

RESOLUTION NO. 2017-01

A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$18,500,000 MULTIFAMILY HOUSING REVENUE BONDS (NEW SOUTH BAY VILLAS), SERIES 2017 FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND REHABILITATION OF THE NEW SOUTH BAY VILLAS LOCATED IN THE CITY OF SOUTH BAY, PALM BEACH COUNTY, FLORIDA; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST BY AND BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE; APPOINTING U.S. BANK NATIONAL ASSOCIATION TO SERVE AS TRUSTEE; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LAND USE RESTRICTION AGREEMENT BY AND AMONG THE AUTHORITY, THE TRUSTEE AND NEW SOUTH BAY VILLAS, LTD, AS BORROWER; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE AUTHORITY AND THE BORROWER; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERCREDITOR AGREEMENT BY AND AMONG THE AUTHORITY, THE TRUSTEE, THE MAJORITY OWNER REPRESENTATIVE, AND THE BANK, AS ACKNOWLEDGED BY THE BORROWER; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SUBORDINATION AGREEMENT BY AND AMONG THE AUTHORITY, THE TRUSTEE, THE BORROWER, AND THE SUBORDINATE LENDER; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FEE GUARANTY AND ENVIRONMENTAL INDEMNITY AGREEMENT BY AND AMONG THE AUTHORITY, THE TRUSTEE, THE BORROWER AND OTHER INDEMNITORS THEREUNDER; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN ADDITIONAL AGREEMENTS NECESSARY OR DESIRABLE IN CONNECTION WITH THE ISSUANCE OF THE BONDS; AUTHORIZING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.

WHEREAS, the Housing Finance Authority of Palm Beach County, Florida (the “Authority”) is empowered under the laws of the State of Florida, including the Florida Housing Finance Authority Law, Florida Statutes, Sections 159.601 through 159.623, as amended (the “Act”)

and pursuant to Resolution R-70-1150 adopted by the Board of County Commissioners of Palm Beach County, Florida (the "Board") and Sections 2-181 through 2-191, Code of Ordinances of Palm Beach County, Florida (the "County Authorization"), as amended, to issue multi-family housing revenue bonds; and

WHEREAS, the Authority desires to issue Multifamily Housing Revenue Bonds in an amount not to exceed \$18,500,000 (the "Bonds") for the purpose of financing the acquisition, construction and rehabilitation of an existing multi-family residential housing development in the City of South Bay, Palm Beach County, Florida, known as the New South Bay Villas (the "Project"); and

WHEREAS, the Authority has received a Credit Underwriting Report from AmeriNat with respect to the Project; and

WHEREAS, New South Bay Villas, Ltd., a Florida limited partnership (the "Borrower"), has requested the Authority to issue its Bonds to provide funds to make a loan to the Borrower (the "Loan") to finance the acquisition, construction and rehabilitation of the Project; and

WHEREAS, the Authority shall enter into an Indenture of Trust (the "Indenture") by and between the Authority and U.S. Bank National Association, as Trustee (the "Trustee") for the purpose of setting forth the terms, conditions and covenants that are necessary to secure the Bonds and protect the rights of the holders of the Bonds, in substantially the form attached hereto as Exhibit "A"; and

WHEREAS, the Authority shall enter into a Loan Agreement, by and between the Authority and the Borrower to evidence the terms and conditions of the Loan, in substantially the form attached hereto as Exhibit "B"; and

WHEREAS, the Authority shall enter into a Land Use Restriction Agreement by and among the Authority, the Borrower and the Trustee in substantially the form attached hereto as Exhibit "C"; and

WHEREAS, the Authority wishes to approve the form of a First Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing in substantially the form attached hereto as Exhibit "D" and to authorize the assignment thereof to the Trustee (the "Assignment") to secure the Bonds; and

WHEREAS, the Authority shall enter into a Bond Purchase Agreement by and among the Authority, the Borrower and RBC Capital Markets, LLC (the "Underwriter") in substantially the form attached hereto as Exhibit "E"; and

WHEREAS, the Authority shall enter into a Fee Guaranty and Environmental Indemnity Agreement by and among the Authority, the Borrower, the Trustee and the other indemnitors named therein in substantially the form attached hereto as Exhibit "F"; and

WHEREAS, the Authority shall enter into an Intercreditor Agreement by and among the Authority, the Trustee, the Majority Owner Representative (as identified in the Intercreditor Agreement) and the Bank (as identified in the Intercreditor Agreement), as acknowledged by the Borrower, in substantially the form attached hereto as Exhibit "G"; and

WHEREAS, the Authority shall enter into a Subordination Agreement by and among the Authority, the Trustee, the Borrower, the Bank and the Palm Beach County Housing Authority as the subordinate lender (the "Subordinate Lender"), in substantially the form attached hereto as Exhibit "H"; and

WHEREAS, within Palm Beach County, Florida (the "County") there is a shortage of housing available at prices or rentals which many persons and families can afford and a shortage of capital for investment in such housing. This shortage constitutes a threat to the health, safety, morals and welfare of the residents of the County, deprives the County of an adequate tax base, and causes the County to make excessive expenditures for crime prevention and control, public health, welfare and safety, fire and accident protection, and other public services and facilities; and

WHEREAS, the shortage of capital and housing cannot be relieved except through the encouragement of investment by private enterprise and the stimulation of construction of housing through the use of public financing; and

WHEREAS, the Project and the financing thereof will assist in alleviating the shortage of housing in the County and of capital for investment therein, will serve the purposes of the Act and the Project will constitute a "qualified housing development" under the Act; and

WHEREAS, the Authority desires to authorize the execution and delivery of any other documents to be executed in connection with the issuance of the Bonds; and

WHEREAS, the Authority is not obligated to pay the Bonds except from the proceeds derived from the repayment of the Loan and other payments received from the Borrower or from other security pledged therefor pursuant to the Indenture. Neither the faith and credit nor the

taxing power of the Authority, the County or the State of Florida or any other political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The Authority has no taxing power; and

WHEREAS, due to the complexity of the financing, the uncertainty in the capital markets and the need to coordinate matters among the Authority, the Borrower and the Underwriter, it is in the best interest of the Authority to negotiate the sale of the Bonds. The disclosure required in Section 218.385, Florida Statutes, as amended, shall be provided to the Authority prior to the sale of the Bonds; and

WHEREAS, a notice of public hearing inviting written and oral comments and discussions concerning the issuance of the Bonds was published in The Palm Beach Post, a newspaper of general circulation in Palm Beach County on July 22, 2016, at least 14 days prior to the date of such hearing; and

WHEREAS, on August 12, 2016, a public hearing concerning the issuance of the Bonds in an aggregate face amount of not to exceed \$18,600,000 to finance the Project was held by the Authority; and

WHEREAS, the issuance of the Bonds and the sale of the Bonds to the Underwriter have been approved by the Board; and

WHEREAS, the Authority received from the State of Florida Division of Bond Finance an allocation of 2016 private activity bond volume cap in the amount of \$18,600,000 and obtained a carryforward of this allocation in 2017.

**NOW THEREFORE, BE IT RESOLVED BY THE HOUSING FINANCE AUTHORITY OF
PALM BEACH COUNTY, FLORIDA:**

SECTION 1. RECITALS. The foregoing recitals stated above are hereby found by the Authority to be true and correct and incorporated into this Resolution as findings.

SECTION 2. DEFINITIONS. In addition to the terms defined above, the words and terms referred to herein, unless a different meaning clearly appears from the context, shall have the same meanings in this Resolution as in the Indenture.

SECTION 3. AUTHORIZATION OF THE BONDS. The Authority hereby authorizes, under the authority of the Act and the County Authorization, and subject to the terms as hereinafter set forth, the issuance of the Bonds to be designated "Housing Finance Authority of Palm Beach County, Florida, Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017" in an aggregate principal amount of not to exceed \$18,500,000 (the "Bonds").

SECTION 4. DETAILS OF THE BONDS. The Bonds shall be issued under and secured by the Indenture, by which reference is hereby incorporated into this Resolution as if set forth in full herein. The proceeds of the Bonds shall be applied as provided in the Indenture; the Bonds shall mature in the years and in the amounts, bear interest at such rates, be subject to redemption and shall have such other characteristics as shall be provided in the Indenture.

SECTION 5. EXECUTION OF BONDS. The Chairperson or Vice Chairperson and Secretary or any Assistant Secretary of the Authority are hereby authorized and directed to execute by manual or facsimile signature, and place the seal of the Authority, in manual or facsimile form, on the Bonds. The Bonds shall be in substantially the form set forth in the Indenture, with such

changes, modifications and deletions as the officers executing the Bonds, with the advice of Bryant Miller Olive P.A. ("Bond Counsel") and the Authority's General Counsel ("General Counsel"), may deem necessary and appropriate and as are not inconsistent with the Indenture and this Resolution. The execution and delivery of the Bonds by the aforementioned persons shall be conclusive evidence of the Authority's approval and authorization thereof.

SECTION 6. AUTHENTICATION AND DELIVERY OF BONDS. Upon execution of the Bonds in the form and manner set forth in the Indenture, the Authority shall deliver the Bonds to the Trustee for authentication, and the Trustee is hereby authorized and directed to authenticate and deliver said Bonds to or at the direction of the Underwriter, subject to the terms for delivery set forth in the Indenture.

SECTION 7. APPROVAL OF INDENTURE. The form and content of the Indenture by and between the Authority and the Trustee, as presented at this meeting and attached hereto as Exhibit "A", is hereby authorized and approved by the Authority, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Indenture and the Secretary or any Assistant Secretary is authorized to place the Authority's seal thereon and attest thereto, in the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of Bond Counsel and General Counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 8. APPROVAL OF LOAN AGREEMENT. The form and content of the Loan Agreement by and between the Authority and the Borrower, as presented at this meeting and

attached hereto as Exhibit "B", is hereby authorized and approved by the Authority, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Loan Agreement and the Secretary or any Assistant Secretary is authorized to place the Authority's seal thereon and attest thereto, in the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of Bond Counsel and the General Counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 9. APPROVAL OF THE LAND USE RESTRICTION AGREEMENT. The form and content of the Land Use Restriction Agreement by and among the Authority, the Borrower and the Trustee, as presented at this meeting and attached hereto as Exhibit "C", is hereby authorized and approved by the Authority, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Land Use Restriction Agreement and the Secretary or any Assistant Secretary is authorized to place the Authority's seal thereon and attest thereto, in the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of Bond Counsel and the General Counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 10. APPROVAL OF THE MORTGAGE AND THE ASSIGNMENT THEREOF. The Authority hereby approves the form of a First Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing, as presented at the meeting and attached hereto as Exhibit "D" is hereby authorized and approved by the Authority, and Assignment thereof

to the Trustee in the form approved by Bond Counsel and General Counsel is hereby authorized and approved, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Assignment and the Secretary or any Assistant Secretary is authorized to place the Authority's seal thereon and attest thereto, together with such changes, modifications and deletions as they, with the advice of Bond Counsel and the General Counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 11. APPROVAL OF BOND PURCHASE AGREEMENT. The form and content of the Bond Purchase Agreement by and among the Authority, the Borrower and the Underwriter as presented at this meeting and attached hereto as Exhibit "E", is hereby authorized and approved by the Authority, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Bond Purchase Agreement, in the form presented at this meeting, together with such changes, modifications and deletions as he or she, with the advice of Bond Counsel and the General Counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 12. APPROVAL OF FEE GUARANTY AND ENVIRONMENTAL INDEMNITY AGREEMENT. The Fee Guaranty and Environmental Indemnity Agreement in substantially the form attached hereto as Exhibit "F" (the "Guaranty"), is hereby authorized and approved by the Authority, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Guaranty and the Secretary or any Assistant Secretary is authorized to place the Authority's seal thereon and attest thereto, in the form presented at this

meeting, together with such changes, modifications and deletions as they, with the advice of Bond Counsel and the General Counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 13. APPROVAL OF THE INTERCREDITOR AGREEMENT. The form and content of the Intercreditor Agreement by and among the Authority, the Trustee, the Majority Owner Representative and the Bank, as acknowledged by the Borrower, as presented at this meeting and attached hereto as Exhibit "G", is hereby authorized and approved by the Authority, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Intercreditor Agreement and the Secretary or any Assistant Secretary is authorized to place the Authority's seal thereon and attest thereto, in the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of Bond Counsel and the General Counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 14. APPROVAL OF THE SUBORDINATION AGREEMENT. The form and content of the Subordination Agreement by and among the Authority, the Trustee, the Borrower, the Bank and the Subordinate Lender, as presented at this meeting and attached hereto as Exhibit "H", is hereby authorized and approved by the Authority, and the Chairperson or Vice Chairperson of the Authority is hereby authorized to execute and deliver the Subordination Agreement and the Secretary or any Assistant Secretary is authorized to place the Authority's seal thereon and attest thereto, in the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of Bond Counsel and the General Counsel, may deem necessary

and appropriate. Such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 15. APPOINTMENT OF TRUSTEE. With respect to the Bonds, U.S. Bank National Association, Ft. Lauderdale, Florida, is hereby appointed as Trustee.

SECTION 16. ACCEPTANCE OF CREDIT UNDERWRITING REPORT. The Credit Underwriting Report with respect to the Project delivered to the Authority by AmeriNat is hereby accepted, subject to any open or unresolved issues constituting closing conditions specified in the Credit Underwriting Report being satisfied prior to closing as evidenced by either (i) a letter from AmeriNat confirming satisfaction of such conditions or (ii), a written waiver of any unsatisfied conditions by the Underwriter, the Bank and the tax-credit investor limited partner of the Borrower.

SECTION 17. SALE OF BONDS. It is hereby found and determined that due to the complexity of the financing it is in the best interests of the Authority to negotiate the sale of the Bonds. The disclosure required by Section 218.385, Florida Statutes, as amended, shall be provided to the Authority prior to the delivery of the Bonds. The Bonds are hereby sold and awarded to the Underwriter pursuant to the terms of Bond Purchase Agreement with a final maturity date not later than January 1, 2055 and bearing an initial interest rate not in excess of 6.00%, with a first optional call date not later than the 15th anniversary of Stabilization (as defined in the Indenture).

SECTION 18. FURTHER ACTIONS AND RATIFICATIONS OF PRIOR ACTIONS. The officers, agents and employees of the Authority and the officers, agents and employees of the Trustee are hereby authorized and directed to do all acts and things required of them by the provisions of the Bonds, the Indenture, the Loan Agreement, the Land Use Restriction Agreement,

the Bond Purchase Agreement and this Resolution and to execute and deliver any and all additional documents necessary or advisable to effectuate the foregoing. All actions heretofore undertaken by the officers, agents and employees of the Authority with respect to the provisions of the Bonds and the Indenture are hereby ratified and approved.

SECTION 19. WAIVER OF CERTAIN REQUIREMENTS OF THE AUTHORITY'S MULTI-FAMILY GUIDELINES. At the request of R4 Capital Funding, LLC, on behalf of the entity that is expected to purchase the Bonds from the Underwriter, the Authority waives the prohibition in the Authority's Multi-Family Guidelines against privately placed bonds being held in a book-entry only system, provided that:

(a) there shall only be one Bond that cannot be divided;

(b) the Bonds shall only be resold to Qualified Institutional Buyers (QIBs);

(c) the Authority will be provided at closing an investor letter in the form attached as Exhibit "B" to the Indenture from both the Underwriter and the initial purchaser of the Bonds; and

(d) the following language will be added to the Investor Letter: "Purchaser hereby agrees to indemnify and hold harmless the Issuer from and against any and all costs, expenses (including reasonable legal fees and expenses), liabilities or economic consequences of any type arising from any transfer or sale of the Bonds by the Purchaser in violation of the restrictions on transfer set forth in Section 2.9 of the Indenture".

SECTION 20. RESOLUTION EFFECTIVE. This Resolution shall take effect immediately upon its passage.

[Signature Page for Housing Finance Authority of Palm Beach County Resolution No. 2017-01
(New South Bay Villas)]

ADOPTED this ____ day of February, 2017.

**HOUSING FINANCE AUTHORITY OF PALM
BEACH COUNTY, FLORIDA**

(S E A L)

ATTEST:

By: _____
Chairperson

By: _____
Secretary

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

By: _____
Morris G. (Skip) Miller, Esq.
Attorney

EXHIBIT "A"

FORM OF INDENTURE OF TRUST

INDENTURE OF TRUST

by and between

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

Dated as of February 1, 2017

Relating to:

\$18,500,000

**Housing Finance Authority of Palm Beach County, Florida
Multifamily Housing Revenue Bonds
(New South Bay Villas), Series 2017**

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INDENTURE OF TRUST

This **INDENTURE OF TRUST** (as amended, modified or supplemented from time to time, this “Indenture”), dated as of February 1, 2017, made and entered into by and between the **HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA**, a public body corporate and politic duly created, organized and existing under the laws of the State of Florida (the “State”), (together with its successors and assigns, the “Issuer”), and **U.S.BANK NATIONAL ASSOCIATION**, a national banking association authorized to exercise corporate trust powers in the State, and authorized to accept and execute trusts of the character herein set out, as Trustee (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”),

WITNESSETH:

WHEREAS, by virtue of the authority of the laws of the State, and particularly the Act, the Issuer is empowered to issue its revenue bonds, notes or other evidences of indebtedness to finance the acquisition, construction, rehabilitation and development of multifamily rental housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Issuer has determined to issue and sell its Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 in the original aggregate principal amount of \$18,500,000 (the “Bonds”), for the purpose of financing the cost of the acquisition, construction, in part, renovation, in part, installation and equipping of a multifamily rental housing facility, consisting of a total of 131 units and related personal property and equipment, and located in the City of South Bay, Florida (the “Project Facilities”) all pursuant to this Indenture and the Loan Agreement, dated as of February 1, 2017 (as amended, modified or supplemented from time to time, the “Loan Agreement”), between the Issuer and New South Bay Villas, Ltd., a limited partnership duly organized and existing under the laws of the State of Florida (together with its permitted successors and assigns, the “Borrower”); and

WHEREAS, the Issuer is authorized to enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done to finance the Project Costs by the issuance of the Bonds, all as hereinafter provided; and

WHEREAS, all acts, conditions and things required to happen, exist, and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed in order to make the Bonds, when issued, delivered and authenticated, valid obligations of the Issuer in accordance with the terms thereof and hereof, and in order to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and has accepted its obligations hereunder, and in evidence thereof, this Indenture has been executed and delivered thereby.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE COVENANTS AND UNDERTAKINGS HEREIN EXPRESSED, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO AGREE AS FOLLOWS:

GRANTING CLAUSES

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Holders thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b), (c) and (d) below (said property being herein referred to as the "Security"), to wit:

(a) All moneys from time to time paid by the Borrower pursuant to the terms of the Loan Agreement, the Note and the Bond Documents and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement, the Bond Documents and the Note (but in each instance excluding the Reserved Rights, as defined herein); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding the Rebate Fund and excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Internal Revenue Code of 1986, as amended, whether or not held in the Rebate Fund; and

(c) Any and all property, rights and interests (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee, including, without limitation, the Construction Credit Facility, which the Trustee is hereby authorized to receive at any and all times and to hold and apply the same subject to the terms of this Indenture; and

(d) All of the proceeds of the foregoing (except the amounts payable to or on behalf of the Issuer on account of its Reserved Rights), including without limitation investments thereof;

TO HAVE AND TO HOLD, all and singular, the Security with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as herein otherwise expressly provided;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of and premium, if any, on such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article V (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on Bonds, except Bonds purchased and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest thereon payable to the Holders thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Security is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the respective Holders from time to time of the Bonds as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Defined Terms. In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“Accountant” means CohnReznick, or such other accounting firm approved in writing by the Controlling Person.

