the Issuer has determined to issue, sell, and deliver the Governmental Note in an amount not to exceed \$15,000,000 for the purpose of funding the loan (the "Funding Loan"); and

WHEREAS, to secure payment of the Governmental Note, the Issuer, and the Fiscal Agent will enter into the Funding Loan Agreement to provide for, among other things, the security for the Governmental Note; and

WHEREAS, the Issuer, the Fiscal Agent and the Borrower will enter into the hereinafter described Project Loan Agreement (the "Project Loan Agreement") with respect to the Governmental Note, pursuant to which a loan to the Borrower in the amount of the Funding Loan for the Project will be made and secured; and

WHEREAS, as a condition to making the Funding Loan, the Borrower will enter into that certain Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (the "Security Agreement") in favor of the Issuer; and

WHEREAS, the Security Agreement along with certain other documents described herein will be assigned by the Issuer to the Fiscal Agent pursuant to that certain Assignment of Security Instrument (the "Assignment"); and

WHEREAS, the Funding Loan shall be evidenced by a multifamily promissory note delivered by the Borrower to the Issuer and endorsed by the Issuer to the Fiscal Agent, the form of which is attached hereto as **EXHIBIT H**; and

WHEREAS, in addition to issuance of the Governmental Note, it is anticipated that the Issuer, the City of Jacksonville, Florida and Florida Housing Finance Corporation will provide subordinate loans to the Borrower in the amounts and upon the terms and conditions as described in their respective subordinate loan documents; and

WHEREAS, as a condition of facilitating the Funding Loan and in connection with the issuance of the Governmental Note, the Issuer, the Fiscal Agent and the Borrower will enter into the hereinafter described Land Use Restriction Agreement in order to preserve the tax-exempt status of the Governmental Note; and

WHEREAS, the Issuer has determined that a negotiated sale and private placement of the Governmental Note to the Initial Funding Lender is in the best interest of the Issuer; and

WHEREAS, the Initial Funding Lender has expressed its intention to purchase the Governmental Note authorized hereby in whole, and the Issuer finds that the public interest and necessity require that the Issuer at this time make arrangements for the sale of such Governmental Note; and

WHEREAS, in order to further secure payment of the Governmental Note, certain guaranties will be provided by the Borrower, CFJ Ashley, Inc., Cathedral Foundation of Jacksonville, Inc., Blue AS Developer, LLC, Blue Sky Communities LLC, Weedon Enterprises LLC, James Chadwick, individually, and Shawn Wilson, individually; and

WHEREAS, the Issuer desires to appoint The Bank of New York Mellon Trust Company, N.A. as Fiscal Agent; and

WHEREAS, First Housing Development Corporation of Florida, a Florida corporation ("First Housing") will initially be the issuer servicer, compliance monitoring agent and financial monitor with respect to the Governmental Note; and

WHEREAS, the Issuer desires to approve the Credit Underwriting Report prepared by First Housing for the Issuer dated September 2, 2020 (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 Governmental Note; 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 and private placement of the Governmental Note 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 Governmental Note, which flexibility would not be possible in competitive bidding.

(c) Based upon such findings, the Issuer approves the negotiated sale and private placement of the Governmental Note to the Initial Funding Lender.

(d) Prior to executing and delivering the Funding Loan Agreement, the Issuer shall have received disclosure statements from the Initial Funding Lender 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 herein that are ascribed to them in the Funding Loan Agreement and/or the Project Loan Agreement.

Section 2. Authorization and Details of the Governmental Note. In accordance with the Act and the Funding Loan Agreement, the Issuer hereby authorizes the issuance of not to exceed \$15,000,000 total aggregate principal amount of the Governmental Note to be designated as "Jacksonville Housing Finance Authority Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020" or such other name or series designation as may be determined by the Issuer. The Governmental Note shall bear interest payable at such times and in such manner, and shall be subject to redemption, all as described in the Funding Loan Agreement and the Governmental Note. The Governmental Note is issuable as provided in the Funding Loan Agreement.

Section 3. Approval of Funding Loan Agreement. The Issuer hereby approves the form and content of the Funding Loan Agreement among the Issuer, the Initial Funding Lender and the Fiscal Agent attached hereto as **EXHIBIT A**. The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Funding Loan Agreement 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 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 Project Loan Agreement. The Issuer hereby approves the form and content of the Project Loan Agreement (the "Project Loan Agreement"), among the Issuer, the Fiscal Agent 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 Project 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 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 Fiscal Agent 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 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 Compliance 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 Fiscal Agent and First Housing (the "Compliance Monitoring Agreement"), the duties of Issuer Servicer under the Construction Loan and Mortgage Servicing Agreement by and among the Issuer, the Borrower, the Fiscal Agent and First Housing (the "Servicing Agreement") and the duties of the financial monitor under the Financial Monitoring Agreement by and among the Issuer, the Borrower, the Fiscal Agent and First Housing (the "Financial Monitoring Agreement"). The forms of the Compliance Monitoring Agreement, the Servicing Agreement and the Financial Monitoring Agreement attached hereto as **EXHIBITS D, E and F** 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 Servicing Agreement and the Financial Monitoring Agreement on behalf of the Issuer in substantially the forms attached hereto as **EXHIBITS D, E and F**, 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 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 and delivered to the Issuer.

Section 7. Approval of Assignment. The Issuer hereby approves the form of the Assignment attached hereto as **EXHIBIT G**. The Chair, Vice Chair or any member of the Issuer is hereby authorized to execute and deliver the Assignment on behalf of the Issuer, and the Assistant Secretary of the Issuer is authorized to attest thereto, in substantially the form attached

hereto as **EXHIBIT 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 General Counsel may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Issuer.

Section 8. Execution of Governmental Note. 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 Governmental Note in definitive form. The Governmental Note shall be in substantially the form set forth in the Funding Loan Agreement, 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 General Counsel may deem necessary and appropriate. The execution and delivery of the Governmental Note by the aforementioned persons shall be conclusive evidence of the Issuer's approval and authorization thereof.

Section 9. Authentication and Delivery of Governmental Note. Upon its execution in the form and manner set forth in the Funding Loan Agreement, the Issuer shall deliver the Governmental Note to the Fiscal Agent for authentication, and the Fiscal Agent is hereby authorized and directed to authenticate and to deliver said Governmental Note to the Initial Funding Lender in accordance with the Funding Loan Agreement upon receipt of the purchase price therefor.

Section 10. Appointment of Fiscal Agent and Placement Agent. RBC Capital Markets, LLC is hereby appointed as Placement Agent in connection with the issuance of the Governmental Note and The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Fiscal Agent.

Section 11. Authorizations and Further Actions. The Chair, Vice Chair or any 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 Governmental Note 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 Governmental Note, including, but not limited to, in consultation with the Issuer's Financial Advisors, Bond Counsel and the Office of 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 or the Credit Underwriting Report.

Section 12. 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 13. 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 14. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED by the Jacksonville Housing Finance Authority this 14th day of October, 2020.

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

By: _____
Bernard E. Smith, Chair

FORM APPROVED:

By: _____
Office of General Counsel

EXHIBIT LIST

EXHIBIT A	FORM OF FUNDING LOAN AGREEMENT
EXHIBIT B	FORM OF PROJECT LOAN AGREEMENT
EXHIBIT C	FORM OF LAND USE RESTRICTION AGREEMENT
EXHIBIT D	FORM OF COMPLIANCE MONITORING AGREEMENT
EXHIBIT E	FORM OF CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT
EXHIBIT F	FORM OF FINANCIAL MONITORING AGREEMENT
EXHIBIT G	FORM OF ASSIGNMENT OF SECURITY INSTRUMENT
EXHIBIT H	FORM OF MULTIFAMILY PROMISSORY NOTE

EXHIBIT A
FORM OF FUNDING LOAN AGREEMENT

FUNDING LOAN AGREEMENT

among

**TD BANK, N.A.,
as Initial Funding Lender**

**JACKSONVILLE HOUSING FINANCE AUTHORITY,
as Governmental Lender**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Fiscal Agent**

Dated as of November 1, 2020

Relating to

**\$[_____]
MULTIFAMILY HOUSING MORTGAGE REVENUE NOTE
(ASHLEY SQUARE), SERIES 2020**

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FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT (this “**Funding Loan Agreement**”), is made and entered into as of November 1, 2020, by and among **TD BANK, N.A.**, in its capacity as Initial Funding Lender (the “**Initial Funding Lender**”), the **JACKSONVILLE HOUSING FINANCE AUTHORITY** (the “**Governmental Lender**”), a body corporate and politic organized and existing under the laws of the State of Florida (the “**State**”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, organized and operating under the laws of the United States of America, having a corporate trust office in Jacksonville, Florida, as Fiscal Agent (the “**Fiscal Agent**”). Capitalized terms are defined in Section 1.01 of this Funding Loan Agreement.

RECITALS

A. Pursuant to Florida Housing Finance Authority Law (Chapter 159, Part IV, Florida Statutes, Ordinance 2014-185E of the City, Resolution No. 2019-833-A of the City adopted on December 10, 2019, a Resolution of the Governmental Lender adopted on October 23, 2019 and a Resolution of the Governmental Lender adopted on October 14, 2020 (the “**Act**”) and the Project Loan Agreement dated as of November 1, 2020 (the “**Project Loan Agreement**”) by and among the Governmental Lender, the Fiscal Agent and Ashley Square Jacksonville, LTD., a Florida limited partnership duly organized and existing under the laws of the State of Florida (the “**Borrower**”), the Governmental Lender is agreeing to make a mortgage loan to the Borrower in the maximum aggregate principal amount of \$[AMOUNT] (the “**Project Loan**”) to provide for the financing of a multifamily residential housing facility located at 127 E. Ashley Street and 116 E. Beaver Street, Jacksonville Duval County, Florida known as Ashley Square Apartments (the “**Project**”).

B. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the separate loan made to the Governmental Lender pursuant to this Funding Loan Agreement in the maximum aggregate principal amount of \$14,000,000 (the “**Funding Loan**” and together with the Project Loan, the “**Loans**”). The Funding Loan is evidenced by a Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 dated November [], 2020 in the form attached hereto as Exhibit A (together with all riders and addenda thereto, the “**Governmental Note**”) delivered by the Governmental Lender to the Initial Funding Lender.

C. The Initial Funding Lender, pursuant to the terms and subject to the conditions of this Funding Loan Agreement, the Construction Phase Financing Agreement and the Construction Continuing Covenant Agreement, has agreed to originate and fund the Funding Loan to the Governmental Lender on a draw-down basis, which proceeds of the Funding Loan will be used by the Governmental Lender to fund the Project Loan to the Borrower in corresponding installments pursuant to the Project Loan Agreement. The Initial Funding Lender will administer the Loans during the Construction Phase in accordance with the Construction Phase Financing Agreement and the other Financing Documents.

D. The Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition and construction of the Project and to pay certain closing costs with respect to the Loans.

E. The Borrower's repayment obligations in respect of the Project Loan will be evidenced by a Multifamily Note dated November [], 2020 (together with all riders and modifications thereto, the "**Project Note**") delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

F. To secure the Borrower's obligations under the Project Note, the Borrower will execute and deliver to the Governmental Lender a Multifamily Mortgage, Assignment of Rents and Security Agreement (Florida) dated as of the date hereof (the "**Security Instrument**") with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

G. The Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise ("**Freddie Mac**") has entered into a commitment with Grandbridge Real Estate Capital LLC (the "**Freddie Mac Seller/Servicer**") dated [] (the "**Freddie Mac Commitment**") whereby Freddie Mac has committed, subject to the satisfaction of the Conditions to Conversion set forth in the Construction Phase Financing Agreement on or before the Forward Commitment Maturity Date, to facilitate the financing of the Project in the Permanent Phase by purchasing the Funding Loan from the Freddie Mac Seller/Servicer following the Conversion Date.

H. If the Conditions to Conversion are satisfied on or before the Forward Commitment Maturity Date as provided for in the Freddie Mac Commitment and the Construction Phase Financing Agreement, the Project Loan will convert from the Construction Phase to the Permanent Phase on the Conversion Date and, on such Conversion Date, the Initial Funding Lender shall deliver, and the Freddie Mac Seller/Servicer shall purchase, the Funding Loan, as evidenced by the Governmental Note. If the Conditions to Conversion are not satisfied on or before the Forward Commitment Maturity Date, the Project Loan will not convert from the Construction Phase to the Permanent Phase, and neither the Freddie Mac Seller/Servicer nor Freddie Mac will have any obligation with respect to the purchase of the Funding Loan and the Initial Funding Lender will remain the owner of the Funding Loan as the holder of the Governmental Note.

I. As a Condition to Conversion, the Project Note and the Security Instrument are required to be amended and restated and the Borrower is required to enter into a Continuing Covenant Agreement with the Freddie Mac Seller/Servicer (the "**Freddie Mac Continuing Covenant Agreement**"), in each case pursuant to the forms attached to the Construction Phase Financing Agreement.

J. If the Conditions to Conversion are satisfied and the Funding Loan is purchased by the Freddie Mac Seller/Servicer on the Conversion Date as set forth above, the Freddie Mac Seller/Servicer shall deliver the Funding Loan to Freddie Mac for purchase pursuant to the terms of the Freddie Mac Commitment and the Guide (such date of purchase by Freddie Mac being referred to as the "**Freddie Mac Purchase Date**").

K. Upon the occurrence of the Freddie Mac Purchase Date, the Freddie Mac Seller/Servicer will assign to Freddie Mac all of its rights and interest in the Funding Loan, the Governmental Note, this Funding Loan Agreement, the Freddie Mac Continuing Covenant

Agreement and the other Financing Documents. Grandbridge Real Estate Capital LLC will act as Servicer for the Loans on behalf of Freddie Mac, as Funding Lender, on and after the Freddie Mac Purchase Date.

L. The Governmental Lender has determined that all things necessary to incur the Funding Loan and to execute and deliver the Governmental Note, when executed by the Governmental Lender and authenticated by the Fiscal Agent and issued in accordance with this Funding Loan Agreement, the valid, binding and legal obligation of the Governmental Lender and to constitute this Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, premium, if any, and interest on, the Governmental Note, have been duly taken, and the creation, execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Note, subject to the terms of this Funding Loan Agreement, have been duly authorized by the Governmental Lender.

M. The Fiscal Agent has the power and authority to enter into this Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of this Funding Loan Agreement.

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Funding Loan by the Funding Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. The terms used in this Funding Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Funding Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein not otherwise defined shall have the respective meanings set forth in the Project Loan Agreement.

“Act” shall have the meaning assigned to such term in the recitals above.

“Actual Project Loan Amount” has the meaning set forth in the Construction Phase Financing Agreement.

“Administration Fund” means the Administration Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Advance Request” shall mean a request by the Borrower to the Initial Funding Lender that the Initial Funding Lender disburse proceeds of the Funding Loan to the Fiscal Agent as provided hereunder, which request shall be in the form prescribed by the Construction Continuing Covenant Agreement.

“Advance Termination Date” means the earliest to occur of (i) the date when the sum of the aggregate advances of the Funding Loan made by the Initial Funding Lender equals the

Authorized Amount, (ii) the date that is [] months, subject to a six month extension after the Delivery Date, (iii) the Conversion Date, (iii) the date of a Determination of Taxability or (iv) the occurrence of an Event of Default hereunder.

“*Assignment*” means the Assignment of Security Instrument dated as of the date hereof by the Governmental Lender assigning its interest in the Security Instrument to the Fiscal Agent.

“*Authorized Amount*” shall mean \$14,000,000, the maximum principal amount of the Funding Loan authorized under this Funding Loan Agreement.

“*Authorized Officer*” means (a) when used with respect to the Governmental Lender, the Chair or Vice Chair of the Governmental Lender and such additional Person or Persons, if any, duly designated by the Governmental Lender in writing to act on its behalf, (b) when used with respect to the Borrower, any [] of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Fiscal Agent, any authorized signatory of the Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of the Fiscal Agent, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, (e) when used with respect to the Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of the Funding Lender Representative, and (f) when used with respect to the Governmental Lender Servicer, any Person who is authorized in writing to take the action in question on behalf of the Governmental Lender Servicer.

“*Bankruptcy Code*” means Title 11 of the United States Code entitled “Bankruptcy,” as now and hereafter in effect, or any successor federal statute.

“*Bond Counsel*” means (a) on the Delivery Date, the law firm or law firms delivering the approving opinion(s) with respect to the Governmental Note, or (b) any other firm of attorneys selected by the Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace and is acceptable to the Funding Lender Representative.

“*Borrower*” means Ashley Square Jacksonville, LTD., a Florida limited partnership duly organized and existing under the laws of the State of Florida, or any of its permitted successors or assigns, as owner of the Project.

“*Borrower Equity Account*” means the Borrower Equity Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

“*Borrower Equity Deposit*” means \$[], which shall be comprised of sources other than the proceeds of the Project Loan.

“*Business Day*” means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

“Certificate of the Governmental Lender” and *“Request of the Governmental Lender”* mean, respectively, a written certificate or request signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender or such other Person as may be designated and authorized to sign for the Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Closing Memorandum” means the memorandum delivered to the Fiscal Agent, Governmental Lender, the Governmental Lender Servicer, Borrower and the Initial Funding Lender setting forth the sources and uses of all moneys deposited with the Fiscal Agent on the Delivery Date.

“Code” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

“Conditions to Conversion” has the meaning given to that term in the Construction Phase Financing Agreement.

“Construction Continuing Covenant Agreement” means the Construction Continuing Covenant Agreement dated as of the date hereof by and between the Borrower and the Initial Funding Lender, as the same may be amended, modified or supplemented from time to time.

“Construction Loan Documents” means the Construction Phase Financing Agreement, the Construction Continuing Covenant Agreement, and all other documents to be executed and delivered by Borrower to the Initial Funding Lender in connection with the Project.

“Construction Phase” means the construction phase of the Project Loan, which time period shall commence on the Closing Date and remain in effect to, but not including, the Conversion Date.

“Construction Phase Financing Agreement” means the Construction Phase Financing Agreement dated as of the date hereof by and among the Initial Funding Lender, Freddie Mac, and the Freddie Mac Seller/Servicer, and acknowledged and agreed to by the Borrower, as the same may be amended, modified or supplemented from time to time.

“Construction Phase Interest Rate” has the meaning set forth on Exhibit F.

“Continuing Covenant Agreement” means (i) prior to the Conversion Date, the Construction Continuing Covenant Agreement, and (ii) from and after the Conversion Date, the Freddie Mac Continuing Covenant Agreement.

“Conversion” means conversion of the Project Loan from the Construction Phase to the Permanent Phase on the Conversion Date.

“Conversion Date” means the date the Freddie Mac Seller/Servicer purchases the Funding Loan from the Initial Funding Lender upon the satisfaction of the Conditions to Conversion, as such Conversion Date is specified by the Freddie Mac Seller/Servicer in the

Notice of Conversion, which date shall be at least ten (10) days following the date on which the Notice of Conversion is delivered.

“Cost,” “Costs” or “Costs of the Project” means costs paid with respect to the Project that (i) are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations Section 1.103-8(a)(1), (ii) are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) are paid after the earlier of (A) 60 days prior to the date of a resolution of the Governmental Lender to reimburse costs of the Project with proceeds of the Loans or (B) the Delivery Date, and (iv) if the Costs of the Project were previously paid and are to be reimbursed with proceeds of the Loans such costs were (A) Costs of Issuance of the Governmental Note, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Governmental Note (as defined in United States Treasury Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid); provided however, that if any portion of the Project is being constructed or developed by the Borrower or an affiliate (whether as a developer, a general contractor or a subcontractor), *“Cost,” “Costs” or “Costs of the Project”* shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such affiliate in developing or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such affiliate (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition, rehabilitation or development of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof).

“Cost of Issuance Fund” means the Cost of Issuance Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Costs of Issuance” means, as applicable, (i) the fees (excluding ongoing fees), costs and expenses of (a) the Governmental Lender, the Governmental Lender’s counsel and the Governmental Lender’s financial advisor, (b) Bond Counsel, (c) the Fiscal Agent and the Fiscal Agent’s counsel, (d) the Initial Funding Lender and the Initial Funding Lender’s counsel (e) the Freddie Mac Seller/Service and the Freddie Mac Seller/Service’s counsel, (f) Freddie Mac and Freddie Mac’s counsel, and (g) the Borrower’s counsel attributable to the funding of the Loans and the Borrower’s financial advisor, if any, and (ii) all other fees, costs and expenses directly associated with the Funding Loan and the Project Loan, including, without limitation, printing costs, costs of reproducing documents, filing and recording fees.

“Costs of Issuance Deposit” means the deposit to be made by the Borrower with the Fiscal Agent on the Delivery Date, which deposit shall equal \$[] and shall be comprised of sources other than the proceeds of the Project Loan.

“*Default Rate*” means the lower of (i) the Construction Phase Interest Rate or Permanent Phase Interest Rate, as applicable, otherwise in effect notwithstanding the default plus four percent (4%) per annum or (ii) the Maximum Interest Rate.

“*Delivery Date*” means November [], 2020, the date of funding of the initial advance of the Funding Loan and the delivery of the Governmental Note by the Governmental Lender to the Initial Funding Lender.

“*Determination of Taxability*” shall mean, (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation or (e) receipt by Fiscal Agent or Funding Lender Representative, at the request of Governmental Lender, Borrower, Fiscal Agent or Funding Lender Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Governmental Note is includable in gross income for federal income tax purposes of the Funding Lender or any former Funding Lender other than a Funding Lender who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (iii) one year from the date of initial determination.

“*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 Fiscal Agent as available for use in connection with its services hereunder.

“*Electronic Notice*” means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 11.04 hereof; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 11.04 hereof.

“*Event of Default*” or “*event of default*” means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

“*Extraordinary Services*” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Fiscal Agent, in respect of or to prevent default under this Funding Loan Agreement or the Project Loan Documents, including any reasonable attorneys’ or agents’ fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Project Loan Agreement, and other actions taken and carried out by the Fiscal Agent which are not expressly set forth in this Funding Loan Agreement or the Project Loan Documents.

“Extraordinary Fiscal Agent’s Fees and Expenses” means all those fees, expenses and reimbursements earned or incurred by the Fiscal Agent as described under Section 7.06 hereof during any Rebate Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower, the Servicer and the Funding Lender Representative.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term *“Fair Market Value”* means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Governmental Lender

and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

“Fee Component” has the meaning set forth in the Project Loan Agreement.

“Financing Documents” means, collectively, this Funding Loan Agreement, the Governmental Note, the Tax Certificate, the Project Loan Documents, the Construction Loan Documents (during the Construction Phase) and all other documents or instruments evidencing, securing or relating to the Loans.

“Final Credit Underwriting Report” means the Credit Underwriting Report for Ashley Square prepared by the Governmental Lender Servicer, dated September 2, 2020.

“Fiscal Agent” means The Bank of New York Mellon Trust Company, N.A. and its successors hereunder.

“Forward Commitment Maturity Date” means [_____, 20__], subject to extension by Freddie Mac as provided in the Construction Phase Financing Agreement.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“Freddie Mac Commitment” means the commitment from Freddie Mac to the Freddie Mac Seller/Servicer pursuant to which Freddie Mac has agreed to purchase the Funding Loan following the Conversion Date, subject to the terms and conditions set forth therein, as such commitment may be amended, modified or supplemented from time to time.

“Freddie Mac Continuing Covenant Agreement” means the Continuing Covenant Agreement to be delivered on the Conversion Date in the form attached to the Construction Phase Financing Agreement by and between the Borrower and the Freddie Mac Seller/Servicer, as the same may be amended, modified or supplemented from time to time.

“Freddie Mac Purchase Date” means the date on which Freddie Mac purchases the Funding Loan from the Initial Funding Lender upon satisfaction of the conditions set forth in the Construction Phase Financing Agreement and the Freddie Mac Commitment.

“Freddie Mac Seller/Servicer” means Grandbridge Real Estate Capital LLC, as Freddie Mac's seller/servicer under the Freddie Mac Commitment, or any of its successors or assigns under the Freddie Mac Commitment.

“Funding Lender” means any Person who is the holder of the Governmental Note.

“Funding Lender Representative” means the Funding Lender or any Person designated by the Funding Lender to act on behalf of the Funding Lender as provided in Section 11.05, or an assignee of such Person as provided in Section 11.05. The initial Funding Lender Representative shall be the Initial Funding Lender. The Freddie Mac Seller/Servicer shall become the Funding Lender Representative upon the occurrence of the Conversion Date, and Freddie Mac shall become the Funding Lender Representative upon the occurrence of the Freddie Mac Purchase Date.

“Funding Loan” means the loan in the maximum aggregate principal amount of \$14,000,000 made to the Governmental Lender pursuant to this Funding Loan Agreement by the Initial Funding Lender.

“Funding Loan Amortization Schedule” means the Funding Loan Amortization Schedule attached as Schedule 1 to the Governmental Note.

“Government Obligations” means investments meeting the requirements of clause (a) or (b) of the definition of “Qualified Investments” herein.

“Governmental Lender” means the Jacksonville Housing Finance Authority, a body corporate and politic organized and existing under the laws of the State of Florida.

“Governmental Lender Fee” means the ongoing fee of the Governmental Lender in connection with the making of the Project Loan equal to 20 basis points (0.20%) of the outstanding principal amount of the Loans payable in semi-annual installments in arrears on each [_____] 1 and [_____] 1, commencing [_____] 1, 2021, so long as any portion of the Loans is outstanding.

“Governmental Lender Servicer” means First Housing Development Corporation of Florida and its successors and assigns.

“Governmental Lender Servicer Agreement” means the Construction Loan and Mortgage Servicing Agreement among the Governmental Lender, the Fiscal Agent, the Borrower and the Governmental Lender Servicer.

“Governmental Lender Servicer Fee” means fees of the Governmental Lender Servicer as provided in the Governmental Lender Servicer Agreement.

“Governmental Note” means the Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 dated the Delivery Date, executed by the Governmental Lender and authenticated by the Fiscal Agent in favor of the Initial Funding Lender, in the form attached hereto as Exhibit A, as the same may be amended, restated, supplemented or otherwise modified from time to time, or any mortgage note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

“Guide” means the Freddie Mac Multifamily Seller/Servicer Guide, as the same may be amended, modified or supplemented from time to time.

“Initial Debt Service Deposit” means an amount equal to the sum of (i) the interest payable on the Funding Loan, and (ii) the ongoing fees payable with respect to the Project Loan (as provided in Section 4.02 of the Project Loan Agreement), in each case for the period commencing on the Delivery Date to but not including the first day of the calendar month immediately succeeding the Delivery Date.

“Initial Funding Lender” means TD Bank, N.A., as initial holder of the Governmental Note.

“Interest Payment Date” means (i) the first day of each calendar month, commencing [____], (ii) the date of any prepayment of the Funding Loan, but only with respect to the portion of the Funding Loan subject to prepayment, and (iii) the Maturity Date.

“Investment Income” means the earnings and profits derived from the investment of money pursuant to Section 4.08 hereof.

“Investor Limited Partner” means [_____].

“Loans” means, together, the Project Loan and the Funding Loan.

“Loan Payment Fund” means the Loan Payment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Loan Prepayment Fund” means the Loan Prepayment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Maturity Date” means the maturity date of the Funding Loan set forth in Section 2.01(e) hereof.

“Maximum Interest Rate” means the rate of interest which results in the maximum amount of interest allowed by applicable law.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“Net Proceeds” when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys’ fees.

“Notes” means, together, the Project Note and the Governmental Note.

“Notice of Conversion” means a written notice to be delivered not less than ten (10) days prior to the Conversion Date by the Freddie Mac Seller/Servicer to the Governmental Lender, the Fiscal Agent, the Borrower, the Initial Funding Lender and Freddie Mac (i) stating that the Conditions to Conversion have been satisfied on or before the Forward Commitment Maturity Date or, if any Condition to Conversion has not been satisfied on or before the Forward Commitment Maturity Date, stating that such Condition to Conversion has been waived in writing by Freddie Mac (if a waiver is permitted and is granted by Freddie Mac, in its sole and absolute discretion) on or before the Forward Commitment Maturity Date, (ii) confirming the Conversion Date and (iii) providing for updated amortization schedules for the Project Note and the Governmental Note in the event the Borrower makes a Pre-Conversion Loan Equalization Payment at Conversion.

“Ordinary Fiscal Agent’s Fees and Expenses” means the annual administration fee for the Fiscal Agent’s ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve month period, which fee is equal to (and shall not exceed) \$[_____] and shall be payable [semi-]annually [in arrears on] [in advance on the Delivery Date and] each [_____] and [_____] [commencing [_____]][thereafter].

“Paying Agent” means the Person designated to make payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan, to the Funding Lender pursuant to Section 2.12 hereof. Commencing at Conversion, the initial Paying Agent shall be the Fiscal Agent.

“Permanent Phase” means the permanent phase of the Project Loan, which time period shall commence on the Conversion Date and remain in effect through the remaining term of the Project Loan.

“Permanent Phase Interest Rate” means, during the Permanent Phase, the fixed interest rate of ____% per annum; provided during the continuance of any Event of Default hereunder, the Permanent Phase Interest Rate shall be the Default Rate, in each case computed on the basis of a 360-day year [consisting of twelve 30-day months][and the actual number of days elapsed].

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

“Pledged Security” shall have the meaning given to that term in Section 2.02 hereof.

“Pre-Conversion Loan Equalization Payment” means a prepayment of the Project Loan by the Borrower (and corresponding prepayment of the Funding Loan hereunder) prior to the

Forward Commitment Maturity Date in order to equalize the principal amount of the Project Loan and the Funding Loan to the Actual Project Loan Amount.

“Prepayment Premium” shall mean any premium payable hereunder in connection with a prepayment of the Funding Loan, which premium shall be in an amount equal to (i) during the Construction Phase, the amount of premium payable by the Borrower under Section [] of the Project Note, and (ii) during the Permanent Phase, the amount of premium payable by the Borrower under Section 10 of the Project Note, in each case in connection with a prepayment of the Project Loan.

“Principal Office of the Fiscal Agent” means the office of the Fiscal Agent referenced in Section 11.04(a) hereof, or such other office or offices as the Fiscal Agent may designate in writing from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as Ashley Square Apartments located at 127 E. Ashley Street and 116 E. Beaver Street, Jacksonville, Duval County, Florida, including the real estate described in the Security Instrument.

“Project Account” means the Project Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

“Project Loan” means the loan made by the Governmental Lender to the Borrower pursuant to the Project Loan Agreement in the maximum aggregate principal amount of \$14,000,000, as evidenced by the Project Note.

“Project Loan Agreement” means the Project Loan Agreement dated as of the date hereof among the Borrower, the Governmental Lender and the Fiscal Agent, as amended, supplemented or restated from time to time.

“Project Loan Documents” means the Security Instrument, the Project Note, the Project Loan Agreement, the Tax Regulatory Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

“Project Loan Fund” means the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

“Project Note” means the Multifamily Note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower’s obligation to repay the Project Loan, which Project Note will be delivered to the Governmental Lender and endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan, as the same will be amended and restated into the form attached to the Construction Phase Financing Agreement upon the occurrence of the Conversion Date, as the same may be further amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

“Qualified Investments” means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Fiscal Agent or such other institution has been rated at least “VMIG-1”/”A-1+” by Moody’s or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with a bank or any insurance company or other financial institution which has a rating assigned by Moody’s or S&P to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody’s or S&P, and which are approved by the Funding Lender Representative; (g) shares or units in any money market mutual fund rated “Aaa”/”AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax exempt obligations; (h)(i) tax-exempt obligations rated in the highest short term rating category by Moody’s or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of “Aaa”/”AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund; or (i) any other investments approved in writing by the Funding Lender Representative. For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG-1”/”A-1+” for obligations with less than one year maturity; at least “Aaa”/”VMIG-1”/”AAA”/”A-1+” for obligations with a maturity of one year or greater but less than three years; and at least “Aaa”/”AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

“Rating Agency” means Moody’s or S&P, as applicable, or any successor rating service thereof.

“Rebate Analyst” means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Fiscal Agent) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of

the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Funding Loan Agreement and the Project Loan Agreement.

“Rebate Fund” means the Rebate Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Rebate Year” means each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificate. The first and last Rebate Years may be short periods. If no day is selected by Borrower before the earlier of the Maturity Date or the date that is five years after the Delivery Date, each Rebate Year ends on each anniversary of the Delivery Date and on the Maturity Date or date of earlier payment in full of the Governmental Note.

“Requisition” means, with respect to the Project Loan Fund, the requisition in the form of Exhibit E to this Funding Loan Agreement required to be submitted in connection with disbursements from the Project Account and/or the Borrower Equity Account of the Project Loan Fund, and with respect to the Cost of Issuance Fund, the requisition in the form of Exhibit D to this Funding Loan Agreement required to be submitted in connection with disbursements from the Cost of Issuance Fund.

“Resolution” means the resolutions adopted by the Governmental Lender authorizing the Funding Loan, the Project Loan and the execution and delivery of the Financing Documents to which it is a party.

“Responsible Officer” means any officer of the Fiscal Agent employed within or otherwise having regular responsibility in connection with the corporate trust department of the Fiscal Agent and the trusts created hereunder.

“Revenue Fund” means the Revenue Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

“Revenues” means (a) all payments made with respect to the Project Loan pursuant to the Project Loan Agreement, the Project Note or the Security Instrument, including but not limited to all casualty or other insurance benefits and condemnation awards paid in connection therewith and all payments obtained through the exercise of remedies under the Financing Documents, and (b) all money and securities held by the Fiscal Agent in the funds and accounts established pursuant to this Funding Loan Agreement (excluding money or securities designated for deposit into and held in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund), together with all investment earnings thereon.

“Security Instrument” means the Multifamily Mortgage, Assignment of Rents and Security Agreement (Florida) dated as of the date hereof, by the Borrower, granting a first priority mortgage and security interest in the Project to the Governmental Lender to secure the repayment of the Project Loan and related obligations, which Security Instrument has been assigned by the Governmental Lender to the Fiscal Agent pursuant to the Assignment as security for the Funding Loan, as the same will be amended and restated into the form attached to the Construction Phase Financing Agreement upon the occurrence of the Conversion Date, as the same may be further amended, supplemented or restated.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“*Servicer*” means any entity appointed by the Funding Lender Representative to service the Loans and any successor in such capacity as appointed by the Funding Lender Representative pursuant to Section 3.02 of the Project Loan Agreement. During the Construction Phase, the Servicer shall be [Grandbridge Real Estate Capital LLC]. During the Permanent Phase, the Servicer shall be the Freddie Mac Seller/Servicer.

“*State*” means the State of Florida.

“*Subordination Agreement*” means any subordination or intercreditor agreement(s) entered into with respect to any subordinate financing related to the Project, as the same may be amended, supplemented or restated.

“*Tax Certificate*” means the Certificate as to Arbitrage and Certain other Tax Matters executed by the Governmental Lender and the Arbitrage Rebate Agreement executed by the Governmental Lender, the Fiscal Agent and the Borrower on the Delivery Date.

“*Tax Regulatory Agreement*” means the Land Use Restriction Agreement dated as of November 1, 2020 among the Governmental Lender, the Fiscal Agent and the Borrower.

“*Transferee Representations Letter*” has the meaning set forth in Section 2.08 hereof.

“*Unassigned Rights*” means all of the rights of the Governmental Lender and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights.

“*Window Period*” means the three (3) consecutive month period prior to the Maturity Date.

Section 1.02 Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Funding Loan Agreement are to the designated Articles, Sections and other subdivisions of this Funding Loan Agreement as originally executed. The headings of this Funding Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

THE FUNDING LOAN

Section 2.01 Terms.

(a) The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount. The Funding Loan shall be originated and funded by the Initial Funding Lender to the Governmental Lender in accordance with Section 2.01(b) below. The proceeds of the Funding Loan shall be deposited with Fiscal Agent and disbursed in accordance with the Closing Memorandum and this Funding Loan Agreement. The Funding Loan shall be evidenced by the Governmental Note and shall bear interest and be paid in accordance with the payment terms set forth in the Governmental Note and this Funding Loan Agreement.

(b) The Funding Loan shall be originated by the Initial Funding Lender on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Initial Funding Lender in installments directly to the Fiscal Agent for deposit to the Project Account upon receipt of an Advance Request and the satisfaction of the conditions to such advance set forth in the Construction Continuing Covenant Agreement and the form of requisition attached as Exhibit E hereto. Upon the advancement of the proceeds of the Funding Loan in accordance with the terms hereof, the principal amount of the Governmental Note in a principal amount equal to the amount so advanced shall be deemed to be increased automatically and without further acts on the part of the Governmental Lender or the Fiscal Agent. The initial installment of the Funding Loan shall be in the amount of \$[] which amount shall be advanced by the Initial Funding Lender and deposited in the Project Loan Fund on the Delivery Date for application as provided in Section 2.11. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after the Advance Termination Date. Any extension of the Advance Termination Date shall be subject to the receipt by the Fiscal Agent of (i) the prior written consent of the Initial Funding Lender and Freddie Mac and (ii) an opinion of Bond Counsel (which shall also be addressed to the Funding Lender Representative) to the effect that such extension will not adversely affect the tax exempt status of the Governmental Note.

(c) The Fiscal Agent shall maintain in its books a log which shall reflect the principal amount of the Funding Loan advanced by the Initial Funding Lender from time to time in accordance with the provisions of Section 2.01(b) above (the “**Record of Advances**”). The principal amount due on the Governmental Note shall be only such amount as has been advanced by the Initial Funding Lender as reflected in the Record of Advances and not otherwise prepaid pursuant to the terms of this Funding Loan Agreement. The records maintained by the Fiscal Agent in such regard will be conclusive evidence of the principal amount of the Funding Loan (absent manifest error). The Fiscal Agent shall notify the Governmental Lender, the Freddie Mac Seller/Servicer, Freddie Mac and the Borrower if any advance of the proceeds of the Funding Loan is not made by the Initial Funding Lender when due hereunder.

(d) The Funding Loan shall bear interest payable on each Interest Payment Date at (i) the Construction Phase Interest Rate during the Construction Phase and (ii) the Permanent Phase Interest Rate during the Permanent Phase. Interest shall accrue on the principal amount of the Funding Loan which has been advanced hereunder and is outstanding as reflected on the Record of Advances.

(e) The Funding Loan shall mature on [], subject to scheduled monthly principal payments, and to optional and mandatory prepayment prior to maturity as provided in

Article III hereof. The unpaid principal balance of the Funding Loan shall be paid on the dates and in the amounts set forth on the initial Funding Loan Amortization Schedule provided on the Delivery Date and attached as Schedule 1 to the Governmental Note if the Conversion Date occurs on or prior to the initial Forward Commitment Maturity Date. If the Forward Commitment Maturity Date is extended by Freddie Mac in accordance with the Freddie Mac Commitment and the Construction Phase Financing Agreement, the first principal payment date under the Funding Loan Amortization Schedule shall automatically be extended to the first day of the month immediately succeeding the Conversion Date (with the succeeding principal installments remaining consistent with the original schedule but for them occurring on later dates). Additionally, in the event the outstanding amount of the Funding Loan on the Conversion Date is less than the starting principal amount set forth in the initial Funding Loan Amortization Schedule, a new Funding Loan Amortization Schedule will be generated on the Conversion Date at such lesser outstanding principal amount based on the parameters set forth in the Freddie Mac Commitment. In the event the initial Funding Loan Amortization Schedule is modified in accordance with this Section 2.01(e), a replacement Funding Loan Amortization Schedule will be provided by the Freddie Mac Seller/Servicer which will be attached to the Governmental Note on the Conversion Date. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loan shall be due and payable on the Maturity Date.

(f) Payment of principal of, premium, if any, and interest on the Funding Loan shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Funding Lender (unless otherwise directed by the Funding Lender).

(g) Subject to Section 2.12 hereof, on or before the date fixed for payment, money shall be deposited with the Fiscal Agent to pay, and the Fiscal Agent is hereby authorized and directed to apply such money to the payment of, the Funding Loan, together with accrued interest thereon to the date of payment.

(h) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Funding Loan Agreement exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines the Funding Lender has charged or received interest hereunder in excess of the highest applicable rate, the Funding Lender shall apply, in its sole discretion, and set off such excess interest received by the Funding Lender against other obligations due or to become due under the Financing Documents and such rate shall automatically be reduced to the maximum rate permitted by such law.

Section 2.02 Pledged Security. To secure the payment of the principal of, premium, if any, and interest on the Funding Loan according to its tenor and effect, and the performance and observance by the Governmental Lender of all the covenants expressed or implied herein and in the Governmental Note, and the payment and performance of all amounts and obligations under the Continuing Covenant Agreement, the Governmental Lender does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto the Fiscal Agent, and its successors in such capacity and its and their assigns in and to the following (said property being herein referred to as the “**Pledged Security**”) for the benefit of the Funding Lender:

(a) All right, title and interest of the Governmental Lender in and to all Revenues;

(b) All right, title and interest of the Governmental Lender in and to the Project Loan Agreement, the Project Note, the Security Instrument and the other Project Loan Documents (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Governmental Lender or any other Person is or may become entitled to do under said documents; and

(c) Except for funds, money or securities in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Funding Loan by the Governmental Lender or by anyone on its behalf or with its written consent to the Fiscal Agent, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The foregoing notwithstanding, if the Governmental Lender or its successors or assigns shall pay or cause to be paid to the Funding Lender in full the principal, interest and premium, if any, to become due with respect to the Funding Loan at the times and in the manner provided in Article IX hereof, and if the Governmental Lender shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Governmental Lender, cease, terminate and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except for the Rebate Fund and cash held by the Fiscal Agent for the payment of interest on and principal of the Governmental Note; otherwise this Funding Loan Agreement to be and shall remain in full force and effect.

Section 2.03 *Limited Obligations* The Governmental Note shall be a limited obligation of the Governmental Lender. The Governmental Note and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the Governmental Lender, the City, 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 Governmental Note and the interest thereon are payable solely from and secured by the Pledged Security, all as described in and subject to limitations set forth in this Funding Loan

Agreement, for the equal and ratable benefit of the owner, from time to time, of the Governmental Note.

Section 2.04 *Funding Loan Agreement Constitutes Contract.* In consideration of the origination and funding of the Funding Loan by the Initial Funding Lender, the provisions of this Funding Loan Agreement shall be part of the contract of the Governmental Lender with the Initial Funding Lender and any successors or assigns thereof in such capacity from time to time.

Section 2.05 *Form and Execution.* The Governmental Note shall be in substantially the form attached as **Exhibit A**. The Governmental Note shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of the Chair or Vice Chair of the Governmental Lender, and sealed with an impression or a facsimile of the seal of the Governmental Lender. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Governmental Note. Any reproduction of the official seal of the Governmental Lender on the Governmental Note shall have the same force and effect as if the official seal of the Governmental Lender had been impressed on the Governmental Note.

Section 2.06 *Authentication.* The Governmental Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on the Governmental Note, substantially in the form set forth in **Exhibit A**, shall have been duly executed by an Authorized Officer of the Fiscal Agent; and such executed certificate of authentication upon the Governmental Note shall be conclusive evidence that the Governmental Note has been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.

Section 2.07 *Mutilated, Lost, Stolen or Destroyed Governmental Note.* In the event the Governmental Note is mutilated, lost, stolen or destroyed, the Governmental Lender shall execute and the Fiscal Agent shall authenticate a new Governmental Note substantially in the form set forth in **Exhibit A** in exchange and substitution for and upon cancellation of the mutilated Governmental Note or in lieu of and in substitution for such lost, stolen or destroyed Governmental Note, upon payment by the Funding Lender of any applicable tax or governmental charge and the reasonable expenses and charges of the Governmental Lender and the Fiscal Agent in connection therewith, and in the case where the Governmental Note is lost, stolen or destroyed, the filing with the Fiscal Agent of evidence satisfactory to it that the Governmental Note was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Governmental Lender and the Fiscal Agent with indemnity satisfactory to each of them. In the event where the Governmental Note shall have matured, instead of delivering a new Governmental Note the Governmental Lender may pay the same without surrender thereof.

Section 2.08 *Registration; Transfer of Funding Loan; Transferee Representations Letter.*

(a) The Funding Loan shall be fully registered as to principal and interest in the manner and with any additional designation as the Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Funding Loan shall be transferable only on the registration books of the Fiscal Agent. The Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Funding Loan and any transfers of the Funding Loan as provided herein.

The Funding Loan shall initially be registered to the Initial Funding Lender, upon the Conversion Date shall be registered to the Freddie Mac Seller/Servicer, and upon the Freddie Mac Purchase Date, shall be registered to Freddie Mac.

(b) The Funding Lender shall have the right to sell, assign or otherwise transfer in whole its interest in the Funding Loan or to grant a participation interest in the Funding Loan in a percentage of not less than twenty-five percent (25%) of the outstanding principal amount of the Funding Loan but in no event less than \$250,000; provided that the Funding Loan may be transferred, or any participation interest therein granted, only to an “accredited investor” as that term is defined in Rule 501 of Regulation D under the Securities Act or a “qualified institutional buyer” as that term is defined under Rule 144A of the Securities Act (such “accredited investor” or “qualified institutional buyer” a “Qualified Transferee”) that delivers a letter to the Fiscal Agent substantially in the form attached hereto as **Exhibit C** setting forth certain representations with respect to such Qualified Transferee (the “Transferee Representations Letter”). Notwithstanding the preceding sentence, no Transferee Representations Letter shall be required for the Funding Lender Representative to (i) transfer the Funding Loan to any affiliate or other party related to the Funding Lender that is a Qualified Transferee or (ii) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold or transferred except to (x) owners or beneficial owners thereof that are Qualified Transferees or (y) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least “A” or better. In connection with any sale, assignment or transfer of the Funding Loan, the Funding Lender shall give notice of such sale, assignment or transfer to the Fiscal Agent and the Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Funding Loan.

Section 2.09 [Reserved].