“Accounts” means all funds and accounts established under this Indenture, including the Bond Fund, the Surplus Fund, the Operating Reserve Fund, the Rebate Fund, the Project Fund, the Tax and Insurance Escrow Fund, the Replacement Reserve Fund, and the Redemption Fund.

“Act” means Resolution R-79-1150 of the Board of County Commissioners of Palm Beach County and Sections 2-181 through 2-191, Code of Ordinances of Palm Beach County, Florida (collectively, the “County Authorization”), and Chapter 159, Part IV, Florida Statutes, as amended.

“Advance” means any disbursement from the Project Fund established under this Indenture made or to be made by the Trustee pursuant to the terms of the Reimbursement Agreement.

“Affiliate” means, with respect to any designated Person, each Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another designated Person, pursuant to the organizational document(s) of an entity or by other express, written agreement.

“Amenities and Resident Services Schedule” means the schedule of amenities and resident services for the Project Facilities, initially as set forth on Schedule to the Reimbursement Agreement, approved by the Controlling Person and the Majority Owner Representative, as the same may be amended, modified or supplemented from time to time in accordance with the Reimbursement Agreement and the Intercreditor Agreement and with the prior written consent of the Majority Owner Representative.

“Annual Budget” means, for any Fiscal Year, the capital and operating budget adopted by the Borrower and approved by the Controlling Person, or deemed approved, pursuant to Section 6.24 of the Loan Agreement.

“Anti-Terrorism Regulations” shall have the meaning ascribed to such term in Section 6.23 of the Loan Agreement.

“Architect” means FaganArchitect.

“Assignment of HAP Contract” shall have the meaning given to such term in Section 3.1. of the Loan Agreement.

“Assignment of Management Agreement and Consent” shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

“Assignment of Project Documents” shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

“Authorized Denomination” means the aggregate principal amount of Bonds then Outstanding.

“Authorized Person” means one or more individuals duly authorized to bind the Borrower in connection with the administration of the Project Facilities. The initial Authorized Persons of the Borrower is Van Johnson.

“Bank” means JPMorgan Chase Bank, N.A., together with any issuer of any replacement or confirming letter of credit delivered to the Trustee pursuant to Section 2.17 hereof, together with their respective successors and assigns.

“Bankruptcy Code” means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

“Beneficial Owner” means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a DTC Participant or an Indirect Participant on the records of such Securities Depository, DTC Participant or Indirect Participant, as the case may be, or such Person's subrogee.

“Bond” or **“Bonds”** shall have the meaning given to such term in the recitals to this Indenture.

“Bond Counsel” means an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds, reasonably acceptable to the Controlling Person.

“Bond Rate” means ____% per annum to, but excluding June 1, 2019 and on and after June 1, 2019, ___% per annum.

“Bond Documents” means, collectively, the Bonds, this Indenture, the Loan Agreement, the Note, the Land Use Restriction Agreement, the Tax Certificate, the Purchase Agreement, the Mortgage, the Fee and Environmental Indemnity, the Trustee/Service Environmental Indemnity, the Assignment of Management Agreement and Consent, the Assignment of Project Documents, the Issuer Assignment, the Assignment of HAP Contract, the Replacement Reserve

Agreement, the Guaranty of Recourse Obligations, the Intercreditor Agreement, the Subordination Agreement and all other agreements or instruments relating to, or executed in connection with the issuance and delivery of the Bonds, including all modifications, amendments or supplements thereto.

“Bond Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Bond Proceeds Account” means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

“Bondholder” or **“Holder”** or words of similar import, when used with reference to the Bonds, means the registered owner or owners or Beneficial Owner or Beneficial Owners of the Bonds, as applicable.

“Book Entry System” means a book entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 2.11 hereof.

“Borrower” shall have the meaning given to such term in the recitals to this Indenture.

“Business Day” means any day on which the offices of the Trustee are open for business and on which The New York Stock Exchange is not closed.

“Capital Expenditures” means the capital expenditures relating to any construction, renovation, rehabilitation, repair and replacement of the Improvements or made pursuant to the recommendations of the Engineering Consultant.

“Capitalized Interest Account” means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

“Change Order” means a change made to the Plans and Specifications relating to the Project Facilities, as evidenced by a change order request made pursuant to the Construction Contract.

“Code” means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder.

“Collateral” means all property of the Borrower in which the Trustee is granted a security interest to secure payment of the Bonds.

“Completion Date” means the date by which the construction of the Improvements must achieve Final Completion. The initial Completion Date for the renovations is November 1, 2018; provided, however, that at the request of the Borrower and with the prior written approval of the Controlling Person and the Majority Owner Representative, the Completion Date may be extended one or more times for such periods as the Controlling Person and the

Majority Owner Representative may approve in their sole discretion, upon satisfaction of the conditions to extension in the Intercreditor Agreement.

“Condemnation Award” means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys’ fees, in obtaining such award.

“Construction Contract” means the contract for the construction and renovation of the Project Facilities, dated _____, 20__, between the Borrower and D. Stephenson Construction, Inc.

“Construction Credit Facility” means the irrevocable standby letter of credit number _____ dated _____, 2017, issued by the Bank for the benefit of the Trustee, together with any replacement or substitute therefor or confirmation thereof delivered pursuant to Section 2.17 hereof, as the same may be amended, modified, supplemented, extended or restated from time to time.

“Construction Credit Facility Proceeds Account” means the account of such name established in the Project Fund created pursuant to Section 4.1(a).

“Construction Matters” means all rights and obligations of the Bank under the Bond Documents relating to the construction and renovation, and lease-up of the Project Facilities, including the approval of draws of funds held under this Indenture.

“Contamination” means the uncontained release, discharge or disposal of any Hazardous Substances at, on, upon or beneath the Project Facilities, whether or not originating at the Project Facilities, or arising from the Project Facilities into or upon any land or water or air, or otherwise into the environment, which may require remediation under any applicable Legal Requirements.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of February 1, 2017, between the Borrower and the Trustee, as dissemination agent, as the same may be amended, modified or supplemented from time to time.

“Control” (including, with the correlative meanings, the terms “controlling”, “controlled by” and “under common control with”) means, as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such other Person, or of the Person, whether through contract, stock ownership, partnership interests, membership, voting rights, governing boards, committees, divisions or other bodies with one or more common members, directors, trustees or other managers, or otherwise.

“Controlling Person” means (i) so long as the Construction Credit Facility remains outstanding and the Bank shall not have dishonored a draw thereunder, the Bank, and (ii) from and after the point at which the Construction Credit Facility is no longer outstanding (including

by reason of having been fully drawn) or the Construction Credit Facility has been dishonored, the Majority Owner Representative.

“Counsel” means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

“Default” means an event or condition which is, or which after giving notice or lapse of time or both would be, an Event of Default.

“Default Interest” means interest payable at the Default Rate.

“Default Rate” means a rate per annum equal to ten percent (10%) per annum; provided that such rate shall in no event exceed the maximum rate allowed by law.

“Depository Agreement” means that certain Depository Agreement between Trustee and Western Alliance Business Trust.

“Determination of Taxability” means a determination that the interest accrued or paid on any of the Bonds is included in gross income of the Holders or former Holders for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(i) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(ii) the day on which the Borrower receives notice from the Trustee in writing that the Trustee has received (1) a notice in writing by any Holder or former Holder that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Holder or former Holder that asserts in effect that the interest on the Bonds received by such Holder or former Holder is included in the gross income of such Holder or former Holder for federal income tax purposes, or (2) an Opinion of Bond Counsel that concludes in effect that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(iii) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes; or

(iv) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by Counsel that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

provided, however, no Determination of Taxability shall occur if the interest on any of the Bonds is included in the gross income of any Holder or former Holder for federal income tax purposes solely because such Bond was held by a Person who is a Substantial User or a Related Person.

“Development Budget” means the budget for implementation and completion of the acquisition, construction and renovation and equipping of the Project Facilities, initially as attached to the Reimbursement Agreement as Schedule, as the same may be amended, modified or supplemented in accordance with the Reimbursement Documents and the Intercreditor Agreement and with the prior written consent of the Majority Owner Representative.

“DTC Participant” means a broker dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

“Effective Gross Revenues” of the Borrower means, for the three (3) month period prior to the determination of Stabilized NOI, the annualized aggregate revenues during such period generated from all tenants and others occupying or having a right to occupy or use the Project Facilities or any portion thereof pursuant to leases, including (at the Majority Owner Representative’s reasonable discretion, taking into account whether such income is recurring and is appropriate for a stabilized property), vending machine income, cable TV revenues, laundry service and parking income, as adjusted in the Majority Owner Representative’s judgment for factors including but not limited to: (i) seasonal fluctuation in the rental rate in the market in which the Project Facilities are located; (ii) evidence of rent deterioration; (iii) concessions, reductions, inducements or forbearances (such as any cash reduction in monthly rent during the term of a lease, any free rent before, during or after the term of a lease, any rent coupons, gift certificates and tangible goods or any other form of rent reduction or forbearance); (iv) economic vacancy at the higher of: (1) five percent (5%), or (2) actual economic vacancy based on the annualized vacancies of the Project Facilities; (v) 30-day or more delinquencies; (vi) low-income restrictions required by any applicable federal, state or local subsidy program, any restrictive covenant or regulatory agreement; and (vii) other applicable adjustments as reasonably determined by the Majority Owner Representative. Effective Gross Revenues shall exclude revenues from Section 8 vouchers to the extent such revenues cause the rent on any unit to exceed the maximum allowable tax credit rent designated for such unit.

“Engineering Consultant” means an engineer licensed to practice in the State and chosen by the Majority Owner Representative.

“Environmental Audit” means the written Phase I environmental site assessment for the Project Facilities prepared by ATC Group Services LLC dated September 16, 2016 [Add Phase II if necessary].

"Environmental Completion Conditions" shall mean [TBD].

“Environmental Laws” means all Legal Requirements governing or relating to the protection of the environment, natural resources or human health concerning (i) activities at any of the Project Facilities, (ii) repairs or construction and renovation of any Improvements, (iii) handling of any materials at any of the Project Facilities, (iv) releases into or upon the air, soil, surface water or ground water from any of the Project Facilities, and (v) storage, distribution, use, treatment, transport or disposal of any waste at or connected with any activity at any of the Project Facilities, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 42 U.S.C. §§ 9601 et seq., as amended from time to time; the Hazardous Materials Transportation Act 49 U.S.C. §§ 5101 et seq., as amended from time to time; the Resource Conservation and Recovery Act 42 U.S.C. §§ 6901 et seq., as amended from time to time; the Federal Water Pollution Control Act 33 U.S.C. §§ 1251 et seq., as amended from time to time; and comparable State statutes.

“Environmentally Sensitive Area” means (i) a wetland or other “water of the United States” for purposes of Section 404 of the federal Clean Water Act or any similar area regulated under any State or local Legal Requirements, (ii) a floodplain or other flood hazard area as defined pursuant to any applicable state Legal Requirements, (iii) a portion of the coastal zone for purposes of the federal Coastal Zone Management Act, or (iv) any other area development of which is specifically restricted under applicable Legal Requirements by reason of its physical characteristics or prior use.

“EPA” shall have the meanings ascribed to such term in Section 6.14(e) of the Loan Agreement.

“Equity Account” means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

“ERISA” shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

“ERISA Affiliate” shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

“Event of Default” means, with respect to this Indenture, any of the events specified in Section 6.1 hereof, with respect to the Loan Agreement, any of the events specified in Section 7.1

thereof, or with respect to the Reimbursement Agreement, any of the events specified in Section __ thereof.

“Executive” means any one of the Chairperson, Vice Chairperson or Executive Director of the Issuer.

“Expenses” means the aggregate annualized operating expenses (including replacement reserves) of the Project Facilities as reasonably determined by the Majority Owner Representative in an amount equal to the greater of: (i) the actual amount of aggregate annualized Expenses for the three (3) month period prior to the determination of Stabilized NOI, provided that such actual expenses reflect normalized/stabilized operations as reasonably determined by the Majority Owner Representative; and (ii) \$855,085 per annum increased on an annual basis commencing January 1, 20__ by 3%) adjusted to reflect actual cost of utilities, insurance and Impositions (provided that for Impositions constituting real property taxes, if any, shall be based on the full assessed value of the Project after taking into account completion of construction and renovation, plus all required deposits in to the Replacement Reserve Fund established under the Indenture.

“Favorable Opinion of Bond Counsel” means an opinion of Bond Counsel, addressed to the Issuer, the Trustee, the Bank (if the Construction Credit Facility is outstanding), the Majority Owner and the Majority Owner Representative, to the effect that a proposed action, event or circumstance (i) does not affect the exclusion from gross income of interest on the Bonds, and (ii) does not affect the treatment of interest on the Bonds as not being an item of tax preference for purposes of the federal alternative minimum tax, which opinion may be subject to customary assumptions and exclusions.

“Fee and Environmental Indemnity” shall have the meaning ascribed to such term in Section 3.1 of the Loan Agreement.

“Final Completion” means, with respect to the Project Facilities, that each of the following conditions has been satisfied:

(i) the Majority Owner Representative shall have received a copy of the final Plans and Specifications containing all Change Orders and there shall have been no Material Change Orders other than Material Change Orders approved by the Majority Owner Representative;

(ii) the Borrower shall have obtained the Governmental Actions, if any, required by the Legal Requirements and all Governmental Authorities associated with the Project Facilities, including use and occupancy permits (if any are required), and shall have furnished true copies of all such Governmental Actions to the Majority Owner Representative. Temporary certificates of occupancy, as opposed to final certificates of occupancy or their equivalent, shall be acceptable provided (A) that the Punchlist Items do not have a total cost to complete exceeding two percent (2%) of the contract price of the Work, nor an estimated time to complete, as reasonably determined

by the Engineering Consultant, exceeding forty-five (45) days (except for items such as landscaping, the completion of which is subject to seasonal conditions), (B) such Punchlist Items do not substantially interfere with or prevent the use and occupancy of the Project Facilities, (C) such Punchlist Items do not include major appliances or materially affect the systems (including plumbing, electrical, HVAC, mechanical, roofing and sprinklers) serving the Project Facilities or major structural components of the Project Facilities, and (D) adequate reserves, in amounts equal to 110% of the cost of completion of such items as estimated by the Architect and approved by the Engineering Consultant (or 125%, with respect to the items described in subsection (A) as being subject to seasonal conditions) have been deposited into the Project Fund;

(iii) as to all such Governmental Actions, no appeal or other action or proceeding challenging any such Governmental Actions shall have been filed or, if filed and decided, there shall have been no appeal (or further appeal) taken and all other statutory appeal periods must have expired, and there shall be no claim, litigation or governmental proceeding pending against the Borrower or the Project Facilities challenging the validity or the issuance of any zoning, subdivision or other land use ordinance, variance, permit or approval, or any Governmental Action of the kind described in this subparagraph (iii). In addition, as to all of such permits, approvals and certificates having statutory, regulatory or otherwise expressly specified and determinable appeal periods, such periods, if any, must have expired without an appeal having been taken (or any such appeal shall have been denied or shall have affirmed the granting of such Governmental Action);

(iv) the Majority Owner Representative shall have received from the architect for the Project Facilities, and the Engineering Consultant shall have approved, a certificate of such architect in the form customary for projects of the scope of the Work for the Project Facilities with respect to completion of the Work at the Project Facilities;

(v) all Work set forth in the Plans and Specifications for the Project Facilities shall have been incorporated into the Improvements at the Project Facilities and all amenities and resident services set forth on the Amenities and Resident Services Schedule shall have been installed at the Project Facilities;

(vi) except for Permitted Encumbrances and Impositions not then due and payable, the Project Facilities shall be free of any and all private or governmental charges, claims or Liens (filed or not) of any nature, excepting only the liens and security interests in favor of the Trustee and any other encumbrances approved by the Majority Owner Representative in writing;

(vii) with respect to all contractors and subcontractors and materialmen (for contracts less than \$50,000, only as required by the Title Company; provided that the Title Company insures over any mechanics' and materialmen's liens arising from such excepted contractors, subcontractors or materialmen), either (i) the Borrower shall have

obtained an unconditional waiver and release upon final payment of mechanics' and materialmen's liens if there are no Punchlist Items, or (ii) if there are Punchlist Items, the Borrower shall have obtained an unconditional waiver and release upon progress payment of mechanics' and materialmen's liens for all of the Improvements at the Project Facilities except for the Punchlist Items, and true copies thereof have been delivered to the Majority Owner Representative;

(viii) the final complete use of proceeds and completion certificates in the form required under the Loan Agreement shall have been provided to the Majority Owner Representative and shall be reasonably acceptable to the Majority Owner Representative; and

(ix) the Trustee shall have received an as-built ALTA/ACSM Urban Class Survey certified to the Trustee, the Bank and the Majority Owner Representative and an endorsement down dating the Title Policy insuring the Mortgage as a first lien, subject to Permitted Encumbrances.

(x) The Environmental Completion Conditions have been completed to the satisfaction of the Controlling Person.

"Financing Statements" means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture.

"Fiscal Year" means the annual accounting year of the Borrower, which currently begins on January 1 of each calendar year.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Majority Owner Representative, by notice to the Issuer, the Borrower and the Trustee.

"Force Majeure" means any acts of God, strikes, walkouts or other labor disputes, riots, civil strife, war, acts of a public enemy, lightning, fires, explosions, storms or floods or shortages of labor or materials or other causes of a like nature beyond the control of the Borrower; provided, however, that the unavailability of sources of financing, the insufficiency of funds, the loss of a tenant or changes in market conditions shall not constitute Force Majeure.

"GAAP" means generally accepted accounting principles in effect in the United States from time to time, consistently applied.

"General Partner" means New South Bay Villas, LLC, a Florida limited liability company authorized to conduct its business in the State, the general partner of the Borrower,

together with its successors and assigns, as permitted by the Controlling Person and the restrictions described in the definition of “Permitted Transfer” herein.

“Government Obligations” means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“Governmental Action” means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to [construct/renovate], use, operate and maintain any of the Project Facilities.

“Governmental Authority” means any federal, state, or local governmental or quasi - governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the Borrower and/or the Project Facilities.

“Ground Lease” means that certain ground lease dated as of _____, 20__ between the Borrower and Palm Beach County Housing Authority pursuant to which the Borrower holds a leasehold interest in the real property upon which the Project Facilities are situated, as the same may be amended, modified or supplemented from time to time.

“Guarantors” means, collectively, jointly and severally, the Borrower, New South Bay Villas, LLC, the general partner of the Borrower, Wallace Sanger, an individual, Dwight Stephenson, an individual, Harry Darling, an individual, and The Darling Family Trust, together with their respective heirs, executors, personal and legal representatives and permitted successors and assigns.

“Guaranty of Recourse Obligations” shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

“HAP Contract” means the Housing Assistance Payments Contract, between Palm Beach County Housing Authority and the Borrower, providing for housing assistance payments to be made to the Borrower.

“Hazardous Substances” means any petroleum or petroleum products and their by-products, flammable explosives, radioactive materials, toxic chemicals and substances, radon,

asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, Mold, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of “hazardous substances” as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, “regulated substances” within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws.

“**Holder**” or “**Owner**” means the Person who shall be the registered owner of any Bond.

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

“**Impositions**” means, with respect to the Project Facilities, all taxes including, without limitation, all real and personal property taxes, water charges and sewer rents, any special assessments, charges or claims and any other item which at any time may be or become a lien upon the Project Facilities.

“**Improvements**” means all buildings and other improvements included in the Project Facilities.

“**Indebtedness**” means, collectively, and includes all present and future indebtedness, liabilities and obligations of any kind or nature whatsoever of the Borrower to the Issuer, the Bank, the Trustee, the Holder from time to time of the Bonds or the holder of the Subordinate Debt now existing and hereafter arising, under or in connection with this Indenture, any of the other Bond Documents or any of the Reimbursement Documents or any of the Subordinate Debt Documents, including future advances, principal, interest, indemnities, other fees, late charges, enforcement costs and other costs and expenses whether direct or contingent, matured or unmatured and all other obligations of the Borrower to the Trustee, the Issuer, the Bank, the Holders from time to time of the Bonds or the holders of the Subordinate Debt.

“**Indemnified Parties**” shall have the meaning given to such term in Section 2.5 of the Loan Agreement.

“**Indenture**” shall have the meaning given to such term in the first paragraph hereof.

“**Indirect Participant**” means a broker dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a DTC Participant.

“**Insurance and Condemnation Proceeds Account**” means the account within the Project Fund created pursuant to Section 4.1(a) hereof.

“Insurance Proceeds” means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project Facilities, less the actual costs incurred, including attorneys’ fees, in the collection of such proceeds.

“Intercreditor Agreement” means that certain Intercreditor Agreement dated as of February 1, 2017, by and among the Issuer, the Trustee, the Majority Owner Representative and the Bank, consented to and acknowledged by the Borrower, as the same may be amended, modified or supplemented from time to time.

“Interest Payment Date” means the first calendar day of each month that the Bonds are Outstanding, beginning April 1, 2017.

“Investor Limited Partner” means R4 NSB Acquisition LLC, a Delaware limited liability company, and its successors and assigns in such capacity pursuant to the Partnership Agreement.

“Investor Letter” means that certain Investor Letter, substantially in the form attached hereto as Exhibit B.

“Issue Date” means February 17, 2017, the date on which the Bonds are issued and delivered to the purchaser or purchasers thereof.

“Issuer” means the Housing Finance Authority of Palm Beach County, Florida, a public body corporate and politic duly created, organized and existing under the laws of the State of Florida, including the Act, or any successor to its rights and obligations under the Loan Agreement and this Indenture.

“Issuer Fee” means, collectively, (a) the Issuer’s closing fee in the amount of \$37,000, and (b) the ongoing annual fee of the Issuer of \$27,750 payable in arrears in semi-annual installments of \$13,875 on each April 1 and October 1, commencing April 1, 2017.

“Issuer Assignment” means that certain Assignment of Mortgage Documents dated as of February 1, 2017 from the Issuer to the Trustee and acknowledged by the Borrower, as the same may be amended, modified or supplemented from time to time.

“Land Use Restriction Agreement” means the Land Use Restriction Agreement], dated as of February 1, 2017, among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

“Lease” shall have the meaning assigned to such term in the Mortgage.

“Legal Requirements” means all statutes, codes, laws, ordinances, regulations, rules, policies, or other federal, state, local and municipal requirements of any Governmental Authority whether now or hereafter enacted or adopted, and all judgments, decrees, injunctions, writs, orders or like action of an arbitrator or a court or other Governmental

Authority of competent jurisdiction (including those pertaining to the health, safety or the environment).

“Letter of Credit Opinion Letter” means an opinion of counsel from counsel to the Bank, which opinion shall be addressed to the Trustee, the Majority Owner and the Majority Owner Representative and shall provide that (i) the Bank has the power and authority to execute and deliver the Construction Credit Facility and (ii) the Construction Credit Facility constitutes the valid and binding obligation of the Bank enforceable by the Trustee against the Bank in accordance with the terms of the Construction Credit Facility. Both the form of the opinion and counsel rendering the opinion shall be satisfactory to the Majority Owner Representative in its discretion.

“Lien” means any lien, mortgage, security interest, tax lien, pledge, encumbrance, conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of indebtedness, whether arising by agreement or under any statute or law, or otherwise.

“Loan” means the loan of proceeds of the Bonds from the Issuer to the Borrower, as evidenced by the Note and pursuant to the terms of the Loan Agreement.

“Loan Agreement” shall have the meaning given to such term in the recitals to this Indenture.

“Local Time” means eastern time (daylight or standard, as applicable) in New York, New York.

“Majority Owner” means any one Person that is the Beneficial Owner of the Outstanding Bonds; provided, however, if no one Person is the Beneficial Owner of all of the Outstanding Bonds, “Majority Owner” means the Beneficial Owner or Owners of at least fifty-one percent (51%) in aggregate principal amount of all Outstanding Bonds

“Majority Owner Representative” means the representative appointed from time to time by the Majority Owner, by written notice to the Trustee, to act on the Majority Owner’s behalf hereunder and under the Bond Documents, together with such representatives, successors and assigns. The initial Majority Owner Representative is R4 Servicer LLC.

“Management Agreement” shall have the meaning ascribed to such term in Section 6.19 of the Loan Agreement.

“Manager” means Royal American Management, Inc., a Florida Corporation, together with any successor manager of the Project Facilities approved by the Controlling Person and the Majority Owner Representative and their respective successors and assigns.

“Material Change Order” means, with respect to the Project Facilities, a Change Order which (i) would result in an increase or decrease of \$50,000 in the aggregate contract price of the

Work to be performed on the Project Facilities; (ii) when aggregated with other Change Orders previously effected, would result in an increase or decrease in excess of \$250,000 in the aggregate contract price for the Work to be performed on the Project Facilities; (iii) would reduce the number of apartment units in the Project Facilities; (iv) would materially reduce the aggregate useable square footage of the apartment units or the parking areas in the Project Facilities; (v) would change the number of one, two and three bedroom apartments in the Project Facilities; (vi) would alter the scope of the recreational facilities or ancillary facilities of the Project Facilities; (vii) would alter the number of apartment units in the Project Facilities designated for occupancy by low and moderate income tenants; (viii) makes a substitution for any material or product that is of lesser quality, in the Majority Owner Representative's determination, than that specified in the Plans and Specifications relating to the Project Facilities; or (ix) would materially adversely impair the value of the Project Facilities once the Work is completed.

"Material Contract" means each indenture, mortgage, agreement or other written instrument or contract to which the Borrower is a party or by which any of its assets are bound (including, without limitation, any employment or executive compensation agreement, collective bargaining agreement, agreement relating to an Obligation, agreement for the acquisition, construction and renovation, repair or disposition of real or personal property, agreement for the purchasing or furnishing of services, operating lease, joint venture agreement, agreement relating to the acquisition or disposition of an Affiliate or agreement of merger or consolidation) which (i) evidences, secures or governs any outstanding obligation of the Borrower of \$100,000 or more per annum, or (ii) if canceled, breached or not renewed by any party thereto, would have a material adverse effect on the business operations, assets, condition (financial or otherwise) or prospects of the Borrower.

"Maturity Date" means April 1, 2054.

"Moisture Management Program" shall have the meaning ascribed to such term in Section 6.14(e) of the Loan Agreement.

"Mold" shall have the meaning ascribed to such term in Section 6.14(e) of the Loan Agreement.

"Monthly Tax and Insurance Amount" means[, after Stabilization,] an amount equal to the sum of (i) one-twelfth (1/12th) of the annual Impositions, plus (ii) one-twelfth (1/12th) of the annual insurance premiums for the insurance coverages for the Project Facilities required by Section 6.4 of the Loan Agreement, as any such amounts may be increased if the Controlling Person determines that funds in the Tax and Insurance Escrow Fund will be insufficient to pay Impositions and insurance premiums when due.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency,

“Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Majority Owner Representative, by notice to the Issuer, the Borrower and the Trustee.

“**Mortgage**” shall have the meaning ascribed to such term in Section 3.1 of the Loan Agreement.

“**Note**” means the promissory note of the Borrower, dated the Issue Date, as endorsed by the Issuer to the Trustee, in the form attached as Exhibit A to the Loan Agreement.

“**Obligations**” means any and all obligations of the Borrower for the payment of money including without limitation any and all (i) obligations for money borrowed, (ii) obligations evidenced by bonds, debentures, notes, guaranties or other similar instruments, (iii) construction contracts, installment sale agreements and other purchase money obligations in connection with the performance of work, sale of property or rendering of services, (iv) leases evidencing the acquisition of capital assets, (v) obligations under any applicable ground lease, (vi) reimbursement obligations in connection with letters of credit and other credit enhancement facilities, (vii) obligations for unfunded pension liabilities, (viii) guaranties of any such obligation of a third party, and (ix) any such obligations of third parties secured by assets of the Borrower; but excluding obligations under contracts for supplies, services and pensions allocable to current Expenses during the current or future Fiscal Years in which the supplies are to be delivered, the services rendered or the pension paid.

“**OFAC Violation**” shall have the meaning ascribed to such term in Section 6.23 of the Loan Agreement.

“**Operating Reserve Fund**” shall have the meaning set forth in Section 8.5 to the Loan Agreement.

“**Opinion of Bond Counsel**” means any opinion of Bond Counsel delivered pursuant to this Indenture with respect to the excludability of interest on the Bonds from gross income of the Holders thereof for federal income tax purposes. Each such opinion shall be addressed to the Trustee, the Issuer, the Bank (if the Construction Credit Facility is outstanding), the Majority Owner, the Majority Owner Representative and the Controlling Person.

“**Origination Fee**” shall have the meaning given to such term in Section 2.2(a) of the Loan Agreement.

“**Outstanding**” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled or delivered for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with Section 5.2 hereof;

(iii) Bonds in lieu of which others have been authenticated under Sections 2.8 and 2.9 hereof; and

[(iv)] For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the Issuer, the Borrower or any affiliate of the Borrower; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being outstanding only Bonds known by the Trustee by actual notice thereof to be so held; provided, further, that if all of the Bonds are at any time held by or for the account of the Borrower or any affiliate of the Borrower, then such Bonds shall be deemed to be Outstanding at such time for the purposes of this subparagraph [(iii)][(iv)].

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of February 1, 2017, as may be amended, modified or supplemented from time to time.

“PBGC” shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

“Permitted Encumbrances” means only:

- (i) the Ground Lease;
- (ii) [Right of First Refusal];
- (iii) the Land Use Restriction Agreement;
- (iv) the Mortgage;
- (v) liens securing the Reimbursement Documents;
- (vi) liens securing the Subordinate Debt;

(vii) for Impositions not yet due and payable or being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted if such proceedings do not in the opinion of the Controlling Person and the Majority Owner Representative involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided that the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person and the Majority Owner Representative, and any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed;

(viii) statutory liens of landlords and liens of carriers, warehouseman, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested by appropriate proceedings promptly initiated and diligently conducted if (1) such proceedings do not in the opinion of the Controlling Person and the Majority Owner Representative involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided (2) such liens have been bonded or the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person and the Majority Owner Representative; and

(ix) the exceptions listed in the Title Policy and any other matters affecting title which are approved in writing by the Controlling Person and the Majority Owner Representative.

“Permitted Investments” means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

(i) Bonds or other obligations of the United States;

(ii) Bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States;

(iii) Direct obligations issued by the United States or obligations guaranteed in full as to principal and interest by the United States or repurchase agreements with a qualified depository bank or securities dealers fully collateralized by such obligations, maturing on or before the date when such funds will be required for disbursement;

(iv) Obligations of state and local government and municipal bond issuers, which are rated investment-grade by either S&P or Moody’s or other non-rated obligations of such issuers guaranteed or credit enhanced by a Person whose long-term debt or long-term deposits or other obligations are rated investment-grade by either S&P or Moody’s;

(v) Prime commercial paper rated either “A-1” by S&P or “P-1” by Moody’s and, if rated by both, not less than “A-1” by S&P and “P-1” by Moody’s;

(vi) Bankers’ acceptances drawn on and accepted by commercial banks;

(vii) Interests in any money market fund or trust, the investments of which are restricted to obligations described in clauses (i) through (vi) of this definition or obligations determined to be of comparable quality by the board of directors of such fund or trust, including, without limitation, any such money market fund or trust for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian,

notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates;

(viii) The depository accounts established pursuant to the Depository Agreement; and

(ix) Such other investments selected by the Borrower as may be authorized by applicable law and consented to by the Controlling Person and the Majority Owner Representative, provided that the Trustee may require as a condition to the investment of funds under this clause (viii) there having first been delivered to the Trustee an opinion of Counsel to the effect that investment is permitted under any applicable laws of the State.

“Permitted Transfer” means (i) a transfer by devise or descent or by operation of law upon the death of a direct or indirect owner in the Borrower, so long as such transfer does not result in a change of management or control of the affected entity, (ii) the transfer of a direct or indirect ownership interest in the General Partner for estate planning purposes, so long as such transfer does not result in a change of management or control of the General Partner, (iii) a transfer of partnership interests in Borrower to the Investor Limited Partner, (iv) a transfer of the limited partner interests of the Investor Limited Partner in the Borrower to an Affiliate of such Investor Limited Partner, (v) a transfer of indirect shares or ownership interests in the Investor Limited Partner so long as the direct ownership interests in the Investor Limited Partner are owned or controlled by the Investor Limited Partner, (vi) a transfer of any shares or ownership interests in the Investor Limited Partner after the contributions by the owners of the Investor Limited Partner of all installments of capital contributions required to be made by the Investor Limited Partner under the Partnership Agreement, (vii) transfers of any interests in the General Partner so long as the Guarantor, or one or more members of the Guarantor, controls the Borrower after such transfer occurs, (viii) the removal and replacement of the General Partner pursuant to the Partnership Agreement, (ix) after the payment in full of all capital contributions under the Partnership Agreement, any other transfer, assignment, pledge, hypothecation or conveyance of limited partner interests in, or change in the limited partners of, the Borrower (and the owners of such limited partners) not described above, in accordance with the terms of the Partnership Agreement, (x) the extension, amendment or replacement of commercial leases approved by the Controlling Person, or (xi) a transfer permitted under Section 12 of the Intercreditor Agreement. Any amendment to the Partnership Agreement to effectuate a Permitted Transfer shall not require the prior written consent of the Controlling Person, the Majority Owner Representative, the Trustee or the Issuer.

“Person” means any individual, for-profit or not-for-profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Plans and Specifications” means, with respect to the Project Facilities, the plans and specifications for the construction and renovation of Improvements prepared by the architect for the Project Facilities and more particularly identified on Schedule attached to the Reimbursement Agreement and approved by the Controlling Person and the Majority Owner Representative, as the same may be amended, modified or supplemented as permitted under the Reimbursement Documents and the Intercreditor Agreement, through Change Orders or otherwise.

“Principal Payment Date” means the first (1st) calendar day of each month that the Bonds are Outstanding, commencing on May 1, 2019.

“Project Costs” means the costs, fees, and expenses associated with the acquisition, construction, renovation, and equipping of the Project Facilities for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, and the payment of certain costs and expenses incidental to the issuance of the Bonds.

“Project Facilities” means the 10 acres of land and the multifamily apartment housing facilities consisting of a total of 131 units and related personal property and equipment, located in the City of South Bay, Florida, the acquisition, construction, renovation and equipping of which are being financed by the proceeds of the Bonds.

“Project Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Proposed Budget” shall have the meaning given to such term in Section 6.24 of the Loan Agreement.

“Punchlist Items” means any items necessary at the time of the issuance of a temporary use and occupancy permit to complete fully the construction and renovation

of the Project Facilities in accordance with the Plans and Specifications for the Project Facilities, or required for the issuance of a final certificate of occupancy or its equivalent.

“Purchase Agreement” means the Bond Purchase Agreement, dated _____, 2017, among the Issuer, the Borrower and the Underwriter, relating to the initial sale of the Bonds.

“Purchase Price” means the redemption price of the Bonds plus accrued interest then due.

“Purchaser” means Western Alliance Business Trust, or its designated affiliate, together with its successors and assigns under the Purchase Agreement.

“Qualified Project Costs” means the actual costs incurred to acquire, construct and equip the Project Facilities which (i) are or were incurred after March 9, 2015, (ii) are (A) chargeable to the Project Facilities’ capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project Facilities’ capital account are or would have been deducted only through an allowance for depreciation or (B) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code, and (iii) are made exclusively with respect to a “qualified residential rental project” within the meaning of Section 142(d) of the Code.

“Rebate Amount” shall have the meaning given to such term in Section 6.10(c) of the Loan Agreement.