Section 2.10 *Funding Loan Closing Conditions; Delivery of Governmental Note.*

Closing of the Funding Loan on the Delivery Date shall be conditioned upon, and the Governmental Lender shall only execute and deliver to the Fiscal Agent, and the Fiscal Agent shall only authenticate the Governmental Note and deliver the Governmental Note to the Initial Funding Lender upon, receipt by the Fiscal Agent of the following:

(a) executed counterparts of this Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Certificate;

(b) an opinion of Bond Counsel or counsel to the Governmental Lender to the effect that the Governmental Lender is duly organized and existing under the laws of the State and has duly authorized, executed and delivered this Funding Loan Agreement, the Governmental Note and the other Financing Documents to which it is a party, and such documents are valid and binding special, limited obligations of the Governmental Lender enforceable in accordance with their terms subject to customary exceptions;

(c) the initial advance of the proceeds of the Funding Loan by the Initial Funding Lender in the amount set forth in Section 2.01(b) hereof;

(d) the executed Project Note and an endorsement of the Project Note by the Governmental Lender in favor of the Fiscal Agent;

(e) a copy of the executed Security Instrument, the Assignment, the Construction Phase Financing Agreement and the Construction Continuing Covenant Agreement;

(f) an opinion of counsel to the Borrower to the effect that the Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which the Borrower transacts business and has full power and authority to enter into the Financing Documents to which it is a party, that its execution and delivery of and performance of its covenants in such documents do not contravene law or any provision of any other documents to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by the Borrower, and are legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms;

(g) a customary approving opinion of Bond Counsel, including but not limited to an opinion to the effect that the interest on the Governmental Note, under laws in effect on the date of such opinion, is excluded from gross income for federal income tax purposes and, where applicable, for State income tax purposes;

(h) a certified copy of the Resolution;

(i) the written request and authorization to the Fiscal Agent by the Governmental Lender to authenticate and deliver the Governmental Note to the Initial Funding Lender upon funding to the Fiscal Agent of the initial advance of proceeds of the Funding Loan; and

(j) receipt by the Fiscal Agent of the amounts specified in Section 2.11 of this Funding Loan Agreement and Section 3.03 of the Project Loan Agreement.

(k) receipt by the Fiscal Agent of a Transferee Representations Letter from the Initial Funding Lender substantially in the form attached hereto as **Exhibit C**.

(l) a letter of the Governmental Lender Servicer acknowledging that all contingencies listed in the Final Credit Underwriting Report have been satisfied.

Section 2.11 *Establishment of Project Loan Fund; Application of Funding Loan Proceeds and Other Money.*

(a) The Fiscal Agent shall establish, maintain and hold in trust and there is hereby established with the Fiscal Agent a Project Loan Fund and therein a Project Account and a Borrower Equity Account. No amount shall be charged against the Project Loan Fund except as expressly provided in this Section 2.11 and Section 4.02 hereof.

In connection with the making of the Loans, certain moneys may be deposited with the Fiscal Agent before the Delivery Date pursuant to one or more letters of instruction from the

provider or providers of such moneys. Such moneys, if any, will be held by the Fiscal Agent subject to the terms and conditions of this Funding Loan Agreement and the Project Loan Agreement 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 Fiscal Agent contained herein and in the Project Loan Agreement (the "Effective Provisions") shall be effective as of the first date of receipt by the Fiscal Agent of such moneys. The Effective Provisions shall be deemed incorporated into such letter(s) of instructions.

(b) The proceeds of the Funding Loan shall be delivered by the Initial Funding Lender to the Fiscal Agent on behalf of the Governmental Lender in the initial installment on the Delivery Date and thereafter on a drawdown basis as provided for in Section 2.01(b) hereof. Upon receipt, the Fiscal Agent shall deposit such proceeds to the credit of the Project Account of the Project Loan Fund. Amounts in the Project Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.01 of the Project Loan Agreement. Upon the disbursement of all amounts in the Project Loan Fund, the Fiscal Agent shall close the Project Loan Fund.

(c) The Governmental Lender shall cause the Borrower to deliver from sources other than the Loans, (i) to the Fiscal Agent, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Cost of Issuance Fund and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account, and (ii) to the Servicer the Initial Debt Service Deposit. The Fiscal Agent shall also deposit in the Borrower Equity Account any additional amounts delivered from time to time to the Fiscal Agent and directed by the Borrower or Servicer to be deposited therein, excluding any proceeds of the Loans.

(d) Upon the making of the initial deposits described above in this Section 2.11, the Governmental Lender shall originate the Project Loan pursuant to the Project Loan Agreement and the Fiscal Agent shall disburse a portion of the proceeds thereof as provided in the Closing Memorandum, without the need of a Requisition therefor. The Fiscal Agent shall make disbursements of amounts in the Project Loan Fund to the Borrower or otherwise as provided in Section 4.02 hereof.

Section 2.12 Direct Loan Payments to Funding Lender; Servicer Disbursement of Fees.

(a) Notwithstanding any provision in this Funding Loan Agreement to the contrary, during any period that a Servicer is engaged with respect to the Loans, the Governmental Lender, the Funding Lender and the Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and all fees due hereunder and under the Project Loan Agreement shall be paid by the Borrower to the Servicer. The Servicer shall remit to the Fiscal Agent (i) all payments collected from the Borrower of principal of, Prepayment Premium, if any, and interest on the Funding Loan, together with other amounts due to the Funding Lender, (ii) the Governmental Lender Fee together with any other amounts due to the Governmental Lender collected by the Servicer from the Borrower, (iii) the Ordinary Fiscal Agent's Fees and Expenses, together with any other amounts due to the Fiscal Agent collected by the Servicer from the Borrower, and (iv) the Governmental Lender Servicer's Fee, together with any other amounts due to the Governmental Lender Servicer collected by the Servicer from the Borrower. The Fiscal Agent (A) shall (1) be entitled to retain the Ordinary Fiscal Agent's

Fees and Expenses, together with any other amounts due to the Fiscal Agent remitted from the Borrower or the Servicer, as the case may be, (2) remit the Governmental Lender Fee to the Governmental Lender, together with any other amounts due to the Governmental Lender, and (3) remit the Governmental Lender Servicer's Fee to the Governmental Lender Servicer, together with any other amounts due to the Governmental Lender Servicer, in each case in accordance with the remittance information provided to the Fiscal Agent, and (B) shall remit on each Interest Payment Date (or other date on which the same becomes due) the principal of, Prepayment Premium, if any, and interest on the Funding Loan to the Funding Lender, per the Instructions of the Funding Lender Representative. The Servicer shall be entitled to retain its Servicing Fee, if any, collected from the Borrower. Any payment made in accordance with the provisions of this Section shall be accompanied by sufficient information to identify the source and proper application of such payment (provided any identification of any such payment as a fee as aforesaid shall be deemed a designation to deposit such moneys in the Administration Fund per Section 4.06 hereof). The Servicer shall promptly notify the Fiscal Agent, the Funding Lender Representative and the Governmental Lender in writing of any failure of the Borrower to make any payment of principal of, Prepayment Premium, if any, and interest on the Project Loan when due or to pay any fees due hereunder or under the Project Loan Agreement, and the Fiscal Agent and the Governmental Lender shall not be deemed to have any notice of such failure unless it has received such notice in writing.

(b) If the Governmental Note is sold or transferred as provided in Section 2.08, the Funding Lender Representative shall notify the Fiscal Agent and the Borrower in writing of the name and address of the transferee.

Section 2.13 Conversion. If the Conversion Notice is issued in the timeframe required under the Construction Phase Financing Agreement, Conversion will occur on the Conversion Date indicated in such Conversion Notice. If the Conversion Notice is not so issued, Conversion will not occur, and neither the Seller/Servicer nor Freddie Mac will have any obligations with respect to the purchase of the Funding Loan or otherwise with respect to the Loans or the Project.

ARTICLE III

PREPAYMENT OF THE FUNDING LOAN

Section 3.01 *Prepayment of the Funding Loan Prior to Maturity.*

(a) **Optional Prepayment.** The Funding Loan, together with accrued interest thereon, is subject to optional prepayment in whole upon optional prepayment of the Project Loan in accordance with the notice and other prepayment provisions set forth in the Project Note.

(b) **Mandatory Prepayment.** The Funding Loan, together with accrued interest thereon, and together with Prepayment Premium (to the extent payable under the Project Note), is subject to mandatory prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:

(i) in whole or in part, upon the occurrence of a mandatory prepayment of the Project Loan pursuant to the Project Note and receipt by the Fiscal Agent of a written

direction by the Funding Lender Representative that the Funding Loan shall be subject to mandatory payment as a result thereof;

(ii) in part, on the Interest Payment Date next following the completion of the rehabilitation of the Project, to the extent amounts remaining in the Project Account of the Project Loan Fund are transferred to the Loan Prepayment Fund pursuant to Section 4.02(e) hereof;

(iii) in part, in the event the Borrower elects to make a Pre-Conversion Loan Equalization Payment; or

(iv) in whole, on or after the Forward Commitment Maturity Date, at the written direction of the Initial Funding Lender, if the Conversion Notice is not issued by the Freddie Mac Seller/Servicer prior to the Forward Commitment Maturity Date.

Section 3.02 *Notice of Prepayment.* Notice of the intended prepayment of the Funding Loan shall be given by the Fiscal Agent by first class mail, postage prepaid, or by overnight delivery service, to the Funding Lender and the Governmental Lender Servicer. All such prepayment notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional prepayment) nor more than sixty (60) days prior to the date fixed for prepayment. Notices of prepayment shall state (i) the prepayment date, (ii) the prepayment amount, and (iii) the place or places where amounts due upon such prepayment will be payable.

Notice of such prepayment shall also be sent by first class mail, postage prepaid, or by overnight delivery service, to the Servicer, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of the Funding Loan.

Notwithstanding the foregoing, in the event the Fiscal Agent is not collecting and remitting loan payments hereunder, the Fiscal Agent shall have no obligation to send prepayment notices pursuant to this Section 3.02.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01 *Pledge of Revenues and Assets; Establishment of Funds.* The pledge and assignment of and the security interest granted in the Pledged Security pursuant to Section 2.02 hereof shall attach, be perfected and be valid and binding from and after the time of the closing of the Funding Loan and delivery of the Governmental Note by the Fiscal Agent or by any Person authorized by the Fiscal Agent to deliver the Governmental Note. The Pledged Security so pledged and then or thereafter received by the Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

In addition to the Project Loan Fund established pursuant to Section 2.11 hereof, the Fiscal Agent shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

- (a) Revenue Fund;
- (b) Loan Payment Fund;
- (c) Loan Prepayment Fund;
- (d) Administration Fund;
- (e) Cost of Issuance Fund; and
- (f) Rebate Fund.

The funds and accounts established pursuant to Section 2.11 and this Section 4.01 shall be maintained in the corporate trust department of the Fiscal Agent as segregated trust accounts, separate and identifiable from all other funds held by the Fiscal Agent. The Fiscal Agent shall, at the written direction of an Authorized Officer of the Governmental Lender, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Governmental Lender or the Fiscal Agent may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Funding Loan Agreement with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

Section 4.02 *Project Loan Fund.*

(a) Deposit. The Fiscal Agent shall deposit the proceeds of the Funding Loan into the Project Account of the Project Loan Fund upon receipt of each advance thereof as provided in Section 2.11(b) hereof. The Fiscal Agent shall deposit the Borrower Equity Deposit into the Borrower Equity Account of the Project Loan Fund, as well as any additional amounts delivered from time to time to the Fiscal Agent and directed by the Borrower or Servicer to be deposited therein (excluding any proceeds of the Governmental Note), as provided in Section 2.11(c) hereof.

(b) Disbursements. Amounts on deposit in the Project Loan Fund shall be disbursed from time to time by the Fiscal Agent for the purpose of (i) paying interest on the Funding Loan and the Fee Component in each case when due during the Construction Phase and (ii) paying Costs of the Project. In addition, amounts in the Project Loan Fund shall be transferred to the Loan Prepayment Fund, the Rebate Fund and the Borrower at the times and in the manner provided in subsection (e) of this Section 4.02.

(c) Transfers and Requisitions. The Fiscal Agent shall automatically transfer amounts from the Borrower Equity Account of the Project Loan Fund to the Administration

Fund to pay to the appropriate party its accrued fees that are included in the Fee Component that are due and payable as set forth herein or upon receipt of an invoice, without any need for a Requisition or other written direction. Unless the Fiscal Agent is instructed otherwise by the Initial Funding Lender, the Fiscal Agent shall automatically transfer amounts in the Capitalized Interest Account and the Borrower Equity Account of the Project Loan Fund to the Loan Payment Fund to pay interest on the Project Loan and Funding Loan without any need for a Requisition or other written direction; provided that amounts to be used to pay interest shall be transferred to the Loan Payment Fund, (i) during the period commencing on the Delivery Date and concluding on the day prior to the Completion Date from the Capitalized Interest Account, and (ii) commencing on the Completion Date and concluding on the day prior to the Conversion Date, from the Borrower Equity Account. On the Closing Date, the Fiscal Agent shall make disbursements from the respective accounts of the Project Loan Fund for purposes described in subsection (b)(ii) of this Section 4.02 as designated in the Closing Memorandum, and thereafter, only upon the receipt of Requisitions signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer and an Authorized Officer of the Governmental Lender Servicer (each signifying the consent to the Requisition by the Servicer and the Governmental Lender Servicer, respectively), except as set forth in Section 6(1)(a) of the Mortgage Servicing Agreement. The Fiscal Agent shall have no right or duty to determine whether any requested disbursement from the Project Loan Fund complies with the terms, conditions, and provisions of the Construction Continuing Covenant Agreement. The countersignature of an Authorized Officer of the Servicer on a Requisition shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence, that all of the terms, conditions, and requirements of the Construction Continuing Covenant Agreement applicable to such disbursement have been fully satisfied or waived. The Fiscal Agent shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer and an Authorized Officer of the Governmental Lender Servicer, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Notwithstanding anything to the contrary contained herein, no signature of an Authorized Officer of the Borrower or an Authorized Officer of the Governmental Lender Servicer shall be required during any period in which a default has occurred and is then continuing under the Loans or any Financing Document (notice of which default has been given in writing by the Funding Lender Representative or the Servicer to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

(d) If a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer and an Authorized Officer of the Governmental Lender Servicer is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Loan Fund, including all interest accrued therein, the Fiscal Agent shall close the Project Loan Fund.

(e) Immediately prior to any mandatory prepayment of the Funding Loan pursuant to Section 3.01(b)(i) hereof, any amount then remaining in the Project Loan Fund shall, at the

written direction of the Funding Lender Representative, be transferred to the Loan Prepayment Fund to pay amounts due on the Funding Loan, if any. In addition, any amount remaining in the Project Account of the Project Loan Fund following completion of the rehabilitation of the Project in accordance with the Construction Continuing Covenant Agreement, evidenced by an instrument signed by the Funding Lender Representative or the Servicer, shall be transferred to the Loan Prepayment Fund and used to prepay the Funding Loan in accordance with Section 3.01(b)(ii) hereof, unless the Fiscal Agent receives an opinion of Bond Counsel (which shall also be addressed to the Funding Lender Representative) to the effect that a use of such money for other than prepayment of the Funding Loan will not adversely affect the tax exempt status of the Governmental Note; provided, that any amounts in the Project Account of the Project Loan Fund in excess of the amount needed to fund the related prepayment of the Funding Loan shall be transferred to the Rebate Fund. In the event there are funds remaining in the Borrower Equity Account following completion of the rehabilitation of the Project in accordance with the Construction Continuing Covenant Agreement and the Conversion Date has occurred, and provided no default by the Borrower exists under this Funding Loan Agreement or any Project Loan Document, such funds shall be paid by the Fiscal Agent to the Borrower at the written direction of the Funding Lender Representative or the Servicer.

(f) Amounts on deposit in the Project Loan Fund shall be invested as provided in Section 4.08 hereof. All Investment Income on amounts on deposit in the Project Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in the Project Loan Fund, and shall constitute part of any transfers required by subsection (b) or (e) of this Section 4.02.

Section 4.03 *Application of Revenues.*

(a) All Revenues received by the Fiscal Agent shall be deposited by the Fiscal Agent, promptly upon receipt thereof, to the Revenue Fund, except (i) the proceeds of the Funding Loan received by the Fiscal Agent pursuant to Section 2.01(b), which shall be applied in accordance with the provisions of Section 2.11 hereof; (ii) as otherwise specifically provided in subsection (c) of this Section 4.03 with respect to certain deposits into the Loan Prepayment Fund; (iii) with respect to Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; and (iv) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) Subject to Section 2.12 hereof, on each Interest Payment Date or any other date on which payment of principal of or interest on the Funding Loan becomes due and payable, the Fiscal Agent, out of money in the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Loan Payment Fund, an amount equal to the principal of and interest due on the Funding Loan on such date (including scheduled principal pursuant to the Funding Loan Amortization Schedule); and

SECOND: to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loan on such date with respect to a mandatory prepayment of all or a

portion of the Funding Loan pursuant to Section 3.01(b) hereof (other any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below).

(c) Promptly upon receipt, the Fiscal Agent shall deposit directly to the Loan Prepayment Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loan, such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b)(i) hereof; (ii) funds paid to the Fiscal Agent to be applied to the optional prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(a); and (iii) amounts transferred to the Loan Prepayment Fund from the Project Loan Fund pursuant to Section 4.02(e) hereof.

(d) Subject to Section 2.12 hereof, should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loan on any given Interest Payment Date, the Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the Revenue Fund; and (2) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

Section 4.04 *Application of Loan Payment Fund.* Subject to Section 2.12 hereof, the Fiscal Agent shall charge the Loan Payment Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Funding Loan on such Interest Payment Date as provided in Section 4.03(a) and (b), and shall cause the same to be applied to the payment of such interest and principal when due. Any money remaining in the Loan Payment Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Loan Prepayment Fund to prepay the Funding Loan if called for prepayment on such Interest Payment Date, be transferred to the Loan Prepayment Fund to be applied for such purpose.

Any Investment Income on amounts on deposit in the Loan Payment Fund shall be deposited by the Fiscal Agent upon receipt thereof in the Revenue Fund.

No amount shall be charged against the Loan Payment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.05 *Application of Loan Prepayment Fund.* Any money credited to the Loan Prepayment Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; provided, however, that to the extent any money credited to the Loan Prepayment Fund is in excess of the amount necessary to effect the prepayments described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Loan Payment Fund on any Interest Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the Revenue Fund is insufficient to make up such deficiency; provided that no money to be used to effect a prepayment for which a notice of prepayment has been provided shall be so transferred to the Loan Payment Fund.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Loan Prepayment Fund shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Loan Prepayment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.06 Administration Fund. Subject to Section 2.12 hereof, the Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Servicer (or the Borrower if no Servicer exists for the Loans) designated for deposit into such fund [IF APPLICABLE, together with amounts transferred by the Fiscal Agent from the Project Loan Fund for deposit to the Administration Fund pursuant to Section 4.02]. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent and used **FIRST**, to pay to the Fiscal Agent when due the Ordinary Fiscal Agent's Fees and Expenses; **SECOND**, to pay to the Governmental Lender when due the Governmental Lender Fee; **THIRD**, to pay to the Governmental Lender Servicer when due the Governmental Lender Servicer Fee; **FOURTH**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement and the Project Loan Agreement, upon receipt of an invoice from the Rebate Analyst; **FIFTH**, to pay to the Fiscal Agent any Extraordinary Fiscal Agent's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and the Servicer; **SIXTH**, to pay to the Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to the Fiscal Agent and the Servicer; **SEVENTH**, to pay to the Funding Lender Representative any unpaid amounts due under the Continuing Covenant Agreement, as certified in writing by the Funding Lender Representative to the Fiscal Agent; **EIGHTH**, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loan, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loan scheduled for prepayment on such prepayment date; and **NINTH**, to transfer any remaining balance after application as aforesaid to the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower, the Governmental Lender Servicer and the Servicer of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to the Fiscal Agent of the amount of such deficiency. Upon payment by the Borrower or the Servicer of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

Section 4.07 [Reserved].

Section 4.08 Investment of Funds. The money held by the Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and

accounts hereunder shall be, except as otherwise expressly provided herein, invested by the Fiscal Agent, at the written direction of the Borrower (or, in the case of the Rebate Fund, as provided in Section 5.07(b)), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. In the absence of written direction from the Borrower, the Fiscal Agent shall invest amounts on deposit in the funds and accounts established under this Funding Loan Agreement in Government Obligations or in investments of the type described in subparagraph (g) of the definition of Qualified Investments which shall have the same maturity and other restrictions as set forth above. Such investments may be made through the investment or securities department of the Fiscal Agent. The Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Fiscal Agent shall be entitled to assume, absent receipt by the Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. The Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Governmental Lender acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Governmental Lender the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, the Governmental Lender specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Fiscal Agent hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Section 4.09 *[Reserved]*.

Section 4.10 *Accounting Records.* The Fiscal Agent shall maintain accurate books and records for all funds and accounts established hereunder.

Section 4.11 *Amounts Remaining in Funds.* After full payment of the Funding Loan (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and

full payment of the fees, charges and expenses of the Governmental Lender, the Fiscal Agent, the Rebate Analyst, the Funding Lender, the Governmental Lender Servicer and the Servicer and other amounts required to be paid hereunder or under any Project Loan Document, including, but not limited to, the Continuing Covenant Agreement (as certified in writing to the Fiscal Agent by the Governmental Lender with respect to amounts due to the Governmental Lender and by the Funding Lender Representative, the Governmental Lender Servicer or the Servicer on its behalf with respect to amounts owed under the Continuing Covenant Agreement and by the Rebate Analyst with respect to amounts due to the Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to the Borrower.

Section 4.12 *Rebate Fund; Compliance with Tax Certificate.* The Rebate Fund shall be established by the Fiscal Agent and held and applied as provided in this Section 4.12. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the rebate requirement (as set forth in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the government of the United States of America, and neither the Governmental Lender, the Borrower nor the Funding Lender shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 4.12 and by the Tax Certificate. The Fiscal Agent shall conclusively be deemed to have complied with such provisions if it follows the written instructions of the Governmental Lender, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the Governmental Lender, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Rebate Year, the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Rebate Year as a (computation) date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). Pursuant to Section 2.04 of the Project Loan Agreement, the Borrower shall cause the Rebate Analyst to provide such calculations to the Fiscal Agent and the Governmental Lender. In the event that the Borrower fails to provide such information to the Fiscal Agent and the Governmental Lender within 55 days of the end of each fifth Rebate Year, the Fiscal Agent, at the expense of the Borrower, shall select the Rebate Analyst, with the prior written approval of the Governmental Lender, and shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage as required herein.

Within 55 days of the end of each fifth Rebate Year, upon the written direction of the Governmental Lender, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Fiscal Agent from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.

The Fiscal Agent shall pay, as directed by the Governmental Lender, Bond Counsel or the Rebate Analyst, to the United States Department of the Treasury, out of amounts in the Rebate Fund:

- (i) Not later than 60 days after the end of (A) the fifth Rebate Year, and (B) each applicable fifth Rebate Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Rebate Year; and
- (ii) Not later than 60 days after the payment in whole of the Funding Loan, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Rebate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or such other address provided in such direction), on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Fiscal Agent.

Notwithstanding any provision of this Funding Loan Agreement to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States of America and to comply with all other requirements of Sections 2.04 and 4.03 of the Project Loan Agreement and this Section 4.12, and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Funding Loan.

Any funds remaining in the Rebate Fund after payment in full of the Funding Loan and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Fiscal Agent, shall be withdrawn and remitted to the Borrower.

The Fiscal Agent shall obtain and keep such records of the computations made pursuant to this Section 4.12 as are required under Section 148(f) of the Code to the extent furnished to the Fiscal Agent. The Borrower shall or shall cause the Rebate Analyst to provide to the Governmental Lender and the Fiscal Agent copies of all rebate computations made pursuant to this Section 4.12. The Fiscal Agent shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Funding Loan and the investments of earnings from those investments made by the Fiscal Agent as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel, to the effect that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Governmental Note, a copy of which shall be provided to the Fiscal Agent and the Funding Lender Representative, at the expense of the Borrower.

Section 4.13 *Cost of Issuance Fund.* The Fiscal Agent shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as

soon as practicable thereafter in accordance with the Closing Memorandum be given to the Fiscal Agent by the Borrower on the Delivery Date, along with appropriate invoices for such expenses. Amounts in the Cost of Issuance Fund funded with proceeds of the Funding Loan, if any, shall be expended prior to the application of the Costs of Issuance Deposit. Investment Income on amounts on deposit in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred to the Borrower. Upon such final disbursement, the Fiscal Agent shall close the Cost of Issuance Fund.

Section 4.14 *Reports From the Fiscal Agent.* The Fiscal Agent shall, on or before the fifteenth (15th) day of each month, file with the Funding Lender Representative, the Servicer, the Governmental Lender Servicer, the Governmental Lender (at its written request) and the Borrower a statement setting forth in respect of the preceding calendar month:

- (i) the amount withdrawn or transferred by it, and the amount deposited within or on account of each fund and account held by it under the provisions of this Funding Loan Agreement, including the amount of investment income on each fund and account;
- (ii) the amount on deposit with it at the end of such month to the credit of each fund and account;
- (iii) a brief description of all obligations held by it as an investment of money in each such fund and account; and
- (iv) any other information which the Funding Lender Representative, the Governmental Lender Servicer or the Governmental Lender may reasonably request and to which the Fiscal Agent has access in the ordinary course of its operations.

Upon the written request of the Funding Lender, the Fiscal Agent, at the cost of the Borrower, shall provide a copy of such statement to Funding Lender. All records and files pertaining to the Pledged Security shall be open at all reasonable times to the inspection of the Governmental Lender, the Governmental Lender Servicer and the Funding Lender Representative or the Servicer and their agents and representatives upon reasonable prior notice during normal business hours.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01 *Payment of Principal and Interest.* The Governmental Lender covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, premium, if any, and interest on the Funding Loan at the place, on the dates and in the manner provided herein and in the Governmental Note, according to the true intent and meaning thereof.

Section 5.02 *Performance of Covenants.* The Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and

provisions contained in this Funding Loan Agreement, in the Governmental Note and in all proceedings pertaining thereto.

Section 5.03 *Instruments of Further Assurance.* The Governmental Lender covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such supplements hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Fiscal Agent all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Funding Loan. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Governmental Lender or the Fiscal Agent, become and be subject to the lien of this Funding Loan Agreement as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Governmental Lender under this Section 5.03. The Governmental Lender covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Pledged Security or the revenues or receipts therefrom.

The Governmental Lender will promptly notify the Fiscal Agent, the Funding Lender Representative and the Servicer in writing of the occurrence of any of the following:

- (i) the submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against the Governmental Lender with respect to the Loans;
- (ii) any change in the location of the Governmental Lender's principal office or any change in the location of the Governmental Lender's books and records relating to the transactions contemplated hereby;
- (iii) the occurrence of any default or Event of Default of which the Governmental Lender has actual knowledge;
- (iv) the commencement of any proceedings or any proceedings instituted by or against the Governmental Lender in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes; or
- (v) the commencement of any proceedings by or against the Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, Fiscal Agent or similar official shall have been, or may be, appointed or requested for the Governmental Lender or any of its assets relating to the Loans.

Section 5.04 *Inspection of Project Books.* The Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such

accountants or other agents as the Fiscal Agent or the Funding Lender Representative may from time to time reasonably designate.

Section 5.05 *No Modification of Security; Additional Indebtedness.* The Governmental Lender covenants to and for the benefit of the Funding Lender that it will not, without the prior written consent of the Funding Lender Representative, take any of the following actions:

(i) alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Governmental Lender is a party, or which has been assigned to the Governmental Lender, and which relates to or affects the security for the Loans or the payment of any amount owed under the Financing Documents; or

(ii) create or suffer to be created any lien upon the Pledged Security or any part thereof other than the lien created hereby and by the Security Instrument.

Section 5.06 *Damage, Destruction or Condemnation.* Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Continuing Covenant Agreement and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

Section 5.07 *Tax Covenants.*

(a) *Governmental Lender's Covenants.* The Governmental Lender covenants to and for the benefit of the Funding Lender that it will:

(i) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Funding Loan or the money and investments held in the funds and accounts in any manner which would cause the Governmental Note to be an “arbitrage bond” under Section 148 of the Code and the Regulations issued under Section 148 of the Code (the “**Regulations**”) or which would otherwise cause the interest payable on the Governmental Note to be includable in gross income for federal income tax purposes;

(ii) enforce or cause to be enforced all obligations of the Borrower under the Tax Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Tax Regulatory Agreement within a reasonable period after it first discovers or becomes aware of any such violation;

(iii) not take or cause to be taken any other action or actions, or fail to take any action or actions, if the same would cause the interest payable on the Governmental Note to be includable in gross income for federal income tax purposes;

(iv) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Funding Loan will be excluded from the gross income for federal income tax purposes, of the Funding Lender pursuant to the Code, except in the event where the Funding Lender is a “substantial user” of the facilities financed with the Loans or a “related person” within the meaning of the Code; and

(v) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Governmental Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 5.07, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full, and by its acceptance of this Funding Loan Agreement the Fiscal Agent acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Funding Loan Agreement by this reference and agrees to comply with the terms specifically applicable to it.

(b) *Fiscal Agent’s Covenants.* The Fiscal Agent agrees that it will invest funds held under this Funding Loan Agreement in accordance with the covenants and terms of this Funding Loan Agreement and the Tax Certificate (this covenant shall extend through the term of the Funding Loan, to all funds and accounts created under this Funding Loan Agreement and all money on deposit to the credit of any such fund or account). The Fiscal Agent covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Governmental Note to be classified as an “arbitrage bond” within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Governmental Note to be includable in gross income for federal income tax purposes; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Governmental Lender, the Funding Lender Representative, Bond Counsel or the Rebate Analyst. This covenant shall extend, throughout the term of the Funding Loan, to all funds created under this Funding Loan Agreement and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Funding Loan Agreement, the Fiscal Agent obligates itself to comply throughout the term of the Funding Loan with the requirements of Sections 103(b) and 148 of the Code; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Governmental Lender, Bond Counsel or the Rebate Analyst. The Fiscal Agent further covenants that should the Governmental Lender or the Borrower file with the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so file), or should the Fiscal Agent receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Funding Loan would cause the Governmental Note to become an “arbitrage bond,” then the Fiscal Agent will comply with any written instructions of the Governmental Lender, the Borrower, the Funding Lender Representative or Bond Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Governmental Note from becoming an “arbitrage bond,” and the Fiscal Agent will bear no liability to the Governmental Lender, the Borrower, the Funding Lender or the Funding Lender Representative for investments made in accordance with such instructions.

Section 5.08 *Representations and Warranties of the Governmental Lender.* The Governmental Lender hereby represents and warrants as follows:

(a) The Governmental Lender is a body corporate and politic duly organized, validly existing and in good standing under the laws of the State.

(b) The Governmental Lender has all necessary power and authority to issue the Governmental Note and to execute and deliver this Funding Loan Agreement, the Project Loan Agreement and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and assets pledged for the repayment of the Funding Loan are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Funding Loan Agreement, and all action on the part of the Governmental Lender to that end has been duly and validly taken.

(d) The Financing Documents to which the Governmental Lender is a party have been validly authorized, executed and delivered by the Governmental Lender, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF FISCAL AGENT AND FUNDING LENDER

Section 6.01 *Events of Default.* Each of the following shall be an event of default with respect to the Funding Loan (an "Event of Default") under this Funding Loan Agreement:

(a) failure to pay the principal of, premium, if any, or interest on the Funding Loan when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for prepayment thereof, by acceleration or otherwise; or

(b) failure to observe the covenants set forth in Section 5.05 hereof; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Governmental Lender (other than those set forth in Sections 5.01 and 5.05 hereof) set forth in this Funding Loan Agreement or in the Governmental Note and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof to the Governmental Lender from the Fiscal Agent or the Funding Lender Representative specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Governmental Lender commences the required cure within such thirty (30) day period and continues the cure with diligence and the Governmental Lender reasonably anticipates that the default could be cured within sixty (60) days, the Governmental Lender shall have sixty (60) days following receipt of such notice to effect the cure; or

(d) receipt by the Fiscal Agent of written notice from the Funding Lender Representative of the occurrence of an “Event of Default” under the Project Loan Agreement or the Continuing Covenant Agreement.

The Fiscal Agent will promptly notify the Governmental Lender, the Servicer and the Funding Lender Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Section 6.02 *Acceleration; Other Remedies Upon Event of Default.*

Upon the occurrence of an Event of Default, the Fiscal Agent shall, upon the written request of the Funding Lender Representative, by notice in writing delivered to the Governmental Lender, declare the principal of the Funding Loan and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

At any time after the Funding Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Fiscal Agent may, but only if directed in writing by the Funding Lender Representative, by written notice to the Governmental Lender and the Fiscal Agent, rescind and annul such declaration and its consequences if the Governmental Lender or the Borrower shall pay to or deposit with the Fiscal Agent a sum sufficient to pay all principal on the Funding Loan then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on the Funding Loan then due, with interest at the rate borne by the Funding Loan on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Fiscal Agent (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Financing Documents (collectively, the “**Cure Amount**”) shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by the Funding Lender Representative; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, the Fiscal Agent in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Funding Lender, may also proceed to protect and enforce any rights of the Fiscal Agent and, to the full extent that the Funding Lender itself might do, the rights of the Funding Lender under the laws of the State or under this Funding Loan Agreement by such of the following remedies as the Fiscal Agent shall deem most effectual to protect and enforce such rights; provided that, the Fiscal Agent may undertake any such remedy only upon the receipt of the prior written consent of the Funding Lender Representative (which consent may be given in the sole discretion of the Funding Lender Representative):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Funding Loan and to require the Governmental Lender to carry out any covenants or agreements with or

for the benefit of the Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement or the Tax Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Project Loan Agreement, the Tax Regulatory Agreement or any other Financing Document;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Funding Lender and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Fiscal Agent in order to have the claim of the Funding Lender against the Governmental Lender allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to the Fiscal Agent or to the Funding Lender 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 Fiscal Agent or the Funding Lender hereunder or under the Project Loan Agreement, the Tax Regulatory Agreement, the Continuing Covenant Agreement or any other Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such 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. No waiver of any Event of Default hereunder, whether by the Fiscal Agent or the Funding Lender, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

Section 6.03 *Funding Lender Representative Control of Proceedings.* If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Funding Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender (and in connection therewith the Fiscal Agent shall transfer or assign to the Funding Lender Representative all of its interest in the Pledged Security at the request of the Funding Lender Representative). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loan without the express direction of the Funding Lender Representative.

Section 6.04 *Waiver by Governmental Lender.* Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Governmental Lender nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or prepayment laws now or hereinafter in force, in order

to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisal and prepayment to which it may be entitled under the laws of the State and the United States of America.

Section 6.05 *Application of Money After Default.* All money collected by the Fiscal Agent at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Fiscal Agent to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Loan Payment Fund and the Loan Prepayment Fund available for the payment of interest or principal then due with respect to the Governmental Note shall be insufficient for such payment, such money shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Fiscal Agent incurred in performance of its duties under this Funding Loan Agreement, including, without limitation, the payment of all reasonable fees and expenses of the Fiscal Agent incurred in exercising any remedies under this Funding Loan Agreement.

(b) To the extent directed in writing by the Funding Lender Representative, to the reimbursement of any unreimbursed advances made by or on behalf of the Funding Lender pursuant to the Continuing Covenant Agreement or the Security Instrument.

(c) Unless the full principal amount of the Funding Loan shall have become or have been declared due and payable:

FIRST: to the Funding Lender, all installments of interest then due on the Funding Loan in the order of the maturity of such installments; and

SECOND: to the Funding Lender, unpaid principal of and premium, if any, on the Funding Loan which shall have become due, whether at maturity or by call for prepayment, in the order in which they became due and payable.

(d) If the full principal amount of the Governmental Note shall have become or have been declared due and payable, to the Funding Lender for the payment of the principal of, premium, if any, and interest then due and unpaid on the Funding Loan without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest.

Section 6.06 *Remedies Not Exclusive.* No right or remedy conferred upon or reserved to the Fiscal Agent, the Funding Lender or the Funding Lender Representative by the terms of this Funding Loan Agreement is intended to be exclusive of any other right or remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right or remedy given to the Fiscal Agent, the Funding Lender or the Funding Lender Representative under this Funding Loan Agreement or existing at law or in equity or by statute (including the Act).

Section 6.07 *Fiscal Agent May Enforce Rights Without Governmental Note.* All rights of action and claims, including the right to file proof of claims, under this Funding Loan Agreement may be prosecuted and enforced by the Fiscal Agent at the written direction of the Funding Lender Representative without the possession of the Governmental Note or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of the Funding Lender Representative to direct proceedings hereunder, any such suit or proceeding instituted by the Fiscal Agent shall be brought in its name as Fiscal Agent without the necessity of joining as plaintiffs or defendants any Funding Lender, and any recovery or judgment shall be for the benefit as provided herein of the Funding Lender.

Section 6.08 *[Reserved]*.

Section 6.09 *Termination of Proceedings.* In case the Fiscal Agent (at the direction of the Funding Lender Representative) or the Funding Lender Representative shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry 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 Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower and the Funding Lender shall be restored to their former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies and powers of the Fiscal Agent and the Funding Lender Representative shall continue as if no such proceedings had been taken.

Section 6.10 *Waivers of Events of Default.* The Fiscal Agent shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Funding Loan upon the written direction of the Funding Lender Representative. In case of any such waiver or rescission, or in case any proceeding taken by the Fiscal Agent on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Borrower, the Servicer, the Funding Lender Representative and the Funding Lender shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.11 *Interest on Unpaid Amounts and Default Rate for Nonpayment.* In the event that principal of or interest payable on the Funding Loan is not paid when due, there shall be payable on the amount not timely paid, on each Interest Payment Date, interest at the Default Rate, to the extent permitted by law. Interest on the Funding Loan shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 6.12 *Assignment of Project Loan; Remedies Under the Project Loan.*

(a) The Funding Lender Representative shall have the right, with respect to the Project Loan, in its sole and absolute discretion, without directing the Fiscal Agent to effect an acceleration of the Funding Loan, to instruct the Fiscal Agent in writing to assign the Project Note, the Security Instrument and the other Mortgage Documents to the Funding Lender Representative, in which event the Fiscal Agent shall (a) endorse and deliver the Project Note to the Funding Lender Representative and assign (in recordable form) the Security Instrument, (b) execute and deliver to the Funding Lender Representative all documents prepared by the Funding Lender Representative necessary to assign (in recordable form) all other Project Loan

Documents to the Funding Lender Representative and (c) execute all such documents prepared by the Funding Lender Representative as are necessary to legally and validly effectuate the assignments provided for in the preceding clauses (a) and (b). The Fiscal Agent's assignments to the Funding Lender Representative pursuant to this Section 6.12 shall be without recourse or warranty except that the Fiscal Agent shall represent and warrant in connection therewith (A) that the Fiscal Agent has not previously endorsed or assigned any such documents or instruments and (B) that the Fiscal Agent has the corporate authority to endorse and assign such documents and instruments and such endorsements and assignments have been duly authorized.

(b) The Funding Lender Representative shall have the right, in its own name or on behalf of the Governmental Lender or the Fiscal Agent, to declare any default and exercise any remedies under the Project Loan Agreement, the Project Note or the Security Instrument, whether or not the Governmental Note has been accelerated or declared due and payable by reason of an Event of Default or the occurrence of a mandatory prepayment.

Section 6.13 Substitution. Upon receipt of written notice from the Funding Lender Representative and the approval of the Governmental Lender as and to the extent permitted under the Tax Regulatory Agreement, the Fiscal Agent shall exchange the Project Note and the Security Instrument for a new Project Note and Security Instrument, evidencing and securing a new loan (the "New Project Loan"), which may be executed by a person other than the Borrower (the "New Borrower"), provided that if the Fiscal Agent, the Funding Lender or a nominee of the Fiscal Agent or the Funding Lender has acquired the Project through foreclosure, by accepting a deed in lieu of foreclosure or by comparable conversion of the Project, no approval from the Governmental Lender of such exchange shall be required. Prior to accepting a New Project Loan, the Fiscal Agent shall have received (i) written evidence that the New Borrower shall have executed and recorded a document substantially in the form of the Tax Regulatory Agreement (or executed and recorded an assumption of all of the Borrower's obligations under the Tax Regulatory Agreement) and that the Project Loan Documents have been modified as necessary to be applicable to the New Project Loan, and (ii) an opinion of Bond Counsel, to the effect that such exchange and modification, in and of itself, shall not affect the exclusion, from gross income, for federal income tax purposes of the interest payable on the Governmental Note.

ARTICLE VII

CONCERNING THE FISCAL AGENT

Section 7.01 Standard of Care. The Fiscal Agent, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement. The Fiscal Agent, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Funding Loan Agreement and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs.

No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) the duties and obligations of the Fiscal Agent shall be determined solely by the express provisions of this Funding Loan Agreement, and the Fiscal Agent shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Funding Loan Agreement; and

(ii) in the absence of bad faith on the part of the Fiscal Agent, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Fiscal Agent by the Person or Persons authorized to furnish the same;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Fiscal Agent shall not be liable for any error of judgment made in good faith by an officer or employee of the Fiscal Agent except for willful misconduct or negligence by the officer or employee of the Fiscal Agent as the case may be; and

(ii) the Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Funding Lender Representative relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement.

Section 7.02 *Reliance Upon Documents.* Except as otherwise provided in Section 7.01 hereof:

(a) the Fiscal Agent may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the proper party or parties, including any Electronic Notice as permitted hereunder or under the Project Loan Agreement;

(b) any notice, request, direction, election, order or demand of the Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Governmental Lender may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of the Governmental Lender;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by a secretary or other authorized representative of the Borrower;

(d) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Servicer by an Authorized Officer of the Servicer (unless other evidence in respect thereof be herein specifically prescribed);

(e) any notice, request, direction, election, order or demand of the Funding Lender Representative mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Funding Lender Representative by any Authorized Officer of the Funding Lender Representative (unless other evidence in respect thereof be herein specifically prescribed);

(f) [Intentionally Omitted];

(g) [Intentionally Omitted];

(h) in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Fiscal Agent may consult with counsel (who may be counsel for the Governmental Lender, the Servicer or the Funding Lender Representative) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Governmental Lender or the Borrower and such certificate shall in the absence of bad faith on the part of the Fiscal Agent be full warrant to the Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion the Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Governmental Note (except the Fiscal Agent's certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon the Fiscal Agent. The Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of the Governmental Lender or the Borrower to the Pledged Security, or as

to the security of this Funding Loan Agreement, or of the Governmental Note issued hereunder, and the Fiscal Agent shall incur no liability or responsibility in respect of any of such matters;

(k) the Fiscal Agent shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Pledged Security except for its own willful misconduct or negligence; and every provision of this Funding Loan Agreement relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section 7.02(k);

(l) the Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate the Fiscal Agent) herein or in any contracts or securities assigned or conveyed to or pledged with the Fiscal Agent hereunder, except Events of Default that are evident under Section 6.01(a) hereof. The Fiscal Agent shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) hereof to the extent they are collecting loan payments hereunder) unless the Fiscal Agent shall receive from the Governmental Lender or the Funding Lender Representative written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Fiscal Agent may conclusively assume that there is no such default. Every provision contained in this Funding Loan Agreement or related instruments or in any such contract or security wherein the duty of the Fiscal Agent depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(l);

(m) the Fiscal Agent shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of the Fiscal Agent, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Funding Lender; and

(n) the Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of acting as Fiscal Agent under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of the Funding Lender Representative pursuant to Section 6.03 hereof, unless the Funding Lender Representative shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement and the Tax Regulatory Agreement and shall have no responsibility or

liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Note. In acting or omitting to act pursuant to the Project Loan Agreement, the Tax Regulatory Agreement, the Arbitrage Rebate Agreement, the Governmental Lender Servicer Agreement or any other documents executed in connection herewith, the Fiscal Agent shall be entitled to all of the rights, immunities and indemnities accorded to it under this Funding Loan Agreement, including, but not limited to, this Article VII.

The Fiscal Agent or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement.

Any resolution, certification, notice, request, direction, election, order or demand delivered to the Fiscal Agent pursuant to this Section 7.02 shall remain in effect until the Fiscal Agent receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

The Fiscal Agent shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.17 hereof.

Section 7.03 *Use of Proceeds.* The Fiscal Agent shall not be accountable for the use or application of the Governmental Note authenticated or delivered hereunder or of the proceeds of the Funding Loan except as provided herein.

Section 7.04 *[Reserved]*.

Section 7.05 *Trust Imposed.* All money received by the Fiscal Agent shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.

Section 7.06 *Compensation of Fiscal Agent.* The Fiscal Agent shall be entitled to its Ordinary Fiscal Agent's Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Fiscal Agent shall be entitled to Extraordinary Fiscal Agent's Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; provided the Fiscal Agent shall not incur any Extraordinary Fiscal Agent's Fees and Expenses without the consent of the Funding Lender Representative. If any property, other than cash, shall at any time be held by the Fiscal Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loan, the Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loan, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Fiscal Agent for its services and reimbursement to the Fiscal Agent for its expenses, disbursements, liabilities and advances, shall be limited to the

sources described in the Project Loan Agreement and in Sections 4.06, 4.11 and 6.05 hereof. The Governmental Lender shall have no liability for Fiscal Agent's fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Ordinary Fiscal Agent's Fees and Expenses or, if applicable, the Extraordinary Fiscal Agent's Fees and Expenses as required by the Project Loan Agreement.

The Borrower shall indemnify and hold harmless the Fiscal Agent and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with this Funding Loan Agreement or transactions contemplated hereby, the Project, or the delivery of the Governmental Note or the Loans; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the delivery of the Governmental Note or the Loans; and (c) all costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any person for damages caused by the gross negligence, willful misconduct or unlawful acts of such person or which arise from events occurring after the Borrower ceases to own the Project. In the event that any action or proceeding is brought or claim made against the Fiscal Agent, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section 7.06 shall survive the termination of this Funding Loan Agreement.

Section 7.07 *Qualifications of Fiscal Agent.* There shall at all times be a Fiscal Agent hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Fiscal Agent shall have a combined capital and surplus of at least \$50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.11 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.07, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.07 and another association or corporation is eligible, the Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.09 hereof.

Section 7.08 *Merger of Fiscal Agent.* Any association or corporation into which the Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it

may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of the Fiscal Agent in the Loans.

Section 7.09 *Resignation by the Fiscal Agent.* The Fiscal Agent may at any time resign from the trusts hereby created by giving written notice to the Governmental Lender, the Borrower, the Servicer and the Funding Lender Representative. Such notice to the Governmental Lender, the Borrower, the Servicer and the Funding Lender Representative may be served personally or sent by certified mail or overnight delivery service. The resignation of the Fiscal Agent shall not be effective until a successor Fiscal Agent has been appointed as provided herein and such successor Fiscal Agent shall have agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.10 *Removal of the Fiscal Agent.* The Fiscal Agent may be removed at any time, either with or without cause, with the consent of the Funding Lender Representative (which consent of the Funding Lender Representative shall not be unreasonably withheld), by a written instrument signed by the Governmental Lender and delivered to the Fiscal Agent, the Servicer and the Borrower. The Fiscal Agent may also be removed by a written instrument signed by the Funding Lender Representative and delivered to the Fiscal Agent, the Servicer, the Governmental Lender and the Borrower. In each case written notice of such removal shall be given to the Servicer, the Borrower, the Governmental Lender Servicer and to the Funding Lender. Any such removal shall take effect on the day specified in such written instrument(s), but the Fiscal Agent shall not be discharged from the trusts hereby created until a successor Fiscal Agent has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.11 *Appointment of Successor Fiscal Agent.*

(a) In case at any time the Fiscal Agent shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Fiscal Agent or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Fiscal Agent or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Fiscal Agent hereunder, and the Governmental Lender, with the written consent of the Funding Lender Representative, shall promptly appoint a successor Fiscal Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Governmental Lender. If the Governmental Lender fails to appoint a successor Fiscal Agent within ten (10) days following the resignation or removal of the Fiscal Agent pursuant to Section 7.09 or Section 7.10 hereunder, as applicable, the Funding Lender Representative may appoint a successor Fiscal Agent.