“Rebate Analyst” shall have the meaning given to such term in Section 6.10(c) of the Loan Agreement and shall be reasonably acceptable to the Controlling Person. The initial Rebate Analyst shall be Integrity Public Finance Consulting.

“Rebate Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Rebate Report” shall have the meaning given to such term in Section 6.10(c) of the Loan Agreement.

“Record Date” means with respect to each Interest Payment Date, the Trustee’s close of business on the day before such Interest Payment Date occurs, regardless of whether such day is a Business Day.

“Redemption Fund” means the account of that name created pursuant to Section 4.1(a) hereof.

“Register” means the register of the record Owners of Bonds maintained by the Trustee.

“Regulatory Agreement Default” shall have the meaning given to such term in Section 7.9(b) of the Loan Agreement.

“Reimbursement Agreement” means that certain Reimbursement and Security Agreement dated as of February 1, 2017, between the Bank and the Borrower, as the same may be amended, modified or supplemented from time to time, including, following the termination or expiration of the Construction Credit Facility, an agreement of the Borrower and the Majority Owner Representative, as applicable.

“Reimbursement Documents” means the Reimbursement Agreement, the Reimbursement Mortgage, and all other agreements or instruments relating to, or executed in

connection with, the issuance and delivery of the Construction Credit Facility, including all modifications, amendments or supplements thereto.

“Reimbursement Mortgage” means the Second Leasehold Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of February 1, 2017, from the Borrower in favor of the Bank, as the same may be amended, modified or supplemented from time to time.

“Related Person” with reference to any Substantial User, means a “related person” within the meaning of Section 147(a)(2) of the Code.

“Remedial Action” shall mean any one or more of the following remedies with respect to the Bond Documents: (i) the acceleration of any indebtedness or declaration of the entire amount of any indebtedness to be due and payable; (ii) the commencement of proceedings to foreclose the lien of any mortgage; (iii) the initiation of any power of sale or any similar right; (iv) the initiation of bankruptcy or other insolvency proceedings; (v) a request for appointment of a receiver; (vi) the initiation of any remedies with respect to rents or other revenues payable with respect to the Project Facilities; (vii) the acceptance of a deed in lieu of foreclosure; (viii) the exercise of any other right or remedy upon default; or (ix) the redemption of any of the Bonds (other than pursuant to a scheduled redemption, which shall include, without limitation, scheduled redemptions pursuant to Section 3.4(b)(iii) and (viii) and 3.4(c) hereof).

“Rents” shall have the meaning assigned to such term in the Mortgage.

“Repayments” means all payments of principal and interest on the Loan required to be paid by the Borrower to the Trustee, as the assignee of the Issuer pursuant to the Loan Agreement.

“Replacement Reserve Agreement” shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

“Replacement Reserve Fund” means the fund of that name created pursuant to Section 4.1(a) hereof, into which funds will be deposited following Stabilization.

“Required Equity Funds” means \$[15,089,000], comprised of six (6) separate installments of equity contributions to be made to the Borrower by the Investor Limited Partner, subject to and in accordance with the terms of the Partnership Agreement.

“Requisition” shall have the meaning ascribed to such term in the Reimbursement Agreement.

“Reserved Rights” means the rights of the Issuer pursuant to Sections 2.2(c), 2.5, 4.2, 6.7(a), 6.9(b), 6.10, 6.18, 9.5, 9.12 and 9.13 of the Loan Agreement and the rights of the Issuer pursuant to other sections of the Loan Agreement providing that notices, reports and other statements be given to the Issuer.

“Sale” means the direct or indirect sale, agreement to sell, assignment, transfer, conveyance, hypothecation, lien, mortgage, grant of a security interest in or a deed to secure debt or deed of trust with respect to, encumbrance, lease, sublease or other disposition of the Project Facilities, or any part thereof or interest therein whether voluntary, involuntary, by operation of law or otherwise, other than (i) the leasing of individual residential units to tenants, (ii) the extension, amendment, renewal or replacement of commercial leases currently in effect, and (iii) the grant of easements for utilities and similar purposes in the ordinary course provided, such easements do not impair the use of the Project Facilities or diminish the value of the Project Facilities. **“Sale”** shall also include the direct or indirect sale, transfer, assignment, pledge, hypothecation or conveyance of legal or beneficial ownership of (a) equity ownership interests in the Borrower, (b) a controlling interest in the aggregate, at any time or times, of the equity ownership interests in the General Partner, or (c) the substitution of a new General Partner in the Borrower without the Controlling Person’s and the Majority Owner Representative’s written consent, which it may withhold in its sole discretion; provided, however, that **“Sale”** shall not include a Permitted Transfer.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., its successors and assigns and, if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **“S&P”** shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by notice to the Borrower, the Issuer and the Trustee.

“Secondary Market Transaction” shall have the meaning given to such term in Section 9.12(a) of the Loan Agreement.

“Securities” shall have the meaning given to such term in Section 9.12(a) of the Loan Agreement.

“Securities Depository” shall mean The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

“Securities Depository Nominee” means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

“Security” shall have the meaning given to such term in the Granting Clauses of this Indenture.

“Security Interest” or **“Security Interests”** means the security interests created herein and shall have the meanings set forth in the U.C.C.

“Stabilization” means the point at which (i) the Improvements have been ninety percent (90%) occupied by credit-worthy qualified tenants meeting the requirements of the Bond

Documents in each of the prior three (3) consecutive months; (ii) the ratio of Stabilized NOI in each of the prior three (3) consecutive months to maximum principal, interest, Issuer fees and Trustee fees payable in any month [other than the month in which the Maturity Date occurs] on the amount of Bonds Outstanding equals or exceeds 1.20 to 1.0; (iii) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be then continuing under the Bond Documents; (iv) the Project Facilities shall have achieved Final Completion; and (v) the Borrower shall have deposited an amount equal to \$1,048,497, or such other amount as approved by the Majority Owner Representative, in the Operating Reserve Fund; all as determined or approved by the Majority Owner.

“Stabilization Date” means April 1, 2019 as the same may be extended pursuant to the terms of the Intercreditor Agreement.

“Stabilized NOI” means, for any period, (x) Effective Gross Revenues for such period less (y) Expenses for such period, as determined or approved by the Majority Owner Representative.

“State” means the State of Florida.

“Subordinate Debt” means that certain loan in the amount of \$3,360,000 from the Subordinate Lender to the Borrower, evidenced and secured by the Subordinate Debt Documents.

“Subordinate Debt Documents” means all documents evidencing or securing the Subordinate Debt or otherwise executed and delivered by the Borrower in connection therewith or as a condition of the advance of the proceeds thereof, together with a subordination agreement executed by lender of such Subordinate Debt, all in form and substance acceptable to the Majority Owner Representative and the Controlling Person.

“Subordinate Lender” means the Palm Beach County Housing Authority.

“Subordination Agreement” means that certain Subordination Agreement dated on or about the Issue Date among the Issuer, the Trustee, the Borrower and Subordinate Lender, as may be amended, modified or supplemented from time to time.

“Substantial User” means, with respect to any “facilities” (as the term “facilities” is used in Section 144(a) of the Code), a “substantial user” of such “facilities” within the meaning of Section 147(a) of the Code.

“Surplus Bond Proceeds” means all moneys and any unliquidated investments remaining in the Bond Proceeds Account of the Project Fund upon Final Completion and after payment in full of the Project Costs (except for proceeds of the Bonds being retained to pay for Project Costs not then due and payable for which the Trustee shall have retained amounts pursuant to the Reimbursement Agreement).

“Surplus Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Tax and Insurance Escrow Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Tax Certificate” means, collectively, the [Certificate as to No-Arbitrage] dated the Issue Date from the Issuer, the Arbitrage Rebate Agreement dated as of February 1, 2017 among the Issuer, the Trustee and the Borrower and the Borrower’s Proceeds Certificate dated the Issue Date from the Borrower.

“Third Party Costs” means the ongoing fees of the Issuer, the Trustee the Rebate Analysts or any other third party in connection with the Bonds.

“Title Company” means Old Republic National Title Insurance Company.

“Title Policy” means the mortgagee’s title insurance policy relating to the Project Facilities issued by the Title Company to the Trustee, effective on the date of recording of the Mortgage, as the same may be subsequently down-dated or endorsed from time to time, with the approval of the Controlling Person and the Majority Owner Representative.

“Trustee” shall have the meaning given to such term in the first paragraph of this Indenture.

“Trustee Fees” means the Trustee's initial fee of \$1,750.00 plus the fees of its counsel, payable on the Closing Date, together with the annual administrative fees and expenses of the Trustee in an amount equal to \$4,500.00 per year payable in advance semi-annually commencing on the Closing Date and thereafter in advance each April 1 and October 1; together with Trustee Counsel fee of \$5,000.00 plus an out of pocket fee to attend the closing and related expenses billed at cost; each as such fees may be adjusted by the Trustee with the consent of the Controlling Person.

“Trustee/Service Environmental Indemnity” shall have the meaning ascribed to such term in Section 3.1 of the Loan Agreement.

“U.C.C.” means the Uniform Commercial Code of the State as now in effect or hereafter amended.

“Unacceptable Letter of Credit Issuer Downgrade” shall have the meaning given to such term in Section 2.17 of this Indenture.

“Underwriter” shall mean, with respect to the initial sale and delivery of the Bonds, RBC Capital Markets, LLC.

“Underwriter Group” shall have the meaning given to such term in Section 9.12 of the Loan Agreement.

“**Work**” means the items of construction and renovation of the Improvements required to be performed under the Plans and Specifications for the Improvements.

Section 1.2. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) All terms defined in the Loan Agreement and not defined herein shall have the meaning given to such terms in the Loan Agreement.

(b) Words importing the singular number shall include the plural number and vice versa.

(c) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(e) All references in this Indenture to particular Articles or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

ARTICLE II

SOURCE OF PAYMENTS, GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 2.1. Ratably Secured. All Bonds issued hereunder are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 2.2. Security. The Bonds and the interest and any premium thereon shall be limited obligations of the Issuer as provided in Section 10.9 hereof, and shall be secured by and payable from the Security pledged and assigned to the Trustee by the Issuer pursuant to the Granting Clauses hereof and by the Construction Credit Facility.

Section 2.3. Payment of Bonds and Performance of Covenants. The Issuer shall promptly pay, but only out of the Security, the principal of, premium, if any, and interest on the Bonds at the place, on the dates and in the manner provided in the Bonds. The Issuer shall

promptly perform and observe all covenants, undertakings and obligations set forth herein, in the Bonds or in the other Bond Documents to which the Issuer is a party on its part to be performed or observed. The Issuer shall fully cooperate with the Trustee in the enforcement by the Trustee of any such rights granted to the Issuer under the Loan Agreement and the other Bond Documents to which the Issuer is a party.

Section 2.4. Execution; Limited Obligation.

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Executive of the Issuer. In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

(b) The Bonds shall be limited obligations of the Issuer. The Bonds and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the Issuer, the State or any political subdivision or agency thereof within the meaning of any State constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the State or any such political subdivision or agency. The Bonds and the interest thereon are payable solely from and secured by the Security, all as described in and subject to limitations set forth in this Indenture, for the equal and ratable benefit of the Holders, from time to time, of the Bonds.

Section 2.5. Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form as set forth in the form of Bond referred to in Section 2.6 hereof, executed by an authorized representative of the Trustee and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

Section 2.6. Form of Bonds.

(a) The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the form set forth as Exhibit A hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officer of the Issuer executing such Bonds, as evidenced by such officers execution of the Bonds.

(b) Bonds shall be in either typewritten or printed form, as the Borrower shall direct, on behalf of the Issuer, with approval of the Trustee. Any expenses, including but

not limited to expenses of printing, incurred in connection with the preparation of the form of the Bonds shall be paid by the Borrower.

Section 2.7. Delivery of Bonds.

(a) Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them through the Securities Depository in the manner described in Section 2.11(a) hereof to the Underwriter.

(b) Prior to the delivery by the Trustee of the Bonds, there shall be filed with the Trustee:

(i) A certified copy of all resolutions adopted and proceedings had by the Issuer authorizing execution of this Indenture, the Loan Agreement and the other Bond Documents to which the Issuer is a party and the issuance of the Bonds; and

(ii) An original executed counterpart of the Bond Documents (and with respect to the Note, endorsed without recourse by the Issuer to the Trustee); and

(iii) The Construction Credit Facility and a Letter of Credit Opinion Letter; and

(iv) Copies of any Financing Statements required to be filed to perfect the security interests in the Security or under Section 3.2 of the Loan Agreement; and

(v) A copy of completed IRS Form 8038 to be filed by or on behalf of the Issuer pursuant to Section 149(e) of the Code; and

(vi) An original executed counterpart of the Tax Certificate; and

(vii) An Opinion of Bond Counsel or counsel to the Issuer to the effect that this Indenture, the Loan Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer; and

(viii) An approving Opinion of Bond Counsel that the Bonds have been duly authorized and validly issued, that this Indenture creates a valid lien on the Security, that interest on the Bonds will be excludable from gross income of the Holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, that the Bonds are not required to be registered under the Securities Act of 1933, as amended, and that the Trust Indenture need not be qualified under the Trust Indenture Act of 1939, as amended; and

(ix) An opinion of Counsel for the Borrower to the effect that the Continuing Disclosure Agreement and the Bond Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower and such other opinions as are required by the Purchase Agreement or reasonably requested by the Controlling Person or the Majority Owner Representative; and

(x) A pro forma title insurance policy reasonably acceptable to the Controlling Person and the Majority Owner Representative; and

(xi) Reliance letters for, or address of the opinions to, the Majority Owner and Majority Owner Representative of each of the opinions filed with the Trustee; and

(xii) The Investor Letter signed by the Underwriter and by the Majority Owner; and

(xiii) Such other documents as may be required by the Issuer, Trustee, Bond Counsel, Majority Owner Representative or Controlling Person.

(c) Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bond as provided in the written instructions of the Issuer to the Trustee.

Section 2.8. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section.

Section 2.9. Exchangeability and Transfer of Bonds; Persons Treated as Owners.

(a) The Register and all other records relating to the registration of the Bonds and for the registration of transfer of the Bonds as provided herein shall be kept by the Trustee.

(b) Any Holder or Beneficial Owner of a Bond, in person or by his/her duly authorized attorney, may transfer title to his/her Bond, but only in whole and only in an Authorized Denomination and only to a Qualified Transferee, on the Register upon surrender thereof at the principal office of the Trustee, by providing the Trustee with a written instrument of transfer (in substantially the form of assignment attached to the Bond) and an Investor Letter

executed by the Holder or Beneficial Owner or such Holder's or Beneficial Owner's attorney, duly authorized in writing, together with an Investor Letter from the transferee, and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same aggregate principal amount and tenor as the Bond surrendered (or for which transfer of registration has been effected) and of an Authorized Denomination. For purposes hereof, a "Qualified Transferee" shall mean a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act.

(c) Bonds may be exchanged upon surrender thereof at the principal office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

(d) Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Issuer shall be paid by the Borrower.

(e) The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or his/her duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(f) All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

(g) Notwithstanding the foregoing for so long as the Bonds are held under the Book Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository, as more fully described in Section 2.11 hereof.

Section 2.10. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders

thereof, payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his/her part on, or with respect to, said Bond, or portion thereof.

Section 2.11. Book Entry System.

(a) On the date of issuance and delivery of the Bonds, one Bond in the aggregate principal amount of the Bonds and registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository and held in its custody. The Book Entry System will be maintained by the Securities Depository and the DTC Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in an Authorized Denomination, with registration of transfers of ownership effected on the records of the Securities Depository, the DTC Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the DTC Participants and the Indirect Participants. The principal of and interest on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Register as the registered Holder of such Bond or his/her registered assigns or legal representative at the principal office of the Trustee. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Bonds for all purposes. Transfer of principal and interest payments or notices to DTC Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfer of principal and interest payments or notices to Beneficial Owners will be the responsibility of the DTC Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the DTC Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the Register maintained by the Trustee or by such other method of payment as the Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

(b) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds, or (ii) the Borrower, on behalf of the Issuer, with the consent of the Trustee, elects to remove the Securities Depository, then the Borrower, on behalf of the Issuer, with the consent of the Trustee, may appoint a new Securities Depository.

(c) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds or has been removed and the Borrower fails to appoint a new Securities Depository, (ii) the Borrower, with the consent of the Majority Owner Representative,

determines that continuation of a Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Beneficial Owners, or (iii) 100% of the Bondholder so elect the Book-Entry System will be discontinued, in which case the Trustee will deliver replacement Bonds in the form of fully registered certificates in an Authorized Denomination in exchange for the Outstanding Bonds as required by the Trustee and the Beneficial Owners.

Section 2.12. Authority. The Issuer represents and warrants that (i) it is duly authorized under the laws of the State to issue the Bonds, and to execute, deliver and perform the terms of the Loan Agreement and this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of the Bond Documents to which it is a party has been duly taken; (iii) the Bonds, upon issuance and authentication, and the Bond Documents to which it is a party upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of the Security; (v) it has not received any payments under the Loan Agreement; (vi) without making any independent investigation, it has no knowledge of any right of set-off, defense or counterclaim to payment or performance of the terms or conditions of the Loan Agreement; and (vii) the execution, delivery and performance of the Bond Documents to which it is a party and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound and no other approval, consent or notice from any governmental agency is required on the part of the Issuer.

Section 2.13. No Litigation. The Issuer represents and warrants that it has not been served with any action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body, nor, to the best knowledge of the Issuer, is any such action threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, this Indenture or the other Bond Documents to which the Issuer is a party, or (ii) the exclusion from gross income of interest on the Bonds.

Section 2.14. Further Assurances. The Issuer covenants that it will cooperate to the extent necessary with the Borrower and the Trustee in their defenses of the Security against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging of the Security. Except for any amendment, modification, supplement, waiver or consent related to the Reserved Rights, the Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with

respect to the Loan Agreement without the prior written consent of the Trustee, which consent shall be governed by Article VIII hereof.

Section 2.15. No Other Encumbrances; No Dissolution. The Issuer covenants that, (i) except as otherwise provided herein and in the Loan Agreement, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Security, and (ii) to the fullest extent permitted by applicable law, for so long as the Bonds are Outstanding, it will not dissolve, terminate or permit itself to be dissolved or terminated without a successor to its obligations hereunder and under the Bonds having assumed its obligations hereunder and under the Bonds, or such obligations are assumed by another Person by operation of law.

Section 2.16. No Personal Liability. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bonds or the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such trustee, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 2.17. Construction Credit Facility.