(b) If, in a proper case, no appointment of a successor Fiscal Agent shall be made pursuant to subsection (a) of this Section 7.11 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.09 hereof or of removal of the Fiscal Agent pursuant to Section 7.10 hereof, the retiring Fiscal Agent may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.

Section 7.12 *Concerning Any Successor Fiscal Agent.* Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Governmental Lender a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Governmental Lender, the Borrower or the Funding Lender Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from the Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Funding Lender.

Section 7.13 *Successor Fiscal Agent*. In the event of a change in the office of Fiscal Agent, the predecessor Fiscal Agent which shall have resigned or shall have been removed shall cease to be Fiscal Agent with respect to the Governmental Note, and the successor Fiscal Agent shall become such Fiscal Agent.

Section 7.14 *Appointment of Co-Fiscal Agent or Separate Fiscal Agent.* It is the intent of the Governmental Lender and the Fiscal Agent that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under or connected with this Funding Loan Agreement, the Project Loan Agreement or any of the other Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to the Fiscal Agent or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent, with the consent of the Governmental Lender and the Funding Lender Representative, appoint an additional individual or institution as a co-fiscal agent or separate fiscal agent.

In the event that the Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of the Fiscal Agent, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.14. Such co-fiscal agent or separate fiscal agent shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Governmental Lender and the Fiscal Agent.

Should any instrument in writing from the Governmental Lender be required by the co-fiscal agent or separate fiscal agent so appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender, the Fiscal Agent and the Borrower. If the Governmental Lender shall fail to deliver the same within thirty (30) days of such request, the Fiscal Agent is hereby appointed attorney-in-fact for the Governmental Lender to execute, acknowledge and deliver such instruments in the Governmental Lender's name and stead. In case any co-fiscal agent or separate fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-fiscal agent or separate fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a new Fiscal Agent or successor to such co-fiscal agent or separate fiscal agent.

Every co-fiscal agent or separate fiscal agent shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) the Governmental Note shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Funding Loan Agreement conferred upon the Fiscal Agent in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Fiscal Agent;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Fiscal Agent shall be conferred or imposed upon or exercised or performed by the Fiscal Agent, or by the Fiscal Agent and such co-fiscal agent, or separate fiscal agent jointly, as shall be provided in the instrument appointing such co-fiscal agent or separate fiscal agent, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-fiscal agent or separate fiscal agent;

(c) any request in writing by the Fiscal Agent to any co- fiscal agent or separate fiscal agent 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- fiscal agent or separate fiscal agent;

(d) any co- fiscal agent or separate fiscal agent to the extent permitted by law shall delegate to the Fiscal Agent the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Fiscal Agent at any time by an instrument in writing with the concurrence of the Governmental Lender evidenced by a certified resolution may accept the resignation of or remove any co- fiscal agent or separate fiscal agent appointed under this Section 7.14 and in case an Event of Default shall have occurred and be continuing, the Fiscal Agent shall have power to accept the resignation of or remove any such co- fiscal agent or separate fiscal agent without the concurrence of the Governmental Lender, and upon the request of the Fiscal Agent, the Governmental Lender shall join with the Fiscal Agent 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- fiscal agent or separate fiscal agent so resigned or removed may be appointed in the manner provided in this Section 7.14;

(f) no Fiscal Agent or co- fiscal agent hereunder shall be personally liable by reason of any act or omission of any other Fiscal Agent hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Funding Lender Representative and delivered to the Fiscal Agent shall be deemed to have been delivered to each such co- fiscal agent or separate fiscal agent; and

(h) any money, papers, securities or other items of personal property received by any such co- fiscal agent or separate fiscal agent hereunder shall forthwith, so far as may be permitted by law, be turned over to the Fiscal Agent.

The total compensation of the Fiscal Agent and any co fiscal agent or separate fiscal agent shall be as, and may not exceed the amount, provided in Section 7.06 hereof.

Section 7.15 *Notice of Certain Events.* The Fiscal Agent shall give written notice to the Governmental Lender, the Servicer and the Funding Lender Representative of any failure by the Borrower to comply with the terms of the Tax Regulatory Agreement or any Determination of Taxability of which a Responsible Officer has actual knowledge.

Section 7.16 *[Reserved].*

Section 7.17 *Filing of Financing Statements.* The Fiscal Agent shall, at the expense of the Borrower, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date in connection with the security for the Funding Loan pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Fiscal Agent shall immediately notify the Governmental Lender, the Borrower, the

Funding Lender Representative and the Servicer that the same has been done. If direction is given by the Servicer or the Funding Lender Representative, the Fiscal Agent shall file all continuation statements in accordance with such directions.

Section 7.18 *USA Patriot Act Requirements of the Fiscal Agent.* To help the government of the United States of America fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust, or other legal entity, the Fiscal Agent may request documentation to verify such Person's formation and existence as a legal entity. The Fiscal Agent may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII

AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01 *Amendments to this Funding Loan Agreement.* Any of the terms of this Funding Loan Agreement and the Governmental Note may be amended or waived only by an instrument signed by the Fiscal Agent and the Governmental Lender, and with the prior written consent of the Funding Lender Representative.

Section 8.02 *Amendments to Financing Documents Require Consent of Funding Lender Representative.* Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of any Financing Document without the prior written consent of the Funding Lender Representative. The Fiscal Agent shall enter into such amendments to the Financing Documents as shall be directed by the Funding Lender Representative, including entering into the amendments attached as exhibits to the Construction Phase Financing Agreement on the Conversion Date.

Section 8.03 *Opinion of Bond Counsel Required.* No amendment to this Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, the Project Note, the Security Instrument or the Tax Regulatory Agreement shall become effective unless and until (i) the Funding Lender Representative shall have consented to the same in writing in its sole discretion and (ii) the Funding Lender Representative, the Governmental Lender and the Fiscal Agent shall have received, at the expense of the Borrower, (A) an opinion of Bond Counsel to the effect that such amendment, change or modification will not, in and of itself, cause interest on the Governmental Note to be includable in gross income of the holders thereof for federal income tax purposes, and (B) an opinion of counsel acceptable to the Funding Lender Representative to the effect that any such proposed such amendment, change or modification is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE IX

SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

Section 9.01 *Discharge of Lien.* If the Governmental Lender shall pay or cause to be paid to the Funding Lender the principal, interest and premium, if any, to become due with respect to the Funding Loan at the times and in the manner stipulated herein and in the Governmental Note, in any one or more of the following ways:

- (a) by the payment of all unpaid principal of (including Prepayment Premium, if any) and interest on the Funding Loan; or
- (b) after the Conversion Date (or, if the Conversion Date does not occur, the latest date on which Conversion was permitted to occur under the Construction Phase Financing Agreement) and prior to the Window Period, by the deposit to the account of the Fiscal Agent, in trust, of money or securities in the necessary amount to pay the principal, Prepayment Premium and interest to the Maturity Date; or
- (c) by the delivery of the Governmental Note by the Funding Lender to the Fiscal Agent for cancellation;

and the Borrower shall have paid all amounts due and owing under the other Financing Documents, and shall have paid all fees and expenses of and any other amounts due to the Fiscal Agent, the Servicer, the Governmental Lender Servicer and the Rebate Analyst, and if the Governmental Lender shall keep, perform and observe all and singular the covenants and promises in the Governmental Note and in this Funding Loan Agreement expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any interest in property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except amounts held by the Fiscal Agent for the payment of principal of, interest and premium, if any, on the Governmental Note, the payment of any amounts owed to the United States of America pursuant to Section 4.12 hereof.

After the Conversion Date (or, if the Conversion Date does not occur, the latest date on which Conversion was permitted to occur under the Construction Phase Financing Agreement) and prior to the Window Period and subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loan shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section 9.01 based on a deposit of moneys or securities with the Fiscal Agent pursuant to Section 9.01(b) if, under circumstances which do not cause interest on the Governmental Note to become includable in the holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) there shall be on deposit with the Fiscal Agent either money or noncallable and nonprepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by the Funding Lender Representative) in an amount, together with

anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loan up to and on the Maturity Date; (b) the Fiscal Agent shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to the Fiscal Agent and the Funding Lender Representative as to the adequacy of the amounts or securities so deposited to fully pay the Funding Loan; (c) the Fiscal Agent and the Funding Lender Representative shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code (x) payment of such money to the Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (y) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loan; (d) the Fiscal Agent and the Funding Lender Representative shall have received an opinion of Bond Counsel to the effect that the defeasance of the Funding Loan is in accordance with the provisions of the Funding Loan Agreement and that such defeasance will not adversely affect the exclusion of interest on the Governmental Note from gross income for federal income tax purposes; and (e) the Fiscal Agent shall have received written confirmation that all fees, expenses or reimbursement of any advances due to the Funding Lender and the Servicer under the Financing Documents have been fully paid.

Section 9.02 *Discharge of Liability on Funding Loan.* Upon the deposit with the Fiscal Agent, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loan (whether upon or prior to their maturity or the prepayment date of the Funding Loan) provided that, if the Funding Loan is to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article III provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, all liability of the Governmental Lender in respect of the Funding Loan shall cease, terminate and be completely discharged, except only that thereafter the Funding Lender shall be entitled to payment by the Governmental Lender, and the Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with the Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03 *Payment of Funding Loan After Discharge of Funding Loan Agreement.* Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the State, any money deposited with the Fiscal Agent or any paying agent in trust for the payment of the principal of, interest, or Prepayment Premium, if any, on the Governmental Note remaining unclaimed for seven (7) years after the maturity or earlier payment date: (a) shall be reported and disposed of by the Fiscal Agent in accordance with applicable unclaimed property laws; or (b) to the extent permitted by applicable law, shall be paid to the Borrower, whereupon all liability of the Governmental Lender and the Fiscal Agent with respect to such money shall cease, and the Funding Lender shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

ARTICLE X

INTENTIONALLY OMITTED

ARTICLE XI

MISCELLANEOUS

Section 11.01 *Servicing of the Loans.* The Funding Lender Representative may appoint a Servicer (which may be the Funding Lender Representative if the Funding Lender Representative elects to service the Loans) to service the Loans as provided in Section 3.02 of the Project Loan Agreement.

Section 11.02 *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Funding Loan Agreement or the Governmental Note is intended or shall be construed to give to any Person other than the Parties hereto, the Funding Lender, the Funding Lender Representative, the Servicer and the Borrower, any legal or equitable right, remedy or claim under or in respect to this Funding Loan Agreement or any covenants, conditions and provisions hereof.

Section 11.03 *Construction of Conflicts; Severability.* Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Funding Loan, the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall 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 herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Funding Loan Agreement contained, shall not affect the remaining portions of this Funding Loan Agreement, or any part thereof.

Section 11.04 *Notices.*

(a) Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer shall be sufficiently given and shall be deemed

given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Funding Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Governmental Lender: Jacksonville Housing Finance Authority
214 N. Hogan Street, 7th Floor
Jacksonville, Florida 32202
Attention: Finance Director
Email: lstagner@coj.net
Telephone: 904-255-8279

The Fiscal Agent: The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department
Email: tricia.heintz@bnymellon.com
Telephone: 904-645-1915

The Borrower: Ashley Square Jacksonville, Ltd.
c/o Blue Sky Communities, LLC
5300 W. Cypress Street
Suite 200
Tampa, Florida 33607
Attention: _____
Email: _____
Telephone: _____]

with a copy to: Nelson Mullins Broad and Cassel
(which copy shall not constitute notice to
Borrower)
390 North Orange Avenue, Suite 1400
Orlando, Florida 32801
Attention: Randy Alligood, Esq.
Email: Randy.alligood@nelsonmullins.com
Telephone: 407-839-4239

Funding Lender
Representative
(during the Construction Phase):

TD Bank, N.A.
2307 West Kennedy Boulevard
Tampa, Florida 33609

Attention: Kyle Moore
Email: kyle.moore@td.com
Telephone: 813-250-3019

Funding Lender (from Conversion Date
to Freddie Mac Purchase Date) and
Servicer (as of Freddie Mac Purchase Date):

[Grandbridge Real Estate Capital LLC
711 Fifth Avenue, 6th Floor
New York, New York 10022
Attention: Justin Ginsberg
Email: Justin.Ginsberg@grandbridge.com
Telephone: 212-326-3125]

Funding Lender
Representative
(as of Freddie Mac Purchase Date):

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B4P
McLean, Virginia 22102
Attention: Multifamily Operations - Loan Accounting
Email: mfla@freddiemac.com
Telephone: (703) 714-4177

with a copy to:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive, MS 210
McLean, Virginia 22102
Attention: Managing Associate General Counsel –
Multifamily Legal Division
Email: [_____]@freddiemac.com
Telephone: (703) 903-2000

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Funding Lender Representative and by any party to the Funding Lender Representative to the Servicer and to the Governmental Lender Service and the Investor Limited Partner.

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement. Notwithstanding the immediately preceding sentence, the Fiscal Agent shall have the right to accept and act upon directions or instructions given pursuant to this Funding Loan Agreement or any other document reasonably relating to the Governmental Note and delivered using Electronic Means; provided, however, that the Governmental Lender and the Borrower, as the case may be, shall each provide to the Fiscal Agent an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions 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 Governmental Lender or the Borrower elects to give the Fiscal Agent directions or instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such directions or instructions, the Fiscal Agent's understanding of such directions or instructions shall be deemed controlling. The Governmental Lender and the Borrower each understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such directions or instructions and that the Fiscal Agent 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 Fiscal Agent have been sent by such Authorized Officer. The Governmental Lender and the Borrower, as the case may be, shall each be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Fiscal Agent and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent'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 Governmental Lender and the Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

(b) The Fiscal Agent shall provide to the Funding Lender Representative and the Servicer (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by the Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from the Funding Lender Representative and the Servicer for any such information or other communication.

Section 11.05 Funding Lender Representative.

(a) The Initial Funding Lender is the initial Funding Lender Representative with respect to the Governmental Note. Upon the Conversion Date, the Freddie Mac Seller/Servicer shall become the Funding Lender Representative and upon the Freddie Mac Purchase Date, Freddie Mac shall become the Funding Lender Representative. The Funding Lender Representative shall be entitled to all the rights and privileges of the Funding Lender hereunder and under the other Financing Documents.

(b) The Funding Lender Representative may provide written notice to the Fiscal Agent designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of the Funding Lender Representative, and such notice may be amended or rescinded by the Funding Lender Representative at any time by subsequent written notice. The Funding Lender Representative may be removed and a successor appointed by a written notice in the form of Exhibit B hereto given by the Funding Lender to the

Fiscal Agent, the Governmental Lender, the Servicer and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Fiscal Agent. The Funding Lender may appoint any Person to act as Funding Lender Representative, including, without limitation, the Servicer. If, for any reason, a Funding Lender Representative resigns by written notice provided to the Fiscal Agent, the Funding Lender, the Governmental Lender, the Servicer and the Borrower, all references to Funding Lender Representative herein and in the other Financing Documents shall be deemed to refer to the Funding Lender until a successor Funding Lender Representative is appointed by the Funding Lender.

(c) Whenever pursuant to this Funding Loan Agreement or any other Financing Document, the Funding Lender Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of the Funding Lender Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of the Funding Lender Representative, except as otherwise specifically indicated.

(d) Each Funding Lender, by their purchase or other acquisition of the Funding Loan, shall be deemed to have acknowledged and agreed to the provisions of this Funding Loan Agreement and the other Financing Documents with respect to the Funding Lender Representative and the rights and privileges thereof, including but not limited to the right to control all remedies in respect of the Governmental Note and the Loans.

Section 11.06 *Payments Due on Non-Business Days.* In any case where a date of payment with respect to the Funding Loan shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 11.07 *Counterparts.* This Funding Loan Agreement 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.

Section 11.08 *Laws Governing Funding Loan Agreement .* The effect and meanings of this Funding Loan Agreement and the rights of all parties hereunder shall be governed by, and construed according to, the internal laws of the State without regard to conflicts of laws principles.

Section 11.09 *No Recourse.* No recourse under or upon any obligation, covenant or agreement contained in this Funding Loan Agreement or in the Governmental Note shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Governmental Lender, either directly or through the Governmental Lender or its governing body or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, or otherwise, of any sum that may be due and unpaid by the Governmental Lender or its governing body upon the Governmental Note. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Funding Lender or otherwise of any sum that may remain due and unpaid with respect to the

Funding Loan hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the delivery of the Governmental Note.

Section 11.10 *Successors and Assigns.* All the covenants and representations contained in this Funding Loan Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Governmental Lender, the Initial Funding Lender and the Fiscal Agent have caused this Funding Loan Agreement to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

By:_____

Bernard E. Smith, Chair

[GOVERNMENTAL LENDER’S SIGNATURE PAGE TO ASHLEY SQUARE FUNDING LOAN AGREEMENT]

TD BANK, N.A., a national banking institution

By _____

Name: _____

Title: _____

[INITIAL FUNDING LENDER'S SIGNATURE PAGE TO ASHLEY SQUARE FUNDING LOAN AGREEMENT]

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent**

By _____
Name: _____
Title: _____

[FISCAL AGENT’S SIGNATURE PAGE TO ASHLEY SQUARE FUNDING LOAN AGREEMENT]

EXHIBIT A

FORM OF GOVERNMENTAL NOTE

THIS GOVERNMENTAL NOTE MAY ONLY BE TRANSFERRED UPON RECEIPT BY THE FISCAL AGENT OF A TRANSFEREE REPRESENTATIONS LETTER IN THE FORM ATTACHED AS EXHIBIT C TO THE HEREINAFTER DEFINED FUNDING LOAN AGREEMENT.

**JACKSONVILLE HOUSING FINANCE AUTHORITY
MULTIFAMILY HOUSING MORTGAGE REVENUE NOTE
(ASHLEY SQUARE), SERIES 2020**

US \$[AMOUNT]

November [__], 2020

FOR VALUE RECEIVED, the undersigned, Jacksonville Housing Finance Authority (the “**Obligor**”), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of TD Bank, N.A. (the “**Funding Lender**”), and its assigns, the maximum principal sum of [AMOUNT OF FUNDING LOAN] (US \$[____]), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 (this “**Note**”) is being delivered pursuant to that certain Funding Loan Agreement dated as of November 1, 2020 (together with any and all amendments, modifications, supplements and restatements, the “**Funding Loan Agreement**”), among the Funding Lender, the Obligor and The Bank of New York Mellon Trust Company, N.A. (the “**Fiscal Agent**”), pursuant to which the Obligor has incurred a loan in the maximum aggregate principal amount of \$[AMOUNT] (the “**Funding Loan**”), and this Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Obligor is using the proceeds of the Funding Loan to make a loan to Ashley Square Jacksonville Ltd. (the “**Borrower**”) pursuant to the Project Loan Agreement dated as of November 1, 2020 (the “**Project Loan Agreement**”), among the Obligor, the Borrower and the Fiscal Agent. The outstanding principal balance of this Note at any time shall be an amount equal to the proceeds of the Funding Loan advanced by the Funding Lender under the Funding Loan Agreement and not otherwise prepaid.

1. **Defined Terms.** As used in this Note, (i) the term “Funding Lender” means the holder of this Note, and (ii) the term “Indebtedness” means the principal of, premium, if any, and interest on or any other amounts due at any time under this Note or the Funding Loan Agreement. “Event of Default” and other capitalized terms used but not defined in this Note shall have the meanings given to such term in the Funding Loan Agreement.

2. **Payments of Principal and Interest.** The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing [____], interest on this Note at (i) the Construction Phase Interest Rate during the Construction Phase and (ii) the Permanent Phase Interest Rate during the Permanent Phase, and shall also pay interest on this Note at the foregoing rates on the date of any

optional or mandatory prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Note subject to prepayment (each such date for payment an “**Interest Payment Date**”). Interest shall accrue on the principal amount of the Funding Loan which has been advanced under the Funding Loan Agreement and is outstanding as reflected on the Record of Advances.

The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Note in full on [_____] (the “**Maturity Date**”) and in monthly installments on each date set forth on the Funding Loan Amortization Schedule attached as Schedule 1 hereto in an amount equal to the corresponding amounts set forth thereon (as such Schedule 1 may be replaced by a new Funding Loan Amortization Schedule provided by the Freddie Mac Seller/Servicer on the Conversion Date as provided in Section 2.01(e) of the Funding Loan Agreement) or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

3. **Manner of Payment.** All payments under this Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.

4. **Application of Payments.** If at any time the Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Funding Lender, in the Funding Lender’s discretion. Neither the Funding Lender’s acceptance of a payment in an amount that is less than all amounts then due and payable nor the Funding Lender’s application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security.** The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.

6. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Funding Lender, as governed by the Funding Loan Agreement, without any prior notice to the Obligor (unless required by applicable law). The Funding Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Prepayment; Prepayment Premium.** This Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

8. **Forbearance.** Any forbearance by the Funding Lender in exercising any right or remedy under this Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or

any other right or remedy. The acceptance by the Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Funding Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Funding Lender of any security for the obligations under this Note shall not constitute an election by the Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to the Funding Lender.

9. **Waivers.** Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Obligor and all endorsers and guarantors of this Note and all other third-party obligors.

10. **Loan Charges.** Neither this Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

11. **Governing Law.** This Note shall be governed by the internal law of the State of Florida (the "**Property Jurisdiction**").

12. **Captions.** The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

13. **Address for Payment.** All payments due under this Note shall be payable at the principal office of the Funding Lender as designated by the Funding Lender in writing to the Fiscal Agent and the Servicer.

14. **Default Rate.** So long as (a) any monthly installment under this Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the "**Default Rate**") equal to the lesser of (i) the Construction Phase Interest Rate or Permanent Phase Interest Rate, as applicable, otherwise in effect notwithstanding the default plus

four percent (4%) per annum or (ii) the Maximum Interest Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

15. **Limited Obligation.** This Governmental Note shall be a limited obligation of the Governmental Lender. This Governmental Note and the interest hereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the Governmental Lender, the City, 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. This Governmental Note and the interest hereon are payable solely from and secured by the Pledged Security, all as described in and subject to limitations set forth in the Funding Loan Agreement, for the equal and ratable benefit of the Owner, from time to time, of this Governmental Note.

[Signature page follows]

IN WITNESS WHEREOF, the Obligor has caused this Multifamily Note to be duly executed by the manual or facsimile signature of its Chair.

SEAL

JACKSONVILLE HOUSING
FINANCE AUTHORITY

By _____
Chair

CERTIFICATE OF AUTHENTICATION

This Multifamily Note is issued under the provisions of and described in the within-mentioned Funding Loan Agreement.

Date of Authentication: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: _____
Authorized Signer

SCHEDULE 1
FUNDING LOAN AMORTIZATION SCHEDULE

EXHIBIT B

**FORM OF NOTICE OF APPOINTMENT
OF FUNDING LENDER REPRESENTATIVE**

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road
Jacksonville, Florida 32256
Attn: Corporate Trust Department

Ashley Square Jacksonville Ltd.
c/o Blue Sky Communities, LLC
5500 W. Cypress Street, Suite 200
Tampa, Florida 33607
Attn: _____]

Jacksonville Housing Finance Authority
214 N. Hogan Street, 7th Floor
Jacksonville, Florida 32202
Attn: Finance Director

[Grandbridge Real Estate Capital LLC
711 Fifth Avenue, 6th Floor
New York, New York 10022
Attention: Justin Ginsberg

Re: \$[_____] Jacksonville Housing Finance Authority
 Multifamily Housing Mortgage Revenue Note
 (Ashley Square), Series 2020

Ladies and Gentlemen:

The undersigned is the holder (the “**Funding Lender**”) of the Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 dated November [], 2020 (the “**Governmental Note**”) delivered pursuant to the Funding Loan Agreement dated as of November 1, 2020 (the “**Funding Loan Agreement**”), among TD Bank, N.A., in its capacity as Initial Funding Lender (the “**Initial Funding Lender**”), the Jacksonville Housing Finance Authority (the “**Governmental Lender**”) and The Bank of New York Mellon Trust Company, N.A. (the “**Fiscal Agent**”). Pursuant to Section 11.05 of the Funding Loan Agreement, you are hereby notified that, effective immediately upon receipt of this notice by the Fiscal Agent, the Funding Lender Representative appointed under Section 11.05 of the Funding Loan Agreement shall be _____. [The person or entity previously appointed as Funding Lender Representative shall upon the effectiveness of this notice no longer have any further rights or obligations as Funding Lender Representative.]

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of the Funding Lender Representative and the signature(s) set forth next to his/her (their) name(s) is (are) his/her (their) true and correct signature(s).

NAME

SIGNATURE

Additional individuals may be given such authority by written notice to you from the Funding Lender Representative or from the Funding Lender.

This notice is dated as of the _____ day of _____, _____.

[FUNDING LENDER SIGNATURE BLOCK]

By: _____

EXHIBIT C

FORM OF TRANSFeree REPRESENTATIONS LETTER

[To be prepared on letterhead of transferee]

[Date]

Jacksonville Housing Finance Authority
214 N. Hogan Street, 7th Floor
Jacksonville, Florida 32202
Attn: Finance Director

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road
Jacksonville, Florida 32256
Attn:

Re: \$[] Jacksonville Housing Finance Authority
Multifamily Housing Mortgage Revenue Note
(Ashley Square), Series 2020

Ladies and Gentlemen:

The undersigned (the "Funding Lender") hereby acknowledges receipt of the Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 dated November [], 2020 (the "Governmental Note") delivered pursuant to the Funding Loan Agreement dated as of November 1, 2020 (the "Funding Loan Agreement"), among TD Bank, N.A., in its capacity as Initial Funding Lender (the "Initial Funding Lender"), the Jacksonville Housing Finance Authority (the "Governmental Lender") and The Bank of New York Mellon Trust Company, N.A. (the "Fiscal Agent"). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Funding Loan Agreement.

In connection with the [origination/purchase] of the Funding Loan by the Funding Lender, the Funding Lender hereby makes the following representations upon which you may rely:

1. The Funding Lender has authority to [originate/purchase] the Funding Loan and to execute this letter, and any other instruments and documents required to be executed by the Funding Lender in connection with the [origination/purchase] of the Funding Loan.

2. The Funding Lender is an "accredited investor" under Regulation D of the Securities Act of 1933 (the "Act") or a "qualified institutional buyer" under Rule 144(a) of said Act (such "accredited investor" or "qualified institutional buyer", a "Qualified Transferee"), and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Funding Loan.

3. The Funding Lender acknowledges that it is [originating/purchasing] the Funding Loan for investment for its own account and not with a present view toward resale or the

distribution thereof (except as set forth below), in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan (except as set forth below); provided, however, that the Funding Lender may, notwithstanding the foregoing and the terms of Paragraph 4 below, (i) transfer the Funding Loan to any affiliate or other party related to the Funding Lender that is a Qualified Transferee or (ii) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold except to (x) owners or beneficial owners thereof that are Qualified Transferees or (y) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least "A" or better; provided, further, however, the Funding Lender has originated and funded the Funding Loan with the expectation that the Funding Loan will be sold to [NAME OF FREDDIE MAC SELLER/SERVICER] on the Conversion Date and thereafter delivered to the Federal Home Loan Mortgage Corporation ("Freddie Mac") pursuant to the forward commitment dated [_____] (the "Freddie Mac Commitment"); provided, further, however, the Funding Lender is purchasing the Funding Loan with the expectation that the Funding Loan will be sold to the Federal Home Loan Mortgage Corporation ("Freddie Mac") pursuant to the forward commitment dated [_____] (the "Freddie Mac Commitment").

4. In addition to the right to sell or transfer the Funding Loan as set forth in Paragraph 3 above, the Funding Lender further acknowledges its right to sell or transfer the Funding Loan, subject, as required under the Funding Loan Agreement, to the delivery to the Fiscal Agent of a transferee representations letter from the transferee to substantially the same effect as this Transferee Representations Letter or in such other form authorized by the Funding Loan Agreement with no revisions except as may be approved in writing by the Governmental Lender.

5. The Funding Lender understands that the Governmental Note is not registered under the Act and that such registration is not legally required as of the date hereof; and further understands that the Governmental Note (a) is 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.

6. The Funding Lender understands that (a) the Funding Loan is 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 Governmental Lender has no taxing power, (b) the Funding Loan does not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Governmental Lender, the State of Florida or any political subdivision thereof; and (c) the liability of the Governmental Lender with respect to the Funding Loan is limited to the Pledged Security as set forth in the Funding Loan Agreement.

7. The Funding Lender has either been supplied with or been given access to information, including financial statements and other financial information, which it considers necessary to make an informed decision in connection with the [origination/purchase] of the Funding Loan. The Funding Lender has not relied upon the Governmental Lender for any information in connection with its purchase of the Funding Loan.

8. The Funding Lender has made its own inquiry and analysis with respect to the Funding Loan and the security therefor, and other material factors affecting the security and payment of the Funding Loan. The Funding Lender is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Funding Loan.

All agreements, representations and warranties made herein shall survive the execution and delivery of this letter agreement and, notwithstanding any investigation heretofore or hereafter, shall continue in full force and effect.

[SIGNATURE BLOCK]

By:_____

Name:_____

Title:_____

EXHIBIT D

COSTS OF ISSUANCE REQUISITION (Cost of Issuance Fund)

The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent
Jacksonville, Florida

Re: Ashley Square Apartments

Fiscal Agent:

You are requested to disburse funds from the Cost of Issuance Fund pursuant to Section 4.13 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the “**Requisition**”). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the “**Funding Loan Agreement**”), dated as of November 1, 2020, by and among TD Bank, N.A., in its capacity as Initial Funding Lender (the "Initial Funding Lender"), the Jacksonville Housing Finance Authority and The Bank of New York Mellon Trust Company, N.A, as Fiscal Agent, securing the Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 dated November [], 2020 (the “**Governmental Note**”).

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT TO BE DISBURSED: \$

The undersigned, on behalf of Ashley Square Jacksonville Ltd., a Florida limited partnership duly organized and existing under the laws of the State of Florida (the “**Borrower**”), certifies that:

(a) the expenditures for which money is requisitioned by this Requisition represent proper charges against the Cost of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____

ASHLEY SQUARE JACKSONVILLE, LTD.,
a Florida Limited Partnership

By: Ashley Square Associates M, LLC,
a Florida limited liability company,
its manager

By: _____
Shawn Wilson, Manager

APPROVED BY INITIAL FUNDING LENDER:

TD BANK, N.A.

By: _____
Name:
Title:

APPROVED BY INITIAL GOVERNMENTAL LENDER SERVICER:

FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA

By: _____
Name:
Title:

EXHIBIT E

PROJECT LOAN FUND REQUISITION (Project Loan Fund)

The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent
Jacksonville, Florida

Re: Ashley Square Apartments

You are requested to disburse funds from the Project Loan Fund pursuant to Section 4.02 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the “**Requisition**”). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the “**Funding Loan Agreement**”), dated as of November 1, 2020, by and among TD Bank, N.A., in its capacity as Initial Funding Lender (the "Initial Funding Lender"), the Jacksonville Housing Finance Authority and The Bank of New York Mellon Trust Company, N.A, as Fiscal Agent, securing the Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 dated November [], 2020 (the “**Governmental Note**”).

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT(S) TO BE DISBURSED: \$ _____ from the Project Account
\$ _____ from the Borrower Equity Account

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof and authorizes Servicer to submit this Requisition to the Fiscal Agent on behalf of Borrower:

1. Purposes for which disbursement is requested are specified in the **attached Schedule**.
2. Party or parties to whom the disbursements shall be made are specified in the **attached Schedule** (may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned); provided, that no reimbursement shall be made for advances and payments made prior to _____, 20__).
3. The undersigned certifies that:
 - a. the conditions precedent to disbursement set forth in the Construction Continuing Covenant Agreement have been satisfied;
 - b. the disbursement requested pursuant to this Requisition will be used solely to pay a cost or costs allowable under the Funding Loan Agreement and the Construction Continuing Covenant Agreement;

- c. none of the items for which disbursement is requested pursuant to this Requisition has formed the basis for any disbursement previously made from the Project Loan Fund and all such items have been properly recorded in Borrower's books and are set forth on the Schedule attached hereto, along with paid invoices attached for any sum for which reimbursement is requested and invoices or bills of sales for all other items;
- d. all labor and materials for which disbursements have been requested have been incorporated into the Project in accordance with reasonable and standard building practices, the Construction Continuing Covenant Agreement and all applicable laws, ordinances, rules and regulations of any governmental authority having jurisdiction over the Project;
- e. the materials, supplies and equipment furnished or installed for the Improvements are not subject to any lien or security interest or that the funds to be disbursed pursuant to this Requisition are to be used to satisfy any such lien or security interest;
- f. all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Certificate, including that none of the proceeds of the Funding Loan (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;
- g. with respect to amounts from the Project Account of the Project Loan Fund, not less than 95% of the sum of:
 - (A) the amounts requisitioned by this Requisition; plus
 - (B) all amounts previously requisitioned and disbursed from the Project Account of the Project Loan Fund;
 have been or will be applied by Borrower to pay the Costs of the Project;
- h. Borrower is not in default under the Project Loan Agreement, the Construction Continuing Covenant Agreement or any other Project Loan Document to which it is a party and nothing has occurred to the knowledge of Borrower that would prevent the performance of its obligations under such documents;
- i. no amounts being requisitioned hereby will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the delivery of the Governmental Note or pay debt service with respect to the Loans; and
- j. Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit and Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

[Following items may not be required for Initial Disbursement]

4. Estimated costs of completing the uncompleted construction/rehabilitation as of the date of this Requisition: _____.
5. Percent of construction/rehabilitation completed as of the date this request: _____ %

IN WITNESS WHEREOF, the undersigned has executed this Requisition as of the day and date first above written.

Date: _____

ASHLEY SQUARE JACKSONVILLE, LTD.,
a Florida Limited Partnership
By: Ashley Square Associates M, LLC,
a Florida limited liability company,
its manager

By: _____
Shawn Wilson, Manager

APPROVED BY INITIAL FUNDING LENDER:

TD BANK, N.A.

By: _____
Name:
Title:

APPROVED BY INITIAL GOVERNMENTAL LENDER SERVICER:

FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA

By: _____
Name:
Title:

EXHIBIT F

CONSTRUCTION PHASE INTEREST RATE

[TO BE PROVIDED BY INITIAL FUNDING LENDER]

EXHIBIT B
FORM OF PROJECT LOAN AGREEMENT

PROJECT LOAN AGREEMENT

among

**JACKSONVILLE HOUSING FINANCE AUTHORITY,
as Governmental Lender**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Fiscal Agent**

and

**ASHLEY SQUARE JACKSONVILLE LTD.,
as Borrower**

Dated as of November 1, 2020

Relating to

\$[_____]

**MULTIFAMILY HOUSING MORTGAGE REVENUE NOTE
(ASHLEY SQUARE), SERIES 2020**

All of the right, title and interest of the JACKSONVILLE HOUSING FINANCE AUTHORITY (except for its Unassigned Rights) in and to this Project Loan Agreement are being assigned to THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Fiscal Agent, as security for the Funding Loan made pursuant to that certain Funding Loan Agreement dated as of November 1, 2020 by and among the Governmental Lender, the Initial Funding Lender named therein and the Fiscal Agent.

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PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT (this “**Project Loan Agreement**”) is made and entered into as of November 1, 2020, by and among the **JACKSONVILLE HOUSING FINANCE AUTHORITY** (the “**Governmental Lender**”), a body corporate and politic organized and existing under the laws of the State of Florida (the “**State**”), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, duly organized and existing under the laws of the United States (together with any successor Fiscal Agents appointed under the Funding Loan Agreement, the “**Fiscal Agent**”), and **ASHLEY SQUARE JACKSONVILLE LTD.**, a Florida limited partnership duly organized and existing under the laws of the State of Florida (together with its successors and assigns permitted hereunder, the “**Borrower**”).

RECITALS

A. Pursuant to Florida Housing Finance Authority Law (Chapter 159, Part IV, Florida Statutes, Ordinance 2014-185E of the City, Resolution No. 2019-833-A of the City adopted on December 10, 2019, a Resolution of the Governmental Lender adopted on October 23, 2019 and a Resolution of the Governmental Lender adopted on October 14, 2020 (the “**Act**”) and this Project Loan Agreement, the Governmental Lender is agreeing to make a mortgage loan to the Borrower in the maximum aggregate principal amount of \$[AMOUNT] (the “**Project Loan**”) to provide for the financing of a multifamily rental housing development located at 127 E. Ashley Street and 116 E. Beaver Street, Jacksonville Duval County, Florida known as Ashley Square Apartments (the “**Project**”).

B. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the loan in the maximum aggregate principal amount of \$[AMOUNT] (the “**Funding Loan**” and together with the Project Loan, the “**Loans**”) made to the Governmental Lender pursuant to the Funding Loan Agreement (the “**Funding Loan Agreement**”), by and among TD Bank, N.A., in its capacity as Initial Funding Lender (the “**Initial Funding Lender**”), the Governmental Lender and the Fiscal Agent. The Funding Loan is evidenced by the Governmental Lender's Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 dated November [], 2020 (together with all riders and addenda thereto, the “**Governmental Note**”) delivered by the Governmental Lender to the Initial Funding Lender.

C. The Initial Funding Lender, pursuant to the terms and subject to the conditions of the Funding Loan Agreement, the Construction Phase Financing Agreement and the Construction Continuing Covenant Agreement, has agreed to originate and fund the Funding Loan to the Governmental Lender on a draw-down basis, which proceeds of the Funding Loan will be used by the Governmental Lender to fund the Project Loan to the Borrower in corresponding installments pursuant to this Project Loan Agreement. The Initial Funding Lender will administer the Loans during the Construction Phase in accordance with the Financing Documents.

Project Loan Agreement

D. The Borrower has agreed to use the proceeds of the Project Loan to finance the acquisition and construction of the Project and to pay certain closing costs with respect to the Loans.

E. The Borrower's repayment obligations in respect of the Project Loan will be evidenced by a Multifamily Note dated November [], 2020 (together with all riders and modifications thereto, the "**Project Note**") delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

F. To secure the Borrower's obligations under the Project Note, the Borrower will execute and deliver to the Governmental Lender a Multifamily Mortgage, Assignment of Rents and Security Agreement (Florida) dated as of the date hereof (the "**Security Instrument**") with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

G. The Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise ("**Freddie Mac**") has entered into a commitment with Grandbridge Real Estate Capital LLC (the "**Freddie Mac Seller/Servicer**") dated [] (the "**Freddie Mac Commitment**") whereby Freddie Mac has committed, subject to the satisfaction of the Conditions to Conversion set forth in the Construction Phase Financing Agreement on or before the Forward Commitment Maturity Date, to facilitate the financing of the Project in the Permanent Phase by purchasing the Funding Loan from the Seller/Servicer following the Conversion Date.

H. If the Conditions to Conversion are satisfied on or before the Forward Commitment Maturity Date as provided for in the Freddie Mac Commitment and the Construction Phase Financing Agreement, the Project Loan will convert from the Construction Phase to the Permanent Phase on the Conversion Date and, on such Conversion Date, the Initial Funding Lender shall deliver, and the Freddie Mac Seller/Servicer shall purchase, the Funding Loan, as evidenced by the Governmental Note. If the Conditions to Conversion are not satisfied on or before the Forward Commitment Maturity Date, the Project Loan will not convert from the Construction Phase to the Permanent Phase, and neither the Freddie Mac Seller/Servicer nor Freddie Mac will have any obligation with respect to the purchase of the Funding Loan and the Initial Funding Lender will remain the owner of the Funding Loan as the holder of the Governmental Note.

I. As a Condition to Conversion, the Project Note and the Security Instrument are required to be amended and restated and the Borrower is required to enter into a Continuing Covenant Agreement with the Freddie Mac Seller/Servicer (the "**Freddie Mac Continuing Covenant Agreement**"), in each case pursuant to the forms attached the Construction Phase Financing Agreement.

J. If the Conditions to Conversion are satisfied and the Funding Loan is purchased by the Seller/Servicer on the Conversion Date as set forth above, the Freddie Mac Seller/Servicer shall deliver the Funding Loan to Freddie Mac for purchase pursuant to the terms of the Freddie Mac
Project Loan Agreement

Mac Commitment and the Guide (such date of purchase by Freddie Mac being referred to as the “**Freddie Mac Purchase Date**”).

K. Upon the occurrence of the Freddie Mac Purchase Date, the Freddie Mac Seller/Servicer will assign to Freddie Mac all of its rights and interest in the Funding Loan, the Governmental Note, the Funding Loan Agreement, the Freddie Mac Continuing Covenant Agreement and the other Financing Documents. Grandbridge Real Estate Capital LLC will act as Servicer for the Loans on behalf of Freddie Mac, as Funding Lender, on and after the Freddie Mac Funding Date.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. All words and phrases (except for Event of Default) defined in the Funding Loan Agreement and the Continuing Covenant Agreement shall have the same meanings for the purposes of this Project Loan Agreement. In addition to the words and phrases defined in the Funding Loan Agreement and elsewhere herein, the following words and phrases shall have the following meanings:

“*Event of Default*” means any of those events specified in and defined by the applicable provisions of Article VII hereof to constitute an event of default.

“*Fee Component*” means the regular, ongoing fees due from time to time to the Governmental Lender, the Fiscal Agent and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

“*Project Loan Agreement*” means this Project Loan Agreement, together with any amendments hereto.

“*Project Loan Amortization Schedule*” means the Project Loan Amortization Schedule to be attached as Schedule 1 to the Project Note on the Conversion Date.

“*Project Loan Payment*” means each payment of the Project Loan on each Project Loan Payment Date pursuant to the Project Note and this Project Loan Agreement.

“*Project Loan Payment Date*” means (A) the first day of each calendar month, commencing _____, 20__, or (B) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; provided, however, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date.

“*Servicing Fee*” means, [IF APPLICABLE: (i) during the Construction Phase, the fee payable to the Servicer in connection with the servicing of the Project Loan and the Funding Loan payable monthly in an amount equal to one twelfth of [_____] % of the outstanding principal balance of the Project Loan, computed on the basis of a [360-day year of twelve (12) thirty (30) day months], and (ii)] during the Permanent Phase, the ordinary fee payable to the Servicer in connection with the servicing of the Project Loan and the Funding Loan payable monthly in an amount equal to one twelfth of [_____] % of the outstanding principal balance of the Project Loan, computed on the basis of a 360-day year [consisting of twelve 30-day months][and the actual number of days elapsed].

“*Taxes*” means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

Section 1.02 *Interpretation.* Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. References to Articles, Sections and other subdivisions of this Project Loan Agreement are the Articles, sections and other subdivisions of this Project Loan Agreement as originally executed.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Project Loan Agreement; the term “heretofore” means before the date of execution of this Project Loan Agreement; and the term “hereafter” means after the date of execution of this Project Loan Agreement.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01 *Representations, Warranties and Covenants of the Governmental Lender.* The Governmental Lender makes the following representations, warranties and covenants for the benefit of the Borrower, the Fiscal Agent, the Funding Lender and the Servicer:

(a) The Governmental Lender is a body corporate and politic duly organized, validly existing and in good standing under the laws of the State.

(b) The Governmental Lender has all necessary power and authority to incur the indebtedness of the Funding Loan evidenced by the Governmental Note and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it

is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Governmental Lender has taken all action on its part to incur the Funding Loan evidenced by the Governmental Note and make the Project Loan from the proceeds thereof and for the sale, execution and delivery thereof.

(d) Each of the Financing Documents to which the Governmental Lender is a party has been duly and validly authorized, executed and delivered by the Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Governmental Lender, enforceable against the Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) The Governmental Lender has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of the Governmental Lender described or contemplated in the Financing Documents. The execution and delivery of the Governmental Note and the Financing Documents to which the Governmental Lender is a party, the consummation of the transactions on the part of the Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Governmental Lender under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by the Governmental Lender of, and performance by the Governmental Lender of its obligations under, the Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender by or before any court, governmental agency or public board or body, nor, to the Governmental Lender's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any member of the governing body of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents or the issuance, sale, execution or delivery of the Governmental Note; (iii) affects or questions the validity or enforceability of the Governmental Note or any Financing Document; (iv) questions the tax-exempt status of the Governmental Note; or (v) questions the power or authority of the Governmental Lender to perform its

obligations under the Governmental Note or any Financing Document, or to carry out the transactions contemplated by the Governmental Note and the Financing Documents.

(h) No officer or other official of the Governmental Lender has any personal financial interest in the Project or the Borrower or in the transactions contemplated by this Project Loan Agreement.

(i) Upon the discovery by the Governmental Lender of any noncompliance by the Borrower with this Project Loan Agreement, the Tax Certificate or the Tax Regulatory Agreement, the Governmental Lender will promptly notify the Fiscal Agent, the Servicer and the Funding Lender Representative of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause the Fiscal Agent to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Funding Loan Agreement, this Project Loan Agreement, the Tax Certificate and the Tax Regulatory Agreement.

It is expressly acknowledged that the Governmental Lender makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Governmental Note, or as to the correctness, completeness or accuracy of such statements.

Section 2.02 *Representations, Warranties and Covenants of the Borrower.* The Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of the Borrower contained in this Project Loan Agreement, are relied upon by the Governmental Lender, the Funding Lender, the Servicer and the Fiscal Agent and serve as a basis for the undertakings of the Governmental Lender, the Servicer and the Fiscal Agent contained in this Project Loan Agreement:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and is duly qualified to conduct its business under the laws of the State and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. All corporate general partners, if any, of the Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State as either domestic or foreign corporations, as applicable. All partnership general partners, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.

(b) The Borrower has the legal right, power and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project and (iii) execute and deliver, carry out its obligations under, and close the transactions provided for in, the Financing Documents to which it is a party.

(c) Each of the Financing Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of rehabilitation of the Project, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Financing Documents.

(e) None of the execution and delivery of the Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or the Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over the Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which the Borrower is subject, or any of the organizational or other governing documents of the Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which the Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.

(f) There is no action, suit, proceeding, inquiry or investigation pending or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of the Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing

Documents, or (v) adversely affect the exclusion from gross income for federal income tax purposes of interest on the Governmental Note.

(g) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and, following completion of the construction of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(h) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(i) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of the Borrower or the enforceability of the Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(j) The Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(k) If the Borrower is a partnership, all of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. If the Borrower is a limited liability company, all of the ownership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Project Loan Agreement shall prevent the Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(l) The representations and warranties of the Borrower contained in the Tax Certificate and Tax Regulatory Agreement are true and accurate in all material respects.

(m) The information, statements or reports furnished in writing to the Governmental Lender, the Servicer and the Funding Lender Representative by the Borrower in connection with this Project Loan Agreement or the consummation of the

transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(n) To the knowledge of the Borrower, no commissioner, member, officer or employee of the Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents.

(o) The Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement, to sell all or any portion of the Project.

(p) The Project is located wholly within the boundaries of Duval County, Florida.

(q) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Governmental Note. The Borrower shall operate the Project as required by the Tax Regulatory Agreement.

(r) The Funding Loan Agreement has been submitted to the Borrower for examination, and the Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of the Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.

(s) The Borrower will have a fee simple interest in the land and improvements on the Project, subject only to liens permitted under the Security Instrument.

(t) The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk

of loss of the Project, and (iv) it has not relied on the Governmental Lender, the Fiscal Agent, Freddie Mac, the Funding Lender, the Funding Lender Representative or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on the Governmental Lender, the Fiscal Agent, Freddie Mac, the Funding Lender, the Funding Lender Representative or the Servicer in any manner.

Section 2.03 *Representations and Warranties of the Fiscal Agent.* The Fiscal Agent makes the following representations and warranties for the benefit of the Governmental Lender, the Borrower, the Funding Lender and the Servicer:

(a) The Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States of America. The Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement, and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(b) The Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(c) The Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of the Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(d) Each of the Financing Documents to which the Fiscal Agent is a party has been duly executed and delivered by the Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of the Fiscal Agent, enforceable against the Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(f) The Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of the Fiscal Agent described or contemplated in the Financing Documents.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Note, (iii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party. The Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.04 *Arbitrage and Rebate Fund Calculations.* The Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Funding Loan Agreement, and (b) if required to do so under Section 4.12 of the Funding Loan Agreement, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Governmental Lender for the purpose of making any and all calculations required under Section 4.12 of the Funding Loan Agreement. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.12 of the Funding Loan Agreement. The Borrower shall cause the Rebate Analyst to provide such calculations to the Fiscal Agent and the Governmental Lender at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Funding Loan Agreement and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

Section 2.05 *Tax Covenants of the Borrower.* The Borrower covenants and agrees that:

(a) It will at all times comply with the terms of the Tax Certificate and the Tax Regulatory Agreement;

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Governmental Note to be included in gross income of the Funding Lender, for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Tax Regulatory Agreement);

(c) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Governmental Note;

(d) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder throughout the term of the Funding Loan and the Project Loan and will not make any use of the proceeds of the Funding Loan or the Project Loan, or of any other funds which may be deemed to be proceeds of the Governmental Note under the Code and the related regulations of the United States Treasury, which would cause the Governmental Note to be “arbitrage bonds” within the meaning of Section 148 of the Code; and

(e) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Governmental Note becoming includable in gross income of the Funding Lender for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer.

(f) The full amount of each disbursement of proceeds of the Project Loan will be applied to pay or to reimburse the Borrower for the payment of Costs of the Project and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds of the Governmental Note (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code) and (ii) less than 25% of the net proceeds of the Governmental Note will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land; none of the proceeds of the Governmental Note (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(g) The Borrower will cause all of the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code and the Tax Regulatory Agreement;

(h) All leases will comply with all applicable laws and the Tax Regulatory Agreement;

(i) In connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Project Loan Agreement or the Tax Regulatory Agreement;

(j) No proceeds of the Funding Loan shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in Section 147(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation

expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds;

(k) From the proceeds of the Funding Loan and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Funding Loan, will be used for Costs of Issuance of the Governmental Note, all within the meaning of Section 147(g)(1) of the Code; and

(l) No proceeds of the Funding Loan shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

In the event of a conflict between the terms and requirements of this Section 2.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

ARTICLE III

THE PROJECT LOAN

Section 3.01 *Conditions to Funding the Project Loan.* On the Delivery Date and thereafter, the Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with the Fiscal Agent in accordance with Sections 2.02 and 2.11 of the Funding Loan Agreement and Section 3.03 hereof. The Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to make the Project Loan, provided that no initial disbursements of proceeds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Governmental Lender the Project Note and the Governmental Lender shall have endorsed the Project Note to the Fiscal Agent;

(b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by Funding Lender Representative, shall have been executed and delivered by the Borrower and the Governmental Lender, respectively, and delivered to the title company for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the “**Recorder’s Office**”);

(c) The Tax Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to the title company for recording in the Recorder’s Office, and the Fiscal Agent shall have received evidence satisfactory to it of such delivery;

(d) All other Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Fiscal Agent; and

(e) The Borrower shall have delivered to the Fiscal Agent, the Governmental Lender, the Funding Lender Representative and the Servicer a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to the Fiscal Agent, the Governmental Lender, Bond Counsel, the Funding Lender Representative, Freddie Mac and the Servicer.

Section 3.02 *Terms of the Project Loan; Servicing.*

(a) The Project Loan shall (i) be evidenced by the Project Note; (ii) be secured by the Security Instrument; (iii) be in the maximum aggregate principal amount of \$[AMOUNT]; (iv) bear interest as provided in the Project Note; (v) provide for principal and interest payments in accordance with the Project Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Note. The outstanding principal balance of Project Loan at any time shall be an amount equal to the proceeds of the Funding Loan advanced by the Funding Lender and deposited by the Fiscal Agent into the Project Loan Fund under the Funding Loan Agreement minus any amounts prepaid with respect to principal in accordance with the terms hereof and the Project Note.

(b) The Funding Lender Representative may appoint a Servicer to service the Loans for all or a portion of the term of the Loans. The initial Servicer of the Loans is Grandbridge Real Estate Capital, LLC, which shall service the Loans as required by the Initial Funding Lender. On the Freddie Mac Purchase Date, the Freddie Mac Seller/Servicer shall become the Servicer and shall service the Loans as required by the Freddie Mac Commitment and the Guide. The Funding Lender Representative may remove a Servicer or appoint a replacement Servicer, in its discretion, by written notice provided to the Governmental Lender, the Fiscal Agent and the Borrower. Any successor Servicer shall signify its acceptance of the duties and obligations imposed upon it by the Funding Loan Agreement and this Project Loan Agreement by executing such instrument(s) as shall be acceptable to the Funding Lender Representative, a copy of which shall be provided to the parties hereto.

(c) During any period that the Servicer services the Loans, the Borrower shall make all payments in connection with the Project Loan to the Servicer, and the Servicer will (i) retain the allocable portion of the monthly Servicing Fee (if any) for its own account, (ii) remit to the Funding Lender all payments of principal of, Prepayment Premium, if any, and interest due with respect to the Funding Loan, together, with any other amounts due to the Funding Lender, (iii) remit to the Fiscal Agent the Ordinary Fiscal Agent's Fees and Expenses, together with any other amounts due to the Fiscal Agent, and (iv) remit to the Governmental Lender the Governmental Lender Fee, together with any other amounts due to the Governmental Lender. During a period in which there is no Servicer, all notices to be sent to the Servicer shall be sent to the Funding Lender Representative (to the extent not already provided) and all amounts to be paid to the Servicer by the Borrower shall be paid directly to the Fiscal Agent (unless otherwise directed by the Funding Lender Representative).

(d) The Governmental Lender, the Fiscal Agent and the Borrower hereby acknowledge and agree that (i) the Funding Lender Representative has appointed the Servicer to service and administer the Project Loan, (ii) the selection or removal of any Servicer is in the sole and absolute discretion of the Funding Lender Representative; and (iii) none of the Governmental Lender, the Fiscal Agent or the Borrower shall terminate or attempt to terminate any Servicer as the servicer for the Project Loan or appoint or attempt to appoint a substitute servicer for the Project Loan. The Governmental Lender, the Fiscal Agent and the Borrower further hereby acknowledge and agree with respect to the Servicer during the Permanent Phase that: (i) the *Guide* is subject to amendment without the consent of the Fiscal Agent, the Governmental Lender or the Borrower; and (ii) none of the Fiscal Agent, the Governmental Lender or the Borrower shall have any rights under, or be a third party beneficiary of, the *Guide*.

Section 3.03 Deposits. On the Delivery Date and each date of an advance of the proceeds of the Funding Loan, such proceeds shall be deposited in the Project Account of the Project Loan Fund, including the initial deposit in the amount of \$[] [, of which \$[] shall be transferred from the Project Account for deposit to the Cost of Issuance Fund]. On the Delivery Date, the Borrower will deposit with the Fiscal Agent the sum of (i) \$[] for credit to the Cost of Issuance Fund; and (ii) \$[] for credit to the Borrower Equity Account of the Project Loan Fund. The Borrower will deposit with the Servicer the sum of \$[] as the Initial Debt Service Deposit. Subject to the conditions listed in Section 3.1 hereof, amounts on deposit in the Project Loan Fund are to be disbursed to the Borrower or otherwise as provided in Section 2.11(d) of the Funding Loan Agreement.

To the extent that amounts in the Cost of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of closing the Loans, the Borrower shall cause the payment of such additional costs of closing the Loans to be made on its behalf as such amounts become due.

Section 3.04 Pledge and Assignment to Fiscal Agent. The parties hereto acknowledge, and the Borrower consents to, the pledge and assignment by the Governmental Lender to the Fiscal Agent pursuant to the Funding Loan Agreement of all of the Governmental Lender's right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Note, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, premium, if any, and interest on the Governmental Note and the payment of any other amounts due under the Financing Documents.

Section 3.05 Investment of Funds. Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by the Fiscal Agent in Qualified Investments in accordance with Section 4.08 of the Funding Loan Agreement.

Section 3.06 Damage; Destruction and Eminent Domain. If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof

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shall have been taken by the exercise of the power of eminent domain, and the Governmental Lender, the Borrower, the Fiscal Agent or the Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

Section 3.07 *Enforcement of Financing Documents.* The Fiscal Agent or the Funding Lender Representative may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV

LOAN PAYMENTS

Section 4.01 *Payments Under the Project Note; Independent Obligation of Borrower.*

(a) **Payment Obligations.** The Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Note, and in all instances at the times and in the amounts necessary to enable the Fiscal Agent, on behalf of the Governmental Lender, or the Servicer, to pay all amounts payable with respect to the Funding Loan, when due, whether at maturity or upon prepayment (with premium, if applicable), acceleration or otherwise. To ensure such timely payment during the Permanent Phase, the Servicer shall collect from the Borrower, and the Borrower shall provide to the Servicer the foregoing payments not less than two (2) Business Days prior to each respective Project Loan Payment Date.

The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent obligation of the Borrower, separate from its obligation to make payments under the Project Note, provided that in all events payments made by the Borrower under and pursuant to the Project Note shall be credited against the Borrower's obligations hereunder on a dollar for dollar basis. If for any reason the Project Note or any provision of the Project Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Project Note or such provision of the Project Note shall be deemed to be the obligation of the Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of the Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Note.

(b) **Obligations Unconditional; No Set-Off.** The obligation of the Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, **Project Loan Agreement**

whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Governmental Lender's legal organization or status, or any default of the Governmental Lender or the Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of the Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

(c) **Payments from Borrower to Fiscal Agent or Servicer.** Each payment by the Borrower hereunder or under the Project Note shall be made in immediately available funds to the Servicer on each Project Loan Payment Date or such other date when such payment is due; provided, however, such Project Loan Payment shall be made directly to the Fiscal Agent if there is no Servicer or if the Borrower is so directed in writing by the Funding Lender Representative. Each such payment shall be made to the Fiscal Agent or the Servicer, as applicable, by deposit to such account as the Fiscal Agent or the Servicer may designate by written notice to the Borrower. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under the Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

Section 4.02 *Additional Payments Under the Project Note and this Project Loan Agreement.*

(a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by the Borrower under the Project Note include certain money to be paid in respect of, among others, the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b) of this Section 4.02.

(b) In addition to the funding of the initial deposits required of the Borrower described in Section 3.03, the Borrower shall pay (or cause to be paid by the Servicer or the Fiscal Agent (to the extent paid from money on deposit in the Administration Fund or the Cost of Issuance Fund, as applicable)), in consideration of the funding of the Project Loan, the following fees, expenses and other money payable in connection with the Loans:

(i) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Initial Funding Lender, its origination fees, together with all third party and out-of-pocket expenses of the Initial Funding Lender (including but not limited to the fees and expenses of counsel to the Initial Funding Lender) in connection with the Loans.

(ii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to Freddie Mac, all third party and out-of-pocket expenses of Freddie Mac (including but not limited to the fees and expenses of counsel to Freddie Mac) in connection with the Loans.

(iii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Governmental Lender, an initial financing fee in an amount equal to \$[____], together with all third party and out-of-pocket expenses of the Governmental Lender (including but not limited to the fees and expenses of Bond Counsel and counsel to the Governmental Lender) in connection with the Loans and the issuance of the Governmental Note.

(iv) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Freddie Mac Seller/Servicer, its commitment fees and application fees, together with all third party and out of pocket expenses of the Freddie Mac Seller/Servicer (including but not limited to the fees and expenses of counsel to the Freddie Mac Seller/Servicer, if any) in connection with the Loans.

(v) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Fiscal Agent, an acceptance fee in an amount equal to \$[____], together with all third party and out-of-pocket expenses of the Fiscal Agent (including but not limited to the fees and expenses of counsel to the Fiscal Agent) in connection with the Loans and the issuance of the Governmental Note.

(vi) To the Fiscal Agent, the Ordinary Fiscal Agent's Fees and Expenses and the Extraordinary Fiscal Agent's Fees and Expenses when due from time to time.

(vii) To the Governmental Lender, the Governmental Lender Fee when due and any extraordinary expenses not covered by the Governmental Lender Fee the Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.

(viii) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and this Project Loan Agreement when due from time to time.

(ix) To the Funding Lender Representative, any amount due and owing the Funding Lender Representative from time to time but unpaid under the Continuing Covenant Agreement.

(x) To the Servicer, the amount of any portion of the Servicing Fee remaining unpaid and any fees, costs and expenses of the Servicer as provided in the Continuing Covenant Agreement.

(xi) To the Servicer, the amounts required to be deposited in respect of reserves and impounds required under the Continuing Covenant Agreement and the other Project Loan Documents.

(xii) If the Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to the Fiscal Agent, within two (2) Business Days of receipt from the Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

Section 4.03 *Payments to Rebate Fund.* The Borrower shall pay when due to the Fiscal Agent at the Principal Office of the Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.12 of the Funding Loan Agreement.

Section 4.04 *Prepayment.*

(a) **Optional Prepayment of the Project Loan.** The Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Note.

(b) **Mandatory Prepayment of the Project Loan.** The Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, as provided in the Project Note. Additionally, the Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, in connection with the following:

(i) in part, in the event the Borrower elects to make a Pre-Conversion Loan Equalization Payment; and

(ii) in whole, on or after the Forward Commitment Maturity Date, at the written direction of the Initial Funding Lender, if the Conversion Notice is not issued by the Freddie Mac Seller/Servicer prior to the Forward Commitment Maturity Date.

(c) **Defeasance of the Funding Loan.** In addition, after the Conversion Date and prior to the Window Period, the Borrower may cause a defeasance of the Funding Loan resulting in a release of the Pledged Security by satisfying the conditions set forth hereunder and in Article IX of the Funding Loan Agreement. In connection therewith, the Borrower will give written

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notice (a “**Defeasance Notice**”) to the Funding Lender Representative, the Servicer, the Governmental Lender and the Fiscal Agent of the date the Borrower desires to defease the Funding Loan (the “**Defeasance Date**”). The Defeasance Date may not be more than 60 calendar days, nor less than 30 calendar days, after the delivery of the Defeasance Notice. In connection with the delivery of the Defeasance Notice, the Borrower shall cause to be paid to the Funding Lender Representative the Defeasance Fee set forth in the Continuing Covenant Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, the Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loan shall be deemed paid in full, and the Borrower shall be entitled to the release of the Security Instrument, the Pledged Security and other security provided by it for the Project Loan, subject to the terms and conditions hereof and the other Financing Documents.

Section 4.05 *Borrower’s Obligations Upon Prepayment.* In the event of any prepayment, the Borrower will timely pay, or cause to be paid through the Servicer, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and premium, if any. In addition, the Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loan.

Section 4.06 *Limits on Personal Liability.*

(a) Except as otherwise set forth in the Project Note and subsection 4.06(b) below, the obligations of the Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of the Borrower which shall be enforced only against the Project and other property of the Borrower encumbered by the Financing Documents and not personally against the Borrower or any partner of the Borrower or any successor or assign of the Borrower. However, nothing in this Section 4.06 shall limit the right of the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative to proceed against the Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys’ fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that the Servicer or the Funding Lender Representative may have to enforce the Project Note, the Security Instrument, or any other Financing Document in accordance with their terms.

(b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and the Borrower’s general partner: (i) the Borrower’s obligations to the Governmental Lender and the Fiscal Agent under subsections (b)(ii), (b)(iv), (b)(v), and (b)(vi) of Section 4.02 hereof; (ii) the Borrower’s obligations under Sections 2.05 and 6.01 of this Project Loan Agreement; (iii) the Borrower’s obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04 and 4.03 of this Project Loan Agreement and the Tax

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Certificate; and (iv) the Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.01 *Performance of Obligations.* The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Section 5.02 *Compliance With Applicable Laws.* All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.03 *Funding Loan Agreement Provisions.* The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by the Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Funding Loan Agreement, and the Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if the Borrower were a party to the Funding Loan Agreement.

Section 5.04 *Reserved.*

Section 5.05 *Borrower to Maintain Its Existence; Certification of No Default.*

(a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Financing Documents to which the Borrower is a party, the Borrower shall, within 30 days after the end of each calendar year, render to the Fiscal Agent a certificate executed by an Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which the Borrower is a party and that, to the best of the Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

Section 5.06 *Borrower to Remain Qualified in State and Appoint Agent.* The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.

Section 5.07 *Sale or Other Transfer of Project.* The Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, and upon receipt of the prior written consent of the Governmental Lender and the Funding Lender Representative.

Section 5.08 *Right to Perform Borrower's Obligations.* In the event the Borrower fails to perform any of its obligations under this Project Loan Agreement, the Governmental Lender, the Fiscal Agent, the Servicer and/or the Funding Lender Representative, after giving requisite notice, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of the Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

Section 5.09 *Notice of Certain Events.* The Borrower shall promptly advise the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.10 *Survival of Covenants.* The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to the Fiscal Agent, the resignation or removal of the Fiscal Agent.

Section 5.11 *Access to Project; Records.* Subject to reasonable notice and the rights of tenants at the Project, the Governmental Lender, the Fiscal Agent, the Servicer and the Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours: (a) to enter the Project and any other location containing the records relating to the Borrower, the Project, the Loans and the Borrower's compliance with the terms and conditions of the Financing Documents; (b) to inspect and audit any and all of the Borrower's records or accounts pertaining to the Borrower, the Project, the Loans and the Borrower's compliance with the terms and conditions of the Financing Documents; and (c) to require the Borrower, at the Borrower's sole expense, (i) to furnish such documents to the Governmental Lender, the Fiscal Agent, the Servicer and the Funding Lender Representative, as the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with and (ii) to make copies of any records that the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Governmental Lender, the Fiscal Agent, the Servicer and the Funding Lender Representative, such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.

Section 5.12 *Tax Regulatory Agreement.* The covenants of the Borrower in the Tax Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the Governmental Lender and the Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the Tax Regulatory Agreement. The Borrower covenants to file of record the Tax Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the Tax Regulatory Agreement will, subject to the terms of the Tax Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Tax Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, the Governmental Lender and the Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Tax Regulatory Agreement.

Section 5.13 *Damage, Destruction and Condemnation.* If prior to full payment of the Funding Loan (or provision for payment of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Note to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.

Section 5.14 *Obligation of the Borrower To Construct the Project.* The Borrower shall proceed with reasonable dispatch (and in no event later than required under the Financing Documents) to complete the construction, development and equipping of the Project as required by the Financing Documents. If amounts on deposit in the Project Loan Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of the acquisition, construction, development and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender Representative or the Funding Lender in respect of any such additional costs or to any diminution or abatement in the repayment of the Project Loan. None of the Fiscal Agent, the Governmental Lender, the Funding Lender, the Funding Lender Representative or the Servicer makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Project Loan Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and none of the Fiscal Agent, the Governmental Lender, the Funding Lender, the Funding Lender Representative or the Servicer shall be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.15 *Filing of Financing Statements.* The Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests

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relating to the priority of the Project Loan, the Funding Loan, the Pledged Security and the Security Instrument, and the rights and powers of the Governmental Lender, the Fiscal Agent and the Funding Lender in connection with such security interests. The Borrower shall cooperate with the Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements.

ARTICLE VI

INDEMNIFICATION

Section 6.01 *Indemnification.*

(a) **Indemnified Losses.** To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender and each of their respective officers, governing commissioners, members, directors, officials, employees, attorneys and agents (collectively, the “**Indemnified Parties**”), against any and all losses, damages (including, but not limited to, consequential and punitive damages), claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise (collectively, “**Losses**”), to the extent arising, directly or indirectly, out of or based upon or in any way relating to:

(i) any breach by the Borrower of its obligations under the Financing Documents or the execution, amendment, restructuring or enforcement thereof, or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Governmental Note;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction or equipping of, the Project or any part thereof;

(iii) any accident, injury to, or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof;

(iv) any lien (other than liens permitted under the Continuing Covenant Agreement) or charge upon payments by the Borrower to the Governmental Lender, the Fiscal Agent or the Servicer hereunder, or any Taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender or the Fiscal Agent in respect of any portion of the Project (other than income and similar taxes on fees received or earned in connection therewith);

(v) any violation of any environmental law, rule or regulation with respect to, or the release of any hazardous materials from, the Project or any part thereof;

(vi) [Reserved];

(vii) the enforcement of, or any action taken by the Governmental Lender, the Fiscal Agent or the Funding Lender Representative related to remedies under this Project Loan Agreement, the Funding Loan Agreement or any other Financing Document;

(viii) any untrue statement of a material fact or alleged untrue statement of a material fact by the Borrower contained in any offering statement or document for the Governmental Note or any of the Financing Documents to which the Borrower is a party, or any omission or alleged omission by the Borrower of a material fact from any offering statement or document for the Governmental Note necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(ix) any declaration of taxability of interest on the Governmental Note or allegations (or regulatory inquiry) that interest on the Governmental Note is includable in gross income for federal income tax purposes;

(x) any audit or inquiry by the Internal Revenue Service with respect to the Project and/or the tax-exempt status of the Governmental Note; or

(xi) the Fiscal Agent's acceptance or administration of the trust of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Governmental Note to which it is a party;

except (A) in the case of the foregoing indemnification of the Fiscal Agent, or any of its respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the negligence, unlawful acts or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Servicer, the Funding Lender or the Governmental Lender or any of their respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the gross negligence or willful misconduct of such Indemnified Party.

(b) **Procedures.** In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected or approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may

employ separate counsel at the expense of the Borrower only if, in such Indemnified Party's good faith judgment, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(c) **Borrower to Remain Obligated.** Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Security Instrument and the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of the Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer) and (ii) any such transfer is in compliance with the requirements of the Financing Documents.

(d) **Survival.** The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement.

Section 6.02 *Limitation With Respect to the Funding Lender.* Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that the Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loan, the Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that the Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to the Funding Lender (or its nominee), the Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts and omissions of the Funding Lender (or its nominee) occurring during the period of the Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01 *Events of Default.* The following shall be “**Events of Default**” under this Project Loan Agreement, and the term “Event of Default” shall mean, whenever it is used in this Project Loan Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Project Loan Agreement, the Project Note or the Security Instrument at the times and in the amounts

required by this Project Loan Agreement, the Project Note and the Security Instrument, as applicable;

(c) The Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by the Governmental Lender, the Fiscal Agent or the Funding Lender Representative to the Borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in the Funding Lender Representative's sole discretion, adversely affect the Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in the Funding Lender Representative's judgment, absent immediate exercise by the Funding Lender Representative of a right or remedy under this Agreement, result in harm to the Funding Lender, impairment of this Project Loan Agreement or any other Financing Document;

(d) The occurrence of a default under the Continuing Covenant Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of the Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if the Fiscal Agent is provided written notice by the Funding Lender Representative that an Event of Default has occurred under such Financing Document and the Fiscal Agent is instructed by the Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of the Funding Lender Representative constitute a default under the other Financing Documents.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents.

Section 7.02 Remedies on Default. Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender), may take any one or more of the following remedial steps:

(a) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may take such action, without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Note to be immediately due and payable).

(b) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may, without being required to give any notice (other than to the Governmental Lender or the Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(c) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may take whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, the Governmental Lender and the Fiscal Agent may pursue remedies with respect to the Unassigned Rights.

Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of and interest and any premium on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

Section 7.03 *No Remedy Exclusive.* Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available against the Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender), at any time and from time to time, whether or not the Funding Lender has accelerated the Project Loan, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to the Funding Lender or the Fiscal Agent by this Project Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Project Loan Agreement.

Section 7.04 *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Borrower shall default under any of the provisions of this Project Loan Agreement and the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Project Loan Agreement or in the Project Note, the Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05 *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06 *Control of Proceedings.*

(a) If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender. In no event shall the exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of the Funding Lender Representative.

(b) The Governmental Lender and the Fiscal Agent covenant that they will not, without the prior written consent of the Funding Lender Representative, take any of the following actions:

(i) prosecute any action with respect to a lien on the Project; or

(ii) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan; or

(iii) interfere with or attempt to influence the exercise by the Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any event of default by the Borrower under the Financing Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.

(c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, the Governmental Lender or the Fiscal Agent may:

(i) specifically enforce the tax covenants of the Borrower specified in Section 2.04 and 2.05 hereof or seek injunctive relief against acts which may be in violation thereof;

(ii) specifically enforce the Tax Regulatory Agreement or seek injunctive relief against acts which may be in violation of the Tax Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Internal Revenue Code and state law (but in neither the case of

subsection (c)(i) above or this subsection (c)(ii) may the Governmental Lender or the Fiscal Agent seek any form of monetary damages from the Borrower in connection with such enforcement).

In addition, notwithstanding Section 7.06(a) and 7.06(b) hereof, the Governmental Lender and the Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought), and nothing herein shall be construed to limit the rights of the Governmental Lender, the Fiscal Agent or any Indemnified Party related to the Governmental Lender or the Fiscal Agent under Section 6.01 (each a "Related Indemnified Party") to enforce their respective rights against the Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof, provided that no obligation of the Borrower to the Governmental Lender, the Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for the Fiscal Agent's right to receive payment of reasonable fees and expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an event of default with respect to the Funding Loan, which reasonable fees and expenses of the Fiscal Agent shall be payable as provided thereunder). Accordingly, none of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against the Borrower, without recourse to the Project. In addition, any such enforcement must not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

Section 7.07 *Assumption of Obligations.* In the event that the Fiscal Agent or the Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Project Loan Agreement, the Project Note, the Tax Regulatory Agreement, and any other Financing Documents to which the Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 *Notices.*

(a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled

to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 11.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Funding Lender Representative and a duplicate copy of each notice or other communication given hereunder by any party to the Funding Lender Representative shall be given to the Servicer and to the Governmental Lender Servicer and the Investor Limited Partner.

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Project Loan Agreement. Notwithstanding the immediately preceding sentence, the Fiscal Agent shall have the right to accept and act upon directions or instructions given pursuant to this Project Loan Agreement or any other document reasonably relating to the Governmental Note and delivered using Electronic Means; provided, however, that the Governmental Lender and the Borrower, as the case may be, shall each provide to the Fiscal Agent an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions 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 Governmental Lender or the Borrower elects to give the Fiscal Agent directions or instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such directions or instructions, the Fiscal Agent's understanding of such directions or instructions shall be deemed controlling. The Governmental Lender and the Borrower each understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such directions or instructions and that the Fiscal Agent 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 Fiscal Agent have been sent by such Authorized Officer. The Governmental Lender and the Borrower, as the case may be, shall each be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Fiscal Agent and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent'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

Project Loan Agreement

written instruction. Each of the Governmental Lender and the Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

(b) The Fiscal Agent shall provide to the Funding Lender Representative and the Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by the Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from the Funding Lender Representative for any such information or other communication.

Section 8.02 *Concerning Successors and Assigns.* All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender and the Funding Lender Representative, as applicable.

Section 8.03 *Governing Law.* This Project Loan Agreement and the Exhibits attached hereto shall be construed in accordance with and governed by the internal laws of the State and, where applicable, the laws of the United States of America.

Section 8.04 *Modifications in Writing.* Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.05 *Further Assurances and Corrective Instruments.* The Governmental Lender, the Fiscal Agent and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by the Funding Lender Representative) for

correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.

Section 8.06 *Captions.* The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

Section 8.07 *Severability.* The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.08 *Counterparts.* This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.09 *Amounts Remaining in Loan Payment Fund or Other Funds.* It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof (and the repayment in full of the Project Loan and all other amounts owing under the Project Loan Documents), shall be paid in accordance with the Funding Loan Agreement.

Section 8.10 *Effective Date and Term.* This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

Section 8.11 *Cross References.* Any reference in this Project Loan Agreement to an “Exhibit,” an “Article,” a “Section,” a “Subsection” or a “Paragraph” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.

Section 8.12 *Funding Lender Representative and Servicer as Third-Party Beneficiaries.* The parties hereto agree and acknowledge that the Funding Lender Representative and the Servicer are third party beneficiaries of this Project Loan Agreement.

Section 8.13 *Reserved.*

Section 8.14 *Non-Liability of Governmental Lender.* The Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by the Fiscal Agent on behalf of the Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and

credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Governmental Lender or any member is pledged to the payment of the principal (or prepayment premium) or interest on the Funding Loan. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Project Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of money to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Project Loan Agreement, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from the Fiscal Agent, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Fiscal Agent, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Fiscal Agent, the Governmental Lender or any such third party, as the case may be, therefor.

Section 8.15 *No Liability of Officers.* No recourse under or upon any obligation, covenant, or agreement or in the Governmental Note, or under any judgment obtained against the Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of the Governmental Lender, either directly or through the Governmental Lender, or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may be due and unpaid by the Governmental Lender upon the Funding Loan. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may remain due and unpaid upon the Funding Loan, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Note.

Section 8.16 *Capacity of the Fiscal Agent.* The Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. The Fiscal Agent shall be responsible only for the duties of the Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

In connection with the making of the Loans, certain moneys may be deposited with the Fiscal Agent before the Delivery Date pursuant to one or more letters of instruction from the provider or providers of such moneys. Such moneys, if any, will be held by the Fiscal Agent subject to the terms and conditions of the Funding Loan Agreement and this Project Loan Agreement 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 Fiscal Agent contained herein and in the Funding Loan Agreement (the "Effective Provisions") shall be effective as of the first date of receipt by the Fiscal Agent of such moneys. The Effective Provisions shall be deemed incorporated into such letter(s) of instructions.

Section 8.17 *Reliance*. The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by the Governmental Lender, the Fiscal Agent, Bond Counsel, the Servicer, the Funding Lender and the Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, the Governmental Lender and the Fiscal Agent may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Governmental Lender and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. In acting or omitting to act pursuant to this Project Loan Agreement, the Tax Regulatory Agreement, the Arbitrage Rebate Agreement, the Governmental Lender Servicer Agreement or any other documents executed in connection herewith, the Fiscal Agent shall be entitled to all of the rights, immunities and indemnities accorded to it under the Funding Loan Agreement, including, but not limited to, Article VII thereof. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than the Governmental Lender) that:

(a) the Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Funding Lender or the Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by the Governmental Lender;

(b) the Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Fiscal Agent, the Funding Lender Representative, the Servicer or the Borrower, as applicable; and

(c) none of the provisions of this Project Loan Agreement shall require the Governmental Lender or the Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately

indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Project Loan Agreement,
all as of the date first set forth above.

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

By:_____

Bernard E. Smith, Chair

[GOVERNMENTAL LENDER'S SIGNATURE PAGE TO ASHLEY SQUARE PROJECT LOAN AGREEMENT]

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent**

By _____
Name: _____
Title: _____

[FISCAL AGENT’S SIGNATURE PAGE TO ASHLEY SQUARE PROJECT LOAN AGREEMENT]

ASHLEY SQUARE JACKSONVILLE, LTD.,

a Florida Limited Partnership

By: Ashley Square Associates M, LLC,
a Florida limited liability company,
its manager

By: _____
Shawn Wilson, Manager

[BORROWER'S SIGNATURE PAGE TO ASHLEY SQUARE PROJECT LOAN AGREEMENT]

EXHIBIT C
FORM OF LAND USE RESTRICTION AGREEMENT

**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>	Ashley Square Jacksonville, Ltd. c/o Blue Sky Communities, LLC 5300 W. Cypress Street, Suite 200 Tampa, Florida 33607
<u>Location of Development:</u>	127 E. Ashley Street and 116 Beaver Street Jacksonville, Florida 32202
<u>Name of Development:</u>	Ashley Square Apartments
Governmental Lender's <u>Name and Address:</u>	Jacksonville Housing Finance Authority 214 N. Hogan Street 7th Floor Jacksonville, Florida 32202

This **LAND USE RESTRICTION AGREEMENT** (this "Regulatory Agreement"), made and entered into as of November 1, 2020, by and among the Jacksonville Housing Finance Authority (the "Governmental Lender"), 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, 7th 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 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, in its capacity as Fiscal Agent (the "Fiscal Agent") under the Funding Loan Agreement between the Governmental Lender, TD Bank, N.A., as Initial Funding Lender (the "Initial Funding Lender") and the Fiscal Agent entered into as of November 1, 2020 (the "Funding Loan Agreement"), authorizing and securing the

Governmental Lender's Multifamily Housing Revenue Note (Ashley Square), Series 2020 (the "Governmental Note"); and Ashley Square Jacksonville, Ltd., a Florida limited partnership and its successors and assigns, whose mailing address is c/o Blue Sky Communities, LLC, 5300 W. Cypress Street, Suite 200, Tampa, Florida 33607 (the "Owner");

W I T N E S S E T H:

WHEREAS, the Owner intends to acquire, construct and equip a multifamily residential rental facility 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 Governmental Lender has authorized the issuance and delivery of the Governmental Note in the aggregate principal amount of [_____], pursuant to the Funding Loan Agreement in order to provide a mortgage loan (the "Loan") to the Owner, pursuant to a Project Loan Agreement dated as of November 1, 2020 (the "Project Loan Agreement"), by and among the Governmental Lender, the Fiscal Agent and the Owner, to finance a portion of the cost of the acquisition, construction and equipping of the Development (as hereinafter defined), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Funding Loan Agreement and the Project 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 Governmental Lender, the Fiscal Agent and the Owner have determined to enter into this Regulatory Agreement to set forth certain terms and conditions relating to the operation of the Development, which is located on the lands described in Exhibit "A" hereto; 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 property subject to and in accordance with the terms contained herein.

NOW THEREFORE, in consideration of providing the financing by the Governmental Lender 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 Governmental Note, 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 Funding Loan Agreement):

"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.

"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 Fiscal Agent.

"Certificate of Continuing Program Compliance" means the certificate required to be delivered by the Owner to the Governmental Lender Servicer 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 Governmental Lender Servicer as pursuant to

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.

"Development" means the multifamily residential rental housing development known as Ashley Square, located on the Land and financed, in part, with proceeds of the Governmental Note pursuant to the Project Loan Agreement.

"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 Development 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.

"Funding Loan Agreement" means the Funding Loan Agreement, dated as of this date, between the Governmental Lender, the Initial Funding Lender and the Fiscal Agent, pursuant to which the Governmental Note is authorized to be issued, and any amendments and supplements thereto.

"Governmental Lender Servicer" means, initially, First Housing Development Corporation of Florida, or its successors or assigns and thereafter, any Governmental Lender Servicer employed by the Governmental Lender to service the Loan and to monitor the Owner's compliance with the requirements of this Regulatory Agreement, the Funding Loan Agreement, the Project Loan Agreement and the Construction Loan and Mortgage Servicing Agreement.

"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.

"Land" means the real property located in Duval County, Florida, described in Exhibit "A" attached hereto.

"Loan" means the Project Loan made by the Governmental Lender to the Owner made pursuant the Project Loan Agreement and evidenced by the Project Note.

"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" shall mean the Multifamily Mortgage, Assignment of Rents and Security Agreement (Florida) from the Owner for the benefit of the Governmental Lender and assigned to the Fiscal Agent.

"Project Note" means the multifamily note of the Owner, dated November [___], 2020 to be delivered to the Governmental Lender and assigned to the Fiscal Agent.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Owner [dated as of November 1, 2020], as the same may be amended from time to time.

"Project Loan Agreement" means that certain Project Loan Agreement entered into among the Owner, the Governmental Lender and the Fiscal Agent dated as of November 1, 2020, as amended or supplemented from time to time.

"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 or (ii) the date the Governmental Note is issued and shall remain in full force and effect in perpetuity.

"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 Owner will acquire, construct, equip, own and operate the Project 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 Development 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 Development 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 Development 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 Development, 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 Development will have equal access to and enjoyment of all common facilities of the Development at all times. The Owner will not discriminate against children of any age when renting the units in the Development (except for units that are Exempt Elderly Units).

(e) The Land consists 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 Development comprises buildings, structures and facilities that are geographically contiguous and functionally related. Any common facilities financed with proceeds of the Governmental Note (such as swimming pools, recreational facilities, parking areas and other facilities which are reasonably required for the Development, 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 Development 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 Development; 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 Development 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 Development shall be occupied by resident managers or maintenance or security personnel.

(g) None of the proceeds of the Governmental Note (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, not less than 100 percent (100%) of the residential units in the Development, 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 Governmental Lender Servicer (i) at the time of initial occupancy for all tenants, (ii) upon the vacancy and re-occupancy of any unit in the Development, 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 Governmental Lender Servicer and the Governmental Lender 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 Development, and shall permit, during regular business hours, upon 5 business days' notice to the Owner, any duly authorized representative of the Governmental Lender or the Governmental Lender Servicer to inspect the books and records of the Owner pertaining to the incomes of and rentals charged to all tenants residing in the Development.

(d) The Owner shall prepare and submit to the Governmental Lender Servicer and the Governmental Lender, 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 executed by the Owner in the form attached hereto as Exhibit "C" executed by the Owner stating (i) the percentage of units 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 residential 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 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 if required by Section 142(d)(7) of the Code and shall provide a copy thereof to the Fiscal.

Section 5. Indemnification. The Owner hereby covenants and agrees that it shall indemnify and hold harmless the Governmental Lender, its past, present and future members, employees, agents and representatives, the Governmental Lender, its past, present and future officers of its governing body, employees, attorneys, agents and representatives, and the Fiscal Agent, and their 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 Governmental Note, or the acquisition, design, construction, equipping, installation, operation, use, occupancy, maintenance or ownership of the Development 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 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 of such Indemnified Person, in the event of a potential conflict of interest between such Indemnified Persons, which firm(s) shall be designated in writing by each of such Indemnified Persons. The Owner shall not be liable for any settlement effected without its consent. This indemnity shall not be construed to cause the Owner to be personally liable for the principal of or interest on the Governmental Note or the Loan.

Section 6. Reliance. The Governmental Lender 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 Governmental Note, the Governmental Lender, Bond Counsel, the Initial Funding Lender, and the other parties to transactions involving the issuance, sale or remarketing of the Governmental Note and their respective counsel. In performing their duties and obligations hereunder, the Governmental Lender, the Governmental Lender Servicer and the Fiscal Agent may rely upon statements and certificates of the Owner and Lower-Income Persons reasonably believed by the Owner, their agents and 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 Development. In addition, the Governmental Lender, the Governmental Lender Servicer and the Fiscal Agent 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 Governmental Lender or the Fiscal Agent hereunder in good faith and

in conformity with the opinion of such counsel. In performing their 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 Development 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 Development or in connection with the employment or application for employment of persons for the operation and management of the Development. All advertising and promotional material used in connection with the Development 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.

Section 8. Tenant Lists. All tenants lists, applications, and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of the Owner which is unrelated to the Development, and shall be maintained, as required by the Governmental Lender or the Governmental Lender 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 Governmental Lender, the Governmental Lender Servicer or the Fiscal Agent. Failure to keep such lists and applications or to make them available to the Governmental Lender, the Governmental Lender Servicer or Fiscal Agent 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 Fiscal Agent or the Governmental Lender, 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 Governmental Lender Servicer an Income Certification.

Section 10. Sale and Conversion of Development.

(a) The Owner shall not sell, assign, convey or transfer any material portion of the land, fixtures or improvements constituting a part of the Development, or any material portion of the personal property constituting a portion of the Development during the term of this Regulatory Agreement, without (i) the prior written consent of the Governmental Lender, which consent shall not be unreasonably withheld, and (ii) the Fiscal Agent and the Governmental Lender 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 Governmental Note, 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 Development financed with proceeds from the Loan is sold during the term hereof and such material portion of such Development 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 Development, otherwise, the proceeds from such sale shall be applied in accordance with the Mortgage. If such material portion of such Development consists of real property and improvements, the purchaser thereof must execute and deliver to the Owner and the Fiscal Agent a document in form and substance reasonably satisfactory to the Governmental Lender 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 Development in whole, nor shall there be substituted a new manager of the Owner or a change in the controlling ownership interest in the manager of the Owner, or other merger, transfer or consolidation of the Owner, unless (a) the Owner has received the prior written consent of the Governmental Lender (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 Development will comply with the requirements of this Regulatory Agreement, (d) the subsequent purchaser or assignee shall execute any document reasonably requested by the Governmental Lender with respect to assuming the obligations of the Owner under this Regulatory Agreement, (e) the Governmental Lender 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 Development, (f) the purchaser or assignee, or new manager or entity acquiring a controlling interest in the manager of the Owner, shall have satisfied such other conditions as may be reasonably required by the Governmental Lender under the circumstances, (g) the purchaser or assignee shall have first executed a document in recordable form addressed to the Governmental Lender and the Fiscal Agent to the effect that such purchaser or assignee will comply with the terms and conditions of this Regulatory Agreement, the Mortgage and the Project Loan Agreement, (h) the Fiscal Agent and the Governmental Lender shall receive an opinion of counsel reasonably acceptable to the Governmental Lender to the effect that the purchaser's or assignee's obligations under this Regulatory Agreement, and, unless the Loan is paid in full, the Project Loan Agreement, the Note, the Mortgage and any other financing

documents relating to the Governmental Note (collectively, the "Loan Documents") are enforceable against such purchaser or assignee in accordance with their terms, and (i) the Fiscal Agent and the Governmental Lender 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 Governmental Note, or any part thereof, becoming includable in 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 Development 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 Project 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 Project 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 Development 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 Development, providing same are granted in connection with the operation of the Development 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) subject to the provisions of the Loan Documents, the placing of a subordinate mortgage lien, assignment of leases and/or rents or security interest on or pertaining to the Development which is made expressly subject and subordinate hereto and to the Mortgage, (v) the placing of a mortgage lien, assignment of rents or security interests on or pertaining to the Development after the payment of all Governmental Note and the release of the Mortgage, (vi) subject to the provisions of the Mortgage, any transfer of partnership interests in the Owner, other than with respect to the manager, or in the entities which are partners in the Owner, other than with respect to the manager, or (vii) the removal or substitution of the manager of the Owner, for cause, in certain events as set forth in the Partnership Agreement, with a designee of the equity investor, provided however, that such manager shall be an affiliate of the equity investor and provided, further, that the Owner retains ownership of the Development. For purposes of this Section 10, Affiliate shall mean any person or entity that, directly or indirectly, is in control of, is controlled by or is under common control with the equity investor.

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 Development in accordance with the terms of the Loan Documents: (i) 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 Development and granted in connection with the day to day operation of an apartment complex), or (ii) 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 Development.

(b) Demolish any part of the Development necessary for the operation thereof for its intended purposes or substantially subtract from any real or personal property of the Development; or

(c) Permit the use of the dwelling accommodations of the Development 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 Development 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 Development 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 Development are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Land or the Development.

Section 13. Term. This Regulatory Agreement shall remain in full force and effect in perpetuity; 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 Governmental Lender 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 Governmental Note is 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 Development 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 within a period of 60 days 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 Governmental Lender and the Fiscal Agent an opinion of Bond Counsel to the effect that such longer cure period will not adversely affect the exclusion of interest on the Governmental Note from gross income for federal income tax purposes). Not later than the business day next succeeding the day on which the Fiscal Agent or the Governmental Lender Servicer learns of such failure, the Fiscal Agent or the Governmental Lender Servicer shall attempt with reasonable diligence to notify the Owner and the property manager of such failure by telephonic communication; provided, that failure of the Fiscal Agent or the Governmental Lender Servicer to notify the Owner shall not relieve the Owner from any of its obligations under this Regulatory Agreement. The equity investor shall have the right, but not the obligation, to cure any default, and any cure of any default made or tendered by the equity investor shall be accepted or rejected on the same basis as if made or tendered by the Owner. The Governmental Lender Servicer shall give written notice to the Owner's equity investor 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 Governmental Lender, the Owner and the Fiscal Agent, impose requirements upon the ownership, occupancy or operation of the Development 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 Governmental Note 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 Governmental Lender, the Fiscal Agent 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 Development is rendered less valuable thereby. The Fiscal Agent, the Governmental Lender 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 Development by Lower-

Income Persons, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Governmental Note 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 Governmental Note issued by the Governmental Lender to finance the Loan and covenants and agrees that in connection with the acquisition, construction, equipping, ownership and operation of the Development, it shall and shall require any subsequent purchaser of the Development, 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 Development.

Section 18. Application of Insurance and Condemnation Proceeds. Subject to the provisions of the Project Loan Agreement and the Loan Documents (as defined in Section 10 hereof), if during the Qualified Project Period, the Development 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 Development or any condemnation awards pertaining to such eminent domain proceedings shall be applied as provided in the Project Loan Agreement and the Mortgage.

Section 19. Remedies; Enforceability. (a) The benefits of this Regulatory Agreement shall inure to, and may be enforced by, respectively, (i) the Governmental Lender and the Fiscal Agent and its successors, (ii) the holders of the Governmental Note and their successors and assigns to the extent permitted by the Funding Loan Agreement, 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 Governmental Note is 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 Governmental Lender (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 the result of the action or inaction of the property manager and is not corrected during the period provided in Section 14 hereof, the Governmental Lender (and only the Governmental Lender) 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 equity investor during the 15-year tax credit compliance period, appoint a new property manager of the Development to operate the

Development in accordance with this Regulatory Agreement and the Project Loan Agreement and take all actions necessary, in the reasonable judgment of the Governmental Lender, 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 Development, 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 Development 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 Governmental Note were issued and to preserve the exclusion from gross income for federal income tax purposes of interest on the Governmental Note 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 Development 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 Governmental Lender 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 Governmental Note 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 Governmental Lender or the Fiscal Agent 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. Venue shall be in Duval County, Florida.