(a) On the date of issuance and delivery of the Bonds, the Construction Credit Facility shall be delivered to the Trustee and a Construction Credit Facility shall be maintained at all times prior to the point at which the Project Facilities achieve Stabilization, as determined by the Majority Owner Representative. The Construction Credit Facility delivered to the Trustee under this Indenture shall:

(i) meet the Majority Owner Representative's requirements for letters of credit;

(ii) have an initial term expiring not less than sixty (60) days following the Stabilization Date, with any amendment, replacement or confirming letter of credit having a term acceptable to the Majority Owner Representative; and

(iii) be in a stated amount equal to (A) the Outstanding principal amount of the Bonds plus (B) thirty-five (35) days of interest accrued thereon at the Bond Coupon Rate, computed on the same basis as interest on the Bonds.

(b) The issuer of any Construction Credit Facility must be approved by the Majority Owner Representative not more than ten (10) Business Days prior to the delivery of the Construction Credit Facility (including any confirming or replacement letter of credit).

(c) The delivery of the Construction Credit Facility (and, if requested in connection with any amendment to or replacement thereof, or any confirming letter of credit) shall be accompanied by the delivery of a Letter of Credit Opinion Letter.

(d) Throughout the term of the Construction Credit Facility, the Bank must not receive a credit rating downgrade (or downgrades) by Moody's and S&P that results in the rating of its long term senior unsecured debt (or, if the Bank's long-term senior unsecured debt is not rated by Moody's and S&P, its long-term bank deposits) being reduced below A3 (Moody's) and A- (S&P), or have such rating be suspended or withdrawn by Moody's and S&P (any such event, an "Unacceptable Letter of Credit Issuer Downgrade"). The Trustee shall give the Majority Owner Representative and the Borrower prompt written notice if and at such time as the Trustee becomes aware of an Unacceptable Letter of Credit Issuer Downgrade. The Bank shall, within ninety (90) days following an Unacceptable Letter of Credit Issuer Downgrade, deliver, or cause to be delivered, either a replacement letter of credit and/or a confirming letter of credit to the Trustee in exchange for, or in confirmation of, the then-outstanding Construction Credit Facility, in either case issued by an institution approved by the Majority Owner Representative, which approval shall not be unreasonably withheld, conditioned or delayed, together with an accompanying current Letter of Credit Opinion Letter.

(e) Upon the written direction of the Majority Owner Representative, the Trustee shall draw upon the Construction Credit Facility, in an amount equal to the Outstanding principal amount of the Bonds plus interest accrued thereon to the date of such drawing, upon the occurrence of the following:

(i) the failure to pay the principal or redemption price of or interest on the Bonds as and when the same becomes due and payable (subject to the cure rights afforded to the Bank under the Intercreditor Agreement); or

(ii) the failure by the Bank to deliver a replacement or confirming letter of credit within the time frame and otherwise in compliance with the provisions of clause (d) above if the Bank has suffered an Unacceptable Letter of Credit Issuer Downgrade; or

(iii) the failure of the Project Facilities to achieve Final Completion on or before the Completion Date;

(iv) the failure of the Project Facilities to achieve Stabilization on or before the Stabilization Date; or

(v) failure of the Bank to cure any other Event of Default (as defined in the Indenture) upon the earlier to occur of: (i) the expiration of the cure period set forth in Section 10(b) of the Intercreditor Agreement and (ii) ten (10) days prior to the expiration date of the Letter of Credit [Under review by bank].

(f) The Trustee shall deposit the proceeds of any drawing on the Construction Credit Facility pursuant to clause (e)(ii) above into the Construction Credit Facility Proceeds Account of the Project Fund for application pursuant to Section 4.3(e) hereof. In all other cases, the Trustee shall deliver the proceeds of the drawing upon the Construction Credit Facility to the Holders of the Bonds in an amount equal to the Purchase Price in exchange for their presentation of the Bonds to the Trustee for purchase, whereupon the Trustee shall register the Bonds in the name of the Bank or its designee or cancel the Bonds, as shall be directed by the Bank in writing to the Trustee.

(g) The Construction Credit Facility shall be released to the Bank upon the earlier to occur of (i) its expiration or termination without having been drawn, or (ii) the written direction of the Majority Owner Representative to the Trustee to release the Construction Credit Facility.

ARTICLE III

THE INTEREST RATE, PAYMENT AND REDEMPTION OF BONDS

Section 3.1. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued and Outstanding hereunder is expressly limited to \$18,500,000. The Bonds shall be designated Housing Finance Authority of Palm Beach County, Florida, Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017." The form of Bonds attached as Exhibit A to this Indenture shall be the form of Bonds referred to herein.

Section 3.2. Issuance of Bonds.

(a) The Bonds shall bear interest on the amount outstanding from the Issue Date until paid or exchanged, as applicable, at the rate set forth in Section 3.3 hereof computed on the basis set forth in the form of the Bonds, and the Bonds shall mature, unless sooner paid, on the Maturity Date, on which date all unpaid principal of and interest on the Bonds shall be due and payable.

(b) The Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations only. The Bonds shall be numbered from R-1 upwards bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Trustee.

(c) The Bonds shall be dated the Issue Date and initially issued as provided herein and in the written instructions from the Issuer. Interest on the Bonds shall be computed

from the most recent Interest Payment Date to which interest has been paid or duly provided for or if no interest has been paid or provided for, from the Issue Date. The Bonds shall mature on the Maturity Date, on which date all unpaid principal of and interest on the Bonds shall be due and payable. The Bonds are subject to mandatory sinking fund redemption as provided in Section 3.4(c) hereof.

(d) The principal of and the interest on the Bonds shall be payable in lawful currency of the United States. The principal of the Bonds shall be payable at the principal office of the Trustee upon presentation and surrender of the Bonds; provided, however, that Bonds need not be presented for payment upon redemption pursuant to Section 3.4(c) of this Indenture. Payments of interest on the Bonds will be mailed to the persons in whose names the Bonds are registered on the Register at the close of business on the Record Date next preceding each Interest Payment Date; provided that, any Holder of a Bond or Bonds in an aggregate principal amount of not less than \$250,000 may, by prior written instructions filed with the Trustee (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments be made by wire transfer to an account in the continental United States or other means acceptable to the Trustee.

Section 3.3. Interest Rate on Bonds. The Bonds shall bear interest on the amount outstanding at the Bond Coupon Rate from the Issue Date to the date of payment in full of the Bonds, calculated in the manner set forth in the form of the Bonds. Interest accrued on the Bonds shall be paid on each Interest Payment Date and on the Maturity Date and any date of redemption prior to the Maturity Date; provided however, that in the event that principal of or interest payable on the Bonds is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate, as more fully set forth in Section 6.8 hereof.

Section 3.4. Redemption of Bonds.

(a) Optional Redemption of Bonds. The Bonds are subject to optional redemption in whole but not in part, at the direction of the Borrower upon not less than forty-five (45) days written notice to the Trustee and the Controlling Person (which notice shall be unconditional and irrevocable), on any Interest Payment Date occurring on or after April 1, 2034, and confirmation that the Bonds satisfy the 50% test pursuant to Section 42(h)(4)(B) of the Code, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to, but not including, the redemption date.

(b) Mandatory Redemption of Bonds.

(i) The Bonds are subject to mandatory redemption from, and to the extent of, amounts on deposit in the Surplus Fund (subject to Section 4.4 hereof) on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture, following the deposit of Surplus Bond Proceeds in the Surplus Fund at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(ii) The Bonds are subject to mandatory redemption in whole or in part on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project Facilities are deposited in the Project Fund and are not to be used to repair or restore the Project Facilities at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(iii) The Bonds are subject to mandatory redemption in part on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture, in the amount as specified by the Majority Owner Representative to the Trustee necessary to cause the Project Facilities to meet the requirements of clause (ii) of the definition of "Stabilization," if the Project Facilities have not achieved Stabilization by the Stabilization Date at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(iv) The Bonds are subject to extraordinary mandatory redemption in whole or in part, at the direction of the Controlling Person to the Trustee and the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture following receipt by the Trustee of the direction of the Controlling Person, within one hundred eighty (180) days of the occurrence of any of the following events:

(1) the Project Facilities shall have been damaged or destroyed to such an extent that in the judgment of the Controlling Person (A) it cannot reasonably be restored within a period of three (3) consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Borrower is thereby prevented from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months, or (C) it would not be economically feasible for the Borrower to replace, repair, rebuild or restore the same;

(2) title in and to, or the temporary use of, all or substantially all of the Project Facilities shall have been taken under the exercise of the power of eminent domain by any Governmental Authority or any Person acting under Governmental Authority (including such a taking as, in the judgment of the Controlling Person, results in the Borrower being prevented thereby from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months);

(3) as a result of any changes in the Constitution of the State, or the Constitution of the United States of America or by legislative or administrative action (whether state or federal) or by final decree,

judgment, decision or order of any court or administrative body (whether state or federal), any material provisions of the Loan Agreement or the Bond Documents in the judgment of the Controlling Person shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein;

(4) unreasonable burdens or excessive liabilities shall have been imposed on the Borrower with respect to the operations of the Project Facilities, including, without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Indenture that, in the judgment of the Controlling Person, render the continued operation of the Project Facilities uneconomical;

(5) changes which the Borrower cannot reasonably control or overcome in the economic availability of materials, supplies, labor, equipment and other properties and things necessary for the efficient operation of the Project Facilities for the purposes contemplated by the Loan Agreement shall have occurred or technological changes that the Borrower cannot reasonably overcome shall have occurred that, in the judgment of the Controlling Person, render the continued operation of the Project Facilities uneconomical;

(6) legal curtailment of the Borrower's use and occupancy of all or substantially all of the Project Facilities for any reason other than that set forth in (ii) above, which curtailment shall, in the judgment of the Controlling Person, prevent the Borrower from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months; or

(7) the Loan Agreement is terminated prior to its expiration for any reason, including the occurrence of an Event of Default under the Loan Agreement.

(v) The Bonds are subject to mandatory redemption in whole at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if mandatory redemption on account of a Determination of Taxability of less than all the Bonds would result, in the opinion of Bond Counsel, in the interest on the Bonds Outstanding following such mandatory redemption being excludable from the gross income of the Holders of such Bonds Outstanding, then the Bonds are subject to mandatory redemption upon the

occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

(vi) The Bonds are subject to mandatory redemption in whole on any Interest Payment Date specified by the Controlling Person on or after April 1, 2034, if the Controlling Person directs redemption by providing notice to the Borrower, the Trustee and the Issuer at least one hundred eighty (180) days prior to the Interest Payment Date specified in such notice on which the Bonds are to be redeemed at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to, but not including, the redemption date. The direction of the Controlling Person to redeem the Bonds shall be irrevocable and shall be binding on the Holders of all of the Bonds and on any transferee(s) of such Holders.

(vii) The Bonds are subject to mandatory redemption in whole on any Interest Payment Date specified by the Bank upon written notice to the Trustee that there shall have occurred and be continuing an Event of Default under the Reimbursement Agreement at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(c) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption in part on each Principal Payment Date, from amounts paid by the Borrower to the Trustee for deposit into the Redemption Fund pursuant to Sections 2.3(d) and 8.3 of the Loan Agreement (in the amount set forth on Schedule 3 of the Loan Agreement), at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(d) Selection of Bonds to be Redeemed. If less than all the Outstanding Bonds shall be called for redemption, the Trustee or, if the Bonds are held in the Book Entry System, the Securities Depository shall select that portion of the Bond to be redeemed and that portion thereof remaining Outstanding shall be an Authorized Denomination. If the Bonds are hold in the Book Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in said system the partial redemption and the Trustee shall (i) either exchange the Bond or Bonds held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Bond is presented to the Trustee by the Securities Depository, or (ii) obtain from the Securities Depository a written confirmation of the reduction in the principal amount of the Bonds held by such Securities Depository.

(e) Partial Redemption of Bonds; Reamortization. In case part but not all of the Bonds shall be selected for redemption, upon presentation and surrender at the operations office of the Trustee of such Bonds by the Holder thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of like tenor; provided, however, such surrender of the Bond shall not be required for payment of the redemption price

pursuant to Section 3.4(c) hereof. The Bond so presented and surrendered shall be canceled in accordance with this Indenture. In the event of a partial redemption of the Bond other than pursuant to Section 3.4(c), the mandatory sinking fund schedule set forth on Schedule 3 of the Loan Agreement shall be adjusted to provide for level debt service in respect of the Bond remaining Outstanding after such partial redemption, on the basis of number of months remaining in the original 420 month amortization schedule. The Controlling Person shall provide the Trustee and the Borrower with a new Schedule 3 reflecting such adjustment promptly following any such partial redemption.

(f) Redemption Price. Other than as described in Section 6.8 hereof, any redemption of Bonds shall be at a redemption price equal to 100% of the principal amount of Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, without premium, penalty or charge.

(g) Right of Borrower to Purchase Bonds. Subject to delivery of a Favorable Opinion of Bond Counsel, provided that such opinion shall not be required if the Bonds are held by a Substantial User or Related Person to a Substantial User, the Borrower shall have the option, by written notice to the Trustee and the Controlling Person given not less than five (5) Business Days (forty-five (45) days in case of a redemption pursuant to Section 3.4(b)(vi) hereof), in advance of such redemption date, to cause purchase of the Bonds in lieu of redemption on the redemption date. The purchase price of the Bonds so purchased in lieu of redemption shall be equal to the redemption price thereof, and shall be payable on the redemption date. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower.

(h) Right of Bank to Purchase Bonds. In the case of a redemption pursuant to Section 3.4(b)(vii) hereof, the Bank shall have the option, but not the obligation, by written notice to the Trustee and the Majority Owner Representative given not less than three (3) Business Days in advance of such redemption date, to cause a purchase of the Bonds in lieu of redemption on the redemption date. The purchase price of the Bonds so purchased in lieu of redemption shall be equal to the redemption price thereof, and shall be payable on the redemption date. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Bank. Nothing in this subsection shall diminish or negatively impact such other remedies of the Bank pursuant to the Reimbursement Documents or the Bond Documents.

Section 3.5. Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first-class mail, postage prepaid, at least thirty (30) days before the redemption date to each Holder of the Bonds to be redeemed in whole or in part at his/her last address appearing on the Register, with a copy to the Bank (if the Construction Credit Facility is outstanding) and the Majority Owner Representative, but no defect in or failure to give such notice of redemption to any person shall affect the validity of the redemption as to any other person; provided, however, that no notice of redemption shall be required for mandatory sinking fund redemption pursuant to Section 3.4(c) hereof and notice of redemption pursuant to Section 3.4(b)(vii) shall be given at least ten (10) Business Days before the redemption date. All Bonds

properly called for redemption will cease to bear interest on the date fixed for redemption, and, thereafter, the Holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond for any portion not redeemed. Notwithstanding the foregoing, with respect to any Bonds held under the Book Entry System, notices of redemption shall be provided in accordance with the rules and procedures established by the Securities Depository, as more fully described in Section 2.11 hereof.

ARTICLE IV

FUNDS

Section 4.1. Establishment of Funds and Accounts; Applications of Proceeds of the Bonds and Other Amounts.

(a) The following are hereby created and established as special trust funds; provided however, the Trustee shall be required to open and maintain, from time to time, only those accounts to be held by the Trustee and which hold deposited funds:

- (i) the Project Fund, consisting of:
 - (A) the Bond Proceeds Account;
 - (B) the Costs of Issuance Account (containing a Bond Proceeds Subaccount and an Equity Subaccount);
 - (C) the Equity Account;
 - (D) the Capitalized Interest Account;
 - (E) the Insurance and Condemnation Proceeds Account; and
 - (F) the Construction Credit Facility Proceeds Account;
- (ii) the Replacement Reserve Fund;
- (iii) the Tax and Insurance Escrow Fund;
- (iv) the Rebate Fund;
- (v) the Bond Fund;
- (vi) the Surplus Fund;
- (vii) the Redemption Fund;

(viii) the Operating Reserve Fund.

(b) All of the Accounts created by subsection (a) of this Section shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) The proceeds of the sale of the Bonds (\$18,500,000), and the initial installment of Required Equity Funds (\$3,017,800) shall be applied as follows:

(i) \$[_____], representing a portion of the proceeds of the sale of the Bonds, shall be deposited in the Bond Proceeds Account of the Project Fund;

(ii) \$[_____], representing a portion of the proceeds of the sale of the Bonds, and a portion of the initial installment of Required Equity Funds in the amount of \$_____, shall be deposited in the Capitalized Interest Account of the Project Fund;]

(iii) \$[_____], representing a portion of the proceeds of the sale of the Bonds in the amount of \$_____, shall be deposited into the Bond Proceeds Subaccount of the Costs of Issuance Account of the Project Fund and \$_____, representing a portion of the initial installment of Required Equity Funds in the amount of \$_____, shall be deposited in the Equity Subaccount of the Costs of Issuance Account of the Project Fund;

(iv) \$[_____], representing the balance of the initial installment of Required Equity Funds, shall be deposited in the Equity Account of the Project Fund.

Section 4.2. Bond Fund.

(a) There is hereby separately created and established with the Trustee the Bond Fund. There shall be deposited in the Bond Fund (a) all Repayments specified in the Loan Agreement to be deposited in the Bond Fund, including all proceeds resulting from the enforcement of the Security or its realization as collateral, and (b) all other moneys received by the Trustee under the Loan Agreement for deposit by it in the Bond Fund.

(b) Moneys in the Bond Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the interest on the Bonds, for the payment of principal of the Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption prior to the Maturity Date, and for the payment of the acceleration premium set forth in Section 2.3(c) of the Loan Agreement.

(c) After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and upon payment of any amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Bond Fund shall be paid to the Borrower.

Section 4.3. Project Fund.

(a) The Trustee shall deposit all amounts specified in Section 4.1 hereof into the specified accounts and subaccounts of the Project Fund. The Trustee will receive and deposit into the Equity Account amounts received as future installments of Required Equity Funds from the Investor Limited Partner [and the General Partner], in accordance with the provisions of the Partnership Agreement and the Reimbursement Agreement. The Trustee shall deposit all proceeds of any drawing on the Construction Credit Facility pursuant to Section 2.17(e)(ii) into the Construction Credit Facility Proceeds Account.