Section 22. Amendments.

(a) The interest of the Governmental Lender in this Regulatory Agreement shall be assigned to the Fiscal Agent and the rights of the Governmental Lender hereunder shall be enforceable by the Fiscal Agent. 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 Governmental Note 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 Development 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 Governmental Note remains exempt from federal income taxes. Any such amendment, revision or termination shall be effected only in accordance with the Funding Loan Agreement.

(c) On the first business day immediately after the date on which the Governmental Note is no longer Outstanding, as provided in the Funding Loan Agreement, the Fiscal Agent shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Fiscal Agent in this Regulatory Agreement shall be deemed references to the Governmental Lender.

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 Governmental Lender, the Fiscal Agent 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 Nelson Mullins Broad and Cassel, 390 N. Orange Avenue, Suite 1400, Orlando, Florida 32801, Attn: Randy Alligood, Esq., Blue Sky Communities, LLC, 5300 W. Cypress Street, Suite 200 Tampa, Florida 33607, Attn: Shawn Wilson; and to Aging True Community Senior Services, 4252 Lakeside Drive, Suite 116, Jacksonville, Florida 32210, Attn: Teresa K. Barton, with a copy to Zimmerman Kiser Sutcliffe, P.A., 315 East Robinson Street, Suite 600, Orlando, Florida 32801, Attn: John Grygiel, Esq. A copy of any notice sent to the Fiscal Agent shall also be sent to the Initial Funding Lender.

Notice shall be deemed given on the third business day after the date of mailing.

Section 24. Freddie Mac Rider. The provisions of this Regulatory Agreement are subject to the provisions of the Freddie Mac Rider attached hereto as Exhibit "E" and made a part hereof.

Section 25. 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 26. 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 this page intentionally left blank]

IN WITNESS WHEREOF, the Governmental Lender, the Fiscal Agent, and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the 1st day of November, 2020.

[SEAL]

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

:

By: _____

Title: Chair

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of November, 2020, by Bernard E. Smith as Chair of the Jacksonville Housing Finance Authority. He ☐ is personally known to me or ☐ produced _____ as identification.

NOTARY PUBLIC

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Fiscal Agent**

By: _____
Name: _____
Title: _____

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this _____ day of November, 2020, by _____ as _____ of The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent, on behalf of said national association. He/She ☐ is personally known to me or ☐ has produced _____ as identification.

NOTARY PUBLIC

ASHLEY SQUARE JACKSONVILLE, LTD.,

a Florida Limited Partnership

By: Ashley Square Associates M, LLC,

a Florida limited liability company,

its manager

By: _____
Shawn Wilson, Manager

STATE OF FLORIDA

COUNTY OF [_____]

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of November, 2020 by Shawn Wilson, Manager, Ashley Square Associates M, LLC, a Florida limited liability company, manager of Ashley Square Jacksonville, Ltd., a Florida limited partnership, this ____ day of November, 2010, on behalf of said limited liability company and said limited partnership. He is personally known to me or has produced a valid driver's license as identification.

(SEAL)

Printed/Typed Name: _____
Notary Public-State of Florida
Commission Number: _____

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B

INCOME CERTIFICATIONS

EXHIBIT C

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

EXHIBIT D

RESIDENT PROGRAMS AND PROJECT AMENITIES

EXHIBIT E

FREDDIE MAC RIDER

This Freddie Mac Rider (the “Rider”) is attached to and forms a part of the Land Use Restriction Agreement (the “Regulatory Agreement”), dated as of November 1, 2020, by and among the Jacksonville Housing Finance Authority (the “Governmental Lender”), The Bank of New York Mellon Trust Company, N.A., as fiscal agent (together with any successor in such capacity, the “Fiscal Agent”), and Ashley Square Jacksonville, Ltd., (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “Borrower”).

1. Definitions. Terms used in this Rider as defined terms shall have the meanings given those terms in the Regulatory Agreement and the Funding Loan Agreement. In addition, the following terms shall have the following meanings:

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States.

“Funding Lender” means the holder of the Governmental Note, initially Grandbridge Real Estate Capital, LLC and on the Freddie Mac Purchase Date, Freddie Mac, and any successors or assigns thereof.

“Funding Loan Agreement” means the Funding Loan Agreement dated as of November 1, 2020 by and among the Governmental Lender, the Initial Funding Lender set forth therein and the Fiscal Agent, as such Funding Loan Agreement may from time to time be amended or supplemented.

“Governmental Note” means the Multifamily Note dated November [___], 2020 delivered by the Governmental Lender pursuant to the Funding Loan Agreement.

“Project Loan” means the loan to the Borrower pursuant to the Project Loan Documents, which Project Loan is to be assigned to the Fiscal Agent.

“Project Loan Agreement” means the Project Loan Agreement dated as of November 1, 2020 among the Borrower, the Governmental Lender and the Fiscal Agent, as such Project Loan Agreement may from time to time be amended or supplemented.

“Project Loan Documents” means the Security Instrument, the Project Note, the Project Loan Agreement, the Tax Regulatory Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

“Project Note” means the Project Note, including applicable addenda, to be executed by the Borrower in favor of the Governmental Lender, evidencing the Borrower’s financial obligations under the Project Loan, and to be endorsed by the Governmental Lender, without recourse, to the order of the Fiscal Agent, as the same may be amended, modified, supplemented or restated from time to time.

“Security Instrument” means the Multifamily Mortgage, Assignment of Rents and Security Agreement (Florida), together with all riders thereto, securing the Project Note, to be executed by the Borrower with respect to the Project, as it may be amended, modified, supplemented or restated from time to time.

“Servicer” means Grandbridge Real Estate Capital LLC, or any successor Servicer selected by Freddie Mac.

2. Applicability. The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.

3. Indemnification. Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Borrower contained in the Regulatory Agreement will be deemed applicable to any successor in interest to the Borrower, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither the Funding Lender nor any successor in interest to the Funding Lender will assume or take subject to any liability for the indemnification obligations of the Borrower for acts or omissions of the Borrower prior to any transfer of title to Freddie Mac, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan. The Borrower shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to the Funding Lender. The Funding Lender shall indemnify the Governmental Lender following acquisition of the Project by the Funding Lender, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan, during, and only during, any ensuing period that the Funding Lender owns and operates the Project, provided that the Funding Lender’s liability shall be strictly limited to acts and omissions of the Funding Lender occurring during the period of ownership and operation of the Project by the Funding Lender. The Funding Lender shall have no indemnification obligations with respect to the Governmental Note or the Project Loan Documents. The Borrower shall remain liable under the Regulatory Agreement for its actions and omissions prior to any transfer of title to the Funding Lender.

4. Sale or Transfer. Restrictions on sale or transfer of the Project or of any interest in the Borrower, Governmental Lender and/or Fiscal Agent consents, transferee agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to the Funding Lender or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan or to any subsequent transfer by the Funding Lender following foreclosure, deed-

in-lieu of foreclosure or comparable conversion of the Project Loan. No transfer of the Project shall operate to release the Borrower from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Security Instrument or any of the other Project Loan Documents that requires the Borrower to obtain the consent of the Funding Lender as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Security Instrument. No covenant obligating the Borrower to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a transfer to the Funding Lender upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan by the Funding Lender, or to any subsequent transfer by the Funding Lender following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan, provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Mortgaged Property for federal income tax purposes.

5. Enforcement. Notwithstanding anything contained in the Regulatory Agreement to the contrary: (i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Project Loan Documents, except as may be otherwise specified in the Project Loan Documents; and (ii) the occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument. No person other than the Funding Lender shall have the right to (a) declare the principal balance of the Project Note to be immediately due and payable or (b) commence foreclosure or other like action with respect to the Security Instrument. The Governmental Lender and the Fiscal Agent acknowledge and agree that the exercise of any rights and remedies under the Regulatory Agreement is subject to the provisions of the Project Loan Documents.

6. Notice of Violations. Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Governmental Lender or the Fiscal Agent shall, by notice in writing to the Borrower, the Servicer and the Funding Lender, inform the Borrower, the Servicer and the Funding Lender that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Governmental Lender nor the Fiscal Agent shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Project Loan, to enforce the Project Note or to foreclose on the Security Instrument.

7. Amendments. The Regulatory Agreement shall not be amended without the prior written consent of the Funding Lender.

8. Fees; Penalties. The Funding Lender shall not be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Borrower or any subsequent owner of the Project prior to the date of acquisition of the Project by the Funding Lender, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan.

9. Subordination. The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 2,3,4,11 and 15 are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Project Loan Documents.

10. Third-Party Beneficiary. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of the Funding Lender and are entered into for the benefit of various parties, including the Funding Lender. The Funding Lender shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Governmental Lender and/or the Fiscal Agent, or to cause the Governmental Lender or the Fiscal Agent to enforce, the terms of the Regulatory Agreement. In addition, the Funding Lender is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.

11. Notices. Copies of all notices under the Regulatory Agreement shall be sent to the Servicer at the address set forth below or to such other address as the Servicer may from time to time designate:

Grandbridge Real Estate Capital, LLC
711 Fifth Avenue
6th Floor
New York, NY 10022
Attention: Servicing Department

First Housing Development Corporation of Florida
107 S. Willow Avenue
Tampa, FL 33606
Attention: Ed Busansky
Telephone: (813) 283-1043
Email: ebusansky@firsthousingfl.com

Any notice to be given to Freddie Mac shall be sent to Freddie Mac at the address set forth below or to such other address as Freddie Mac may from time to time designate:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B4P
McLean, Virginia 22102
Attention: Multifamily Operations - Loan Accounting
Email: mfla@freddiemac.com
Telephone: (703) 714-4177

with a copy to:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive, MS 210
McLean, Virginia 22102
Attention: Managing Associate General Counsel –
Multifamily Legal Division
Email: guy_nelson@freddiemac.com

EXHIBIT D
FORM OF COMPLIANCE MONITORING AGREEMENT

**COMPLIANCE MONITORING AGREEMENT
(ASHLEY SQUARE APARTMENTS)**

THIS COMPLIANCE MONITORING AGREEMENT (the "Agreement") is made as of November 1, 2020, 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 "Governmental Lender"), **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 "Fiscal Agent"), and **ASHLEY SQUARE JACKSONVILLE LTD.**, 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 Funding Loan Agreement (hereinafter defined); and

WHEREAS, the Governmental Lender 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 Governmental Lender; (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 Governmental Lender 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 Governmental Lender adopted on October 23, 2019 and on October 14, 2020, the Governmental Lender has authorized, approved and issued [\$_____] aggregate principal amount of its Jacksonville Housing Finance Authority Multifamily Housing Mortgage Revenue Note (Ashley Square) Series 2020 (the "Governmental Note") pursuant to that certain Funding Loan Agreement dated as of November 1, 2020 between the Governmental Lender and the Fiscal Agent (the "Funding Loan Agreement"); and

WHEREAS, pursuant to its lawful authority under the Act, the Governmental Lender, and the Borrower have entered into that certain Project Loan Agreement dated as of November 1, 2020 (the "Project Loan Agreement"), by the terms of which the Governmental Lender has

agreed to loan the proceeds of the Governmental Note to the Borrower (the "Loan") for the purpose of providing funds to acquire, construct and equip a multifamily rental housing development located on property within the County, to be known as Ashley Square Apartments (the "Property"); and

WHEREAS, the Loan will be evidenced by that certain Project Note, in the principal amount of [\$_____] dated as of November [_____] 2020 (the "Project Note"), which Loan and Project Note will be secured by that certain Multifamily Mortgage, Assignment of Rents and Security Agreement (Florida) made by the Borrower and dated as of November 1, 2020 (the "Security Instrument"), granting the Governmental Lender a first mortgage lien and security interest in the real and personal property described therein; and

WHEREAS, the Governmental Lender intends to assign the Project Note and the Security Instrument, and other instruments securing repayment of the Governmental Note, to the Fiscal Agent for the benefit of the holders of the Governmental Note, 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 Governmental Lender with respect to the operation of the Property, the Governmental Lender, the Fiscal Agent and the Borrower have entered into that the Land Use Restriction Agreement dated as of November 1, 2020 (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 Governmental Lender in performing certain functions under the Funding Loan Agreement, 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 Governmental Note, the Project Loan Agreement, the Security Instrument, the Land Use Restriction Agreement and the Funding Loan Agreement and all other documents and instruments evidencing, securing or guaranteeing payment of the Loan, or any portion thereof.

C. "Mortgagee" -- the Governmental Lender, 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 Commitment No. [_____] issued by [_____] 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 Governmental Lender 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 "Governmental Lender 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 Governmental Lender 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 Fiscal Agent for payment to the Compliance Monitoring Agent for the services rendered by the Compliance Monitoring Agent hereunder in accordance with the following provisions:

A. Borrower shall pay a semi-annual amount based on a monthly base compliance monitoring fee of [\$____] plus an additional annual [\$____] per set-aside unit, with a minimum monthly compliance monitoring fee of [\$____.] On January 1 of each year, the base fee, the minimum fee and the additional fee per set-aside unit shall be adjusted, but not decreased, based on the South Region Consumer Price Index for the

twelve month period ending each [_____]. This automatic increase shall not exceed [___%] of the prior year's fees.

An additional fee of [\$___] 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 Governmental Lender to the Compliance Monitoring Agent that its services or this Agreement shall be terminated by the Governmental Lender or the Fiscal Agent with the Governmental Lender's consent, with or without cause.

C. Any fees not paid by the Borrower may be paid by the Fiscal Agent (from amounts available under the Funding Loan Agreement) and charged against the Loan unless Borrower gives Fiscal Agent 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 Governmental Lender. All such policies of insurance shall be issued by an insurance company, with coverage satisfactory to the Governmental Lender and the Compliance Monitoring Agent and shall name the Governmental Lender and the Fiscal Agent as the insured under said policies.

6. NOTIFICATION TO THE GOVERNMENTAL LENDER AND THE TRUSTEE. The Compliance Monitoring Agent shall promptly notify the Governmental Lender, the Borrower and the Fiscal Agent 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 of 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 Governmental Lender and the Trustee, consent to a postponement of compliance on the part of the Borrower with any of the terms and provisions of the Project 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 Governmental Lender and the Borrower as follows:

A. The Compliance Monitoring Agent is a duly organized corporation under the laws of the State of Minnesota, 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 Fiscal Agent 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 Fiscal Agent or the Governmental Lender .

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 Governmental Lender as set forth in the Project Loan Agreement, the Land Use Restriction Agreement and the Mortgage.

10. COVENANTS OF THE BORROWER. The Borrower covenants and agrees with the Governmental Lender, the Fiscal Agent and the Compliance Monitoring Agent as follows:

A. Right of Entry. The Borrower shall permit the Governmental Lender, the Fiscal Agent 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 and all books and records related to the Property of the Borrower and will cooperate with the Governmental Lender, the Compliance Monitoring Agent, the Fiscal Agent and its representatives to enable them to perform their functions hereunder. It is expressly agreed that any inspection made by the Governmental Lender, the Fiscal Agent 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 either against the Governmental Lender, the Fiscal Agent and the Compliance Monitoring Agent, or their employees, agents or representatives for failure to properly discharge any alleged duties of the Governmental Lender, the Fiscal Agent 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 Governmental Lender or the Fiscal Agent 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 Governmental Lender's and the Trustee's security for the Loan.

11. TERMINATION.

A. By the Governmental Lender. The Governmental Lender 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 Governmental Lender 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 Fiscal Agent or the Governmental Lender , 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 Governmental Lender or to whomever the Governmental Lender directs, all documents relating to the Loan and shall do such other acts as may reasonably be required by the Governmental Lender 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 Fiscal Agent and the Governmental Lender. Such report shall include a statement as to the compliance of 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 the Governmental Note is outstanding, whichever is later.

B. Review Program Reports and Tenant Income Certifications and re-certifications 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 Governmental Lender.

C. Provide the Governmental Lender with occupancy information from each Program Report in the format provided by the Governmental Lender.

D. In addition, the Compliance Monitoring Agent shall:

(1) Be available to answer telephone inquiries relating to bond program requirements.

(2) Keep the Governmental Lender apprised of scheduled activities, any compliance problems as such occur, and changes in apartment management personnel.

(3) Provide the Governmental Lender 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 Governmental Lender or the Fiscal Agent under the Project 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 Governmental Lender and the Fiscal Agent in addition to those provided in the Project 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 Governmental Lender, the Fiscal Agent 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 Governmental Lender, the Fiscal Agent or the Compliance Monitoring Agent shall continue and be each and all available until all sums due by reason of the Project Loan Agreement or the Security Instrument 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 Fiscal Agent and the Governmental Lender 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 Governmental Lender and the Trustee. If the Governmental Lender and the Fiscal Agent approve an assignment hereof by the Borrower, the Fiscal Agent 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 Governmental Lender 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 Governmental Lender 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 Governmental Lender 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, wavier, 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 Funding Loan Agreement, the Land Use Restriction Agreement, the Security Instrument or the Project 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 Project Loan Agreement and the Security Instrument shall govern, control and prevail, in the event of any conflict between the terms and conditions hereof and those contained in the Project Loan Agreement and the Mortgage.

14. REMEDIES. Subject to the applicable terms, conditions and restrictions set forth in the Land Use Restriction Agreement, upon the occurrence of any Event of Default which is not cured within the applicable cure period, the Governmental Lender (or the Fiscal Agent 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 Governmental Lender 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 Governmental Lender: Jacksonville Housing Finance Authority
214 N. Hogan Street, 7th Floor
Jacksonville, Florida 32202
Attention: Finance Director
Email: lstagner@coj.net
Telephone: 904-255-8279

The Fiscal Agent: The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department
Email: tricia.heintz@bnymellon.com
Telephone: 904-645-1915

The Borrower: Ashley Square Jacksonville, Ltd.
c/o Blue Sky Communities, LLC
5300 W. Cypress Street
Suite 200
Tampa, Florida 33607
Attention: _____
Email: _____
Telephone: _____]

with a copy to: Nelson Mullins Broad and Cassel
(which copy shall not constitute notice to
Borrower)
390 North Orange Avenue, Suite 1400
Orlando, Florida 32801
Attention: Randy Alligood, Esq.
Email: Randy.alligood@nelsonmullins.com
Telephone: 407-839-4239

The Compliance
Monitoring Agent: First Housing Development Corporation of Florida
107 Willow Avenue
Tampa, Florida 33606
Attention: Edward Busansky
Telephone: (813) 289-9410
Facsimile: (813) 289-5580

16. ENTIRE AGREEMENT. This Agreement sets forth the entire agreement among the Governmental Lender, the Compliance Monitoring Agent, the Fiscal Agent 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]

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.

ASHLEY SQUARE JACKSONVILLE, LTD.,
a Florida Limited Partnership
By: Ashley Square Associates M, LLC,
a Florida limited liability company,
its manager

By: _____
Shawn Wilson, Manager

[Compliance Monitoring Agreement – Ashley Square Apartments]

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

By _____
Bernard E. Smith, Chair

[Compliance Monitoring Agreement – Ashley Square Apartments]

**FIRST HOUSING DEVELOPMENT
CORPORATION OF FLORIDA**, a Florida
corporation

By: _____

Name: Edward Busansky

Title: Senior Vice President

[Compliance Monitoring Agreement – Ashley Square Apartments]

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent**

By _____
Name: _____
Title: _____

[Compliance Monitoring Agreement Ashley Square Apartments]

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT E

FORM OF CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT

**CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT
(ASHLEY SQUARE APARTMENTS)**

This **CONSTRUCTION LOAN AND MORTGAGE SERVICING AGREEMENT** (this "Agreement") is made as of November 1, 2020, 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 "Governmental Lender"), **FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA**, a Florida corporation, its successors and assigns (the "Governmental Lender Servicer"), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, with a representative office located in Jacksonville, Florida, as Fiscal Agent under the below-described Funding Loan Agreement (in such capacity, the "Fiscal Agent"), and **ASHLEY SQUARE JACKSONVILLE LTD.**, a Florida limited partnership (the "Borrower").

WITNESSETH:

WHEREAS, all capitalized terms in this Agreement not otherwise defined shall have the meanings set forth in the Project Loan Agreement (hereinafter defined) and the Funding Loan Agreement (hereinafter defined); and

WHEREAS, the Governmental Lender 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 Governmental Lender; (a) to make loans to finance residential developments located within the County, and intended to be occupied 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 Governmental Lender 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 Governmental Lender adopted on October 23, 2019 and on October 14, 2020, the Governmental Lender has authorized, approved and issued its [\$_____] aggregate principal amount of its Jacksonville Housing Finance Authority Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 (the "Governmental Note"); and

WHEREAS, the Governmental Note is being issued pursuant to a Funding Loan Agreement dated as of November 1, 2020 by and among the Governmental Lender, the Fiscal Agent and TD Bank, N.A., (the "Initial Funding Lender") (the "Funding Loan Agreement "); and

WHEREAS, pursuant to its lawful authority under the Act, the Governmental Lender, the Fiscal Agent and the Borrower have entered into that certain (i) Project Loan Agreement dated as of November 1, 2020 (the "Project Loan Agreement"), by the terms of which Project Loan Agreement the Governmental Lender has agreed to loan the proceeds of the Governmental Note to the Borrower (the "Loan") for the purpose of providing funds to acquire, construct and equip a multifamily rental housing development located on property within Duval County, Florida, to be known as Ashley Square Apartments (the "Development"); and

WHEREAS, the Loan will be secured by that certain Project Note, dated November [_____] 2020 in the principal amount of \$[_____] (the "Project Note") from the Borrower to the Governmental Lender which Loan and Note will be secured by that certain Multifamily Mortgage, Assignment of Rents and Security Agreement (Florida), (the "Mortgage"), granting the Governmental Lender a first mortgage lien and security interest in the real and personal property described therein; and

WHEREAS, the Governmental Lender intends to assign the Project Note and the Mortgage and other instruments securing repayment of the Project Note, to the Fiscal Agent; and

WHEREAS, the Governmental Lender 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 Governmental Lender Servicer shall act as agent of the Governmental Lender in performing certain functions under the Loan Documents (as defined below), and shall manage and service the Regulatory Agreement (as defined below) on behalf of the Governmental Lender, 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. Capitalized terms used herein and not defined below shall have the meanings ascribed to them in the Funding 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" – PQH Group Design, Inc.

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. "Construction Contract" -- That certain Standard Form of Agreement between the Borrower and the Contractor, dated May 15, 2020, regarding the construction of the Improvements.

E. "Contractor" -- NEI General Contracting, Inc. and its successors.

F. "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 Governmental Note (excluding any fees and profit of the Borrower), and include materials stored on the Land.

G. "Environmental Indemnity" -- That certain Environmental Indemnity Agreement from the Guarantors, jointly and severally, in favor of the Governmental Lender and the Fiscal Agent.

H. "Events of Default" -- Those events of default as defined in Paragraph 19 of this Agreement.

I. "Force Majeure" -- An act 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 or labor or materials, the occurrence of labor or supply shortage/stoppage due to a declared pandemic (e.g. COVID) 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 (financial inability excepted).

J. "Manager" -- Ashley Square Associates M, LLC, a Florida limited liability company, as the manager of the Borrower.

K. "Improvements" -- All improvements described in the plans for the Development (the "Plans and Specifications") and all additions and equipment reasonably necessary to construct, equip, renovate, operate and rent the Development, 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.

L. "Inspecting Engineer" – [ECS Florida, LLC.]

M. "Land" -- The real property described in Exhibit "A", which is attached hereto and by this reference made a part hereof.

N. "Loan" – The loan contemplated by the Project Loan Agreement in an original amount of [\$_____].

O. "Loan Documents" -- Collectively, this Agreement, the Project Note, the Project Loan Agreement, the Mortgage, the Regulatory Agreement and the Funding Loan Agreement and all other documents and instruments evidencing, securing or guaranteeing payment of the Loan, or any portion thereof.

P. "Operating Deficit Guaranty: -- That certain Absolute and Unconditional Guaranty of Operating Deficits dated as of November 1, 2020 from the Guarantors, jointly and severally, in favor of the Governmental Lender and the Fiscal Agent.

Q. "Mortgagee" – The Governmental Lender, and its successors or assigns, including the Fiscal Agent.

R. "Plans and Specifications" -- The final plans and specifications for the Improvements heretofore approved by the Governmental Lender and the Inspecting Engineer or their respective agents together with any and all amendments and modifications thereto made with the approval of the Governmental Lender or its agent or otherwise in accordance with the terms hereof. (It is understood that the Plans and Specifications shall be construed in such manner so that any works, structures or parts thereof mentioned or shown in the Plans and Specifications 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 and Specifications.)

S. "Property" -- The real property described in Exhibit "A", which is attached hereto and by this reference made a part hereof, and the Improvements.

T. "Regulatory Agreement" -- The Land Use Restriction Agreement, dated as of November 1, 2020, by and among the Governmental Lender, the Fiscal Agent and the Borrower.

2. TERM. This Agreement shall continue from the earlier of the date of this Agreement or from the date the Governmental Lender Servicer shall begin servicing the Loan for the Governmental Lender until occurrence of the first of the following events:

A. The Loan shall be paid in full.

B. The Mortgage shall be foreclosed in accordance with the Loan Documents or the property encumbered by the Mortgage shall be acquired by the Fiscal Agent.

C. Termination of this Agreement as to the Governmental Lender Servicer, with or without cause, pursuant to Paragraph 16 hereof.

D. Assignment of all right, title and interest of the Governmental Lender to a third party which terminates the interests of the Governmental Lender.

3. SERVICING. The Governmental Lender Servicer shall perform the services of the Governmental Lender Servicer provided herein. The Governmental Lender Servicer shall exercise the same degree of care, skill, prudence and diligence in servicing the 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 Governmental Lender Servicer and/or its contractor shall be responsible for monitoring the progress of the construction work on behalf of the Governmental Lender as follows:

1. The Governmental Lender Servicer and/or its contractor shall attend all draw meetings, if any, including telephonically, and represent the Governmental Lender with respect to approving all construction draws. The Governmental Lender 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 Governmental Lender 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 Development in accordance with its contract, (c) notifying appropriate parties if the Governmental Lender Servicer becomes aware that any unhealthful or unsafe condition exists at the Development, (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 Development.

3. Provide monthly written reports to the Governmental Lender 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 Development's status.

4. Upon completion of the Improvements, the Governmental Lender Servicer shall provide the Governmental Lender with the Architect's Certificate of Substantial Completion.

B. Permanent Loan Servicing. Following stabilization of the Project the Governmental Lender 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 Governmental Lender (with a copy to the Fiscal Agent) the sufficiency of all insurance policies as to dollar amounts and the types of coverage required by the Governmental Lender. Establish tickler files for the renewal or anniversary premium payment dates of all policies. In the event of loss, the Governmental Lender Servicer will administer the restoration program.

3. Provide monthly loan servicing reports to the Governmental Lender.

4. Timely renew and file UCC continuation statements with the Florida Secured Transaction Registry and in Duval County, Florida.

C. Continuing Duties of the Governmental Lender Servicer after completion of the construction.

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 Governmental Lender and the Fiscal Agent 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 Governmental Lender Servicer has received from the Fiscal Agent (from available funds held under the Funding Loan Agreement) from time to time any fees or charges the Governmental Lender Servicer requires to secure payment or the timely renewal of such items upon the Borrower's failure to do so. The Governmental Lender Servicer shall provide timely notice to the Fiscal Agent 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 Governmental Lender and the Fiscal Agent. In connection with the construction period, the Governmental Lender, the Borrower and the Fiscal Agent agree that:

1. They shall do and perform all things reasonably necessary to assist the Governmental Lender Servicer in servicing the Loan;

2. Borrower shall direct investment of the proceeds of the Governmental Note in accordance with the Funding Loan Agreement 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 Fiscal Agent 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 Governmental Lender Servicer shall confirm that the Fiscal Agent has received each payment due under the Project Note

and the Mortgage, as due, and if not, shall assist the Governmental Lender and the Fiscal Agent in the enforcement of their rights pursuant to the Loan Documents. The Fiscal Agent shall receive each payment made under the Loan Documents and shall notify the Governmental Lender Servicer and the Borrower in writing if payment is not made when due.

5. ADVANCES DURING CONSTRUCTION. The Governmental Lender and the Fiscal Agent agree to make or cause to be made disbursements to the Borrower under the Funding Loan Agreement, the Loan Agreement and this Agreement of the proceeds of the Governmental Note in accordance with the Funding Loan Agreement, the Project Loan Agreement, the Budget, and in accordance with and subject to the procedures set forth below. The Budget may be amended by the Governmental Lender Servicer from time to time, upon the written request of the Borrower with the consent of the Initial Funding Lender; approval of such requests shall not be unreasonably withheld or delayed.

A. a requisition request (the "Requisition Request") to be submitted to the Fiscal Agent, the Initial Funding Lender, and the Governmental Lender 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 Funding Loan Agreement, to the Initial Funding Lender and the Governmental Lender 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 Fiscal Agent until it has been approved by the Initial Funding Lender and the Governmental Lender Servicer, and each Advance by the Fiscal Agent of the proceeds of the Governmental Note shall be subject to the prior approval of the Requisition Request by the Initial Funding Lender and the Governmental Lender Servicer, except as provided in (2) below and to the other conditions precedent set forth in the Funding Loan Agreement and the Project Loan Agreement. Requisition Requests should be submitted to the Fiscal Agent without attachments. The Governmental Lender 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 Governmental Lender Servicer neither approves nor objects within such time, its approval shall be deemed given; in such instances, the Governmental Lender 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 Initial Funding Lender shall not be deemed to be an approval of the Initial Funding Lender and under no circumstances shall the Fiscal Agent disburse a Requisition Request unless signed by the Initial Funding Lender.

(2) Notwithstanding the foregoing, if a Requisition Request has been approved by the Initial Funding Lender and (a) (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 (b) if not approved, would jeopardize the coverage afforded by any Payment and Performance Bond, the Governmental Lender Servicer shall not have the right to withhold its approval of any Requisition Request approved by the Initial Funding Lender unless, in the opinion of the Governmental Lender Servicer, such Requisition Request would violate the terms of the Loan Documents. In addition, the Governmental Lender Servicer shall not unreasonably withhold its approval of any Requisition Request otherwise approved by the Initial Funding Lender. In the event the Governmental Lender Servicer withholds its approval of a Requisition Request which does not meet the requirements of subsections (a) and (b) of this paragraph, but which has otherwise been approved by the Initial Funding Lender, 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 Initial Funding Lender and the Governmental Lender Servicer shall submit the dispute to binding arbitration by a mutually acceptable single arbitrator experienced in the type of construction contemplated in this Agreement, selected by the Initial Funding Lender and the Governmental Lender Servicer. The Initial Funding Lender and the Governmental Lender Servicer shall use all reasonable efforts to complete such arbitration proceedings and obtain a decision within thirty (30) days.

B. The Governmental Lender Servicer shall review each Requisition Request for compliance with this Agreement, the Regulatory 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 Governmental Lender 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 Governmental Lender 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.

(4) The Governmental Lender shall retain from each Requisition Request a sum equal to ten percent (10%) of the amount of each Requisition Request (less any soft costs which shall be fully funded) as retainage. The Requisition Request shall specify the

amount of retainage. Upon completion of fifty percent (50%) of the Improvements (as certified by the Inspecting Engineer) no further retainage shall be withheld from subsequent requisitions. All retainage shall be released when the Improvements are one hundred percent (100%) complete and all conditions of paragraph G herein have been met. The final payment of any balance due the Contractor or any subcontractor (including materialman or suppliers within the term "subcontractor") shall be made after full and final completion subject to punch list of the work on the Improvements being done by the Contractor or such subcontractor, as certified by the Borrower, the Governmental Lender Servicer and the Inspecting Engineer, and delivery to the Governmental Lender Servicer of a final mechanic's lien waiver and the other documents required in subparagraph G hereof, in a form reasonably approved by the Governmental Lender Servicer and its counsel, at the time of final disbursement.

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 Governmental Lender and the Fiscal Agent of the work theretofore done.

D. Each Requisition Request shall be submitted to the Governmental Lender 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 Fiscal Agent or at such other place as Fiscal Agent may designate. The provisions of this Paragraph shall not restrict the ability of the Fiscal Agent to make interest payments in accordance with the Funding Loan Agreement.

E. If an Event of Default has occurred and is continuing and all applicable cure periods have expired, the Fiscal Agent (at the direction of the Governmental Lender but only with the written consent of the Initial Funding Lender) 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 Initial Funding Lender'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 tan to the obligations of the Governmental Lender and the Fiscal Agent hereunder and shall be secured by the 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 Governmental Lender 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 Governmental Lender Servicer's approval which are in addition to and not in replacement of the requirements for advances of the Initial Funding Lender as set forth in the Project 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 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 Funding Loan Agreement and except for encumbrances being properly contested under the Mortgage, as evidenced by an updated title insurance endorsement.

(3) That the Improvements constructed through the date of the Requisition Request have been constructed 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 Governmental Lender 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 Governmental Lender or the Governmental Lender 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 Mortgage, through the date of the previous disbursement. The Governmental Lender, the Fiscal Agent, and the Governmental Lender 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 Governmental Lender Servicer shall require such lien to be satisfied or bonded before approving a Requisition Request. Notwithstanding the foregoing, if Borrower records a notice of bond in the form set forth in Section 71.3 23(2), FL. Stat., upon recordation of such notice, any liens shall be deemed transferred to the bond.

(6) That the Borrower has furnished the Governmental Lender Servicer reasonably satisfactory evidence that the undisbursed proceeds of the Loan together with

projected earnings on invested funds under the Funding Loan Agreement and other identifiable funds available to the Borrower, including but not limited to capital contributions made or to be made under the Borrower's operating 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 renovated in violation of the Regulatory Agreement or any covenants, restrictions, codes, or zoning ordinances affecting the Land.

(8) That the Borrower has caused the Governmental Lender 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 Mortgage or which not otherwise accepted by the Mortgagee.

(9) That the Borrower and/or the Contractor have caused the Governmental Lender 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 Governmental Lender 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 Governmental Lender 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 the City of Jacksonville (the "City"), as appropriate for the issuance of a final certificate of completion;

*(3) a certificate of substantial completion in a form reasonably acceptable to the Governmental Lender (the AIA form G704 is acceptable to the Governmental Lender);

*(4) final lien waivers from all subcontractors and materialmen;

*(5) updated title insurance endorsements insuring the lien of the Mortgage as of the Completion Date to be a valid first lien on the Property, subject only to Permitted

Encumbrances (as defined in the Funding Loan Agreement) other than mechanic's liens, and otherwise providing the title insurance coverage required under the Mortgage as of the Completion Date;

*(6) a set of "as-built" Plans;

H. The Fiscal Agent may rely upon the approval of a Requisition Request by the Initial Funding Lender and the Governmental Lender Servicer to establish compliance by the Borrower with subparagraphs A, B, E, F and G above.

6. COMPENSATION OF THE GOVERNMENTAL LENDER SERVICER. The Borrower shall provide for payment to the Governmental Lender Servicer for the services rendered by the Governmental Lender Servicer hereunder in accordance with the following provisions:

A. Servicing Fees. The Borrower shall pay the Governmental Lender Servicer fees, which include:

- (1) Compensation payable to the Governmental Lender Servicer for construction/rehabilitation servicing shall be paid directly by the Borrower to the Governmental Lender Servicer in the following amounts:
 - (a) an on-site inspection fee of [\$_____] per hour for services rendered during the construction of the Property, but not in excess of [\$_____] per disbursement.
 - (b) an in-house review fee of [\$_____] per hour for services rendered during the construction of the Property.
An additional fee of [\$___] per hour shall be paid by Borrower for extraordinary construction servicing services.
- (2) Compensation payable to the Governmental Lender Servicer for compliance monitoring shall be paid and deposited by the Borrower with the Fiscal Agent on the semi-annual dates established in the Compliance Monitoring Agreement.
- (3) Compensation payable to the Governmental Lender Servicer for permanent loan servicing shall be deposited by the Borrower with the Fiscal Agent on each [____] 1 and [____] 1 in an amount of [___] basis points ([___]%) per annum of the outstanding principal amount of the Governmental Note, with a minimum monthly fee of [\$____], payable in arrears commencing on [_____] 1, 2021. On January 1st 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 [_____] 30th. This automatic increase shall not

exceed [____]% of the prior year's fees.

An additional fee of \$[____] per hour shall be paid by Borrower for extraordinary permanent loan servicing services.

Notwithstanding anything in this Agreement or any of the other Loan Documents to the contrary, permanent loan servicing services related to the review, inspection and/or consideration of requests for disbursements from the replacement reserve account shall not be considered extraordinary permanent loan servicing services, unless otherwise approved in advance by the Governmental Lender.

B. Termination of Compensation. The Governmental Lender 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;
2. an Event of Default under the Project Note, the Mortgage or the Loan Agreement unless the Governmental Lender Servicer is directed to assist in foreclosure of the Mortgage by the Fiscal Agent;
3. notification by the Fiscal Agent to the Governmental Lender Servicer that its services or this Agreement shall be terminated by the Governmental Lender or the Fiscal Agent at the written direction of the Governmental Lender, with or without cause;
4. assignment of all right, title and interest of the Fiscal Agent in and to the 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 Governmental Lender or the Fiscal Agent.

8. BUILDER'S RISK AND HAZARD INSURANCE. The Governmental Lender Servicer shall see to it that at all times during the term of this Agreement, all buildings and improvements making up the Development are insured, under standard mortgagee clauses, for the benefit of the Fiscal Agent and the Governmental Lender, against loss or damage by fire and from such other insurable risks and hazards, all as more specifically set forth in the Mortgage and the Loan Documents. Subject to the applicable provisions of the Loan Documents, fire insurance and extended coverage shall be in an amount at least equal to the full replacement value of the

Development less applicable deductibles. Subject to the applicable provisions of the Loan Documents, 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 Governmental Lender, such insurance shall be maintained by the Governmental Lender Servicer, subject to payment by the Fiscal Agent, which shall advance necessary funds (from amounts available for such purposes pursuant to the Funding Loan Agreement) to the Governmental Lender Servicer, upon request from the Governmental Lender Servicer. The Governmental Lender 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 Fiscal Agent and shall be issued by insurance companies having a general policyholder's rating and financial rating acceptable to the Governmental Lender.

The Borrower shall deliver to the Governmental Lender Servicer copies of ad valorem tax bills and hazard insurance premium notices as payment therefor becomes due.

9. INSURANCE TO BE MAINTAINED BY THE GOVERNMENTAL LENDER SERVICER. The Governmental Lender 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 Governmental Lender Servicer's officers and employees and other persons acting on behalf of the Governmental Lender Servicer relating to the Governmental Lender Servicer's performance of this Agreement. All such policies of insurance shall be issued by an insurance company, with coverage satisfactory to the Governmental Lender and the Governmental Lender Servicer and shall name the Governmental Lender and the Fiscal Agent as the insured under said policies. All premiums for such insurance shall be paid by the Governmental Lender Servicer at its own expense as a cost of doing business.

10. NOTIFICATION TO THE FISCAL AGENT. The Governmental Lender Servicer shall promptly notify the Governmental Lender, the Borrower, and the Fiscal Agent of any of the following which may come to the attention of the Governmental Lender Servicer 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 Governmental Lender 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 Development.

C. Any lack of repair or the deterioration or waste suffered or committed in respect to the Development.

D. Any other matter which would adversely or materially affect or result in diminution of value of the security described herein and the Mortgage.

E. Any loss or damage by fire or any hazard to the property requiring repairs costing in excess of FIFTEEN THOUSAND AND 00/100 (\$15,000.00) DOLLARS to restore the Land of its condition prior to such loss or damage.

11. DEFAULT OF BORROWER. The Governmental Lender Servicer shall not at any time, without the express written consent of the Governmental Lender and the Fiscal Agent, consent to a postponement of compliance on the part of the Borrower with any of the terms and provisions of the Project Loan Agreement, the Mortgage, or any other Loan Document relating to the Loan, or in any manner grant an extension or waiver to the Borrower, subject to the applicable provisions of the Funding Loan Agreement and Project Loan Agreement.

12. FORECLOSURE. The Governmental Lender Servicer, acting for and on behalf of the Governmental Lender, in the case of any Event of Default under the Loan Documents shall, subject to the terms of the Loan and the Funding Loan Agreement, as applicable, proceed in accordance with the Funding Loan Agreement. The Governmental Lender Servicer shall be reimbursed for any of its costs and expenses, including, but not limited to, reasonable legal fees, title search charges, and the Governmental Lender Servicer's extraordinary servicing fees incurred in connection with any action taken by the Governmental Lender Servicer acting upon the direction and written authorization of the Fiscal Agent, the Governmental Lender or the Lender under any foreclosure proceeding as to the Development or the Mortgage. This Paragraph does not impose upon the Governmental Lender Servicer the duty to advance funds for the purposes referred to herein unless such funds have been provided, in advance, to the Governmental Lender Servicer by the Fiscal Agent from the proceeds of the Governmental Note or other funds available for such purpose.

13. REPRESENTATIONS OF THE GOVERNMENTAL LENDER SERVICER. The Governmental Lender Servicer covenants, warrants and represents to the Governmental Lender and the Borrower as follows:

A. The Governmental Lender Servicer is a duly organized corporation under the laws of the State and is in good standing in such jurisdiction; 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 Governmental Lender Servicer shall comply with all applicable laws and the provisions of the Loan Documents.

C. The Governmental Lender Servicer shall cause any funds advanced to the Governmental Lender Servicer by the Fiscal Agent 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 Fiscal Agent; and will cause such

financial institution of 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 Governmental Lender 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 Fiscal Agent or the Governmental Lender, except monies on deposit in the Administration Fund (or similar account under the Funding Loan Agreement) and available for such payment under the Funding Loan Agreement.

14. BORROWER'S REPRESENTATIONS AND WARRANTIES. As of the Closing Date, and thereafter, the Borrower represents and warrants to the Governmental Lender, the Fiscal Agent and the Governmental Lender 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. Other than the Permitted Exceptions, 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.

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 Governmental Lender, and no such notice of commencement or claim of lien will be so filed prior to the recording of the Mortgage. The Borrower covenants, however, that it will, immediately upon notification of recordation of the 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 construction, all in accordance with the applicable provisions of Chapter 713, Florida Statutes, as amended.

D. Plans and Specifications Approved. Except as provided in the next succeeding sentence, by the date of commencement of construction, the Plans and Specifications shall have been approved by the Governmental Lender Servicer and the Inspecting Engineer on behalf of the Governmental Lender, 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 construction of the Improvements and the operation thereof for their intended purpose, are or will be available prior

to commencement of construction 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 construction and completion of the Improvements, and operation of the Development.

H. Labor and Materials. That all labor and materials contracted for or utilized in connection with the construction of the Improvements shall be used and employed solely on the Land and in said construction and shall be substantially in accordance with the Plans and Specifications.

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 Governmental Lender and Fiscal Agent 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 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 Project 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 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 Manager are a party or by which they may be bound or affected.

L. No Event of Default Under Project Loan Agreement. That no Event of Default presently exists under the Project Note, the Project Loan Agreement, the Mortgage, this Agreement or any other Loan Document, the Mortgage and no event has occurred and is continuing which with notice or the passage of time or either would constitute a default under the Project Note, the Project Loan Agreement, the 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 Development and those obligations arising out of or specified in the Loan Documents and the Borrower's operating 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] and the acceptance of any [Advance] 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 Governmental Lender, the Fiscal Agent and the Governmental Lender Servicer as follows:

A. Survey. The Borrower shall forthwith, and prior to the initial disbursement of any funds hereunder, furnish to the Governmental Lender Servicer, at the Borrower's expense, a current survey, which survey shall be satisfactory to the Governmental Lender Servicer, and which survey shall locate all recorded restrictions and easements by recording references. Such survey shall be made by a civil engineer or surveyor reasonably acceptable to the Governmental Lender Servicer and the Governmental Lender 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 Governmental Lender Servicer and the Governmental Lender.

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 Project Loan Agreement and the Mortgage, or (ii) if greater, as may be reasonably required by the Governmental Lender and the Governmental Lender Servicer, including flood insurance if required, with a company or companies meeting the reasonable requirements of the Governmental Lender and the 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 Governmental Lender and the Governmental Lender Servicer. Loss under such insurance policies shall be payable in accordance with the relevant provisions of the Loan Documents 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 Fiscal Agent and the Governmental Lender. 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 Fiscal Agent 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 Fiscal Agent. The provisions herein are intended to be consistent with and to impose the same insurance obligations as set forth in the Project Loan Agreement and the Mortgage.

C. Construction in Workmanlike Manner. The Borrower shall construct, or cause to be constructed, the Improvements on the Land in a true, thorough and workmanlike manner and in substantial accordance with the Plans and Specifications. 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 construction of the Improvements. The Borrower shall not make any material changes in the Plans and Specifications or materially deviate therefrom, except with the prior written consent of the Governmental Lender and the Governmental Lender 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 Governmental Lender or the Governmental Lender Servicer pursuant to Section 17D. The question of materiality will be solely and reasonably decided by the Governmental Lender or the Governmental Lender Servicer in light of the Plans and Specifications submitted, existing building standards and the public purpose of the Development.

D. Lien Releases. The Borrower shall furnish all receipted bills, certificates, affidavits, receipts, releases of lien, approved Governmental Note 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 Governmental Lender, the Governmental Lender Servicer or the Fiscal Agent, as evidence of full payment or acceptable bond for all labor and materials incident to the construction 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. Notwithstanding the foregoing, if Borrower records a notice of bond in the form set forth in Section 71.3 23(2), FL. Stat., upon recordation of such notice, any liens shall be deemed transferred to the bond.

E. Compliance with Project Loan Agreement. The Borrower shall comply with and perform each and every one of the provisions, terms, conditions, requirements and contingencies embodied in the Project Loan Agreement and the other Loan Documents 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 Governmental Lender and the Fiscal Agent, except as permitted in the 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 Governmental Lender's and the Fiscal Agent's prior written consent. All proposed easements affecting the Land shall be submitted to the Governmental Lender 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 Governmental Lender, the Fiscal Agent and the Governmental Lender 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 construction 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 Governmental Lender, the Fiscal Agent and/or the Governmental Lender Servicer and their representatives to enable them to perform their functions hereunder. It is expressly agreed that any inspection made by the Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Governmental Lender, the Fiscal Agent or the Governmental Lender Servicer or its employees, agents or representatives for failure to properly discharge any alleged duties of the Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Governmental Lender, the Fiscal Agent, or the Governmental Lender Servicer, any work performed and replace any material that does not substantially comply with the Plans and Specifications.