(b) The Trustee is hereby authorized and directed to use moneys in the Project Fund for payment or reimbursement of Project Costs (or, in the case of moneys on deposit in the Bond Proceeds Account of the Project Fund, at least 95% of such funds for payment or reimbursement of Qualified Project Costs) to the Borrower upon the receipt of a fully executed Requisition approved in writing by the Controlling Person, in accordance with the provisions of the Reimbursement Agreement; provided, however, after Final Completion of the Project Facilities, but in no event later than the Stabilization Date, all Surplus Bond Proceeds remaining in the Bond Proceeds Account of the Project Fund shall be transferred to the Surplus Fund. All remaining amounts in the Equity Account and the Subordinate Debt Proceeds Account of the Project Fund upon Stabilization shall be paid to the Borrower upon receipt of the prior written approval of the Controlling Person, which approval shall not be unreasonably withheld or delayed.

(c) The Trustee shall and is hereby authorized to transfer funds from the Capitalized Interest Account to the Bond Fund to pay interest on the Bonds accruing up to and including the Completion Date without submission of any Requisition. With respect to any such transfer, the Trustee shall first transfer amounts from proceeds of the sale of the Bonds. The Trustee shall transfer any Surplus Bond Proceeds remaining in the Capitalized Interest Account after Final Completion of the Project Facilities, but in no event later than the Stabilization Date, to the Surplus Fund.

(d) Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Issue Date and thereafter only to pay costs of issuance pursuant to a closing memorandum attached to a Requisition signed by the Borrower and the Controlling Person identifying the amount to be paid and the payee. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than thirty (30) days following the Issue Date, shall be transferred to the Bond Proceeds Account or Equity Account of the Project Fund, as applicable.

(e) At the written direction of the Majority Owner Representative, upon the occurrence of an event under Section 2.17(e)(i), (iii), or (iv) hereof, the Trustee shall and is hereby authorized to disburse moneys in the Construction Credit Facility Proceeds Account of the Project Fund resulting from a drawing pursuant to Section 2.17(e)(ii) hereof, in an amount sufficient to pay the Outstanding Bonds and all accrued interest thereon or use such funds to pay the redemption price of Bonds pursuant to Section 3.4(b)(iii) hereof. At the written direction of the Majority Owner Representative, upon Stabilization, any amounts remaining on

deposit in the Construction Credit Facility Proceeds Account (after payment of any redemption price of Bonds pursuant to Section 3.4(b)(iii) hereof) shall be paid to or at the direction of the Bank, as applicable.

(f) Moneys representing a Condemnation Award or Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund, and notice of such deposit thereof shall be given by the Trustee to the Controlling Person and the Majority Owner. To the extent there has been a determination pursuant to the Bond Documents to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be expended for such purposes in accordance with the provisions of the Bond Documents. In the event there is a determination pursuant to the Bond Documents not to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Bond Fund and applied to the redemption of Bonds in accordance with Section 3.4 hereof, or (ii) released to the Borrower if the Borrower obtains an Opinion of Bond Counsel that such release will not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes, all in accordance with direction of the Controlling Person to the Trustee and subject to the provisions of the Bond Documents.

(g) Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Project Fund may be disbursed at the direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine.

Section 4.4. Surplus Fund. The Surplus Fund shall receive all Surplus Bond Proceeds transferred thereto in accordance with the provisions of this Indenture. The deposit of Surplus Bond Proceeds in the Surplus Fund shall be, and shall be deemed to be, a joint direction by the Borrower and the Controlling Person to the Trustee to redeem the greatest principal amount of the Bonds possible to be redeemed from such deposit pursuant to Section 3.4(b)(i) hereof on the earliest redemption date on which the Bonds may be redeemed, and on such redemption date (or, if such day is not a Business Day, the immediately preceding Business Day) an amount equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the redemption date shall be transferred from the Surplus Fund to the Bond Fund and used for such redemption. After such transfer, if and to the extent that there are moneys remaining in the Surplus Fund, such moneys in the Surplus Fund shall be transferred to the Bond Fund and shall be used for payment of interest on or principal of the Bonds.

Section 4.5. Use of Certain Additional Funds and Accounts.

(a) **Redemption Fund.**

(i) There shall be deposited in the Redemption Fund (a) all payments specified in Section 8.4 of the Loan Agreement to be deposited in the Redemption Fund, and (b)

all other moneys received by the Trustee under the Loan Agreement or this Indenture for deposit by it in the Redemption Fund. Moneys in the Redemption Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the redemption of Bonds pursuant to Sections 3.4 hereof. On each Principal Payment Date or redemption date and as otherwise required hereunder or at the written direction of the Controlling Person, the Trustee shall transfer such amounts from the Redemption Fund to the Bond Fund and call and redeem Bonds as provided in Section 3.4 hereof. After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and the payment of any amounts owing to the United States pursuant to any rebate requirement and any other amounts owing hereunder, any amounts remaining in the Redemption Fund shall be paid to the Borrower.

(ii) Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Redemption Fund may be disbursed at the direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine.

(b) Tax and Insurance Escrow Fund. There shall be deposited in the Tax and Insurance Escrow Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to Section 8.2 of the Loan Agreement. Moneys in the Tax and Insurance Escrow Fund shall be applied to payment of Impositions and insurance premiums at the direction of the Controlling Person; provided, however, that upon the occurrence and continuation of an Event of Default hereunder, all money and investments held in the Tax and Insurance Escrow Fund may be disbursed at the direction of the Controlling Person to pay costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine. Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Tax and Insurance Escrow Fund shall be paid to the Borrower.

(c) Rebate Fund. The Issuer recognizes that investment of the Bond proceeds will be at the written direction of the Borrower but agrees that it will knowingly commit no act, or omit any action, that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the applicable regulations thereunder. There is hereby established with the Trustee a Rebate Fund. Any provisions in this Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder. The Issuer and the Trustee will observe the covenants contained in the Tax Certificate as if fully set forth herein.

(d) Replacement Reserve Fund. There shall be deposited in the Replacement Reserve Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to the Replacement Reserve Agreement. Moneys in the Replacement Reserve Fund shall be disbursed by the Trustee upon receipt of a written request therefor executed by the Borrower and approved in writing by the Controlling Person, in accordance with the terms of the Replacement Reserve Agreement; provided that, upon the occurrence and continuation of an Event of Default hereunder, all moneys and investments in the Replacement Reserve Fund (other than moneys held to pay costs required to be paid but not yet payable) may be disbursed at the direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine. Upon the payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Replacement Reserve Fund shall be paid to the Borrower as soon as practicable.

(e) [Reserved].

Section 4.6. Records.

(a) The Trustee shall keep, or cause to be kept, and maintained records pertaining to all funds and accounts maintained by the Trustee hereunder and all disbursements therefrom and shall periodically deliver to the Borrower statements of activity and statements indicating the investments made with moneys in all such funds during the applicable period. Upon written request, the Trustee shall provide the Issuer, the Borrower, the Bank or the Majority Owner Representative and the Controlling Person, within a reasonable period of time, with a report stating the principal amount of Bonds outstanding and a list of the registered owners of the Bonds as of the date specified by the Issuer, the Borrower, the Bank or the Majority Owner Representative in its request.

(b) The Trustee shall provide the Borrower and the Controlling Person with a written report, on a monthly basis through the calendar month in which the last obligation of the Bonds is retired, identifying the Permitted Investments in which the moneys held as part of the Accounts were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Borrower and the Controlling Person in its regular monthly investment reports.

Section 4.7. Investment of Funds. Subject to the provisions of Section 4.8 hereof, moneys held as part of all Accounts hereunder shall be invested and reinvested in Permitted Investments as instructed by the Borrower with the prior written consent of the Majority Owner Representative; provided, however, that any moneys held by the Trustee to pay the principal of or interest that has become payable with respect to the Bonds shall not be invested. All Permitted Investments shall be held by or under the control of the Trustee and shall be deemed

at all times to be a part of the fund and account which was used to purchase the same. The Trustee may act as principal or agent in the making or disposing of any investment and may utilize its investment department or that of its affiliate and charge its standard investment handling fees. All interest accruing thereon and any profit realized from Permitted Investments shall be credited to the respective fund or account and any loss resulting from Permitted Investments shall be similarly charged. The Trustee is authorized to cause to be sold and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account hereunder is or will be insufficient to make a requested or required disbursement. The Trustee shall not be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale, so long as the Trustee performs its obligations hereunder in accordance with the terms of this Indenture. Absent specific instructions from the Borrower approved by the Majority Owner Representative to invest cash balances in Permitted Investments hereunder, the Trustee shall invest in Permitted Investments constituting obligations of the U.S. Treasury or its agencies having a term to maturity of not more than thirty (30) days or any money market fund or similar investment fund that purchases and holds exclusively obligations of the United States of America or its agencies that have a term to maturity of not more than thirty (30) days.

Section 4.8. Yield Restriction. Funds in the Surplus Fund in excess of \$100,000, the allowable minor portion, will not be invested at an overall yield in excess of the yield on the Bonds, which has been computed to be not greater than ____% per annum, unless the Borrower, the Trustee and the Majority Owner Representative receive an Opinion of Bond Counsel that the investment of such funds at an overall yield in excess of such amount does not adversely affect the excludability of interest on the Bonds by the Holders thereof for federal income tax purposes.

Section 4.9. Guaranties. Any amounts realized by the Trustee under the Guaranty of Recourse Obligations or the Fee and Environmental Indemnity shall be used or applied or invested as required by such documents, or, in the absence of requirements, by the Trustee as directed in writing by the Controlling Person and the Majority Owner Representative.

ARTICLE V

DISCHARGE OF LIEN

Section 5.1. Discharge of Lien and Security Interest. Upon payment in full of all of the Bonds and all other amounts payable under the Loan Agreement and Bond Documents, these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee shall, upon receipt by the Trustee of a no adverse effect opinion or Bond Counsel and a opinion of counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, (a) cancel and discharge this Indenture and the Security Interests; (b) execute and deliver to the Issuer and the Borrower, at the Borrower's expense, such instruments in writing as shall be required to cancel and discharge this Indenture and the Security Interests and reconvey to the Issuer and the Borrower the

Security, and assign and deliver to the Issuer and the Borrower so much of the Security as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds; and (c) mark as cancelled the Note and satisfy the Mortgage; provided, however, that the cancellation and discharge of this Indenture pursuant to Section 5.3 hereof shall not terminate the powers and rights granted to the Trustee, with respect to the payment, registration of transfer and exchange of the Bonds; provided, further, that the rights of the Issuer and the Trustee to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and discharge of this Indenture pursuant to this Section or Section 5.3 hereof.

Section 5.2. Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 5.1 hereof if:

(a) there shall have been irrevocably deposited in the Bond Fund sufficient money or Government Obligations of such maturities and interest payment dates and bearing such interest as will, in the opinion of a nationally recognized firm of certified public accountants, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient for the payment at their respective maturities or redemption dates prior to maturity of the principal of the Bonds at the earliest redemption date possible under Section 3.4 (and any earlier partial redemption date required herein) and interest to accrue thereon, and redemption premium, if any, through such maturity or redemption dates, as the case may be;

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer and the Trustee, due or to become due;

(c) the Borrower has provided the Trustee with a final Rebate Report specifying the Rebate Amount due at final payment of the Bonds in full whether by reason of redemption or maturity or a certificate from the Rebate Analyst to the effect that no Rebate Amount is due, and if a Rebate Amount is due, deposited with the Trustee the funds necessary to pay the final Rebate Amount; and

(d) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from the Borrower to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

(e) Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the Government Obligations described in this Section 5.2 for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary but subject to section 5.2(a) hereof, all funds deposited with the Trustee as provided in this Section may be

invested and reinvested, at the direction of the Borrower, in Government Obligations (or in a money market fund that invests solely in Government Obligations and is rated no lower than the second highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the second highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

Section 5.3. Discharge of this Indenture. Notwithstanding the fact that the lien of this Indenture upon the Security may have been discharged and cancelled in accordance with Section 5.1 hereof, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Security may have been discharged and cancelled, shall nevertheless continue and subsist after payment in full of the Bonds or the deemed payment in full of the Bonds in accordance with Section 5.2 hereof until the Trustee shall have returned to the Borrower, all funds held by the Trustee which the Borrower is entitled to receive pursuant to this Indenture after all Bonds have been paid at maturity or redeemed. Upon payment in full or defeasance of the Bonds, payment of amounts payable to the United States pursuant to any rebate requirement and payment of all other amounts owing hereunder and under the Loan Agreement, all remaining amounts held by the Trustee shall be paid to the Borrower.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.1. Events of Default. Any one of the following shall constitute an Event of Default hereunder:

(a) Failure to pay interest on any Bond when and as the same shall have become due;

(b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof or by acceleration;

(c) Failure to observe or perform any other of the covenants, agreements or conditions on the part of the Issuer included in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer and the Borrower has been given by the Trustee or by the Controlling Person (with a copy to the Trustee);

(d) The occurrence of an Event of Default under the Loan Agreement or the Reimbursement Agreement or the failure by the Borrower to perform or comply with any of the other terms or conditions contained in any other Bond Documents or the Reimbursement Documents to which the Borrower is a party and continuation of such failure beyond the expiration of any notice, grace or cure period provided in the Loan Agreement, the Reimbursement Agreement, the Bond Documents or the Reimbursement Documents (as applicable); or

(e) If the Bank shall have dishonored a properly presented and conforming draw on the Construction Credit Facility.

Section 6.2. Acceleration.

(a) Upon the direction of the Controlling Person, the Trustee immediately shall, by notice in writing sent to the Issuer, the Borrower, the Majority Owner, the Majority Owner Representative and the Controlling Person, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and interest shall become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately exercise such rights as it may have under the Loan Agreement and the Note to declare all Repayments to be immediately due and payable. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon (including Default Interest, if any) and which will accrue thereon to the date of payment and all unpaid interest on the Bonds on the date of payment, and the acceleration premium described in Section 6.8 (if applicable).

(b) Immediately following any such declaration of acceleration, the Trustee shall cause to be mailed notice of such declaration by first-class mail, postage prepaid, to each Holder of a Bond at his/her last address appearing on the Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

Section 6.3. Other Remedies; Rights of Holders.

(a) Upon the happening and continuance of an Event of Default hereunder, the Trustee may, with the prior written consent of the Controlling Person, and shall upon the direction of the Controlling Person, with or without taking action under Section 6.2 hereof, pursue any available remedy to enforce the performance of or compliance with any Bond Documents. If any one or more of the events described in Section 2.17(e) shall have occurred, the Trustee shall, upon the direction of the Majority Owner Representative, make a drawing upon the Construction Credit Facility and apply the proceeds thereof as set forth in said Section 2.17(f).

(b) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee, the Controlling Person, the Majority Owner Representative, the Majority Owner or the Holders is intended to be exclusive of any other remedy, but each and every such remedy

shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Majority Owner, the Majority Owner Representative, the Controlling Person or to the Holders hereunder or now or hereafter existing.

(c) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(d) No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

(e) The Trustee, as the assignee of substantially all right, title and interest of the Issuer in and to the Loan Agreement and the Note, shall be empowered to enforce each and every right granted to the Issuer under the Loan Agreement and the Note other than Reserved Rights.

Section 6.4. Right of Controlling Person to Direct Proceedings.

(a) Anything in this Indenture to the contrary notwithstanding, but subject to the terms of the Intercreditor Agreement, the Controlling Person shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law, this Indenture and the Intercreditor Agreement.

(b) No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee and the Borrower written notice of an Event of Default, the Controlling Person shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Majority Owner. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act or otherwise to enforce (i) the payment of the principal of, acceleration premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, acceleration premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Section 6.5. Discontinuance of Default Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or

otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Issuer and the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 6.6. Waiver. The Trustee, with the consent of the Controlling Person may, and shall upon the written direction of the Controlling Person (subject to the terms of the Intercreditor Agreement), waive any default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal; provided, however, that there shall be no such waiver or rescission unless all principal of, acceleration premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for. Notwithstanding anything to the contrary, the Investor Limited Partner shall have the right, but not the obligation, to cure any defaults of the Borrower hereunder and under any of the Bond Documents.

Section 6.7. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than moneys held for the redemption of Bonds) of (i) the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee, and (ii) any sums due to the Issuer under the Loan Agreement (other than Repayments), such moneys shall be applied in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

First: To the payment of all installments of interest then due on the Bonds in order of priority first to installments past due for the greatest period and, if the amount available shall not be sufficient to pay in full any particular installment, then to the ratable payment of the amounts due on such installment;

Second: To the payment of the unpaid principal of and acceleration premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such acceleration premium, then to the ratable payment of the amounts due on such date;

Third: To the payment of the amounts required to reimburse the Issuer and the Owners of the Bonds for any legal or other out-of-pocket costs incurred by them in connection with exercising their remedies hereunder; and

Fourth: The balance shall be paid to the Borrower (subject to any required deposits to the Rebate Fund).

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal, acceleration premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due respectively for principal, premium and interest to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to subsection (b) of this Section in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with subsection (a) of this Section.

(d) Notwithstanding anything contained herein to the contrary, the Controlling Person may, with express written consent of the Majority Owner, by written notice to the Trustee direct the application of funds other than in the manner set forth in Section 6.7(a) above, including, without limitation, the application of funds between the principal or acceleration premium of or interest on the Bonds.

(e) Whenever moneys are to be applied pursuant to this Section, the Trustee shall fix the date which shall be not more than seven (7) calendar days after such acceleration upon which such application is to be made and upon such date interest on the principal amount of Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 6.8. Default Interest and Acceleration Premium. In the event that principal or interest payable on the Bonds is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate, to the extent permitted by law. This interest shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full. In the event there shall have occurred an acceleration of the Bonds or the Borrower's obligations under the Loan Agreement following an Event of Default on or before April 1, 2034, any tender of payment of any amount necessary to pay the Bonds in full shall include the acceleration premium set forth in Section 2.3(c) of the Loan Agreement.

ARTICLE VII

THE TRUSTEE

Section 7.1. Appointment of Trustee. The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees. The Trustee may act upon the opinion or advice of Counsel, accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Issuer, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) Except as provided in Section 7.8 hereof, the Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture, of any financing statements or continuation statements, or for insuring the Security or the Project Facilities or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Project Facilities or otherwise as to the maintenance of the Security. The Trustee shall not be liable to the Borrower, any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.7 hereof in good faith as instructed by the Borrower in accordance with the provisions of this Indenture, and with the prior written consent of the Controlling Person, as applicable. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the Borrower of the proceeds of the Bonds advanced to the Borrower as provided in the Loan Agreement.

(d) The Trustee shall be protected in acting upon opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit, letter or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any notices, directions, consents, approvals or requests provided to the Trustee

pursuant to the terms of this Indenture or any of the Bond Documents shall not be effective until provided in writing. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The permissive right of the Trustee to do things enumerated in this Indenture or the Loan Agreement shall not be construed as duties. The Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not be answerable for other than its gross negligence, bad faith or willful misconduct in the performance of those express duties.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to a Project Facilities.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of this Indenture.