I. Additional Documents. The Borrower agrees to execute any and all such other and further instruments as may reasonably be required by the Governmental Lender or Fiscal Agent 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 Governmental Lender's and the Fiscal Agent's security for the Loan.

J. Insufficiency of Loan Proceeds. Unless otherwise agreed in writing by the Governmental Lender and the Governmental Lender 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 Fiscal Agent hereunder and other available and identified funds (as approved by the Governmental Lender Servicer), and in the event of any default hereunder (subject to any applicable notice and cure periods), the Governmental Lender 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 Governmental Lender or the Governmental Lender 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 Governmental Lender and certified to the Governmental Lender Servicer from time to time, and that the undisbursed proceeds of the Loan (plus any and all funds of the Borrower deposited with the Fiscal Agent together with all other available and identified funds) shall be less than the

amount necessary, in the Governmental Lender's or the Governmental Lender 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 Governmental Lender Servicer), in the Governmental Lender's or the Governmental Lender 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 Fiscal Agent shall, if directed by the Governmental Lender, 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 Governmental Lender, including but not limited to the requirement that collateral sufficient to cover such costs be posted with or for the benefit of the Fiscal Agent.

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 Governmental Lender, the Lender and the Governmental Lender Servicer.

16. TERMINATION.

A. By the Fiscal Agent. The Fiscal Agent, with the consent of the Governmental Lender, shall have the right to terminate the Governmental Lender Servicer's rights and obligations under this Agreement, without cause, upon ten (10) days' written notice to the Governmental Lender Servicer, and with cause, upon such written notice as the Governmental Lender deems reasonable under the circumstances.

B. Automatic Termination. Upon the occurrence of any one or more of the following events, the Governmental Lender Servicer's rights and obligations under this Agreement shall be automatically terminated:

(1) The Governmental Lender Servicer shall assign or attempt to assign its rights or obligations under this Agreement.

(2) The Governmental Lender 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 Fiscal Agent of the Governmental Lender Servicer or of all or substantially all of its property or approving any petition filed against the Governmental Lender Servicer for its reorganization, and such adjudication or order shall remain in force or unstayed for a period of thirty (30) days.

(3) The Governmental Lender Servicer shall fail to perform any of its obligations hereunder and shall fail, within thirty (30) days after written notice from the Fiscal Agent or the Governmental Lender, to correct or cure such failure.

(4) The Governmental Note shall be redeemed.

(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 Governmental Lender Servicer and its right to compensation hereunder shall immediately terminate, the Governmental Lender Servicer shall forthwith deliver to the Governmental Lender or to whomever the Governmental Lender directs, all documents relating to the Loan and shall do such other acts as may reasonably be required by the Governmental Lender to facilitate the termination hereof.

D. Upon termination of the rights and duties of the Governmental Lender Servicer hereunder (other than pursuant to Section 16B(5) hereof), the Fiscal Agent and the Borrower shall join the Governmental Lender in entering into a substantially similar agreement with a replacement Governmental Lender Servicer designated by the Governmental Lender.

17. AGREEMENTS RELATING TO CONTRACTORS.

A. Rights Inferior. Neither the Fiscal Agent nor the Governmental Lender 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 construction 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 Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Governmental Lender and Fiscal Agent, 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 Governmental Lender or the Fiscal

Agent 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 Governmental Lender or the Fiscal Agent may have, to exercise their rights under this assignment. Nothing herein shall be construed, however, to require the Governmental Lender or the Fiscal Agent to exercise any rights under this Paragraph.

C. No Other Contracts. Except for items set forth and approved by the Governmental Lender 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 construction, 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 Governmental Lender 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 \$50,000 in the aggregate, shall require the prior written approval of the Governmental Lender Servicer, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Governmental Lender Servicer shall be provided with copies of all change orders, regardless of amount. Change orders that do not require the consent of the Governmental Lender 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 Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Funding Loan Agreement, an Event of Default under this Agreement shall, at the Governmental Lender'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 from any other party hereto; 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 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, the Manager, or the controlling members of the Manager which the Borrower, the Manager or the controlling members of the Manager 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 Development. A levy shall be made under any process on, or a receiver be appointed for, the Development or any part thereof; or

(6) Bankruptcy. The Borrower, the Manager, or the controlling members of the Manager 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, the Manager or the controlling members of the Manager which is not dismissed within sixty (60) days; or the Borrower, the Manager or the controlling members of the Manager 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, the Manager or the controlling members of the Manager shall make a general assignment for the benefit of creditors; or

(8) Abandonment or Cessation of Construction. Construction of the Improvements shall cease and not be resumed within sixty (60) 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 Governmental Lender, the Fiscal Agent or the Governmental Lender 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 thereof and all materials, fixtures, and articles used or to be used in the construction 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 Governmental Lender, the Fiscal Agent or the Governmental Lender 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 construction of the Improvements or the appurtenances thereto, or to be used in the operation thereof, shall not, in the reasonable opinion of the Governmental Lender Servicer or the Governmental Lender, confirmed by the Inspecting

Engineer, substantially comply with the Plans and Specifications as approved by the Governmental Lender and such default is not cured by the Borrower within forty-five (45) days after the Governmental Lender Servicer or the Fiscal Agent 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 Governmental Lender or the Fiscal Agent) 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 Governmental Lender and the Fiscal Agent, on delivery at the Land, or if the Borrower shall not produce to the Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Governmental Lender Servicer or the Governmental Lender, are not, or cannot reasonably be, completed on or before the Completion Date (as defined in the Funding Loan Agreement), 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 Governmental Lender or the Fiscal Agent.

Notwithstanding anything herein to the contrary, this Paragraph shall in no way be construed to limit the Governmental Lender's, the Fiscal Agent's or the Governmental Lender Servicer's right to seek specific performance of this Agreement against the Borrower or to enforce its remedies under Paragraph 20 hereof or to 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:

C. The Governmental Lender Servicer and/or the Fiscal Agent, by registered or certified mail, shall give notice to the Governmental Lender, the Lender, the Borrower, the

Borrower's Equity Investor and the Fiscal Agent of such default specifying the same and stating that such notice is a "Notice of Default"; and

(1) The Borrower shall have had thirty (30) days (or such extended period as permitted (approved in writing with notice to the Fiscal Agent and the Governmental Lender Servicer) by the Governmental Lender 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 Governmental Lender) appropriate corrective action. The Borrower's Equity Investor 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 Governmental Lender or the Fiscal Agent under the Project Loan Agreement and the Mortgage. It is the purpose and intent hereof to provide safeguards, protections and rights for the Governmental Lender and the Fiscal Agent in addition to those provided in the Project Loan Agreement and the 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 Governmental Lender, the Fiscal Agent or the Governmental Lender 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 Governmental Lender, the Fiscal Agent or the Governmental Lender Servicer shall continue and be each and all available until all sums due by reason of the Project 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 Fiscal Agent and the Governmental Lender 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.

D. Assignability. This Agreement shall not be assignable by the Borrower or the Governmental Lender Servicer without the prior written consent of the Governmental Lender and the Fiscal Agent. If the Governmental Lender and the Fiscal Agent approve an assignment hereof by the Borrower, the Fiscal Agent 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. Costs and Legal Fees. In the event that any party shall be required to enforce this Agreement and whether or not suit be brought, the prevailing parties shall be entitled to recover from the losing parties all reasonable legal fees and costs incurred in connection therewith, whether incurred in collection, at trial, on appeal, in bankruptcy or other similar proceedings affecting creditors' rights or otherwise.

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 Governmental Lender and the Governmental Lender Servicer shall have the right to publicize its involvement in the financing of the Development and may require the Borrower to name the Governmental Lender as its lender in all publicity releases and promotional materials issued in connection with the Development.

M. Dealings with the Governmental Lender Servicer. The Governmental Lender 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 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 Funding Loan Agreement, the Regulatory Agreement, the Mortgage or the Project Loan Agreement, and the Governmental Lender 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 Governmental Lender Servicer should inquire further or unless the Governmental Lender Servicer has actual knowledge or information which reasonably should cause the Governmental Lender Servicer to inquire further. The Governmental Lender 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 Governmental Lender 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 Governmental Lender 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 Project Note and the Project 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 Project Note and the Project Loan Agreement and the Mortgage.

P. **REMEDIES.** Subject to the terms of the Regulatory Agreement upon the occurrence of any Event of Default which is not cured within the applicable cure period, the Governmental Lender (or the Fiscal Agent or the Governmental Lender 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 Regulatory Agreement could cause harm for which no damages could be calculated, therefore entitling the Governmental Lender to immediate equitable relief, including without limitation a temporary restraining order or mandatory injunction without notice.

20. [RESERVED.]

21. EXERCISE OF RIGHTS BY GOVERNMENTAL LENDER. Notwithstanding any provision herein to the contrary, the Governmental Lender Servicer shall approve or disapprove all advances requested hereunder by the Borrower except that the Governmental Lender Servicer is hereby permitted to disapprove any such request by the Borrower for advances hereunder which is not in substantial compliance with the credit underwriting guidelines of the Governmental Lender.

22. 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.

To the Governmental Lender: Jacksonville Housing Finance Authority
214 N. Hogan Street, 7th Floor
Jacksonville, Florida 32202
Attention: Finance Director
Email: lstagner@coj.net
Telephone: 904-255-8279

To the Borrower: Ashley Square Jacksonville, Ltd.
c/o Blue Sky Communities, LLC
5300 W. Cypress Street
Suite 200
Tampa, Florida 33607
Attention: _____
Email: _____
Telephone: _____]

with a copy to: Nelson Mullins Broad and Cassel
(which copy shall not constitute notice to
Borrower)
390 North Orange Avenue, Suite 1400
Orlando, Florida 32801
Attention: Randy Alligood, Esq.
Email: Randy.alligood@nelsonmullins.com
Telephone: 407-839-4239

To the Fiscal Agent: The Bank of New York Mellon Trust
Company, N.A.
4655 Salisbury Road
Jacksonville, Florida 32256
Attention: Corporate Trust Department

To the Funding Lender
Representative (during the
Construction Phase):

TD Bank, N.A.
2307 West Kennedy Boulevard
Tampa, Florida 33609
Attn: Kyle Moore
Email: kyle.moore@td.com
Telephone: 813-250-3019

Funding Lender (from Conversion
Date to Freddie Mac Purchase Date)
and Servicer (as of Freddie Mac
Purchase Date):

[Grandbridge Real Estate Capital LLC
711 Fifth Avenue, 6th Floor
New York, New York 10022
Attention: Justin Ginsberg
Email: Justin.Ginsberg@grandbridge.com
Telephone: 212-326-3125]

Funding Lender Representative
(as of Freddie Mac Purchase Date):

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B4P
McLean, Virginia 22102
Attention: Multifamily Operations - Loan
Accounting
Email: mfla@freddiemac.com
Telephone: (703) 714-4177

with a copy to: Federal Home Loan Mortgage
Corporation
8200 Jones Branch Drive, MS 210
McLean, Virginia 22102
Attention: Managing Associate General
Counsel – Multifamily Legal Division
Email: [_____]@freddiemac.com
Telephone: (703) 903 2000

To the Governmental Lender
Servicer :

First Housing Development Corporation
of Florida
107 Willow Avenue
Tampa, Florida 33606
Attention: Edward Busansky
Telephone: (813) 289-9410
Telephone: (813) 289-5580

23. ENTIRE AGREEMENT. This Agreement sets forth the entire agreement among the Governmental Lender, the Governmental Lender Servicer, the Fiscal Agent 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.

24. WAIVER OF TRIAL BY JURY. THE BORROWER, THE GOVERNMENTAL LENDER, THE FISCAL AGENT AND THE GOVERNMENTAL LENDER 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 GOVERNMENTAL LENDER TO MAKE INTO THE LOAN EVIDENCED BY THE PROJECT LOAN AGREEMENT.

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.

ASHLEY SQUARE JACKSONVILLE, LTD.,
a Florida Limited Partnership
By: Ashley Square Associates M, LLC,
a Florida limited liability company,
its manager

By: _____
Shawn Wilson, Manager

[Counterpart Signature Page – Construction Loan and Mortgage Servicing Agreement]

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

[SEAL]

By:_____

Name: Bernard E. Smith

Title: Chair

**FIRST HOUSING DEVELOPMENT
CORPORATION OF FLORIDA**, a Florida
corporation

By: _____

Name: Edward Busansky

Title: Senior Vice President

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent**

By: _____

Name: _____

Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "B"

BUDGET AND CONSTRUCTION DRAW SCHEDULE

EXHIBIT "C"

PENDING LITIGATION SCHEDULE

EXHIBIT F
FORM OF FINANCIAL MONITORING AGREEMENT

**FINANCIAL MONITORING AGREEMENT
(ASHLEY SQUARE APARTMENTS)**

THIS FINANCIAL MONITORING AGREEMENT (the "Agreement") is made as of November 1, 2020, 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 "Governmental Lender"), **FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA**, a Florida corporation, its successors and assigns, (the "Monitoring Agent"), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, Jacksonville, Florida, a national banking association, in its capacity as Fiscal Agent (in such capacity, the "Fiscal Agent"), and **ASHLEY SQUARE JACKSONVILLE LTD.**, 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 Funding Loan Agreement or the Project Loan Agreement (both hereinafter defined); and

WHEREAS, the Governmental Lender 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 Governmental Lender; (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 Governmental Lender 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 Governmental Lender adopted on October 23, 2019 and on October 14, 2020, the Governmental Lender has authorized, approved and issued its \$[_____] aggregate principal amount of its Jacksonville Housing Finance Authority Multifamily Housing Mortgage Revenue Note (Ashley Square), Series 2020 (the "Governmental Note") pursuant to that certain Funding Loan Agreement dated as of November 1, 2020 between the Governmental Lender and the Fiscal Agent (the "Funding Loan Agreement"); and

WHEREAS, pursuant to its lawful authority under the Act, the Governmental Lender has entered into that certain Project Loan Agreement dated November 1, 2020 (the "Project Loan Agreement"), by and between the Governmental Lender and the Borrower, by the terms of which

the Governmental Lender 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 a multifamily rental housing development located on property within the County, to be known as Ashley Square Apartments (the "Project"); and

WHEREAS, The Governmental Lender has contracted with First Housing Development Corporation of Florida, a Florida corporation, its successors and assigns, to serve as the Monitoring Agent for the Project pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, for the consideration contained herein, the Governmental Lender, the Borrower and the Monitoring Agent agree as follows:

1. First Housing Development Corporation of Florida and its successors and assigns, is designated the Monitoring Agent for the Project until the Governmental Note and all obligations thereunder and under the Project Loan Documents are paid in full, 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 Governmental Lender with regard to the Project.
 - C. Provide the Governmental Lender with written reports in a form approved by the Governmental Lender.
 - D. Provide the Governmental Lender with a report on the Project's annual budget within 60 days after the beginning of the Project's Fiscal Year.
 - E. Provide the Governmental Lender with a report on the Project's mid-year operating results within 90 days after the Project's mid-year.
 - F. Provide the Governmental Lender with a report on the Project's year-end operating results within 90 days after the Project's year-end.
 - G. Provide the Governmental Lender with a report summarizing the Project's audited financial performance within 160 days after the end of the Project's Fiscal Year.
 - H. Provide the Governmental Lender with an annual Executive Summary Report within 160 days after the end of the Project's Fiscal Year.
3. For the purposes of this Agreement, Financial Monitoring shall mean:

- A. Obtain the Project's mid-year operating results in a form approved by the Governmental Lender. 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 Governmental Lender.
 - B. Obtain the Project's annual audited financial statements when due. The Monitoring Agent shall provide an analysis of the Project's balance sheet, income statement, and any other schedules, in a form approved by the Governmental Lender. The Monitoring Agent shall compare actual year end results to projections and budget (if applicable).
 - C. Provide a written report to the Governmental Lender summarizing the results of the financial statement analysis within 160 days after the end of the Project's fiscal year end. (This assumes that the Project 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 [___] basis points per annum on the principal amount of Bonds outstanding on the Project, with a \$ [_____] 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 [____]. This automatic increase shall not exceed [___%] 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 and Project records at reasonable times and upon reasonable notice so as to allow the Monitoring Agent to fulfill its obligations to the Governmental Lender. The Borrower further agrees to provide the Monitoring Agent on behalf of the Governmental Lender the following documents:
- A. Annual budget for the Project not later than thirty 30 days prior to the beginning of each Fiscal Year of the Project. 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's 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's 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 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's 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's 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 Governmental Lender agrees to provide the Monitoring Agent with a Project 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 Governmental Lender, 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 Fiscal Agent, immediately upon receipt of corresponding fees paid by the Borrower to the Fiscal Agent pursuant to an invoice delivered by the Monitoring Agent to the Borrower and the Fiscal Agent, in an amount equal to [_____] % per annum of the principal balance of the Bonds outstanding as of each [_____] 1 and September 1 (prior to any principal reduction on such date) or a minimum fee of [\$_____] per annum, payable each [_____] 1 and [_____] 1.
 - B. The Monitoring Agent's rights to compensation hereunder for monitoring services shall cease upon the occurrence of any of the following events:
 - (1) until the Governmental Note and all obligations thereunder and under the Project Loan Documents are paid in full;
 - (2) notification by the Fiscal Agent to the Monitoring Agent that its services or this Agreement shall be terminated by the Governmental Lender or the Fiscal Agent with the Governmental Lender'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 Governmental Lender or the Fiscal Agent.
 - D. Any fees not paid by the Borrower may be paid upon written direction from the Governmental Lender, by the Fiscal Agent (from amounts available under the Funding Loan Agreement) and charged against the Loan unless Borrower gives the Governmental Lender and the Fiscal Agent written notice that such fees are disputed prior to such fee being paid by the Fiscal Agent.
- 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 Governmental Lender.
 - 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 Governmental Lender hereunder are solely for the information, benefit and use of the Governmental Lender and the Governmental Lender undertakes no responsibility or obligation hereby to any third party, including, without limitation, the Noteholders, to monitor, assure or enforce the performance by the Borrower of its obligations with respect to the Loan or the Project. No other party, including without limitation, the Noteholders, 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
(ASHLEY SQUARE APARTMENTS)**

IN WITNESS WHEREOF, the parties have hereunto set their hands and affixed their seals the day and year first above written.

ASHLEY SQUARE JACKSONVILLE, LTD.,
a Florida Limited Partnership
By: Ashley Square Associates M, LLC,
a Florida limited liability company,
its manager

By: _____
Shawn Wilson, Manager

**SIGNATURE PAGE FOR
FINANCIAL MONITORING AGREEMENT
(ASHLEY SQUARE APARTMENTS)**

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

By _____
Bernard E. Smith, Chair

**SIGNATURE PAGE FOR
FINANCIAL MONITORING AGREEMENT
(ASHLEY SQUARE APARTMENTS)**

**FIRST HOUSING DEVELOPMENT
CORPORATION OF FLORIDA**, a Florida
corporation

By: _____

Name: Edward Busansky

Title: Senior Vice President

**SIGNATURE PAGE FOR
FINANCIAL MONITORING AGREEMENT
(ASHLEY SQUARE APARTMENTS)**

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Fiscal Agent**

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

EXHIBIT G
FORM OF ASSIGNMENT OF SECURITY INSTRUMENT

THIS INSTRUMENT PREPARED
BY AND RETURN TO:

Barbara J. Ferrer, Esq.
Stearns Weaver Miller Weissler
Alhadeff & Sitterson
150 West Flagler Street, Suite 2200
Miami, Florida 33130

ASSIGNMENT OF MORTGAGE AND SECURITY DOCUMENTS

KNOW ALL MEN BY THESE PRESENTS: that, in consideration of the sum of **TEN AND NO/100 DOLLARS (\$10.00)** and other good and valuable consideration, in hand paid by **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, as fiscal agent for TD BANK, N.A., a national banking association (the “**Assignee**”) to **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a body corporate and politic organized and existing under the laws of the State of Florida (“**Jacksonville HFA**” or “**Assignor**”) pursuant to that certain Funding Loan Agreement dated as of [_____, 2020] (the “**Funding Loan Agreement**”), by and between the Assignor, TD BANK, N.A., a national banking association (the “**Funding Lender**”) and Assignee, as fiscal agent for the benefit of Funding Lender, relating to the \$15,000,000.00 governmental loan made by Assignor to Borrower (as hereinafter defined) at or before the ensealing and delivery of these presents, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms of the Funding Loan Agreement, the Assignor has granted, bargained, sold, assigned, transferred and set over, and by these presents does grant, bargain, sell, assign, transfer and set over unto Assignee for the benefit of Funding Lender, all of the Assignor’s rights, title and interest in, to and under that certain Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of [_____, 2020] (the “**Mortgage**”) made by **ASHLEY SQUARE JACKSONVILLE, LTD.**, a Florida limited partnership (the “**Borrower**”), as mortgagor, to the Assignor, as mortgagee, upon lands situate and being in Duval County, Florida, and more particularly described in Exhibit "A" attached hereto and made a part hereof, recorded of even date herewith, in the Public Records of Duval County, Florida, and all obligations secured by the Mortgage now or in the future;

TOGETHER with all of the Assignor's rights, title and interest in that certain Assignment of Leases and Rents dated as of [_____, 2020] made by Borrower in favor of Jacksonville HFA, and that certain UCC-1 Financing Statement, made by the Borrower, as debtor, in favor of Jacksonville HFA, as secured party, both recorded of even date herewith, in the Public Records of Duval County, Florida.

SUBJECT TO certain rights that the Assignor has reserved under the Project Loan Agreement dated as of [_____, 2020], between the Assignor and the Borrower (the “**Project Loan Agreement**”), to enforce the Land Use Restriction Agreement dated as of

[_____, 2020], among the Assignor, the Fiscal Agent and the Borrower, and to collect certain fees and costs due to the Assignor, the Fiscal Agent and certain other persons.

Overriding Limitations. In no event shall Assignor:

- (i) prosecute its action to a lien on the Project, as defined in the Project Loan Agreement; or
- (ii) take any action which has a substantial likelihood of, or that has the result of, impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan or of causing Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or
- (iii) interfere with the exercise by Assignee or Servicer of any of their rights under the Project Loan Documents upon the occurrence of an event of default by Borrower under the Project Loan Documents; or
- (iv) take any action to accelerate the Project Loan.

Definitions. All capitalized terms that are used and are not defined herein shall have the respective meanings ascribed to them in the Project Loan Agreement. In all references herein to any parties, persons, entities or corporations the use of any particular gender on the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

THIS ASSIGNMENT is made without recourse and without warranties of any kind.

**SIGNATURE PAGE OF
FLORIDA HOUSING TO
ASSIGNMENT OF MORTGAGE AND SECURITY DOCUMENTS**

IN WITNESS WHEREOF, this Assignment of Mortgage and Security Documents has been duly executed as of [November] _____, 2020.

ASSIGNOR:

ATTEST:

JACKSONVILLE HOUSING FINANCE
AUTHORITY

By: _____
Name: _____
Assistant Secretary

By: _____
Name: Bernard E. Smith
Title: Chair

Address: 214 N. Hogan Street, 7th Floor
Jacksonville, Florida 32202

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of [] physical presence or [] online notarization, this _____ day of _____, 2020, by Bernard E. Smith, as Chair of the Jacksonville Housing Finance Authority. He is personally known to me or have each produced a valid driver's license as identification.

Notary Public; State of Florida
Print Name: _____
My Commission Expires: _____
My Commission No.: _____

EXHIBIT “A”

LEGAL DESCRIPTION

EXHIBIT H
FORM OF MULTIFAMILY PROMISSORY NOTE

MULTIFAMILY PROMISSORY NOTE

Date of Note: _____, 2020

Principal Amount: \$15,000,000.00

Definitions

ABR	A variable base index rate equal to the <i>greater of</i> : (a) the greater of zero percent (0%) and then current rate of interest published by <i>The Wall Street Journal</i> from time to time as the U.S. "Prime Rate" percent and (b) the greater of zero (0%) percent and the then current weighted average of the rate of overnight Federal funds transactions with members of the Federal Reserve System as published by the Federal Reserve Bank of New York <i>plus</i> one half of one (0.5%) percent. The ABR is not necessarily the lowest or best rate of interest offered by Funding Lender to any borrower or class of borrowers.
Benchmark	Initially, LIBOR; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has become effective pursuant to clause (a) of the Section titled "Effect of Benchmark Transition Event"; provided further that if the Benchmark would be less than zero, the Benchmark will be deemed to be zero for the purposes of this Note.
Benchmark Interest Period	Initially, the first (1st) Benchmark Interest Period hereunder shall be the period commencing on the date hereof and ending on (and including) [November] 30, 2020. Thereafter, each Benchmark Interest Period shall commence on the 1 st calendar day of every calendar month immediately following the previous Benchmark Interest Period (the " Reset Date "); provided, if any Benchmark Interest Period is to commence in a month for which there is no day which numerically corresponds to the Reset Date, the Benchmark Interest Period shall commence on the last day of such calendar month.
Benchmark Replacement	The sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Funding Lender giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBOR for U.S. dollar-denominated syndicated or bilateral credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark

Replacement will be deemed to be zero for the purposes of this Note.

**Benchmark
Replacement
Adjustment**

With respect to any replacement of LIBOR with an Unadjusted Benchmark Replacement for each applicable Benchmark Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Funding Lender giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities at such time.

**Benchmark
Replacement
Conforming
Changes**

With respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “ABR,” the definition of “Benchmark Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Funding Lender decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Funding Lender in a manner substantially consistent with market practice (or, if the Funding Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Funding Lender determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Funding Lender decides is reasonably necessary in connection with the administration of loans evidenced by this Note).

**Benchmark
Replacement
Date**

The earlier to occur of the following events with respect to LIBOR:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

**Benchmark
Transition Event**

The occurrence of one or more of the following events with respect to LIBOR:

(1) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR announcing that LIBOR is no longer representative.

**Benchmark
Transition Start
Date**

(a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and

(b) in the case of an Early Opt-in Election, the date specified by the Funding Lender by notice to the Borrower.

**Benchmark
Unavailability
Period**

If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced LIBOR for all purposes hereunder in accordance with the Section titled "Effect of Benchmark Transition Event" and (y) ending at the time that a Benchmark Replacement has replaced LIBOR for all purposes hereunder pursuant to the Section titled "Effect of Benchmark Transition Event."

**Borrower Loan
Agreement**

That certain Project Loan Agreement dated as of _____, 2020 by and between the Borrower and Governmental Lender.

Business Day:

Any day (other than Saturday, Sunday, federal holiday, or a day on which commercial banks in the State of New York are required or permitted to close) on which Funding Lender is open and conducting its customary banking transactions.

**Construction
Funding
Agreement**

That certain Construction Funding Agreement dated as of the date of this Note between Borrower and Funding Lender.

Default Rate

A rate of interest equal to the Interest Rate provided herein plus six (6%) percent per annum, but in no event to exceed the maximum rate allowed

by law.

Early Election	Opt-in	(1) The occurrence of a determination by the Funding Lender that at least three (3) currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) as a benchmark interest rate, in lieu of LIBOR, a new benchmark interest rate to replace LIBOR, and (2) the election by the Funding Lender to declare that an Early Opt-in Election has occurred and the provision by the Funding Lender of written notice of such election to the Borrower.
Federal Reserve Bank of New York's Website		The website of the Federal Reserve Bank of New York at http://www.newyorkfed.org , or any successor source.
Fiscal Agent		The Bank of New York Mellon Trust Company, N.A.
Funding Lender		TD Bank, N.A., a national banking association.
Governmental Lender		JACKSONVILLE HOUSING FINANCE AUTHORITY, a body corporate and politic organized and existing under the laws of the State of Florida.
Governmental Lender Note		That certain Multifamily Mortgage Revenue Note (Ashley Square), Series 2020, dated as of _____, 2020, in the stated principal amount of [\$15,000,000.00], made by the Governmental Lender, payable to Funding Lender.
Interest Rate		<p>An interest rate equal at all times to 2.00% per annum (the "Margin") in excess of the rate of interest per annum of the one (1) month LIBOR (as defined below) for any LIBOR Interest Period (as hereinafter defined); provided, however in no event shall the Interest Rate be less than two and one half percent (2.50%) per annum.</p> <p>Funding Lender shall endeavor to notify Borrower of adjustments in said Interest Rate, but failure of Funding Lender to do so shall not constitute a default by Funding Lender or Governmental Lender or waiver of any of their rights hereunder.</p> <p>The annual Interest Rate for this Note is computed on a 365/360 basis; that is by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.</p>
LIBOR		The London Interbank Offered Rate, namely the rate of interest in U.S. Dollars (rounded upwards, at the Funding Lender's option, to the next 1/8 th of one percent) equal to the rate established by the Intercontinental Exchange Benchmark Administration, Ltd. (" ICE " or the successor thereto if ICE is no longer making a London Interbank Offered Rate available) for the equivalent Benchmark Interest Period as published by Bloomberg (or such other commercially available source providing quotations of LIBOR as designated by Funding Lender from time to time) at approximately

11:00 A.M. (London time) two (2) London Business Days prior to the commencement of any Benchmark Interest Period; provided however, if more than one LIBOR is specified, the applicable rate shall be the arithmetic mean of all such rates. “**London Business Days**” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

Notwithstanding the foregoing, LIBOR loans shall be deemed to constitute “**eurocurrency liabilities**” as that term is defined in Part 204 of Title 12 of the United State Code of Federal Regulations, as such regulation may be amended from time to time or any successor regulation (“**Regulation D**”), and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to Funding Lender. LIBOR shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Percentage or the Benchmark Interest Period for each LIBOR rate loan comprising part of the same borrowing (including conversions, extensions and renewals), to a per annum interest rate determined pursuant to the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR}}{1 - \text{LIBOR Reserve Percentage}}$$

(“**Adjusted LIBOR**”). For purposes of this calculation LIBOR **Reserve Percentage** is defined as, for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or marginal reserves) applicable with respect to eurocurrency liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of LIBOR rate loans is determined), whether or not Funding Lender has any eurocurrency liabilities subject to such reserve requirement at that time.

Loan	The tax-exempt loan in the principal amount of [\$15,000,000.00] evidenced by this Note.
Loan Payment Date	The first (1 st) day of each calendar month.
Maturity Date	Means (i) _____, 2022, as may be extended as provided in this Note or (ii) any earlier date on which the unpaid principal balance of this Note becomes due and payable, by acceleration or otherwise.
Relevant Governmental Body	The Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

SOFR	With respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.
State:	The State of Florida.
Term SOFR	The forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.
Unadjusted Benchmark Replacement	The Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Capitalized terms used in this Note but not otherwise defined shall have the meaning given to such terms in the Construction Funding Agreement.

FOR VALUE RECEIVED, ASHLEY SQUARE JACKSONVILLE, LTD., a Florida limited partnership (the "**Borrower**"), having an address as indicated below, **HEREBY PROMISES TO PAY** to the order of Governmental Lender at such place as the Governmental Lender and/or any holder of this Note may from time to time designate in writing, in immediately available federal funds, the Principal Amount, which Principal Amount shall be due and payable on the Maturity Date, together with interest on the outstanding Principal Amount from time to time outstanding at the Interest Rate payable as set forth herein. Commencing on the first (1st) day of _____, 2020 and continuing on each Loan Payment Date thereafter until and including the Maturity Date, Borrower shall pay monthly payments of interest only, at the Interest Rate in successive monthly installments. The outstanding Principal Amount and all accrued and unpaid interest and unpaid fees, if any, shall be due and payable on the Maturity Date. Whenever any payment to be made under this Note shall be stated to be due on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computations of payment of interest. All payments due under this Note shall be payable to Funding Lender, on behalf of Governmental Lender.

Notwithstanding anything contained herein to the contrary, interest payments due and payable under this Note shall be funded from the Interest Reserve in accordance with the terms in the Construction Funding Agreement.

All monthly payments received by Governmental Lender hereunder shall be applied first, to the payment of accrued interest on the Principal Amount, second, to the reduction of the Principal Amount of this Note, and finally, the balance, if any, to the payment of any fees, costs, expenses or charges then payable by Borrower to Governmental Lender hereunder, under the Mortgage or under any other Loan Document.

Borrower shall pay a late payment charge of six cents (\$.06) for each dollar (\$1.00) of each scheduled payment that is made more than fifteen (15) days after the due date thereof (other than the payment due on the Maturity Date), which charge shall be due and payable with each such late payment.

Borrower shall have the option to extend the Maturity Date of this Note for an additional six (6) months, provided Borrower satisfies the following conditions precedent:

- a. Borrower shall provide written notice to Governmental Lender and Funding Lender of its intent to extend the term of this Note, at least thirty (30) business days prior to the Maturity Date;
- b. No Event of Default shall have occurred and be continuing on the date Borrower gives written notice of its intent to extend and on the closing date of the extension;
- c. The Partnership Agreement shall be in full force and effect with no outstanding default or event of default by any party thereunder, which would adversely affect the timing or amount of the anticipated capital contributions;
- d. Borrower shall not be in default under Sections 5.08, 5.09, 5.10, 5.11, 5.12, 5.13 and 5.14 of the Construction Funding Agreement;
- e. Borrower shall have achieved lien free Substantial Completion of the Improvements;
- f. Borrower shall at such time be in compliance with the conditions in Section [2.09] of the Construction Funding Agreement with respect to the replenishment of the Interest Reserve;
- g. The commitment letter issued by Permanent Lender shall be in full force and effect and the Permanent Lender shall have issued an extension of its commitment to make the Permanent Loan, if necessary;
- h. If necessary, as determined by Funding Lender, (1) Borrower shall have replenished the Interest Reserve with funds sufficient to pay the interest payments due under this Note thru [November] __, 2022, and the amount of the funds necessary to replenish the [Capitalized Interest Account] shall be determined by Funding Lender and absent manifest error shall be binding on Borrower, or (2) Borrower shall have demonstrated to Funding Lender's reasonable satisfaction that net operating income from the Property is sufficient to pay for such interest payments;
- i. If necessary, the construction period and/or "completion date" for the construction of the improvements under all Subordinate Loan Documents shall have been extended to a date no earlier than the extended Maturity Date under this Note; and
- j. No event shall have occurred which could reasonably be expected to have a material adverse effect on the financial condition of the Borrower or any Guarantor, as determined by Funding Lender in its reasonable discretion.

If the term of this Note is extended, the term Maturity Date as used herein shall mean _____, 2023.

Effect of Illegality / Unavailability / Change in Law

Notwithstanding any other provision of this Note or any other Loan Document, if,

(a) at any time prior to a Benchmark Transition Event or the Benchmark Replacement Date, (x) there is any new law or regulation or change in any law or regulation, or in the interpretation or application thereof to Funding Lender by any governmental authority, that makes it unlawful for Funding Lender to make or maintain LIBOR based loans as contemplated by this Note, or to obtain in the interbank Eurodollar market, the funds with which to make such loans, or (y) reasonable and adequate means do not exist for ascertaining the Benchmark or the Benchmark is otherwise unavailable, Funding Lender shall promptly notify Borrower thereof and the Interest Rate shall be determined by reference to ABR unless and until a Benchmark Replacement becomes effective hereunder on the Benchmark Transition Start Date;

(b) If any present or future law, governmental rule, regulation, policy, guideline, directive or similar requirement (whether or not having the force of law) imposes, modifies, or deems applicable any capital adequacy, capital maintenance or similar requirement which affects the manner in which Funding Lender allocates capital resources to its commitments (including any commitments hereunder), and as a result thereof, in the opinion of Funding Lender, the rate of return on Funding Lender's capital with regard to the loan evidenced by this Note is reduced to a level below that which Funding Lender could have achieved but for such circumstances, then in such case and upon notice from Funding Lender to Borrower, from time to time, Borrower shall pay Funding Lender such additional amount or amounts as shall compensate Funding Lender for such reduction in Funding Lender's rate of return so long as Funding Lender imposes the same or substantially similar requirements on substantially all of Funding Lender's similarly situated borrowers for the same class of real property as the Property, and so long as Funding Lender advises Borrower in writing of such amounts being due within ninety (90) days of Funding Lender's determination that the rate of return on Funding Lender's capital with regard to the loan evidenced by this Note is reduced to a level below that which Funding Lender could have achieved but for such circumstances. Such notice shall contain the statement of Funding Lender with regard to any such amount or amounts which shall, in the absence of manifest error, be binding upon Borrower. In determining such amount, Funding Lender may use any reasonable method of averaging and attribution that it deems applicable. For the avoidance of doubt, the foregoing provisions shall apply to all requests, rules, regulations, guidelines or directives concerning capital adequacy issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives concerning capital adequacy promulgated by Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, regardless of the date adopted, issued, promulgated or implemented.

(c) after the date hereof, any (i) adoption of, or change in, United States federal, state or foreign laws, regulations or treaties, or any governmental or quasi-governmental rules, regulations, policies, guidelines, requests or directives (whether or not having the force of law), including the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives issued in connection therewith regardless of the date enacted, adopted or issued, or (ii) change in the interpretation, promulgation, implementation or administration of or under any United States federal, state or foreign laws, regulations or treaties, or any governmental or quasi-governmental rules, regulations, policies, guidelines, requests or directives (whether or not having the force of law), including the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives issued in connection therewith regardless of the date enacted, adopted or issued, by any court, governmental, quasi-governmental, central bank or comparable agency or monetary authority that is charged with the interpretation or administration thereof, shall:

- (1) subject Funding Lender to any tax of any kind whatsoever with respect to any loans made by it, or change the basis of taxation of payments to Funding Lender in respect thereof (except for changes in the rate of tax on the overall net income of Funding Lender);
- (2) impose, modify, or hold applicable, any reserve, special deposit, compulsory loan, or similar requirement against assets held by, deposits or other liabilities in, or for the account of, advances, loans, or other extension of credit (including participations therein) by, or any other acquisition of funds by, any office of Funding Lender which is not otherwise included in the determination of rate under the Note; or
- (3) shall impose on such Funding Lender any other condition; and the result of any of the foregoing is to materially increase the cost to Funding Lender of making or maintaining the loan evidenced by the Note, or to reduce any amount receivable under the Note, or any other Loan Document,

then, in any such case, Borrower shall promptly pay Funding Lender, upon its demand, any additional amounts necessary to compensate Funding Lender for such additional costs or reduced amount receivable which Funding Lender reasonably deems to be material as determined by Funding Lender, with respect to the Loan. A certificate as to any additional amounts payable pursuant to this paragraph submitted by Funding Lender to Borrower shall be presumptive evidence of such amounts owing. Funding Lender agrees to use reasonable efforts to avoid, or to minimize, any amounts which might otherwise be payable pursuant to this paragraph provided however, that such efforts shall not cause the imposition on Funding Lender of any additional costs or legal regulatory burdens deemed by Funding Lender in good faith to be material.

Effect of Benchmark Transition Event

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Funding Lender may amend this Note to replace LIBOR with a Benchmark Replacement. Any such amendment will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Funding Lender has provided such proposed amendment to the Borrower without any further action or consent of the Borrower. No replacement of LIBOR with a Benchmark Replacement pursuant to this Section titled “Effect of Benchmark Transition Event” will occur prior to the applicable Benchmark Transition Start Date.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Funding Lender will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower.

(c) Notices; Standards for Decisions and Determinations. The Funding Lender will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Funding Lender pursuant to this Section titled

“Effect of Benchmark Transition Event,” including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in the Funding Lender’s sole discretion and without consent from the Borrower, except, in each case, as expressly required pursuant to this Section titled “Effect of Benchmark Transition Event.”

(d) Benchmark Unavailability Period. Upon the Borrower’s receipt of notice from Funding Lender of the commencement of a Benchmark Unavailability Period, the Interest Rate shall be determined by reference to ABR during any such Benchmark Unavailability Period.

Disclosure. The Funding Lender does not warrant or accept responsibility for, and the Funding Lender and the Governmental Lender shall have no liability with respect to, the administration, submission or any other matter related to the rates in the definition of “LIBOR” or with respect to any rate that is an alternative or replacement for or successor to any of such rate (including, without limitation, any Benchmarks Replacement Rate or Benchmark Replacement Adjustment) or the effect of any of the foregoing, or of any Benchmark Replacement Rate Changes including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted hereunder, will be similar to, or produce the same value or economic equivalence of, LIBOR or have the same volume or liquidity as did the LIBOR prior to its discontinuance or unavailability

Other Provisions

This Note is secured by, and the holder is entitled to the benefits and security of, that certain Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (“**Mortgage**”) dated the date hereof, from Borrower, as mortgagor in favor of Governmental Lender, as mortgagee, as assigned to Fiscal Agent, encumbering, among other things, Borrower’s fee simple estate in certain real and personal property described in said Mortgage, all of the covenants, conditions and agreements of the Mortgage being made a part of this Note by this reference.

Borrower agrees that if it fails to timely make any payment due under this Note or upon the happening of any Event of Default, the outstanding Principal Amount, together with accrued interest and all other expenses, including, reasonable attorneys’ fees, shall immediately become due and payable at the option of the holder of this Note, notwithstanding the Maturity Date. For purposes hereof, attorneys’ fees shall include, without limitation, fees and disbursements for legal services incurred by the holder hereof in collecting or enforcing payment hereof whether or not suit is brought, and if suit is brought, then through all appellate actions. From and after any Event of Default the interest rate of this Note shall be the Default Rate.

In no event shall the total of all charges payable under this Note, the Mortgage and any other documents executed and delivered in connection herewith and therewith that are or could be held to be in the nature of interest exceed the maximum rate permitted to be charged by applicable law. Should Governmental Lender receive any payment that is or would be in excess of that permitted to be charged under any such applicable law, such payment shall have been, and shall be deemed to have been, made in error and shall thereupon be applied to reduce the principal balance outstanding on this Note.

The Principal Amount of this Note may be prepaid in whole or in part at any time without premium or penalty but with accrued but unpaid interest thereon through the date of

prepayment; provided, however, that Borrower shall indemnify Funding Lender and Governmental Lender, and hold Funding Lender and Governmental Lender harmless from any loss, damages, liability, or expense which Funding Lender and/or Governmental Lender may sustain or incur as a consequence of the making of a prepayment, whether by voluntary prepayment, acceleration or otherwise, on a day which is not the last day of a LIBOR Interest Period with respect thereto. With respect to such prepayment, such indemnification shall equal the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid for the period from the date of such prepayment at the applicable rate of interest provided for herein over (ii) the amount of interest (as reasonably determined by Funding Lender) which would have accrued to Funding Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the London interbank eurodollar market. This covenant shall survive the termination of this Note, and the payment of the entire outstanding Principal Amount, all other unpaid indebtedness secured by the Mortgage.

Borrower understands that the interest rates provided under this Note are based on the assumption that interest income paid on the Governmental Lender Note and received by the Funding Lender will be excludable from Funding Lender's gross income under Section 103 of the Internal Revenue Code and applicable State law. In the event that Borrower receives notice from Funding Lender that a Determination of Taxability (as such term is defined in the Borrower Loan Agreement) has occurred, then, notwithstanding any provision to the contrary contained herein, the Interest Rate on the Note and on all obligations of Borrower under the Loan Documents (other than those to which the Default Rate applies) shall be increased to a rate equal to the greater of: (i) one (1) month LIBOR plus 250 basis points (provided, however in no event shall the Interest Rate be less than three percent (3.00%) per annum) or (ii) the maximum rate allowed by law.

Borrower shall, in addition, pay to Funding Lender, promptly upon demand, an amount equal to the difference between the amount of interest payable on this Note from the date on which such loss of tax exemption on the Loan shall be applicable to the date on which the Interest Rate on this Note was increased and the amount of interest that would have been payable on this Note during such period had this Note borne interest during such period at such higher rate. The Borrower shall also indemnify, defend and hold Governmental Lender and the Funding Lender harmless from any penalties, interest expense or other costs, including attorneys' fees (including all allocated time and charges of "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Loan and the interest payable to Funding Lender on the Governmental Lender Note. The obligations of the Borrower under this paragraph shall survive any termination of the Loan Documents, the release of the Mortgage and repayment of the Principal Amount.

Borrower waives demand, presentment for payment, notice of dishonor, protest and notice of protest of this Note.

Any notice, demand or request relating to any matter set forth in this Note shall be given in the manner provided for in the Construction Funding Agreement and the Funding Loan Agreement. Time is of the essence as to all dates set forth herein.

This Note may not be waived, changed, modified, terminated or discharged orally, but only by an agreement in writing signed by the party against whom enforcement of any such waiver, change, modification, termination or discharge is sought.

Governmental Lender is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56) (signed into law October 26, 2001)) (the "Act") and hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow Governmental Lender to identify the Borrower in accordance with the Act.

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST IN RESPECT OF ANY LITIGATION BASED ON THIS NOTE, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE CONSTITUTES A MATERIAL INDUCEMENT FOR BORROWER AND GOVERNMENTAL LENDER TO ENTER INTO THE TRANSACTIONS CONTEMPLATED HEREBY. GOVERNMENTAL LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

BORROWER HEREBY EXPRESSLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY OR ON BEHALF OF GOVERNMENTAL LENDER ON THIS NOTE, ANY AND EVERY RIGHT BORROWER MAY HAVE TO (I) INTERPOSE ANY COUNTERCLAIM THEREIN (OTHER THAN COMPULSORY COUNTERCLAIMS), AND (II) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT BORROWER FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST GOVERNMENTAL LENDER WITH RESPECT TO ANY ASSERTED CLAIM.

Borrower hereby acknowledges and agrees that, pursuant to the terms of the Funding Loan Agreement: (i) all consents, elections, approvals, waivers, acceptances and determinations to be provided hereunder and under the other Loan Documents by the Governmental Lender shall be at the direction of Funding Lender and shall not be valid unless directed by the Funding Lender, and that any action or right which shall or may be taken or exercised by the Governmental Lender may be taken or exercised by Funding Lender with the same force and effect as if taken by the Governmental Lender, (ii) from time to time, Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices hereunder or under the other Loan Documents, and to otherwise service the Loan, and (iii) unless Borrower receives written notice from Funding Lender to the contrary, any action or right which shall or may be taken or exercised by Funding Lender may be taken or exercised by such servicer with the same force and effect, provided that Funding Lender shall have first provided Borrower with Written notice of the appointment of such Servicer and with such Servicer's address for notice purposes.

This Note and the rights and obligations of the parties hereunder shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State (without giving effect to the State's principles of conflicts of law). Borrower and Governmental Lender, by acceptance of this Note, hereby irrevocably submit to the exclusive jurisdiction of any state or federal court in the State of Florida sitting in the City of Jacksonville, Duval County, over any

suit, action or proceeding arising out of or relating to this Note, and Borrower hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any state or federal court in the State of Florida sitting in the City of Jacksonville, Duval County, may be made by certified or registered mail, return receipt requested, directed to Borrower at the address indicated below, and service so made shall be complete five (5) days after the same shall have been so mailed.

Borrower explicitly consents to the electronic delivery of the terms of the transaction evidenced by this instrument. Borrower agrees that its present intent to be bound by this instrument may be evidenced by transmission of digital images of signed signature pages via facsimile, email, SMS or other digital transmission and affirms that such transmission indicates a present intent to be bound by the terms of this instrument and is deemed to be valid execution and delivery as though an original ink or electronic signature. Borrower shall deliver original executed signature pages to Governmental Lender, but any failure to do so shall not affect the enforceability of this instrument. An electronic image of this instrument (including signature pages) shall be as effective as an original for all purposes.

This Note evidences a loan for business and commercial purposes, and not for personal, family or household purposes. No invalidity or unenforceability of any portion of this Note shall affect the validity or enforceability of the remaining portions hereof. This Note shall take effect as a sealed instrument, as of the date first set forth above, regardless of the actual date of execution and delivery.

[SIGNATURE PAGE TO MULTIFAMILY PROMISSORY NOTE]

[SIGNATURE PAGE TO MULTIFAMILY PROMISSORY NOTE]

IN WITNESS WHEREOF, the Borrower has executed and delivered this Note on the ____ day of _____, 2020, to be effective as of the Date of Note.

Address:

5300 W. Cypress Street, Suite 200
Tampa, Florida 33607

Borrower:

ASHLEY SQUARE JACKSONVILLE, LTD., a
Florida limited partnership

By: Ashley Square ALP, LLC, a Florida limited
liability company, its administrative limited partner

By: _____
Shawn Wilson, Manager

[ENDORSEMENT PAGE TO MULTIFAMILY PROMISSORY NOTE]

PAY TO THE ORDER OF:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent
under that certain Funding Loan Agreement
dated as of _____, 2020

WITHOUT RECOURSE

JACKSONVILLE HOUSING FINANCE AUTHORITY, a
body corporate and politic, organized and
existing under the laws of the State of Florida

By: _____
Name: _____
Title: _____

ANALYSIS OF APPLICATIONS

LOCAL GOVERNMENT AREA OF OPPORTUNITY FUNDING WITH HOUSING CREDITS

- **Lofts at Cathedral:**

- ✓ Highly experienced developer/property management
- ✓ Excellent track record with JHFA
- ✓ Adequate resident services
- ✓ Excellent economic impact
- ✓ Major lift to Cathedral District and location within Cathedral District Master Plan revitalization area
- ✓ Walkability to employment
- ✓ Adaptive reuse and redevelopment—redevelopment of YWCA building into residential units and removal of other building and replacing with new mid-rise apartments
- ✓ Excellent proximity to public transportation
- ✓ Leverages DIA funds (\$610,000) to eliminate need for JHFA loan
- ✓ 120 units produced
- ✓ Affordability in perpetuity

- **Lofts at Southbank:**

- ✓ Highly experienced developer/property management
- ✓ Excellent track record with JHFA
- ✓ Adequate resident services
- ✓ Good economic impact
- ✓ Major lift to Southbank providing affordable housing in area with little housing opportunity
- ✓ Walkability to employment
- ✓ Adaptive reuse—removal of other building and replacing with new mid-rise apartments
- ✓ Excellent proximity to public transportation
- ✓ Only 92 units produced
- ✓ Affordability in perpetuity

- **Parkview**

- ✓ Highly experienced developer/property management
- ✓ No track record with JHFA or City
- ✓ Above average number of resident services
- ✓ NOT located in area targeted by JHFA (pre-consolidation boundaries of City of Jacksonville)—located in Westside
- ✓ Good economic impact
- ✓ Poor access to public transportation
- ✓ 120 units produced
- ✓ Affordability in perpetuity

- **Parkview Commons**

- ✓ Highly experienced developer/property management
- ✓ Excellent track record with JHFA
- ✓ Most extensive list of resident services to be provided
- ✓ Excellent economic impact
- ✓ Major lift to Downtown north
- ✓ Adaptive reuse—removal of parking facility and replacing with new mid-rise apartments
- ✓ Excellent proximity to public transportation
- ✓ Leverages \$500,000 of City HOME funds reducing JHFA loan to \$110,000
- ✓ 122 units produced
- ✓ Affordability in perpetuity

- **Springfield Plaza**

- ✓ Adequately experienced developer/property management
- ✓ No track record with JHFA or City
- ✓ Above average number of resident services
- ✓ Good economic impact
- ✓ Major lift to Springfield providing removing blighted building and providing new apartments
- ✓ Adaptive reuse and redevelopment—renovation of existing building into commercial space and removal of other building and replacing with new mid-rise apartments
- ✓ Good proximity to public transportation
- ✓ Only 96 units produced
- ✓ Affordability in perpetuity

1. **Summary of Applications**

- The 2020 NOFA had a October 1, 2020 due date. Six applications were received with correct fees.
- Andrew Landing was submitted as a backup deal only—not competing for LGAOF
- Parkview is not located within the geographic area targeted by the NOFA/JHFA
- A summary of the proposed developments:

NAME LOCATION Council District	DEVELOPER CONTACT	UNITS	DEMOGRAPHIC & DESIGN	TDC COST PER UNIT	JHFA LOAN REQUEST	Hard Cost/Unit
Andrew Landing 27 East 7 th Street District 7 Reggie Gaffney	Vestcor Ryan Hoover	96	Elderly Garden Wood 3-Story with Elevator New Construction	\$20,004,115 \$208,376/unit	\$115,000	\$118,250 57% of TDC
Lofts at Cathedral E. Duval St., NW of intersection of E. Duval & N. Liberty St. District 7 Reggie Gaffney	Vestcor Ryan Hoover	120	Family Midrise Concrete 4-Story with Elevator & Renovation of vacant 3-Story YWCA building, both with elevators New Construction (91 units) Renovation (29 units)	\$28,394,432 \$236,620/unit	\$0	\$162,313 69% of TDC
Lofts at Southbank 1430 Prudential Drive District 5 LeAnna Cumber	Vestcor Ryan Hoover	92	Family Midrise Concrete 6-Story with Elevator New Construction	\$23,164,285 \$251,786/unit	\$610,000	\$162,750 65% of TDC
Parkview Finwood Ave. & Doloma Street District 12 Randy White	Housing Trust Group Matthew Rieger	120	Family Garden Wood 3-Story New Construction	\$25,902,829 \$215,856/unit	\$610,000	\$151,441 70% of TDC

NAME LOCATION Council District	DEVELOPER CONTACT	UNITS	DEMOGRAPHIC & DESIGN	TDC COST PER UNIT	JHFA LOAN REQUEST	Hard Cost/Unit
Parkview Commons 901 Main Street North District 7 Reggie Gaffney	Southport Brienne Heffner	122	Family Midrise Concrete 4-Story with elevator New Construction	\$29,130,569 \$238,775/unit	\$110,000	\$155,610 65% of TDC
Springfield Plaza 1424 N. Main Street District 7 Reggie Gaffney	Roundstone Alison Colvard	96	Family Midrise Concrete 4-Story with elevator New Construction	\$23,384,566 \$242,589/unit	\$610,000	\$155,233 62% of TDC

NAME	Bedroom Mix	Set-Asides	Affordability Period
Andrew Landing	1BR 68 2BR 28	10.4% (10 units) <30% AMI 89.6% (86 units) <60% AMI	Perpetuity
Lofts at Cathedral	Studio 17 1BR 59 2BR 44	15.0% (18 units) <30% AMI 32.5% (39 units) <60% AMI 22.5% (27 units) <80% AMI 30.0% (36 units) Market Rate	Perpetuity
Lofts at Southbank	Studio 17 1BR 48 2BR 27	16.3% (15 units) <30% AMI 15.2% (14 units) <60% AMI 48.9% (45 units) <70% AMI 19.6% (18 units) Market Rate	Perpetuity
Parkview	1BR 84 2BR 30 3BR 6	10.0% (12 units) <30% AMI 90.0% (108 units) <60% AMI	Perpetuity
Parkview Commons	2BR 122	15.0% (19 units) <30% AMI 85.0% (103 units) <60% AMI	Perpetuity
Springfield Plaza	1BR 42 2BR 54	25.0% (24 units) <30% AMI 39.6% (38 units) <60% AMI 35.4% (34 units) <80% AMI	Perpetuity

Development	30% AMI	60% AMI	70% AMI	80% AMI	Market	TOTAL
Andrew Landing	10	86	0	0	0	96
Lofts at Cathedral	18	39	0	27	36	120
Lofts at Southbank	15	14	45	0	18	92
Parkview	12	108	0	0	0	120
Parkview Commons	19	103	0	0	0	122
Springfield Plaza	24	38	0	34	0	96

2. Threshold Criteria & Analysis: All Applicants meet threshold requirements.

Development Applicant	Project must be located within Duval County	Evidence of ownership or other legal control of site	Set-aside of rental units equal to or greater than the standards for LIHTC or applicable FHFC program	Evidence of land use and zoning authorizing the use of the of the property for multifamily residential uses
Andrew Landing Andrew Landing, Ltd.	Yes 27 East 7 th Street	Yes Deed	Exceeds Perpetuity	Yes Commercial Community/General Springfield (CCG-5) FHFC Zoning Form executed by City
Lofts at Cathedral Lofts at Cathedral, Ltd.	Yes NW of intersection of East Duval Street & North Liberty Street	Yes Contract for Purchase & Sale	Exceeds Perpetuity	Yes CCBD FHFC Zoning Form executed by City
Lofts at Southbank Lofts at Southbank, Ltd.	Yes 1430 Prudential Drive	Yes Contract for Purchase & Sale	Exceeds Perpetuity	Yes CCBD FHFC Zoning Form executed by City
Parkview HTG Parkview, LLC	Yes Finwood Avenue & Doloma Street	Yes Contract for Purchase & Sale	Exceeds Perpetuity	Yes RMD-B & RMD-D FHFC Zoning Form executed by City

Parkview Commons SP View LLC	Yes 901 Main Street, North	Yes Contract for Purchase & Sale	Yes Perpetuity	Yes PUD FHFC Zoning Form executed by City
Springfield Plaza RST Springfield Plaza, LP	Yes 1424 N. Main Street	Yes Contract for Purchase & Sale	Yes Perpetuity	Yes CCG-S FHFC Zoning Form executed by City

3. **Summary of Loan Requests:**

DEVELOPMENT	LOAN REQUEST	LOAN TERM	COST PER UNIT COST PER AFF. UNIT	NPV	LOAN RATE	COMMENTS
Andrew Landing	\$115,000	20 years No annual payments \$115,000 year 20	\$1,198/unit \$1,198	\$75,586 \$787/unit	0%	Amount required by FHFC to achieve NPV of \$75,000
Lofts at Cathedral	\$0	NA	\$0/unit \$0	\$0 \$0/unit	NA	Required FHFC contribution of \$610,000 provided by DIA
Lofts at Southbank	\$610,000	20 years No annual payments \$610,000 year 20	\$6,630/unit \$8,243	\$400,935 \$4,358/unit	0%	Amount required by FHFC for LGAOF
Parkview	\$610,000	17 years 30-year amortization \$18,300 years 1-2 \$31,122 years 3-16 \$402,651 year 17	\$5,083/unit \$5,083	\$146,025 \$3,355/unit	3%	Amount required by FHFC for LGAOF

Parkview Commons	\$110,000	15 years Fully amortizing \$7,934 years 1-15	\$902/unit \$902	\$26,746 \$219/unit	1%	Remainder of required FHFC contribution provided by \$500,000 City HOME loan
Springfield Plaza	\$610,000	10 years Fully amortizing \$71,511 years 1-10	\$6,354/unit \$6,354	\$70,980 \$745/unit	3%	Amount required by FHFC for LGAOF

Note: Parkview and Springfield Plaza have aggressive loan repayment schedules that are dependent upon development cashflow. If sufficient cashflow is not available to make annual principal and interest payments, then NPV cost of loan would be increased.

4. Project Selection Criteria

Those in **BLACK** are from Ordinance 2014-185-E

Those in **RED** are from JHFA Board

Project feasibility as determined by:

- ✓ Applicant's development and construction experience;
- ✓ Applicant's management experience; and
- ✓ Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service, coverage ratios, the percentage of public monies requested compared to project cost; leveraging)
- Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the JHFA or the City;
- The extent to which social services and assistance is offered to occupants (including, but not limited to, job training, computer training, home purchase assistance, health-related support);
- The extent to which there is temporary (for any rehabilitation projects) or permanent displacement of existing tenants (then in which event either shall be scored as a negative factor); and,
- The following shall receive emphasis in scoring:
 - Existing projects with either expiring Section 8 rental assistance contracts, or
 - The preservation of projects that have expiring affordable housing land use restrictions.
- **The JHFA established the following funding priorities for Applicants applying for the Local Government Area of Opportunity Funding:**
 - ✓ **Location within boundaries of the City of Jacksonville, pre-consolidation, 1968, except for the LaVilla and Brooklyn areas**
 - ✓ **Maximum Economic Impact**
 - ✓ **Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement**
 - ✓ **Projects that result in the adaptive reuse or redevelopment of existing structures or properties**
 - ✓ **Proximity to public transportation**

- ✓ Leveraging of JHFA funds with other City resources that could be used to meet the FHFC required contribution level, and leveraging of JHFA funds with other funds to achieve greater impact on the community/neighborhood
- ✓ Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term.
- ✓ Developments which commit to an affordability period beyond the minimum 50 year period required by FHFC and JHFA
- ✓ Significant difference in number of units produced

NOTE: ANDREW LANDING COMPETING FOR “BACK-UP” DESIGNATION—INFORMATION INCLUDED LATER IN ANALYSIS

	Lofts at Cathedral	Lofts at Southbank	Parkview	Parkview Commons	Springfield Plaza
Applicant’s development and construction experience	Extensive	Extensive	Extensive	Extensive	Meets FHFC criteria
Applicant’s management experience	Extensive WRH Reality Services	Extensive WRH Reality Services	Extensive Housing Trust Group Management	Extensive Cambridge Management	Adequate Sunchase American
Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service, coverage ratios, the percentage of public monies requested compared to project cost; leveraging)	<p>Appears Feasible \$236,620 TDC/unit</p> <p>No JHFA loan Public Funds 2.1%</p> <p>\$9.25 million private 1st mortgage (33% of TDC)</p> <p>Cost within FHFC limits Costs: Reasonable</p> <p>\$236,620 TDC/unit</p> <p>\$162,313 Hard Cost/unit (Mid-rise Concrete)</p> <p>\$19,292 General Development Costs/unit</p>	<p>Appears Feasible \$251,786 TDC/unit</p> <p>HFA loan 2.6% of TDC Public Funds 2.6%</p> <p>\$5.2 million private 1st mortgage (22% of TDC)</p> <p>Cost within FHFC limits Costs: Reasonable</p> <p>\$251,786 TDC/unit</p> <p>\$162,750 Hard Cost/unit (Mid-rise Concrete)</p> <p>\$25,486 General Development Costs/unit</p>	<p>Appears Feasible \$215,856 TDC/unit</p> <p>HFA loan 2.4% of TDC Public Funds 2.4%</p> <p>\$7.35 million private 1st mortgage (28% of TDC)</p> <p>Cost within FHFC limits Costs: High for garden-wood</p> <p>\$215,856 TDC/unit</p> <p>\$151,441 Hard Cost/unit (Garden Wood)</p> <p>\$19,866 General Development Costs/unit</p>	<p>Appears Feasible \$238,775 TDC/unit</p> <p>HFA loan 0.4% of TDC Public Funds 2.1%</p> <p>\$10.75 million private 1st mortgage (37% of TDC)</p> <p>Cost within FHFC limits Costs: Reasonable</p> <p>\$238,775 TDC/unit</p> <p>\$155,610 Hard Cost/unit (Mid-rise Concrete)</p> <p>\$25,178 General Development Costs/unit</p>	<p>Appears Feasible \$243,589 TDC/unit</p> <p>HFA loan 2.6% of TDC Public Funds 2.6%</p> <p>\$5.87 million private 1st mortgage (25% of TDC)</p> <p>Cost within FHFC limits Costs: Reasonable</p> <p>\$243,589 TDC/unit</p> <p>\$151,233 Hard Cost/unit (Mid-rise Concrete)</p> <p>\$29,203 General Development Costs/unit</p>

	\$10,521 Financial Costs/unit	\$8,234 Financial Costs/unit	\$8,922 Financial Costs/unit	\$5,951 Financial Costs/unit	\$12,073 Financial Costs/unit
	\$30,741 Developer Fee/unit	\$31,431 Developer Fee/unit	\$28,545 Developer Fee/unit	\$28,264 Developer Fee/unit	\$30,246 Developer Fee/unit
	\$13,750 Land Cost/unit	\$23,913 Land Cost/unit	\$7,083 Land Cost/unit	\$23,770 Land Cost/unit	\$20,833 Land Cost/unit
	Lofts at Cathedral	Lofts at Southbank	Parkview	Parkview Commons	Springfield Plaza
Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the or City	Successful bond and local government loans	Successful bond and local government loans	None	Successful bond and local government loans	None
The extent to which social services and assistance is offered to occupants (including, but not limited to, job training, computer training, home purchase assistance, health-related support);	Employment Assistance Financial Management Adult Literacy Homeownership Education Quarterly Resident Programs	Employment Assistance Financial Management Adult Literacy Homeownership Education Quarterly Resident Programs	Employment Assistance Financial Management Adult Literacy First-time homebuyer seminars Resident Activities Healthcare screening Health & Nutrition classes	Employment Assistance Literacy Training First-time homebuyer seminars & Homeownership Financial Assistance Resident Activities Healthcare Screening On-Site Voter Registration Computer Training Life Safety Training	Employment Assistance Financial Management First-time homebuyer seminars Resident Activities Healthcare Screening Family Support Coordinator

	Lofts at Cathedral	Lofts at Southbank	Parkview	Parkview Commons	Springfield Plaza
The extent to which there is temporary (for any rehabilitation projects) or permanent displacement of existing tenants (then in which event either shall be scored as a negative factor)	None	None	None	None	None
Existing projects with either expiring Section 8 rental assistance contracts, or The preservation of projects that have expiring affordable housing land use restrictions	None	None	None	None	None
Location within the boundaries of the City of Jacksonville, pre-consolidation, 1968, except for the LaVilla and Brooklyn areas	Yes	Yes	No	Yes	Yes
Maximum Economic Impact NOTE: ECONOMIC IMPACT & JOBS USES FHFC METHODOLOGY	High \$28.4 million TDC 542 jobs \$74.0 million total economic impact \$96,000 annual Property Taxes Includes market rate units	Moderate \$23.2 million TDC 442 jobs \$60.4 million total economic impact \$87,400 annual Property Taxes Includes market rate units	Moderate \$25.9 million TDC 494 jobs \$67.5 million total economic impact \$120,000 annual Property Taxes	High \$29.1 million TDC 556 jobs \$76.0 million total economic impact \$90,000 annual Property Taxes 1,500-2,000 SF of Office/Small Retail	Moderate \$23.4 million TDC 446 jobs \$61.0 million total economic impact \$99,259 annual Property Taxes 9,000 SF of Commercial Space

	Lofts at Cathedral	Lofts at Southbank	Parkview	Parkview Commons	Springfield Plaza
Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement	<p>Provides lift to neighborhood by bringing non-elderly residents and renovating historic older building.</p> <p>Located in Cathedral District of Downtown Northside CRA</p> <p>Discuss DIA goals, plans for redevelopment of Cathedral District, and how development advances the goals and plans. Located within Cathedral District Master Plan revitalization area</p> <p>Walkability to employment</p> <p>Development consists of new mid-rise building with 91 units & renovation of YWCA building into 29 units—retaining brick exterior with significant interior renovation</p> <p>Building & Unit Features</p> <ul style="list-style-type: none"> • Secured entry • Covered parking • Elevators • Full equipped kitchens • Mini-blinds • Washer & Dryer connections 	<p>Provides lift to neighborhood by bringing residents and replacing older building</p> <p>Located in Southbank District of Downtown Southside CRA</p> <p>Discuss DIA goals and opportunity for affordable housing in area where affordable housing opportunities are rare and how development provides mixed income housing</p> <p>Walkability to employment</p> <p>Development consists of new mid-rise building with 92 units. Existing office building will be removed.</p> <p>Building & Unit Features</p> <ul style="list-style-type: none"> • Secured entry • Covered parking • Elevators • Full equipped kitchens • Mini-blinds • Washer & Dryer connections 	<p>Provides lift to neighborhood by bringing new housing</p> <p>Located in Westside</p> <p>Discuss provision of apartments in largely suburban location</p> <p>Development consists of new garden apartments—five 3-story walk-up building and one clubhouse building</p> <p>Building & Unit Features</p> <ul style="list-style-type: none"> • Washer & Dryer connections • Cable hook-up • Energy Star ceiling fans • Full-size Energy Star appliances 	<p>Provides lift to neighborhood by bringing new housing to site of former hotel and parking structure</p> <p>Located in State Street corridor of Downtown Northside CRA</p> <p>Discuss environmental lawsuit that prevented redevelopment, resolution by Southport and City resulting in Brownfield Site Redevelopment Agreement that permits redevelopment of site</p> <p>Development consists of new mid-rise building with 122 units. Existing parking structure will be removed.</p> <p>Building & Unit Features</p> <ul style="list-style-type: none"> • Covered parking • Elevators • Balconies • Full equipped kitchens • Exterior courtyard 	<p>Provides lift to neighborhood by replacing older building and renovating another building into commercial space</p> <p>Located in Springfield Historic District</p> <p>Discuss renovation of existing building into commercial space in accordance with area requirements for historic structures</p> <p>Development consists of new mid-rise building with 96 units, renovation of another building into commercial space & removal of another building</p> <p>Building & Unit Features</p> <ul style="list-style-type: none"> • Elevators • Large kitchen pantry • Washer & Dryer connections • Walk-in closets • Patios

	<ul style="list-style-type: none"> • Walk-in closets • Handicap accessible kitchens & bathrooms in accordance with FHFC requirements <p>Community Amenities</p> <ul style="list-style-type: none"> • Internet café / computer lab • Wi-Fi connectivity • Fitness Center • Activity room with lounge area • Clubroom 	<ul style="list-style-type: none"> • Walk-in closets • Handicap accessible kitchens & bathrooms in accordance with FHFC requirements <p>Community Amenities</p> <ul style="list-style-type: none"> • Internet café / computer lab • Wi-Fi connectivity • Fitness Center • Activity room with lounge area • Clubroom 	<p>Community Amenities</p> <ul style="list-style-type: none"> • Clubhouse with community room • Business center and conference room • Pool table • Fitness Center • Swimming pool • Dog park • Playground • Fire pit with seating • Walking trails • Outdoor picnic pavilion with BBQ grills 	<p>Community Amenities</p> <ul style="list-style-type: none"> • Computer lab • Wi-Fi connectivity • Exercise facility • Activity room • Community meeting room • Library 	<ul style="list-style-type: none"> • Energy Star rated appliances • Window treatments • Cable hook-up • Energy Star rated ceiling fans <p>Community Amenities</p> <ul style="list-style-type: none"> • Community center / recreation room • Community kitchen • Meeting areas • Business Center with computers, printers & internet access • Fitness Center
	Lofts at Cathedral	Lofts at Southbank	Parkview	Parkview Commons	Springfield Plaza
Projects that result in the adaptive reuse or redevelopment of existing structures or properties	<p>Renovation of historic older building (former YWCA built in 1949) into 29 residential units &</p> <p>Demolition of vacant office building which will be replaced with new mid-rise apartment building</p>	<p>Removal of older building which will be replaced with new mid-rise apartment building</p>	<p>Vacant land</p>	<p>Removal of parking building which will be replaced with new mid-rise apartment building</p>	<p>Renovation of historic older building (corner of Main and 5th Street) into commercial space &</p> <p>Demolition of vacant building which will be replaced with new mid-rise apartment building</p>

	Lofts at Cathedral	Lofts at Southbank	Parkview	Parkview Commons	Springfield Plaza
Proximity to public transportation	Multiple Bus Stops <0.15 miles Routes 1 & 3 Hemming Park Station Skyway Stop 0.5 miles 6.0 FHFC Proximity Points	Multiple Bus Stops <0.29 miles Routes 8 & 25 First Coast Flyer Blue Line Riverplace Station Skyway Stop 6.0 FHFC Proximity Points	1 Bus Stops <0.16 miles Route 15 2.0 FHFC Proximity Points	Multiple Bus Stops <0.19 miles Rosa Parks Transit Station & Skyway stop 6.0 FHFC Proximity Points	1 Bus Stop at site Routes 1 & 3 Multiple Bus Stops 0.58 miles Rosa Parks Transit Station & Skyway stop 5.0 FHFC Proximity Points
Leveraging of JHFA funds with other City resources that could be used to meet the FHFC required contribution level, and Leveraging of JHFA funds with other funds to achieve greater impact on the community/neighborhood	\$610,000 from DIA Housing Credits (62.5%) Bank Loan (32.6%) JHFA (0.0%) Deferred Fee (2.7%) DIA (2.2%)	None Housing Credits (77.4%) Bank Loan (22.4%) JHFA (2.6%) Deferred Fee (0%) Sources exceed cost	None Housing Credits (67.1%) Bank Loan (28.4%) JHFA (2.4%) Deferred Fee (2.2%)	\$500,000 from City HOME loan Housing Credits (57.7%) Bank Loan (36.9%) JHFA (0.4%) Deferred Fee (3.3%) City HOME (1.7%)	None Housing Credits (71.9%) Bank Loan (25.1%) JHFA (2.6%) Deferred Fee (0.4%)
Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term	No JHFA loan	\$610,000 HFA loan 20-year term	\$610,000 JHFA loan 17-year term	\$110,000 JHFA loan 15-year term	\$610,000 JHFA loan 10-year term
Developments which commit to an affordability period beyond the minimum 50 year period required by FHFC and JHFA	Perpetuity	Perpetuity	Perpetuity	Perpetuity	Perpetuity
Significant difference in number of units produced	120	92	120	122	96

5. **FHFC Selection Process & Back-Up Development**

- This year, Jacksonville is permitted to designate one development as a preference, by providing Local Government Area of Opportunity Funding (\$610,000, must be part of “permanent” financing)
- By providing the required LGAOF funding, if the deal with the LGAOF passes FHFC threshold scoring, it will be funded.
- If the LGAOF deal fails threshold in the FHFC scoring due to an error by the applicant, Jacksonville would not receive any funding—unless....
- It is prudent to pick at least one back-up development and provide the minimum local contribution (NPV of \$75,000) to increase the probability that Jacksonville will receive at least one development. This deal will lose to the GOA deal but would be in-line if the preferred deal failed threshold.
- Additionally, FHFC’s goals are to fund one additional large county development this year—which could come from any county. It is possible that the backup deal or deals could be awarded credits as the 2nd deal.

6. **Development Analysis:**

	Analysis
Applicant’s development and construction experience	All meet FHFC requirements. Roundstone (Springfield Plaza) has less experience than Vestcor (Lofts at Cathedral & Lofts at Southbank), Southport (Parkview Commons) and HTG (Parkview)
Applicant’s management experience	All have extensive experience except Roundstone/Sunchase American (Springfield Plaza), which has adequate experience
Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service, coverage ratios, the percentage of public monies requested compared to project cost; leveraging)	All appear feasible Parkview has high cost for garden-wood construction All require \$610,000 of public funds to meet FHFC LGAOF requirements All range from 2% to 3% of “public funds”
Applicant’s performance and/or compliance (including any prior defaults) of any prior loans or contracts with the or City	Vestcor (Lofts at Cathedral and Lofts at Southbank) and Southport (Parkview Commons) have bond loans with JHFA, and other loans with JHFA and the City. They have successful track records.
The extent to which social services and assistance is offered to occupants (including, but not limited to, job training, computer training, home purchase assistance, health-related support);	Parkview Commons has most extensive list of services All applicants addressed services adequately

The extent to which there is temporary (for any rehabilitation projects) or permanent displacement of existing tenants (then in which event either shall be scored as a negative factor)	None
Existing projects with either expiring Section 8 rental assistance contracts, or The preservation of projects that have expiring affordable housing land use restrictions	None
Location within the boundaries of the City of Jacksonville, pre-consolidation, 1968, except for the LaVilla and Brooklyn areas	Parkview is NOT located in this area
Maximum Economic Impact	Lofts at Cathedral (\$74 million) and Parkview Commons (\$75 million) have highest economic impact Other developments \$60 to \$67 million
Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement	All developments lift the neighborhood; however, the developments other than Parkview all provide lift in areas with greater need—Springfield, Cathedral District and downtown Lofts at Cathedral and Lofts at Southbank provide more detailed discussion of how developments fit into City plans for revitalization. Both have walkability to employment Lofts at Cathedral located in Cathedral District Master Plan revitalization area Parkview Commons provides more information on City support of brownfield agreement related to the proposed site
Projects that result in the adaptive reuse or redevelopment of existing structures or properties	Lofts at Cathedral renovates old YWCA building into residential units & removes existing structure and replaces with mid-rise apartments Springfield Plaza renovates old building into commercial space Lofts at Cathedral, Lofts at Southbank, Parkview Commons and Springfield Plaza remove existing structures and replace with mid-rise apartments
Proximity to public transportation	Lofts at Cathedral, Lofts at Southbank and Parkview Commons all are very near multiple public transportation options and have an FHFC proximity score of 6.0 Springfield Commons has greater distance to multiple transportation options and has an FHFC proximity score of 5.0 Parkview is suburban and has low proximity/ FHFC score of 2.0

Leveraging of JHFA funds with other City resources that could be used to meet the FHFC required contribution level, and Leveraging of JHFA funds with other funds to achieve greater impact on the community/neighborhood	Lofts at Cathedral has entire \$610,000 from the DIA Parkview Commons has \$500,000 from City HOME funds No significant difference between applicants—all predominantly rely on Housing Credits and bank loan for 95% of development costs
Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term	Lofts at Cathedral has no loan—effectively “0-year” term for JHFA Springfield Plaza has 10-year loan term Parkview Commons has 15-year loan term Note: Springfield Plaza’s ability to repay loan in 10 years heavily dependent upon cash flow
Developments which commit to an affordability period beyond the minimum 50 year period required by FHFC and JHFA	All have perpetuity
Significant difference in number of units produced	Lofts at Cathedral (120), Parkview Commons (122) & Parkview (120) have significantly more units than Lofts at Southbank (92) and Springfield Plaza (96)

7. **Recommendations:**

- Select one application to receive LGAOF funding
- Select one or more applications which meet FHFC proximity threshold scoring to receive minimum required local contribution and to serve as a backup(s).
- Do not select Parkview for either LGAOF or backup, as it is outside of geographically targeted area.
- Loan terms dependent upon which deal selected for LGAOF
- All loan commitments and loans governed by Ordinance 2014-185-E.
- Authorize the Chairman to sign loan commitment letters, and authorize Chair or other Board member to execute loan documents, including subordinations and extension of loan commitment up to 30 days after senior loan closing date;
- Request the Mayor or other official permitted by FHFC to sign the FHFC form required to verify the local government contribution.
- Loan to be evidenced by Promissory Note and Mortgage, with anticipated second mortgage position (subject to all loan documents and due diligence necessary to evidence and complete the transaction). Loan documents to include a Land Use Restriction Agreement with all Applicant commitments (City programs, length of set-aside, income restrictions).
- If no loan, all Applicant commitments to be included in recorded Extended Use Agreement
- Loan commitment expiration dates of December 31, 2021.

	Andrew Landing Applying as back-up only
Applicant's development and construction experience	Extensive
Applicant's management experience	Extensive WRH Reality Services
Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service, coverage ratios, the percentage of public monies requested compared to project cost; leveraging)	Appears Feasible \$208,376 TDC/unit HFA loan 0.6% of TDC \$3.2 million private 1 st mortgage (19% of TDC) Cost within FHFC limits Costs: Reasonable \$208,376 TDC/unit \$123,850 Hard Cost/unit (Garden Wood with elevator) \$24,047 General Development Costs/unit \$11,219 Financial Costs/unit \$25,458 Developer Fee/unit \$23,802 Land Cost/unit
Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the or City	Successful bond and local government loans
The extent to which social services and assistance is offered to occupants (including, but not limited to, job training, computer training, home purchase assistance, health-related support);	24-hour Support to assist residents in handling urgent issues Computer training Daily activities Resident Assurance check-in program
The extent to which there is temporary (for any rehabilitation projects) or permanent displacement of existing tenants (then in which event either shall be scored as a negative factor)	None
Existing projects with either expiring Section 8 rental assistance contracts, or The preservation of projects that have expiring affordable housing land use restrictions	None
Location within the boundaries of the City of Jacksonville, pre-consolidation, 1968, except for the LaVilla and Brooklyn areas	Yes

Maximum Economic Impact	High \$20.0 million TDC 382 jobs \$52.2 million total economic impact \$67,200 annual Property Taxes
Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement	Provides lift to neighborhood Assists revitalization of Springfield neighborhood
Projects that result in the adaptive reuse or redevelopment of existing structures or properties	Former supermarket will be removed and replaced with new apartments
Proximity to public transportation	3 Bus Stops within 0.15 miles 6.0 FHFC Proximity Points
Leveraging of JHFA funds with other City resources that could be used to meet the FHFC required contribution level, and Leveraging of JHFA funds with other funds to achieve greater impact on the community/neighborhood	None Housing Credits (82.9%) Bank Loan (18.5%) JHFA (0.6%) Deferred Fee (0%) Development has excess of sources
Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term	JHFA determined most efficient loan terms \$115,000/0%/balloon in 20 years
Developments which commit to an affordability period beyond the minimum 50 year period required by FHFC and JHFA	Perpetuity
Significant difference in number of units produced	96

BOWDEN ROAD HOUSING, LTD.

477 S. Rosemary Avenue, Suite 301, West Palm Beach, FL 33401

(561) 832-1114

September 29, 2020

Laura Stagner-Crites,
Housing and Neighborhoods Department, Office of the Director, and
Jacksonville Housing Finance Authority
214 North Hogan Street, 8th Floor
Jacksonville, FL 32202

Re: Consent for Subordination of Extended Low-Income Housing Agreement for
Bowden Road Housing, Ltd., a Florida limited partnership (the "Partnership")

Dear Ms. Stagner-Crites:

As you will recall, the Partnership closed on tax exempt bonds issued by the Jacksonville Housing Finance Authority ("JHFA") in the amount of \$21,600,000 (the "Bond Loan") as well as a second mortgage loan of \$1,000,000 in local government support funds (the "Subordinate Loan") from the JHFA on or about December 8, 2010. The proceeds were used for the construction of Bennett Creek Apartments, a 264-unit mixed-income housing development located at 6680 Bennett Creek Drive in Jacksonville, FL.

The Partnership is in the process of obtaining a loan from Merchants Capital Corporation, or its affiliate, which loan will be insured by the Secretary of Housing and Urban Development ("HUD") through the 223(f) program (the "HUD Loan"). The proceeds of the HUD Loan will be used to pay off the existing Bond Loan. The purpose of this letter is to request the consent of the JHFA to several items with respect to the transaction.

The Partnership respectfully requests that the JHFA subordinate the Amended and Restated Land Use Restriction Agreement dated as of February 1, 2014 (the "LURA"), to the HUD Loan.

We also request that the JHFA re-subordinate the Subordinate Loan in connection with the refinancing, and that the term of the Subordinate Loan be extended to be co-terminus with the term of the HUD Loan. We propose to pay in full any accrued interest on the Subordinate Loan as of the date of the closing of the refinancing.

We anticipate forwarding to you the form of Subordination Agreement in the near future, and understand there may be an approved form that JHFA and HUD have agreed to in the past, which we can submit to HUD in the event the form does not include agreed-upon changes.

We will also be changing the legal description in connection with the refinancing, and request that we amend the LURA to reflect the modified legal description. To the extent additional items are requested by HUD, the Partnership respectfully requests that the JHFA consent to same such that the refinancing can occur in a timely manner.

Our timing to complete the closing is prior to the end of 2020, as we have already begun the process with HUD. If you need any additional information concerning the transaction, please do not hesitate to contact me.

Thank you for your time and consideration with this matter.

BOWDEN ROAD HOUSING, LTD., a Florida limited partnership

By: Bowden Road Housing GP, LLC, a Florida limited liability company, its general partner

By: TRG of FL III, LLC, a Florida limited liability company, its general partner

By: 
William T. Fabbri, Executive Vice President

cc: Matthew Iacopetta
Mark Hendrickson
Rhonda Bond-Collins, Esq.
Heather Toft, Esq.



The Millennia Companies®
4000 Key Tower
127 Public Square
Cleveland, Ohio 44114
(216)520-1250 Office
themillenniacompanies.com

October 9th, 2019

First Housing
Ed Busansky
Senior Vice President
107 S. Willow Ave
Tampa, FL 33606

Dear Ed,

Enclosed, please find a detailed narrative outlining the current construction budget issues for the four Jacksonville projects. As you will see, we are facing multiple challenges with the four projects which caused a significant increase to the construction budget of approximately \$4.7 million dollars. These challenges include both unforeseen conditions and various city code enforcement requirements which have been incurred since the permits were issued and city inspections have continued throughout the construction process.

Local Funding Pursuits:

Millennia has been actively seeking additional funding from various sources to offset the additional costs.

- We appealed the decision that our project was subject to full mortgage taxes at the time we acquired the properties. We specifically appealed the notion that all debt was subject to the mortgage tax as this is a LIHTC deal and much of the debt was in a subordinate position precluding it from the tax. Additionally, we also took the position some of the debt represented bridge financing and should not be subject to the mortgage tax as it was not a long-term encumbrance of the project. The result was in our favor and we anticipate the trustee will receive a \$448k refund very soon.
- In June, we toured the properties with the Mayor, and at that time, we made a request to the Mayor's Office to schedule a meeting to discuss additional sources of funding the city might have available to assist with these projects. We are currently working with the city to schedule that meeting for the end of October. We are flexible in taking any approach that the city may be willing to assist with, which could include:
 1. Any federal resources the city administers and allocates, such as HOME and/or CDBG funds
 2. Any real estate tax incentives, such tax increment financing or tax abatement.

R4 Request - Perm Request:

While we are excited about the ruling and hope we are successful in finding additional sources from the city, we also need to be prepared to cover the foreseeable gap with the help of R4. Below are the areas of underwriting we have requested R4 to review and consider to ensure these projects successfully make it to the finish line:

- Purchase full amount of LIHTC. We are now projecting the project will receive \$5,029,210 of annual LIHTC. Assuming the same equity pricing for the new credits as obtained at the time of closing, these credits would generate \$44,212,791 of LIHTC equity. This is \$1,296,141 over the maximum LIHTC equity of \$42,916,650 identified in the LPA. Keeping the equity cap on the deal would reduce the price per credit to \$0.8542 per credit which is a very low effective credit pricing. **Removing the cap will enable the property to fund about 28% of the overage.**

- Review original underwriting regarding the vacancy. The projects are fully subsidized with a Section 8 contract covering more than 99% of the units. They have historically strong occupancy and we know it will only continue as we move forward with the fully rehabilitated units. The result will be occupancy near 100% and absolutely north of 97%. The original underwriting has a 1.15 DCR and 5% vacancy (HUD is at 1.11 and 3%) and we are looking to increase the perm debt by underwriting a 4% vacancy. Utilizing a 4% vacancy shows \$86,527 of additional NOI which equates to \$1,240,000 in additional debt we know the property can support. **Utilizing a 4% vacancy will enable the property to fund approximately 26% of the overage.**

R4 Bridge Facility Request:

As it currently stands, there will not be enough funds to complete the project as any potential new source would be funded post construction completion. The result is a gap in the construction funding of the project which needs to be filled. We know R4 has the current bridge and respectfully request it be increased by \$4.5 million to fund the overage. At worst case, the increased bridge will take priority in terms of repayment from the remaining equity significantly reducing the developer fee to Millennia. At best case, the increased debt and equity will serve to satisfy the debt and have a successful project for all.

First Housing and Jacksonville Housing Finance Authority Request:

While we review the underwriting and potential additional sources of financing options to assist with the construction overages, we ask that First Housing and The Jacksonville Housing Finance Authority consider the following:

- Now that we have determined we will do one cost certification; we would like to combine all the Hard Cost Contingency into one sum for all four projects. This will allow us to continue moving forward with draws while we work towards a solution.
- In order to keep the budget below the \$4.7M noted above, we request an additional waiver to the following agreed upon requirements in the LURA:
 - Minimum SEER of 15 for Unit Air Conditioners at Palmetto Glen and The Weldon – We have directed the Contractor's HVAC subcontractor to evaluate the existing apartment HVAC systems at Palmetto and the Weldon. We are requesting to replace only the systems that are required to be replaced based on the following criteria: will help offset other, unanticipated costs that have increased the construction budget.
 - Useful life expectancy of 10 years
 - Minimum 10 SEER ratings
 - Retained units to be cleaned and repaired to good working order.

If allowed, this will help offset other, unanticipated costs that have increased the construction budget.

It is our objective to be good environmental stewards and replacing viable equipment with new, more efficient equipment is not always the best option. The recuperated costs in added efficiency may never be fulfilled and disposal of the existing equipment creates other needless environmental impact.

Please understand your consideration in this matter is crucial to the completion of these projects. Our mission, as partners, is to improve the quality of life for these residents and we cannot successfully complete this mission if we do not work together on this matter.

Sincerely,

Stephanie Sinito
Millennia Housing Development, Ltd

Millennia Jacksonville FL TC, LP

4000 Key Tower | 127 Public Square | Cleveland, OH 44114-1309

September 28, 2020

Ms. Laura Stagner, Director-Finance
Jacksonville Housing Finance Authority
214 North Hogan Street, 7th Floor
Jacksonville, FL 32202

RE: Amenity Change - Millennia Jacksonville FL TC, LP

Dear Ms. Stagner,

We are writing in regards to The Weldon, a 94-unit development located at 1650 Moncrief Village North, Jacksonville, FL; Calloway Cove, a 200 unit development located at 4229 Moncrief Road, Jacksonville, FL; and Palmetto Glen, a 74-unit development located at 2141 Westmont Street, Jacksonville, FL (“the Properties”), owned by Millennia Jacksonville FL TC, LP, a Florida limited partnership (“Owner”). The Properties received an allocation of Multifamily Housing Revenue Bonds, Series 2018A and Multifamily Housing Revenue Bonds, Series 2018B (“Bonds”) from the Jacksonville Housing Finance Authority (“the Authority”) and is therefore subject to a Land Use Restriction Agreement (“LURA”).

According to the Multifamily Mortgage Revenue Bond and Non-Competitive 4% Housing Credit Application (“Application”), it requires any features or amenities chosen by the Owner to be included in the LURA, which ‘the applicant may select one of the following: one outside recreation facility consisting of shuffleboard court and appropriate equipment, bocce ball court or lawn bowling court and appropriate equipment, tennis court, full basketball court or volleyball court.’

While processing the initial Application for submission to the Authority, a basketball court was the chosen recreational feature at the Properties. During this time Millennia Housing Management (“MHM”), the management company, was restructuring the Vice President, Regional, and Property Staff in the State of Florida.

Once the final staff was in place, MHM again reviewed the plans for the recreation areas at the Properties and determined that it was in the best interest of the residents to construct a Volleyball Court at Calloway Cove and 4-square/tether ball court at The Weldon and Palmetto Glen in lieu of basketball courts. These enhanced features provide a multi-functional recreation option for children and adults of all ages to enjoy while playing outside.

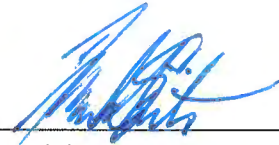
Accordingly, we respectfully request the Authority’s approval of these changes to the features and amenities as noted above.

Should you require additional information, or have any questions, please contact Stephanie Sinito at 216-236-0443.

Sincerely,

Millennia Jacksonville FL TC, LP
a Florida limited partnership

by: Jacksonville TC Investment, LLC, its general partner
an Ohio limited liability company



by: Frank T. Sinito
managing member of the general partner

cc:

Mark Hendrickson, The Hendrickson Company (via email: mark@thehendrickscompany.com)
Ed Busansky, Senior Vice President, First Housing (via email: ebusansky@firsthousingfl.com)

RESOLUTION

A RESOLUTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO LAND USE RESTRICTION AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Jacksonville Housing Finance Authority (the “Authority”) issued and sold its \$57,120,000 Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018A and its \$24,480,000 Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018B (collectively, the “Bonds”); and

WHEREAS, in connection with the Bonds, the Authority, Millennia Jacksonville FL TC, LP (the “Owner”) and the Trustee entered into a Land Use Restriction Agreement (the “Land Use Restriction Agreement”); and

WHEREAS, pursuant to the terms of the Land Use Restriction Agreement, the Owner agreed to provide certain Resident Programs and Project Amenities as set forth in Exhibit D to the LURA; and

WHEREAS, pursuant to a letter from the Borrower (the “Request”) to the Authority dated September 28, 2020, the Owner has requested that Exhibit D (the Resident Programs and Project Amenities) to the LURA be amended; and

WHEREAS, the parties desire to amend Exhibit D to the Land Use Restriction Agreement to construct certain volleyball courts and tether ball courts at the property locations as described in the Request; and

WHEREAS, pursuant to its terms, the Land Use Restriction Agreement will continue to remain in effect during the Qualified Project Period, as defined in the Land Use Restriction Agreement; and

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

SECTION 1. EXECUTION AND DELIVERY OF THE FIRST AMENDMENT TO LAND USE RESTRICTION AGREEMENT. The Chair or Vice Chair of the Authority is hereby authorized and directed to execute, for and on behalf of the Authority, the First Amendment to Land Use Restriction Agreement 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. 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 First Amendment to Land Use Restriction Agreement, 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 14th day of October, 2020.

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

By: _____
Bernard E. Smith, Chair

APPROVED AS TO LEGAL SUFFICIENCY:

By: _____
Office of the General Counsel

EXHIBIT A

**FORM OF FIRST AMENDMENT TO
LAND USE RESTRICTION AGREEMENT**

**This document prepared by
(and after recording return to):**

Rhonda Bond-Collins
Bryant Miller Olive
Citrus Center
255 South Orange Avenue
Suite 1350
Orlando, Florida 32801

**FIRST AMENDMENT TO
LAND USE RESTRICTION AGREEMENT**

This **FIRST AMENDMENT TO LAND USE RESTRICTION AGREEMENT** (this "First Amendment"), made and entered into as of October [___], 2020, 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, whose mailing address is 214 N. Hogan Street, 7th 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 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, in its capacity as trustee (the "Trustee") under the Indenture of Trust between the Issuer and the Trustee entered into as of October 1, 2018 (the "Indenture"), authorizing and securing the Issuer's \$57,120,000 Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018A and its \$24,480,000 Multifamily Housing Revenue Bonds (Millennia Jacksonville Project), Series 2018B (collectively, the "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"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Land Use Restriction Agreement, dated as of October 1, 2018 by and among the Issuer, the Trustee and the Owner (the "Original LURA").