(h) Before taking any action requested hereunder by the Holders which may require it to expend its own funds, the Trustee may require satisfactory security or indemnification for the reimbursement of all expenses to which it may be put by reason of any action so taken. The Trustee shall not be entitled to indemnification as a precondition to drawing upon the Construction Credit Facility, giving notices of default or taking other actions at the direction of the Majority Owner or the Controlling Person which do not require the Trustee to expend its own funds or for which funds have been advanced by the Majority Owner or the Controlling Person to the Trustee in advance of its taking such action.

(i) All moneys received by the Trustee, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and the Trustee shall not otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Borrower or the Issuer under the Loan Agreement or this Indenture, and shall not be deemed to have, or be required to take, notice of Default under this Indenture (other than under Section 6.1(a), (b) or (e), or Section 6.1(c) if written notice thereof has been received by the Trustee) or the occurrence of a Determination of Taxability, except (i) in the event the Borrower fails to pay any Repayment when due, (ii) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest payment on the Bonds, (iii) written notification of a Determination of Taxability by the Holder

of any Bonds, (iv) written notification of such Default by the Controlling Person, the Majority Owner or two or more Holders with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, or (v) receipt of an Opinion of Bond Counsel concluding that a Determination of Taxability has occurred, and in the absence of such notice the Trustee may conclusively presume there is no Determination of Taxability and no Default except as aforesaid. The Trustee may nevertheless require the Issuer and the Borrower to furnish information regarding performance of their obligations under the Loan Agreement and this Indenture, but is not obligated to do so.

(k) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(l) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer and the Borrower at all reasonable times. All Bonds shall be made available for authentication, exchange and registration of transfer at the principal office of the Trustee.

(m) The Trustee shall have no duty to inspect or oversee the construction and renovation or completion of the Improvements or to verify the truthfulness or accuracy of the certifications made by the Borrower in any Requisition.

(n) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Bonds under Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(o) No provision of this Indenture, the Loan Agreement or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(p) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part and except as otherwise expressly set forth herein, rely upon a written certificate of the Controlling Person or the Majority Owner.

(q) In the absence of a direction from the Controlling Person, if the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, the directions given by the group of Holders which holds the largest percentage of the principal amount of the Bonds shall be controlling and the Trustee shall follow such directions.

(r) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(s) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Borrower and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Borrower, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(t) The Trustee shall have no responsibility or obligation to DTC Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Bonds, or to any Beneficial Owner of Bonds in respect of the accuracy of any records maintained by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant, the payment by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given under this Indenture, the selection by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by the Securities Depository or the Securities Depository Nominee as Holder.

(u) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section.

Section 7.2. Compensation and Indemnification of Trustee; Trustee's Prior Claim.

(a) The Loan Agreement provides that the Borrower will pay the reasonable fees and expenses of the Trustee under this Indenture and all other amounts which may be payable to the Trustee under this Section, such fees and expenses to be paid when due and

payable by the Borrower directly to the Trustee for their own account. Except as set forth in Section 6.7, the Trustee shall not have a lien on the Security for the payment of its fees or expenses and shall not be entitled to pay its fees and expenses from amounts held in the funds and accounts hereunder.

(b) The Borrower shall (i) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (ii) pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture and the Loan Agreement (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its own gross negligence, willful misconduct or bad faith, and (iii) indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder or under the Loan Agreement, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to its own gross negligence, willful misconduct or bad faith. "Trustee," for purposes of this Section shall include any predecessor Trustee, but the gross negligence, willful misconduct or bad faith of any Trustee, shall not affect the indemnification of any other Person. The obligations of the Borrower under this Section shall survive the termination of this Indenture.

Section 7.3. Intervention in Litigation. In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall intervene if requested in writing by the Controlling Person, the Majority Owner Representative or the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 7.4. Resignation; Successor Trustees.

(a) The Trustee and any successor Trustee may resign only upon giving sixty (60) days prior written notice to the Issuer, the Borrower, the Controlling Person and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the Controlling Person (which consent shall not be unreasonably withheld) and the acceptance of such appointment by the successor Trustee. If no successor is appointed within sixty (60) days after the notice of resignation, the Controlling Person may appoint a Trustee or the resigning Trustee may petition any court of competent jurisdiction to appoint a successor to serve until the Issuer has appointed the successor Trustee. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Security to the successor Trustee and shall transfer the Construction Credit Facility (if one is outstanding) to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the

United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Issuer, the Controlling Person and the Borrower.

(b) Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, reorganization or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder without the execution or filing of any paper of any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor Person in any such merger or consolidation, the Trustee shall give notice of such event to the Issuer and the Borrower and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor Person.

Section 7.5. Removal of Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Majority Owner Representative, the Controlling Person and the Borrower and signed by the Issuer. During such time that an Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed and a substitute trustee appointed by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by the Controlling Person or the Majority Owner Representative, with notice to the Borrower, so long as the substitute trustee has been approved by Issuer. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the Controlling Person and the Majority Owner Representative (which consents shall not be unreasonably withheld) and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Security in the same manner as provided in Section 7.4 hereof.

Section 7.6. Instruments of Holders.

(a) Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof; and

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

(b) The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in clauses (a) (i) or (ii) above that the original such instrument is no longer reliable. In the absence of direction from the Controlling Person, if the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, the directions given by the group of Holders which holds the largest percentage of the principal amount of the Bonds shall be controlling and the Trustee shall follow such directions.

Section 7.7. Power to Appoint Co-Trustees.

(a) At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Project Facilities may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee and the Borrower either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Project Facilities, or to act as separate trustee or separate co-trustees of all or any part of the Project Facilities, and to vest in such person or persons, in such capacity, such title to the Project Facilities or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

(b) Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

(c) The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

(d) If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee and the Borrower shall have the power to make such appointment.

(e) The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

(f) Every co-trustee or separate trustee appointed pursuant to this Section 7.7, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(i) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(iv) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer, may accept the resignation of any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(vi) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(vii) Any moneys, paper, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(g) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the security interest in the Security and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

(h) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the security interest in the Security and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.4 hereof.

Section 7.8. Filing of Financing Statements. The Trustee shall file or record or cause to be filed or recorded all Financing Statements that are required in order fully to protect and preserve the Security Interests and the priority thereof and the rights and powers of the Trustee in connection therewith, including without limitation all continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the U.C.C., and (ii) any previously filed continuation statements that shall have been filed as required herein. The Trustee shall also file the financing and continuation statements required under Section 3.2 of the Loan Agreement. The Borrower will pay all costs of filing the Financing Statements and all financing and continuation statements required under Section 3.2 of the Loan Agreement.

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.1. Supplemental Indentures.

(a) The Issuer and the Trustee, with the prior written consent of the Controlling Person and the Majority Owner Representative, but without the consent of or notice to any Holders, may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(i) to grant to or confer upon the Trustee for the benefit of the Holders, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(ii) to grant or pledge to the Trustee for the benefit of Holders, any additional security other than that granted or pledged under this Indenture;

(iii) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(iv) to appoint a successor Trustee or co-trustees in the manner provided in Article VII hereof;

(v) to modify, amend or supplement this Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book Entry System and issuance of replacement Bonds to the Beneficial Owners;

(vi) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders; or

(vii) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the exclusion of the interest on any Outstanding Bonds from gross income of the Holders thereof for federal income tax purposes.

(b) When an amendment is requested by the Issuer, and if all conditions precedent under this Indenture required to be met for the adoption of such amendment have been met, and there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms and will not adversely affect the excludability of interest on the Bonds from the gross income of the Holders thereof for federal income tax purposes, the Trustee shall execute such amendment, provided such execution by the Trustee of any such supplemental indenture shall not be required unless the Trustee is reasonably compensated for additional obligations undertaken by the Trustee as a result of the supplemental indenture not initially contemplated and the indemnification rights of the Trustee cover any changes in the Trustee's rights and immunities under this Indenture or otherwise. Any additional compensation or the expansion of any indemnity obligation shall be the sole responsibility of the Borrower.

(c) The Trustee shall file copies of all such supplemental indentures with the Borrower. The Trustee shall cause notice of any supplemental indenture described above to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register.

Section 8.2. Amendments to Indenture; Consent of Majority Owner, Holders and Borrower.

(a) Exclusive of supplemental indentures covered by Section 8.1 hereof and subject to the terms and provisions contained in this Section 8.2, and not otherwise, anything

contained in this Indenture to the contrary notwithstanding, no indenture or indentures supplemental hereto for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture shall be effective without delivery of a Favorable Opinion of Bond Counsel, the written consent of the Majority Owner and execution and delivery by the Trustee (acting upon the direction of the Majority Owner) and the Issuer; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the prior written consent of the Holders of all Outstanding Bonds, (i) an extension of the maturity of the principal of, or the optional, extraordinary or mandatory redemption date of, or interest on, any Bond, (ii) a reduction in the principal amount of or the rate of interest on, any Bond, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) the creation of a lien on the Security prior to the lien of this Indenture, or (v) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the prior written consent of the Trustee, the Trustee shall not be required to join the Issuer in the execution of any supplemental indenture unless it is reasonably compensated for additional obligations on the Trustee not initially contemplated and the indemnification rights of the Trustee covering any changes in the Trustee's rights and immunities under this Indenture or otherwise. Any additional compensation or the expansion of any indemnity obligation shall be the sole responsibility of the Borrower. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to Section 8.5 hereof.

(b) Anything herein to the contrary notwithstanding, a supplemental indenture, amendment or other document described under this Article that affects any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented to the execution of such supplemental indenture, amendment or other document.

Section 8.3. Amendments to the Loan Agreement or the Note Not Requiring Consent of Holders.

(a) The Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement or the Note without the prior written consent of the Trustee, the Borrower, the Controlling Person and the Majority Owner Representative. The Issuer may, with the consent of the Controlling Person, but without the consent of or notice to any other Holders, enter into or permit (and the Trustee shall consent to) any amendment of the Loan Agreement or the Note acceptable to the Borrower as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders, (ii) to grant or pledge to the Issuer or Trustee, for the benefit of the Holders any additional security, (iii) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion of interest on any Outstanding Bonds from gross income of the Holders thereof for federal income tax purposes, or (iv) in connection with any other change therein which, in the judgment of the Trustee acting in reliance upon an opinion of Counsel, is not materially prejudicial to the interests of the Trustee and the Holders of the Bonds; provided, however, that without the written consent of

the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

(b) The Issuer and the Borrower shall file copies of any such amendments to the Loan Agreement or the Note with the Trustee and the Controlling Person.

Section 8.4. Amendments to the Loan Agreement or the Note Requiring Consent of Holders; Amendments to Construction Credit Facility.

(a) Except as provided in Section 8.3 hereof, the Issuer shall not enter into, and the Trustee shall not consent to, any other modification or amendment of the Loan Agreement or the Note, nor shall any such modification or amendment become effective, without delivery of a Favorable Opinion of Bond Counsel and the prior written consent of the Majority Owner, such consent to be obtained in accordance with Section 8.5 hereof. No such amendment may, without the consent of the Holders of all the Outstanding Bonds, reduce the amounts or delay the times of payment of Repayments under the Loan Agreement or the Note. The Issuer and the Borrower shall file copies of all such amendments to the Loan Agreement or the Note with the Trustee, the Controlling Person and the Majority Owner.

(b) No modification or amendment of the Construction Credit Facility shall be made, nor shall any such modification or amendment become effective, without the prior written consent of the Majority Owner Representative, such consent to be obtained in accordance with Section 8.5 hereof.

Section 8.5. Notice to and Consent of Holders. If consent of the Majority Owner Representative, the Majority Owner or any other Holder is required under the terms of this Indenture for the amendment of this Indenture, the Loan Agreement, the Note, the Construction Credit Facility or for any other similar purpose, the Trustee shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid, to the Majority Owner Representative, the Majority Owner or any other applicable Holder then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the principal office of the Trustee for inspection by all Holders. If, within forty five (45) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Majority Owner Representative, the Majority Owner or Holders of all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed.

ARTICLE IX

MAJORITY OWNER REPRESENTATIVE; SERVICING

Section 9.1. Majority Owner Representative. The Majority Owner may engage a Person, collaterally assign some or all of its rights hereunder to a Person, or otherwise provide for a Person, at the Majority Owner's sole cost and expense, to act on behalf of the Majority Owner under the Bond Documents as the "Majority Owner Representative". Initially, the Majority Owner has engaged R4 Servicer LLC to act as the "Majority Owner Representative" hereunder and R4 Servicer LLC has accepted such engagement. The Majority Owner is under no obligation to appoint a Majority Owner Representative; if at any time a Majority Owner Representative has not been designated by the Majority Owner, all references to the "Majority Owner Representative" herein and in the other Bond Documents shall refer to the Majority Owner.

Section 9.2. Servicing.

(a) The Majority Owner has appointed the Majority Owner Representative to be the servicer of the Loan and the Majority Owner Representative has accepted such appointment. Satisfactory arrangements have previously been made for the payment of servicing fees and expenses in connection with the Majority Owner Representative's servicing obligations hereunder, and the Borrower, the Majority Owner and the Trustee have no obligation for such payments. Without limiting the foregoing, the Majority Owner Representative shall have no right or claim to any transfer or assumption fees, late charges, acceleration premium or Default Interest payable under this Indenture or Bond Documents; provided, however that, to the extent permitted under the Bond Documents, the Majority Owner Representative shall be entitled to collect from the Borrower its normal and customary incidental fees and charges for any requested review, approval or other action, including, without limitation, in connection with any proposed transfer, loan assumption, easement, subordinate financing, release of collateral, condemnation proceeding, non-disturbance agreement or other similar action, unless such review, approval or other action is performed solely by the Majority Owner.

(b) The Majority Owner Representative shall be responsible for the performance of the following servicing duties:

(i) The Majority Owner Representative shall perform the duties expressly given to the Majority Owner Representative under the Bond Documents.

(ii) The Majority Owner Representative shall prepare monthly bills to the Borrower in accordance with the Bond Documents for payments to the Trustee of principal and interest under the Loan and for deposits into the Tax and Insurance Escrow Fund and the Replacement Reserve Fund. On the last Business Day of each calendar month, the Majority Owner Representative shall notify the Borrower of the amount payable by the Borrower to the

Trustee on the Note on the next Business Day. Such notification may be delivered by electronic mail or by facsimile. The Majority Owner Representative shall diligently attempt to collect all of the following, at the times they are due and payable under this Indenture and Bond Documents:

- (1) The principal and interest due and payable on the Note;
- (2) The Trustee's Fees and Issuer's Fee, as applicable;
- (3) Any monthly Replacement Reserve Fund deposit;
- (4) Any Monthly Tax and Insurance Amounts;
- (5) Any other escrow or reserve deposits required by this Indenture or Bond Documents;
- (6) Any assumption or transfer fee required by this Indenture or Bond Documents; and
- (7) Any acceleration premium.

(c) All payments received under this Indenture or Bond Documents shall be applied in the following order unless otherwise instructed by the Majority Owner or expressly set forth in this Indenture or Bond Documents:

- (i) To the principal and interest due and payable on the Note;
- (ii) To the Issuer's Fee and Trustee's Fees, as applicable;
- (iii) To the acceleration premium, if applicable;
- (iv) To required deposits to the Replacement Reserve Fund;
- (v) To required deposits in the Tax and Insurance Escrow Fund;
- (vi) To other escrow or reserve deposits required by this Indenture or the other Bond Documents;
- (vii) To Default Interest and any late fees; and
- (viii) To other amounts due under the Bond Documents.
- (ix) Any payment received by Majority Owner Representative from or on behalf of the Borrower under this Indenture or the Bond Documents shall be remitted by the Majority Owner Representative to the Trustee no later than the second (2nd) Business Day after

receipt by Majority Owner Representative, or sooner if so required under this Indenture or Bond Documents.

(d) The Majority Owner Representative shall make any remittance to the Trustee by wire transfer in accordance with the instructions received from the Trustee or to any other party entitled to such remittances pursuant this Indenture or the Bond Documents in accordance with the instructions received from the Majority Owner.

(e) The Majority Owner Representative shall review the Tax and Insurance Escrow Fund and the Replacement Reserve Fund on an annual basis and adjust required monthly escrow payments in accordance with terms of the Bond Documents. The Majority Owner Representative shall notify the Majority Owner and the Trustee of such adjustment.

(f) The Majority Owner Representative shall prepare quarterly reports for the Majority Owner, with a copy to the Trustee, outlining the status of the Loan, including disbursements from the Replacement Reserve Fund, the Tax and Insurance Escrow Fund[, the Operating Reserve Fund] or any other Account under this Indenture, loan history schedules, outstanding loan balances and escrow balances and consents, approvals or waivers given by the Majority Owner Representative, which reports shall be furnished to the Majority Owner no later than the fifteenth (15th) day of the calendar month following the last day of each calendar quarter (or the next Business Day thereafter if such fifteenth (15th) day is not a Business Day).

(g) The Majority Owner Representative shall provide immediate written notice to the Majority Owner of any Event of Default of which it receives notice or has actual knowledge, or any event which, with the giving of notice or the passage of time, or both, would constitute any Event of Default of which it receives notice or has actual knowledge.

(h) The Majority Owner Representative shall refer to the Trustee all Borrower requests for a quote of a payoff amount for the Loan, shall request a copy of any such quote from the Trustee, and shall notify the Majority Owner of the Borrower's request. The Majority Owner Representative shall prepare payoff letters and delinquency and default notices when necessary, as required by the Bond Documents or otherwise as directed by the Majority Owner.

(i) The Majority Owner Representative shall use its best efforts to obtain financial statements and other reports from the Borrower at the times and to the extent required under the Bond Documents and deliver the same to the Majority Owner and the Trustee.

(j) The Majority Owner Representative shall obtain, and shall provide to the Majority Owner a copy of the Borrower's certificates of compliance with the Land Use Restriction Agreement or other evidence of such compliance submitted by the Borrower to the Issuer or the Issuer's designee within thirty (30) days after the later of (i) the date it is required to be submitted to the Issuer or the Issuer's designee, or (ii) the date it is actually so submitted.

(k) The Majority Owner Representative may perform additional duties with respect to the Loan during the construction and rehabilitation of the Project Facilities or during the period following an Event of Default at the request of the Majority Owner.