W I T N E S S E T H:

WHEREAS, the Owner agreed to provide certain Resident Programs and Project Amenities in connection with the rehabilitation of the Project (as defined in the Original LURA) pursuant to Exhibit D of the Original LURA; and

WHEREAS, the Issuer has approved the request by the Owner to amend Exhibit D as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual agreements and covenants hereinafter contained, the sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments to Exhibit D. The following amendments are made to Exhibit D of the Original LURA:

(a) Under the subheading "Development amenities includes" under "The Weldon (f/k/a Moncrief Village)" section of Exhibit D, "Outside Recreation area for older children: Basketball Court", Basketball Court is deleted and replaced with "4-Square/Tether Ball Court".

(b) Under the subheading "Development amenities includes" under "Palmetto Glen (f/k/a Southside)" section of Exhibit D, "Outside Recreation area for older children: Basketball Court", Basketball Court is deleted and replaced with "4-Square/Tether Ball Court".

(c) Under the subheading "Development amenities includes" under "Calloway Cove (f/k/a Washington Heights)" section of Exhibit D, "Outside Recreation area for older children: Basketball Court", Basketball Court is deleted and replaced with "Volleyball Court".

Section 2. Applicability of Original LURA. Except as specifically amended and modified herein, the Original LURA shall remain in full force and effect. This First Amendment shall not be construed as approving any subsequent amendment requests.

Section 3. Counterparts. This First Amendment may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 4. Laws. This First Amendment shall be construed and governed in accordance with the laws of the State of Florida, Duval County.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer, the Trustee, and the Owner have executed this First Amendment by duly authorized representatives, all as of the [__] day of October, 2020.

[SEAL]

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

By: _____

Title: Bernard E. Smith, Chair

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of November, 2020, by Bernard E. Smith as Chair of the Jacksonville Housing Finance Authority. He ☐ is personally known to me or ☐ produced _____ as identification.

NOTARY PUBLIC

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____

Name:

Title:

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of November, 2020, by _____ as _____ of The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent, on behalf of said national association. He/She ☐ is personally known to me or ☐ has produced _____ as identification.

NOTARY PUBLIC

MILLENNIA JACKSONVILLE FL TC, LP,
a Florida limited partnership

By: Jacksonville TC Investment, LLC,
an Ohio limited liability company,
its general partner

By: _____
Frank T. Sinito, Managing Member

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence
or ☐ online notarization, this ____ day of November, 2020, by _____ as
_____ of Jacksonville TC Investment, an Ohio limited liability company, as
general partner of Millennia Jacksonville FL TC, LP. He/She ☐ is personally known to me or ☐
has produced _____ as identification.

NOTARY PUBLIC



Blue Sky Communities
5300 West Cypress Street
Suite 200
Tampa, Florida 33607

October 2, 2020

Mr. Mark Hendrickson
The Hendrickson Company
1404 Alban Avenue
Tallahassee, FL 32301

RE: Cathedral Terrace, CT2014-426S
LURA Amendment Request (ES Windows)
JHFA Loan - \$1,000,000
JHFA Bonds – Series 2016

Dear Mark:

We are requesting to change the current language in our Bond & Loan LURAs that references the window pane replacement completed during rehabilitation. Please amend the language to mirror the current SAIL RFA 2020-205 (draft released 8/28/2020). The LURAs were signed on 1/21/2016. These changes will allow the property to complete a \$2,000,000 full replacement of the windows at Cathedral Terrace.

Current language:

- Energy Star rating for all windows Request submitted to allow for replacement of window panes with Energy Star-compliant glass in lieu of full window replacement.

Proposed language:

- Energy efficient windows in each unit (3 points)
 - For all Development Types except Mid-Rise and High Rise: Energy Star rating for all windows in each unit;
 - For Development Type of Mid-Rise and High Rise:
 - U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the fenestration is fixed; and
 - U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)

Florida Housing has preliminarily agreed to amend similar language in the signed SAIL LURA Agreement.

If you have any questions regarding this request, please contact me 813-514-2108.

Sincerely,

CATHEDRAL TERRACE 2, LTD.

By: Blue Sky SLP, its Administrative LP

By: Shawn Wilson
Shawn Wilson, Manager

RESOLUTION

A RESOLUTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO LAND USE RESTRICTION AGREEMENTS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Jacksonville Housing Finance Authority (the “Authority”) issued and sold its \$12,500,000 Multifamily Housing Revenue Bonds (Cathedral Terrace Apartments), Series 2016 (the “Bonds”); and

WHEREAS, in connection with the Bonds, the Authority, Cathedral Terrace 2, Ltd., a Florida limited partnership (the “Owner”) and the Trustee entered into a Land Use Restriction Agreement, dated as of January 1, 2016 (the “Land Use Restriction Agreement”); and

WHEREAS, pursuant to the terms of the Land Use Restriction Agreement, the Owner agreed to provide certain Resident Programs and Project Amenities as set forth in Exhibit B to the Land Use Restriction Agreement; and

WHEREAS, in connection with the issuance of the Bonds, the Authority also made a subordinate loan to the Borrower in the amount of \$1,000,000 (the “Subordinate Loan”); and

WHEREAS, in connection with the Subordinate Loan, the Borrower and the Authority entered into that certain Land Use Restriction Agreement dated January 22, 2016 (the “Subordinate LURA” and together with the Land Use Restriction Agreement, the “Land Use Restriction Agreements”); and

WHEREAS, pursuant to a letter from the Owner (the “Request”) to the Authority dated October 2, 2020, the Owner has requested that Exhibit B (Resident Programs and Project Amenities) to the Land Use Restriction Agreements be amended; and

WHEREAS, the parties desire to amend Exhibit B to the Land Use Restriction Agreements with respect to certain window pane replacements as described in the Request; and

WHEREAS, pursuant to their respective terms, the Land Use Restriction Agreements will continue to remain in effect during the Qualified Project Period, as defined in the Land Use Restriction Agreements, respectively; and

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

SECTION 1. EXECUTION AND DELIVERY OF THE FIRST AMENDMENT TO LAND USE RESTRICTION AGREEMENT. The Chair or Vice Chair of the Authority is hereby authorized and directed to execute, for and on behalf of the Authority, the First Amendment to Land Use Restriction Agreement 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.

The Chair or Vice Chair of the Authority is hereby authorized and directed to enter into a First Amendment to the Subordinate LURA to amend Exhibit B thereof in the same manner as Exhibit B is amended in the First Amendment to Land Use Restriction Agreement as approved in this Section 1 above. Execution and delivery of said amendment shall be conclusive evidence of the approval thereof by the Authority.

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 with the undertakings provided for herein 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 14th day of October, 2020.

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

By: _____
Bernard E. Smith, Chair

APPROVED AS TO LEGAL SUFFICIENCY:

By: _____
Office of the General Counsel

EXHIBIT A

**FORM OF FIRST AMENDMENT TO
LAND USE RESTRICTION AGREEMENT**

**This document prepared by
(and after recording return to):**

Rhonda Bond-Collins
Bryant Miller Olive
Citrus Center
255 South Orange Avenue
Suite 1350
Orlando, Florida 32801

**FIRST AMENDMENT TO
LAND USE RESTRICTION AGREEMENT**

This **FIRST AMENDMENT TO LAND USE RESTRICTION AGREEMENT** (this "First Amendment"), made and entered into as of October [___], 2020, 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, whose mailing address is 214 N. Hogan Street, 7th 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 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, in its capacity as trustee (the "Trustee") under the Indenture of Trust between the Issuer and the Trustee entered into as of January 1, 2016 (the "Indenture"), authorizing and securing the Issuer's \$12,500,000 Multifamily Housing Revenue Bonds (Cathedral Terrace Apartments), Series 2016 (the "Bonds"); and Cathedral Terrace 2, Ltd., a Florida limited partnership and its successors and assigns, whose mailing address is 701 North Ocean Street, Jacksonville, Florida 32202 (the "Owner"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Land Use Restriction Agreement, dated as of January 1, 2016 by and among the Issuer, the Trustee and the Owner (the "Original LURA").

W I T N E S S E T H:

WHEREAS, the Owner agreed to provide certain Resident Programs and Project Amenities in connection with the rehabilitation of the Project (as defined in the Original LURA) pursuant to Exhibit B of the Original LURA; and

WHEREAS, the Issuer has approved the request by the Owner to amend Exhibit B as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual agreements and covenants hereinafter contained, the sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendment to Exhibit B. Under the Optional Green Building Features Section of Exhibit B of the Original LURA, the following amendment is hereby made:

“Energy Star rating for all windows **Request submitted to allow for replacement of window panes with Energy Star-compliant glass in lieu of full window replacement**” is hereby deleted and replaced with the following:

- Energy efficient windows in each unit (3 points)
 - For all Development Types except Mid-Rise and High Rise: Energy Star rating for all windows in each unit;
 - For Development Type of Mid-Rise and High Rise:
 - U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the fenestration is fixed; and
 - U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)

Section 2. Applicability of Original LURA. Except as specifically amended and modified herein, the Original LURA shall remain in full force and effect. This First Amendment shall not be construed as approving any subsequent amendment requests.

Section 3. Counterparts. This First Amendment may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 4. Laws. This First Amendment shall be construed and governed in accordance with the laws of the State of Florida, Duval County.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer, the Trustee, and the Owner have executed this First Amendment by duly authorized representatives, all as of the [__] day of October, 2020.

[SEAL]

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

By: _____

Title: Bernard E. Smith, Chair

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of October, 2020, by Bernard E. Smith as Chair of the Jacksonville Housing Finance Authority. He ☐ is personally known to me or ☐ produced _____ as identification.

NOTARY PUBLIC

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____

Name:

Title:

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this ____ day of October 2020, by _____ as _____ of The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent, on behalf of said national association. He/She ☐ is personally known to me or ☐ has produced _____ as identification.

NOTARY PUBLIC

CATHEDRAL TERRACE 2, LTD.,
a Florida limited partnership

By: Cathedral Terrace, Inc., a Florida not for profit
corporation, its general partner

By: _____

Name:

Title:

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me by means of ☐ physical presence
or ☐ online notarization, this ____ day of October, 2020, by _____ as
_____ of Cathedral Terrace, Inc., a Florida not for profit corporation, general
partner of Cathedral Terrace 2, Ltd. He/She ☐ is personally known to me or ☐ has produced
_____ as identification.

NOTARY PUBLIC

ACKNOWLEDGED AND APPROVED:

RED STONE SERVICER, LLC, as Controlling Person

OCCUPANCY LEVELS

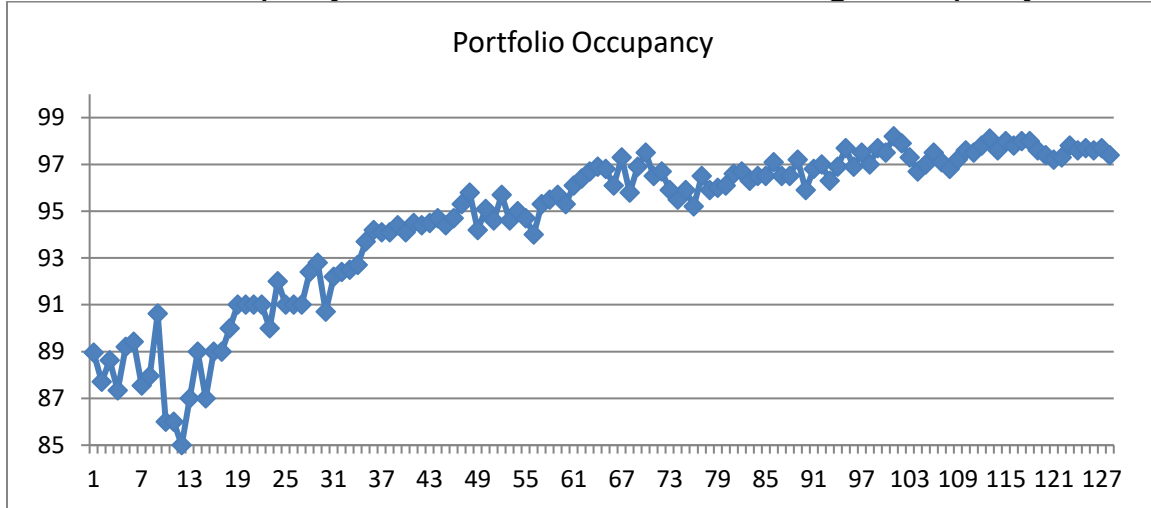
8-31-20

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Bennett Creek 3585 Salisbury Drive 32216	Richman	\$21,600,000 12-21-10	264 98% (+1%)
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 96 (-4%)
Camri Green Apartments 3820 Losco Road 32257	Vestcor	\$9,200,000 2003	184 99% (+1%)
Caroline Arms 6457 Fort Caroline Road 32277	Lincoln Avenue	\$12,500,000 7-3-18	204 98% (+5%)
Caroline Oaks 5175 Main Street N. 32208	Vestcor	\$5,600,000 4-22-15	82 99% (-1%)
Cathedral Terrace 701 N. Ocean St. 32202	Blue Sky	\$12,500,000 1-21-16	200 97% (-2%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 99% (-0%)
Desert Winds/Silver Creek 233 Sahara Ct. & 300 Silver Creek Trace 32216	LEDIC	\$22,000,000 12-28-18	304 98% (-2%)
Hartwood (AKA Hampton Ridge) 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 87% (+0%)
Lofts at Brooklyn 190 Chelsea Street 32204	Vestcor	Housing Credits JHFA selection for LGOAF 2019	133 70% complete
Lofts at Jefferson 799 Water Street 32204	Vestcor	Housing Credits \$225,750 JHFA Loan 10-3-18	133 100% (+2%)
Lofts at LaVilla 995 Water Street 32204	Vestcor	Housing Credits \$265,000 JHFA loan 10-12-16	130 100% (+0%)
Lofts at Monroe 906 W. Monroe Street 32204	Vestcor	Housing Credits \$303,750 JHFA Loan 9-29-17	108 94% (-5%)
Lofts at Murray Hill 840 Edgewood Avenue, South	Vestcor	Housing Credits \$115,000 JHFA loan 8-28-20	
Millennia Portfolio Calloway Cove: 100% complete Palmetto Glen- 97% complete The Weldon- 100% complete Valencia Way- 84% complete	Millennia	\$81,600,000 10-24-18	768 Rolling Rehab 200/71% 74/95% 94/86% 400/82%
Mary Eaves 1250 16 th Street West 32209	Vestcor	FHFC bonds \$300,000 JHFA loan 8-19-16	80 99% (+0%)
Monaco Arms 10415 & 10525 Monaco Drive 32218	Lincoln Avenue	\$16,380,000 5-31-19	156 98% (-2%)
Mt. Carmel Gardens 5846 Mt. Carmel Terrace 32216	BREC	\$9,750,000 8-19-16	207 100% (+0%)
Oakwood Villa 8201 Kona Avenue 32211	Southport	\$12,700,000 6-30-17	200 98% (-1%)
Peyton Ridge	Vestcor	Housing Credits \$115,000 JHFA loan 4-7-16	123 100% (+1%)
Sydney Trace 8575 Merchants Way 32222	Vestcor	\$21,500,000 6-30-20	192 25% complete
Timberwood Trace 12250 Atlantic Blvd. 32225	Southport	\$16,000,000 2-1-17	224 93% (-0%)

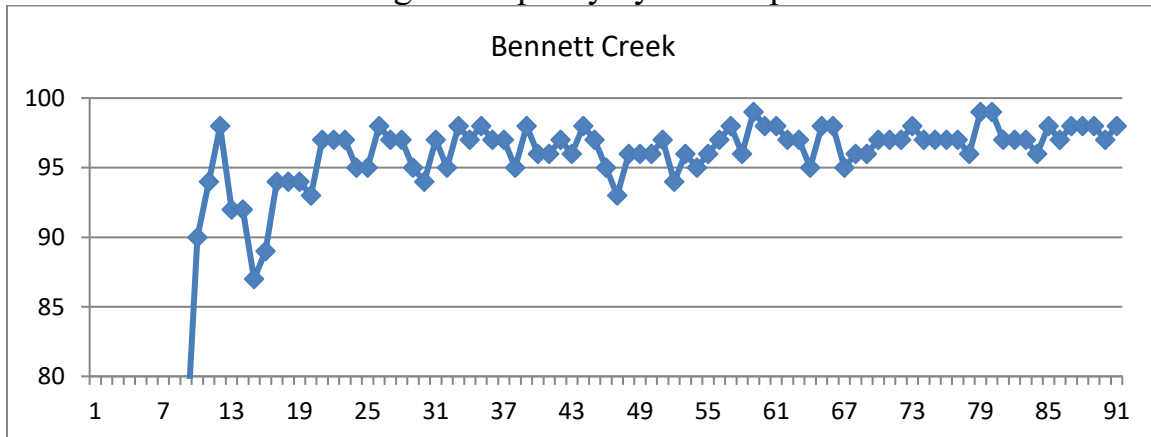
OCCUPANCY LEVELS 8-31-20

Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004 \$10,200,000 8-31-20	100 90% (-8%) Rolling Rehab
The Waves Scattered Sites in Jacksonville Beach	JHA/Vestcor	\$15,800,000 9-26-19	127 84% complete

129 Month Occupancy Levels—Entire Portfolio Average Occupancy



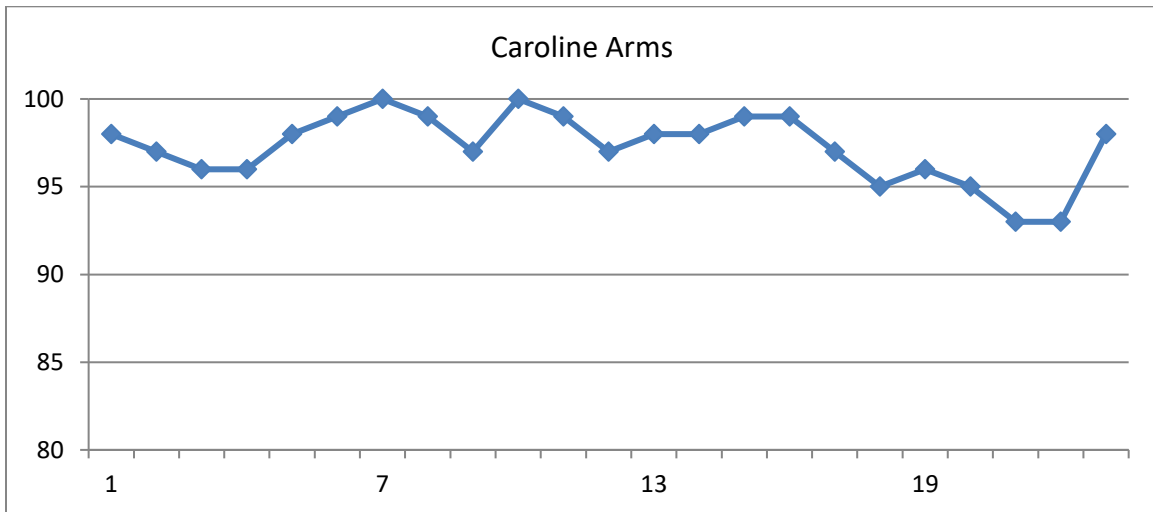
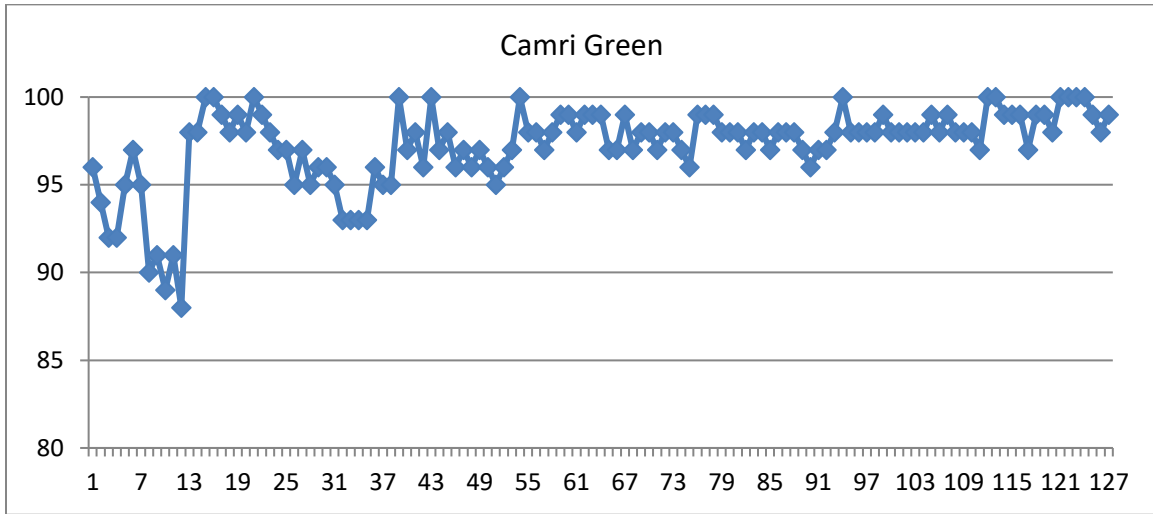
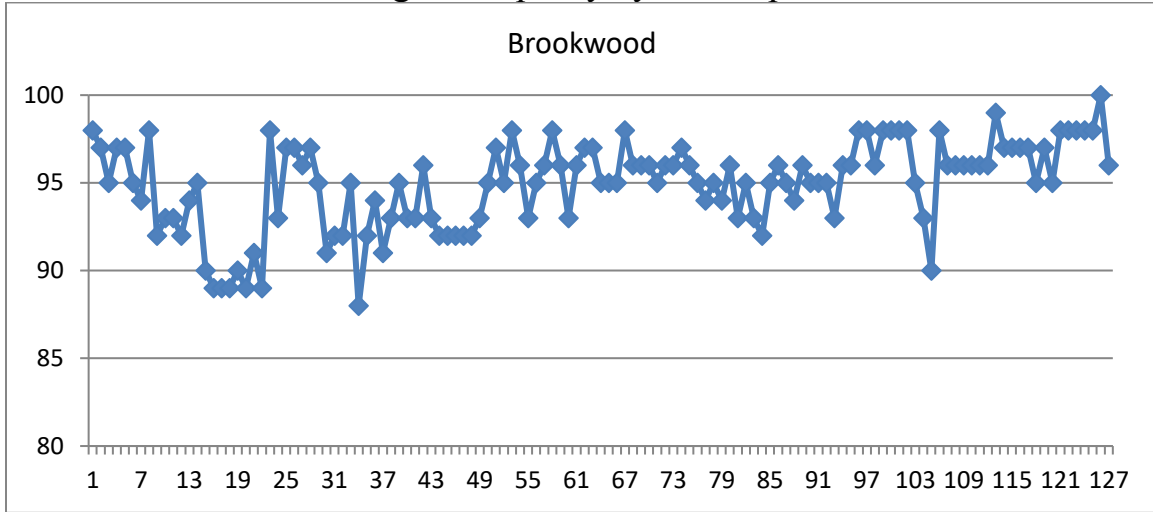
Average Occupancy by Development



OCCUPANCY LEVELS

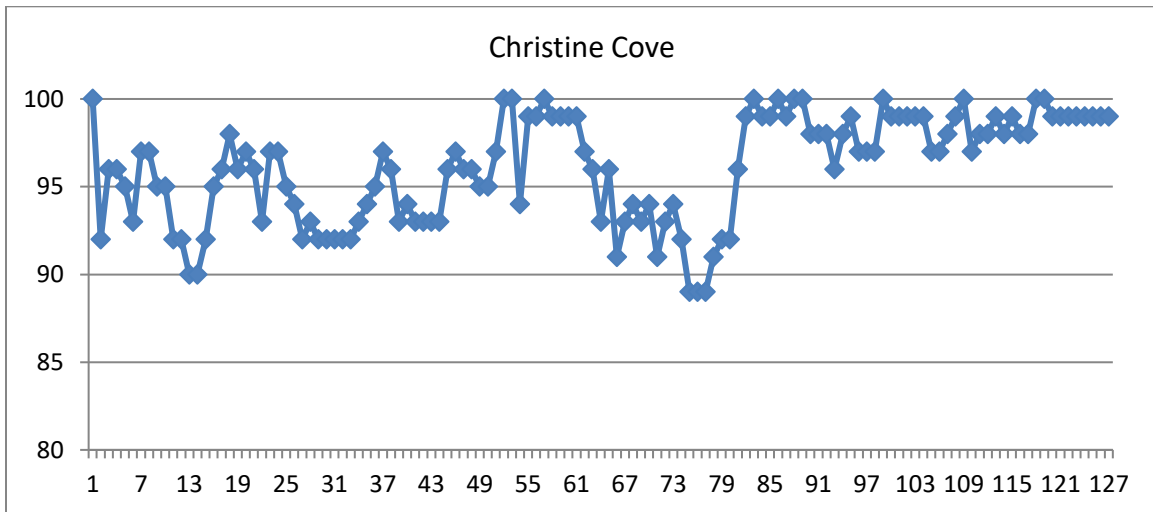
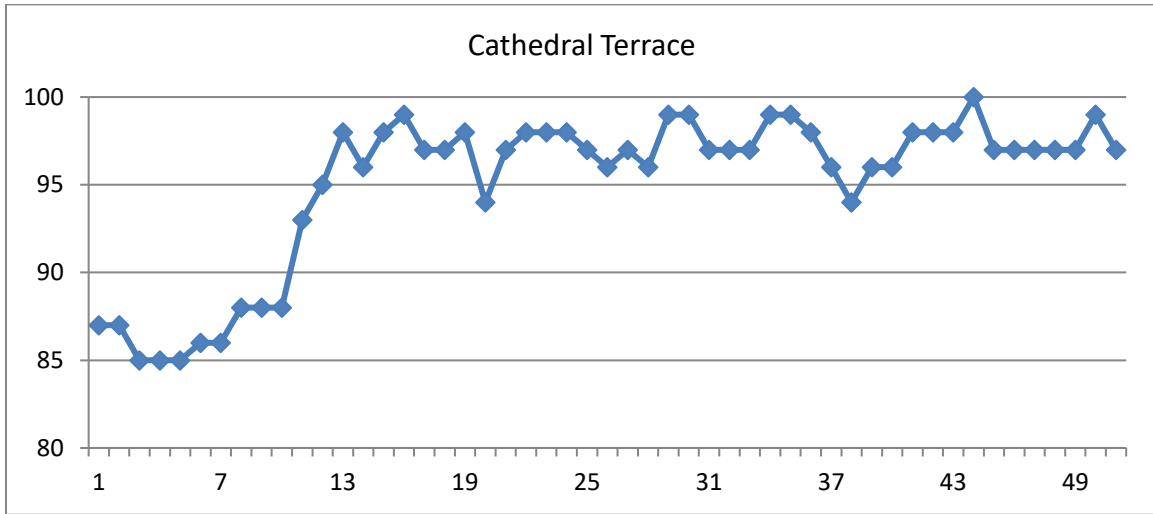
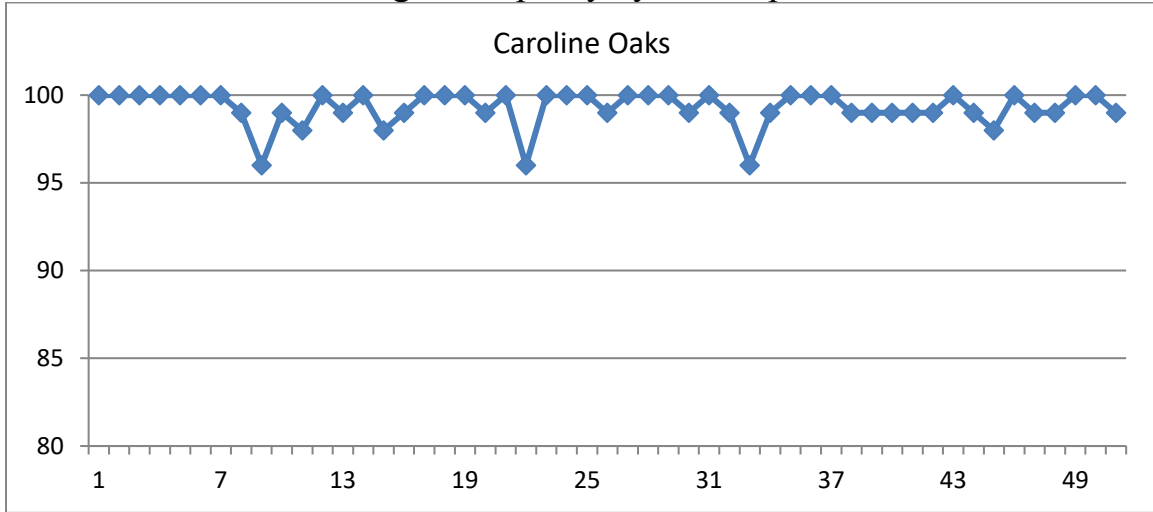
8-31-20

Average Occupancy by Development



OCCUPANCY LEVELS 8-31-20

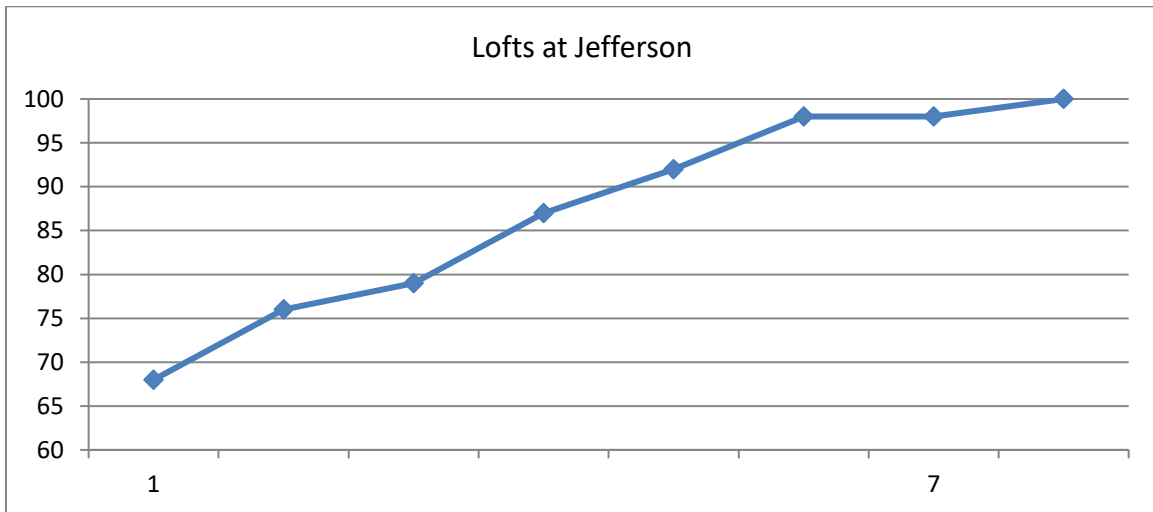
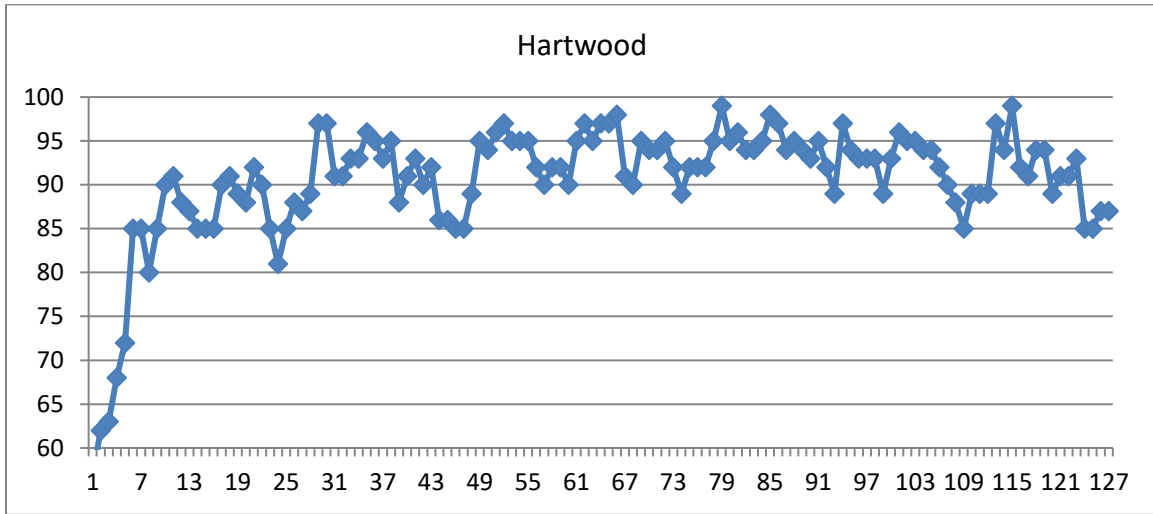
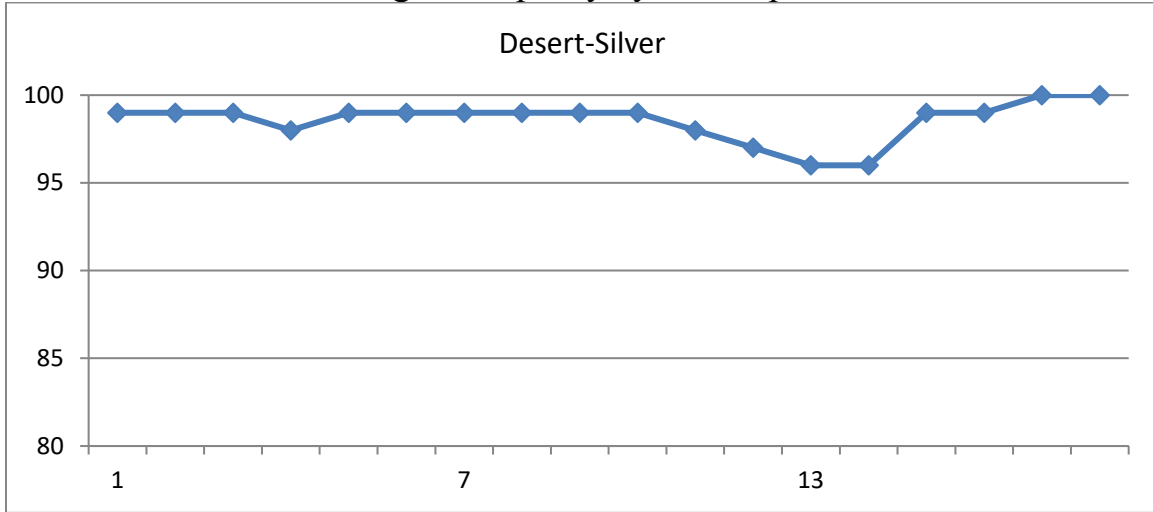
Average Occupancy by Development



OCCUPANCY LEVELS

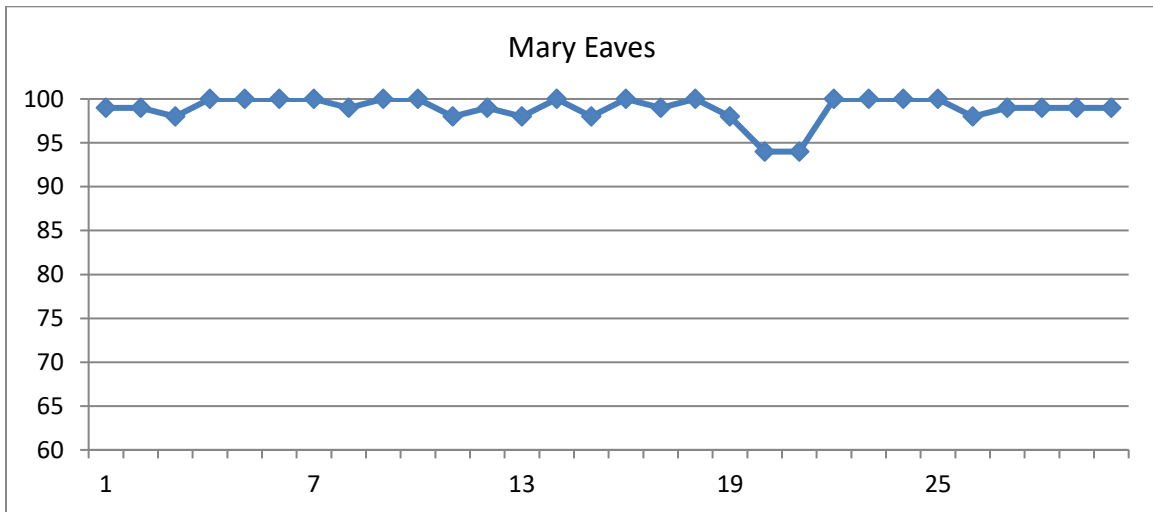
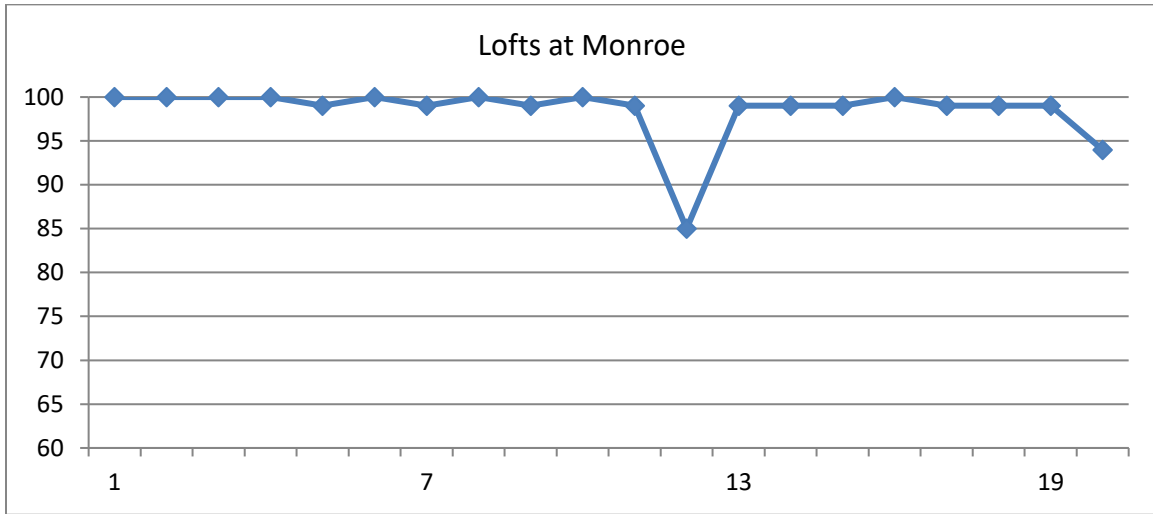
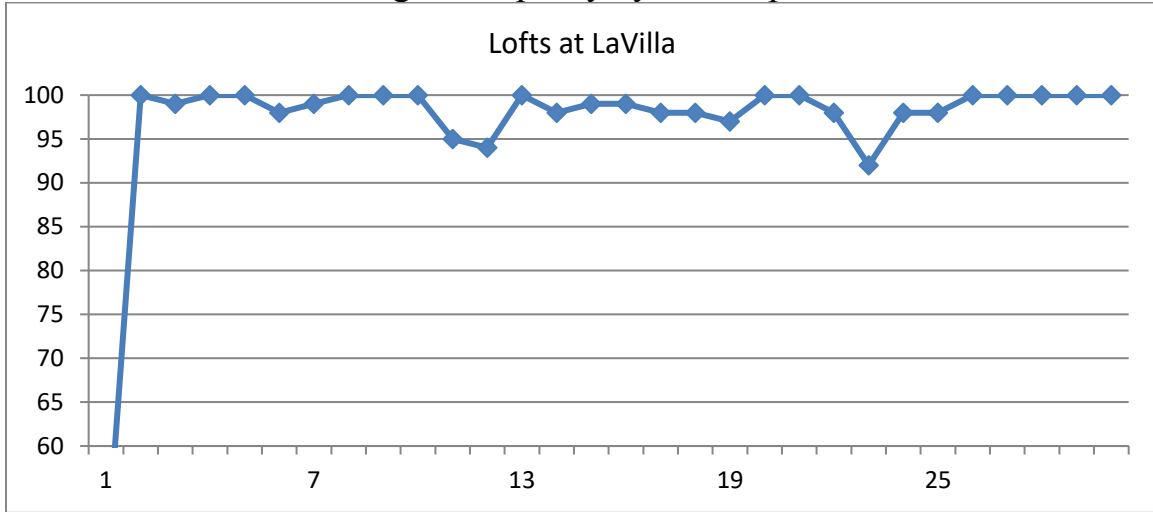
8-31-20

Average Occupancy by Development



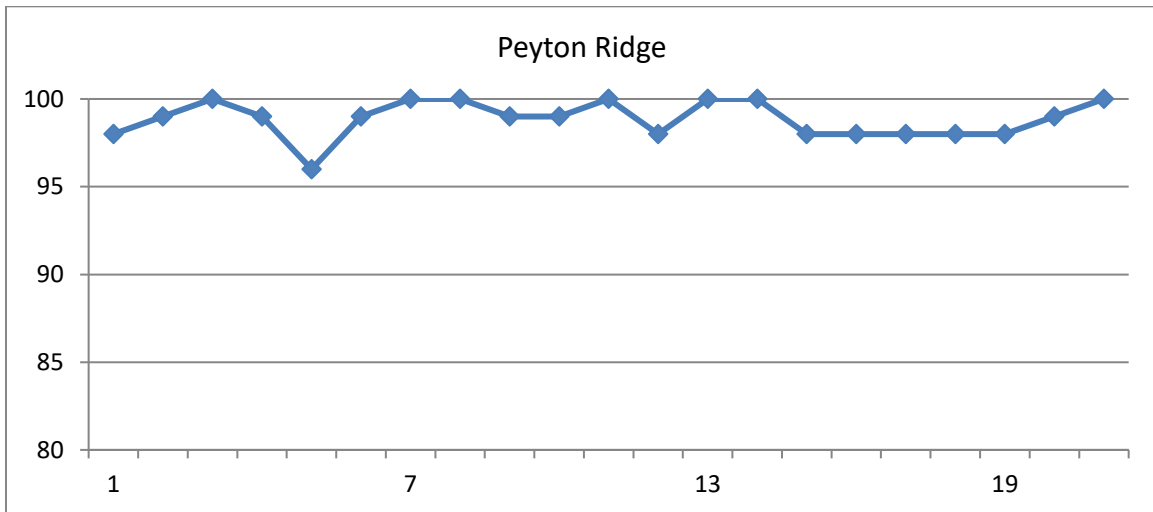
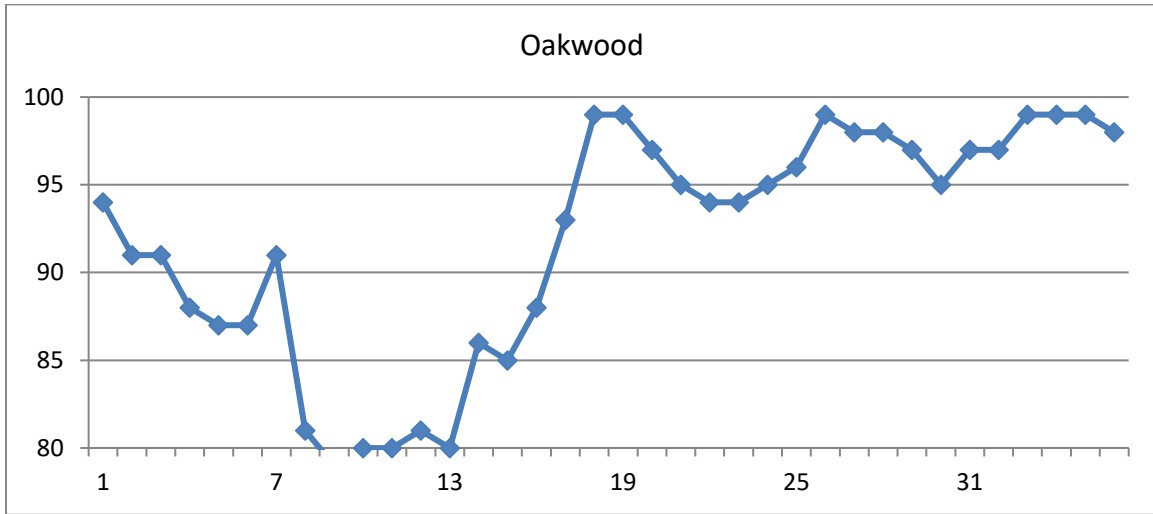
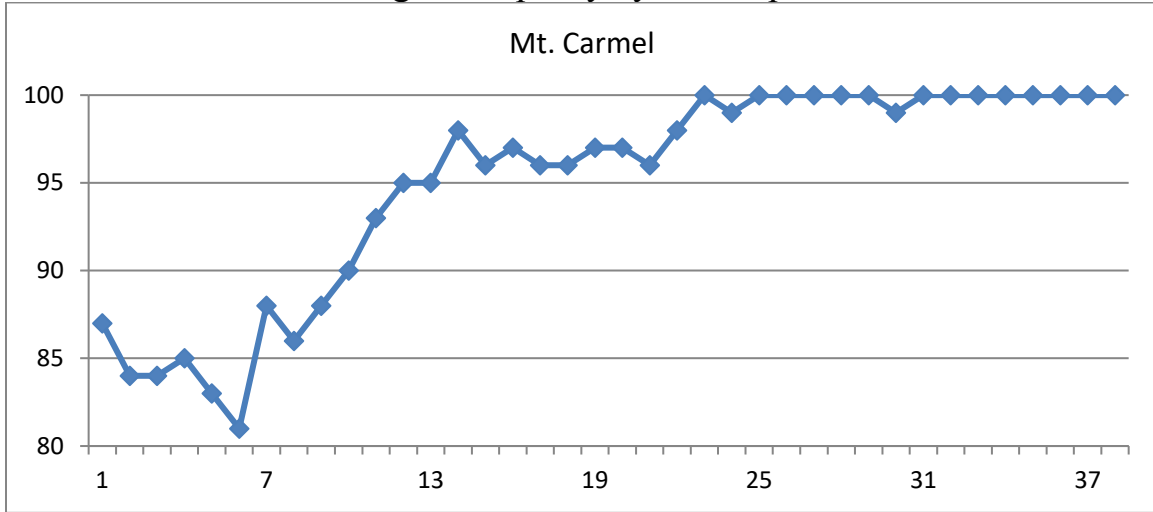
OCCUPANCY LEVELS 8-31-20

Average Occupancy by Development



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