(l) The Majority Owner Representative consents to and directs the Trustee to deposit the Accounts in the deposit accounts established pursuant to the Depository Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1. Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of such Project Facilities is not paid as required, the Trustee may, subject to any indemnity required pursuant to Section 7.1(h) hereof, but shall have no obligation to, pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment until paid at the greater of the rate of interest borne by the Bonds or the per annum rate of interest announced from time to time by the bank serving as Trustee as its “prime rate” shall become so much additional indebtedness secured by this Indenture, shall be given a preference in payment over the Bonds, and shall be paid out of the Security.

Section 10.2. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Bank, the Majority Owner Representative and the Borrower, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Bank, the Majority Owner Representative and the Borrower as herein provided.

Section 10.3. Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

Section 10.4. Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or electronic (with confirmed receipt) to the address or e-mail address set forth below and shall be deemed to have been given on the date deposited in the

mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the Borrower, the Trustee, the Majority Owner, the Bank, the Majority Owner Representative and the Investor Limited Partner may, by written notice given hereunder, designate any different addresses, phone numbers and e-mail address to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer: Housing Finance Authority of Palm Beach
County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt, Executive Director
Telephone: (561) 233-3652
Facsimile: (561) 233-3657
Email: Dbrandt@pbcgov.org

With a copy to: Greenspoon Marder, P.A.
525 Okeechobee Boulevard, Suite 900
West Palm Beach, Florida 33401
Attention: Morris G. Miller, Esq.
Telephone: (561) 838-4556
Facsimile: (561)-514-3456
Email: skip.miller@gmlaw.com

To the Borrower: New South Bay Villas, LTD
c/o Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson
Chief Executive Officer
E-mail: vjohnson@pbchaf1.org

With a copy to: Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Estelle L. Varner
General Counsel
E-mail: _____

and to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, N.W.
Suite 400
Washington, DC 20001
Attention: Julie McGovern, Esquire
E-mail: jmcgovern@renocavanaugh.com

and to: McCurdy Senior Housing Corporation
306 SW 10th Street
Belle Glade, Florida 33430
Attention: Joseph S. Glucksman
President
E-mail: joe.glucksmanqw@gmail.com

and to: Kenneth A. Treadwell, Esquire
2305 Seaford Drive
Wellington, Florida 33414
Attention: Kenneth A. Treadwell, Esquire
E-mail: ktreadwellpa@gmail.com

If to the Trustee: U.S. Bank National Association
550 West Cypress Creek Road, Suite 380
Ft. Lauderdale, Florida 33309
Attention: Amanda Kumar
Telephone: (954) 938-2473
Facsimile: (954) 202-2082
Email: Amanda.kumar@usbank.com

To the Majority Owner: At the address set forth on the Register
maintained by the Trustee

**To the Majority Owner
Representative** R4 Servicer, LLC
155 Federal Street, Suite 1004
Boston, Massachusetts 02110
Attention: Greg Doble
E-mail: gdoble@r4cap.com

With a copy to:

Kutak Rock LLP
Suite 28B, Two Liberty Place
50 South Sixteenth Street
Philadelphia, Pennsylvania 19102
Attention: Andrew P. Schmutz, Esquire
E-mail: andrew.schmutz@kutakrock.com

If to the Bank:

JPMorgan Chase Bank, N.A.
Community Development Banking
10 North Tampa Street, 33rd Floor
Mailcode: FL2-6001
Tampa, Florida 33602
Attention: Tammy Haylock-Moore,
Executive Director
E-mail: tammy.haylock-moore@chase.com

With a copy to:

JPMorgan Chase Bank, N.A.
Legal Department
4 New York Plaza, 21st Floor
Mailcode: NY1-E089
New York, New York 10004-2413
Attention: Michael R. Zients, Executive
Director and Assistant General Counsel
E-mail: michael.r.zients@chase.com

If to Investor Limited Partner:

R4 NSB Acquisition LLC
c/o R4 Capital LLC
780 Third Avenue, 10th Floor
New York, New York 10017
Attention: Marc Schnitzer
E-mail: mschnitzer@r4cap.com

With a copy to:

Nixon Peabody LLP
100 Summer Street
Boston, MA 02110
Attention: Thomas A. Giblin
E-mail: tgiblin@nixonpeabody.com

If to Subordinate Lender:

Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson

Section 10.5. Payments Due on Non-Business Days. In any case where the date of maturity of, interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 10.6. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Section 10.7. Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

Section 10.8. Governing Law. This Indenture shall be governed by and interpreted in accordance with the laws of the State, without regard to conflict of laws principles.

Section 10.9. Limited Liability of Issuer. Notwithstanding anything to the contrary, any liability for payment of money and any other liability or obligation which the Issuer may incur under the Bonds, this Indenture, the Loan Agreement, the Purchase Agreement or any other Bond Document shall not constitute a general obligation of the Issuer but shall constitute limited obligations of the Issuer payable solely from and enforced only against the Security.

Section 10.10. Execution in Counterparts; Electronic Signatures. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Indenture.

Section 10.11. Intercreditor Agreement. This Indenture and the rights and remedies of the Trustee hereunder are subject in all respects to the terms and conditions of the Intercreditor Agreement. By their acceptance of the Bonds, each and every Holder from time to time of the Bonds consents to the terms of the Intercreditor Agreement and agrees to be bound thereby.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its authorized official and the Trustee has caused this Indenture to be executed, in its name by its duly authorized representative, all as of the day and year first above written.

**HOUSING FINANCE AUTHORITY OF PALM
BEACH COUNTY, FLORIDA**

(SEAL)

By: _____
Name:
Title:[Vice] Chairperson

Attest:

[Assistant] Secretary

**U.S. BANK NATIONAL ASSOCIATION, as
trustee**

By: _____
Name: Amanda Kumar
Title: Assistant Vice President

**EXHIBIT A
FORM OF BOND**

BY ITS ACQUISITION HEREOF, THE BENEFICIAL OWNER OF THIS BOND AGREES (A) THAT (I) IT HAS EXECUTED THE REQUIRED INVESTOR LETTER IN SUBSTANTIALLY THE FORM REQUIRED BY THE INDENTURE OF TRUST AND (II) THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS BOND EXCEPT AS PROVIDED IN THE INDENTURE OF TRUST, AND (B) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS BOND IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

**Housing Finance Authority of Palm Beach County, Florida
Multifamily Housing Revenue Bonds
(New South Bay Villas), Series 2017**

No. R-

DATED DATE	MATURITY DATE	INTEREST RATE	[CUSIP NO.]
_____, 20__	_____, 20__	_____ % [until _____, 1, 20__ and _____ % thereafter]	[_____]

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ MILLION _____ HUNDRED THOUSAND
DOLLARS (\$_____)

The Housing Finance Authority of Palm Beach County, Florida (the "Issuer"), a public body corporate and politic duly created, organized and existing under the laws of the State of Florida, for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption), (A) on each Principal Payment Date and the Maturity Date specified above, the applicable portion of the Principal Amount specified above, and (B) interest thereon, at the Bond Coupon Rate (as defined in the Indenture), payable on the first Business Day of each month, commencing _____, 20__ to the person whose name appears on the registration books on day before such day (whether or not a Business Day) (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined).

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts,

at the designated payment office of U.S. Bank National Association, as trustee (the "Trustee"), or its successor.

Interest on this Bond shall be computed on the basis of a 360-day year, comprised of twelve 30 day months. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

This Bond is one of an issue of duly authorized Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 issued in the aggregate principal amount of \$_____ (the "Bonds"), pursuant to the provisions of the Florida Housing Finance Authorities Law, Chapter 159, Part IV, Florida Statutes, as amended (the "Act").

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of February 1, 2017 (as amended, modified or supplemented from time to time, the "Loan Agreement"), between the Issuer and the Borrower, to finance the acquisition, construction, in part, renovation, in part, and equipping of a multifamily residential facility located in the City of South Bay, Florida, and known as "New South Bay Villas" (the "Project Facilities"). The Borrower's payment obligations under the Loan Agreement will be evidenced by the Note and secured by the Mortgage.

The Bonds are issued under and are equally and ratably secured by an Indenture of Trust, dated as of February 1, 2017 (as amended, modified or supplemented from time to time, the "Indenture"), between the Issuer and the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the manner in which interest is computed on this Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture. Under certain

circumstances, as further described in the Indenture, the Bonds may be purchased by the Trustee from the proceeds of a draw upon the Construction Credit Facility.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, INCOME AND RECEIPTS OF THE ISSUER PLEDGED TO THE PAYMENT THEREOF. THE BONDS DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION, OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE BONDS DO NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE BONDS. THE ISSUER HAS NO TAXING POWER.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this Bond, the registered owner hereof agrees to the appointment of the Controlling Person as provided in the Indenture and authorizes the Controlling Person to exercise such rights and remedies afforded to the Controlling Person on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of an Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the Issuer to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of

the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the trustees, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Trustee shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its [Vice] Chairperson and attested by the manual or facsimile signature of its [Assistant] Secretary all as of the Dated Date hereof.

HOUSING FINANCE AUTHORITY OF PALM
BEACH COUNTY, FLORIDA

By: _____
Name:
Title: [Vice] Chairperson

Attest:

[Assistant] Secretary

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION, as
trustee

By: _____
Authorized Signatory

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:
Signature Guaranteed:

Signature

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

EXHIBIT B

FORM OF INVESTOR LETTER

[To be prepared on letterhead of transferee]

[Date]

Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: Executive Director

U.S. Bank National Association
Corporate Trust Services
550 W, Cypress Creek Road, Suite 380
Ft. Lauderdale, Florida 33309

Re: New South Bay Villas

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby acknowledges receipt of the Housing Finance Authority of Palm Beach County, Florida, Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 in the principal amount of \$_____ (the "Bonds"), and delivered pursuant to the Indenture of Trust, dated as of February 1, 2017 (the "Indenture"), between the Housing Finance Authority of Palm Beach County, Florida (the "Issuer"), and U.S. Bank National Association (the "Trustee"). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Indenture.

In connection with the purchase of the Bonds by the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser has authority to purchase the Bonds and to execute this letter, and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

2. The Purchaser is a "qualified institutional buyer" under Rule 144(a) under Regulation D of the Securities Act of 1933 (the "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 Bonds.

3. The Purchaser acknowledges that it is purchasing the Bonds for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Bonds

4. In addition to the right to sell or transfer the Bonds as set forth in Paragraph 3 above, the Purchaser further acknowledges its right to sell or transfer the Bonds, subject, as required under the Indenture, to the delivery to the Trustee of an Investor Letter from the transferee to substantially the same effect as this Investor Letter or in such other form authorized by the Indenture with no revisions except as may be approved in writing by the Issuer.

5. The Purchaser understands that the Bonds are not registered under the Securities Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service, and (d) will be delivered in a form which may not be readily marketable.

6. The Purchaser understands that (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of Florida or any political subdivision thereof, (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of Florida, or any political subdivision thereof and the Issuer has no taxing power; and (c) the liability of the Issuer with respect to the Bonds is limited to the Security as set forth in the Indenture.

7. The Purchaser 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 purchase of the Bonds in the context of the transaction. The Purchaser has not relied upon the Issuer, its counsel, or its advisors for any information in connection with its purchase of the Bonds (except for opinions and closing certificates addressed to the Purchaser or upon which the Purchaser may rely).

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

9. Purchaser hereby agrees to indemnify and hold harmless the Issuer from and against any and all costs, expenses (including reasonable legal fees and expenses), liabilities or economic consequences of any type arising from any transfer or sale of the Bonds by the Purchaser in violation of the restrictions on transfer set forth in Section 2.9 of the Indenture.

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.

WESTERN ALLIANCE BUSINESS TRUST, a
Delaware Statutory Trust

By: _____
Name:
Title: _____

EXHIBIT "B"

FORM OF LOAN AGREEMENT

LOAN AGREEMENT

by and between

NEW SOUTH BAY VILLAS, LTD.

and

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

Dated as of February 1, 2017

Relating to:

\$18,500,000

**Housing Finance Authority of Palm Beach County, Florida
Multifamily Housing Revenue Bonds
(New South Bay Villas), Series 2017**

The amounts payable to the Housing Finance Authority of Palm Beach County, Florida (the "Issuer") and other rights of the Issuer (except for Reserved Rights), under this Loan Agreement have been pledged and assigned to U.S. Bank National Association, as trustee (the "Trustee") under the Indenture of Trust between the Issuer and the Trustee dated as of February 1, 2017.

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LOAN AGREEMENT

This LOAN AGREEMENT (as amended, modified or supplemented from time to time, this "Agreement") made as of February 1, 2017, by and between HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, a public body corporate and politic, duly organized and validly existing under the laws of the State of Florida (together with its successors and assigns, the "Issuer") and NEW SOUTH BAY VILLAS, LTD., a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the "Borrower"),

WITNESSETH:

WHEREAS, the Issuer is authorized under Florida Housing Finance Authorities Law, Chapter 159, Part IV, Florida Statutes, as amended (the "Act") to enter into loan agreements with respect to one or more projects authorized under the Act for such payments and upon such terms and conditions as the Issuer may deem advisable in accordance with the provisions of the Act; and

WHEREAS, the Issuer has determined that the public purposes set forth in the Act will be furthered by the issuance, sale and delivery of \$18,500,000 in original aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 (the "Bonds"), pursuant to an Indenture of Trust (as amended, modified or supplemented from time to time, the "Indenture"), dated as of February 1, 2017, between the Issuer and U.S. Bank National Association, as trustee (together with any successor trustee under the Indenture and their respective successors and assigns, the "Trustee"), to provide funds to finance the costs of the [acquisition,] construction, renovation and equipping of the Project Facilities (as hereunder defined); and

WHEREAS, the proceeds of the Bonds are being applied to finance the acquisition, construction, renovation and equipping of a multifamily apartment housing facility consisting of total of 131 units and related personal property and equipment, located in South Bay, Florida and known as "New South Bay Villas" (the "Project Facilities").

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE UNDERTAKINGS HEREIN SET FORTH AND OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND, THE BORROWER AND THE ISSUER HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. In this Agreement (except as otherwise expressly provided for or unless the context otherwise requires), any capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Indenture.

Section 1.2. Rules of Construction; Time of Day. In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words "hereof", "herein", "hereto", "hereby" and "hereunder" refer to this entire Agreement, and (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants", (v) the term "including" shall mean "including, but not limited to," and (vi) the terms "best knowledge" or "knowledge" shall mean the actual knowledge of any Authorized Person of the Borrower after due inquiry. References to any time of the day in this Agreement shall refer to Eastern standard time or Eastern daylight saving time, as in effect in New York, New York on such day.

ARTICLE II

LOAN AND PROVISIONS FOR REPAYMENT

Section 2.1. Basic Loan and Repayment Terms.

(a) The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. The Loan shall be made by depositing the proceeds from the initial sale of the Bonds in accordance with Article IV of the Indenture. Such proceeds shall be disbursed to or on behalf of the Borrower as provided for in the Indenture and the Reimbursement Agreement. The Borrower's obligation to repay the Loan shall be evidenced by the Note, the form of which is attached hereto as Exhibit A.

(b) The Borrower hereby agrees to pay the Note and repay the Loan made pursuant to this Agreement by paying or causing to be paid to the Trustee in immediately available funds for the account of the Issuer for deposit into the Bond Fund or the Redemption Fund, as applicable, two Business Days before the dates, and in the amounts, set forth on Schedule 3 hereto, and two Business Days before any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Bonds pursuant to the Indenture whether at maturity, upon acceleration or by sinking fund redemption or mandatory redemption, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, a sum which will enable the Trustee to pay the amount payable on such date as

principal of (whether at maturity or upon mandatory redemption or acceleration or otherwise), premium, if any, and interest on the Bonds, as provided in the Indenture.

(c) It is understood and agreed that the Note and all payments payable by the Borrower under this Section 2.1 are assigned by the Issuer to the Trustee for the benefit of the Bondholders. The Borrower assents to such assignment. The Issuer hereby directs the Borrower and the Borrower hereby agrees to pay to the Trustee, at the address specified in or in accordance with Section 9.1 hereof, all loan re-payments payable to the Issuer pursuant to the Note and this subsection.

(d) The Borrower shall have, and is hereby granted, the option to prepay the unpaid principal amount of the Loan, together with interest thereon to the date of redemption of the Bonds, but only pursuant to the provisions of Section 2.3(b) hereof and Section 3.4(a) of the Indenture with respect to voluntary prepayment of the Loan and optional redemption of the Bonds.

Section 2.2. Fees.

(a) On the date of execution and delivery of this Agreement, the Borrower shall pay, or cause to be paid, to R4 Capital Funding LLC an origination fee equal to \$_____ (the "Origination Fee") and to the Bank all fees owed under the Reimbursement Agreement.

(b) The Borrower shall pay (as directed by the Controlling Person) on the first Business Day of each month commencing on _____, 20___, through Final Completion of the Work in respect of the Project Facilities, an amount equal to the costs of the Engineering Consultant incurred by the Controlling Person in the prior month in an amount not to exceed \$_____ per month (plus travel and reasonable and necessary expenses).

(c) The Borrower shall pay all fees and expenses of the Issuer, including but not limited to the Issuer Fee.

(d) The Borrower shall pay all fees and expenses of the Trustee, including but not limited to the Trustee Fees.

(e) The Borrower shall pay any and all special servicing fees or costs in accordance with Section 6.34 hereof.

Section 2.3. Termination; Voluntary Prepayment and Redemption.

(a) Notwithstanding anything to the contrary contained in this Agreement or the other Bond Documents, the Controlling Person's, the Majority Owner Representative's and the Majority Owner's and each Holder's rights, interests and remedies hereunder and under the other Bond Documents shall not terminate or expire or be deemed to have been discharged or released until the earlier to occur of (i) the payment in full of the Bonds, or (ii) defeasance of all

of the Bonds. No such termination, expiration or release shall affect the survival of the indemnification provisions of this Agreement, which provisions shall survive any such termination, expiration or release.

(b) The Loan may be prepaid by the Borrower, and the Bonds shall be optionally redeemed pursuant to Section 3.4(a) of the Indenture, on any Interest Payment Date on or after ____ 1, 20__, upon the payment of the principal amount of the Bonds plus interest accrued thereon to, but not including, the date of redemption, without premium or penalty.

(c) Acceleration of the obligations of the Borrower hereunder upon an Event of Default prior to ____ 1, 20__, shall constitute an evasion of the prepayment provisions of this Agreement and any tender of payment of an amount necessary to satisfy the entire indebtedness evidenced by this Agreement shall include an acceleration premium, equal to the amount of interest which would have accrued on the amount of Bonds scheduled to be Outstanding from the date of acceleration to, but not including, ____ 1, 20__.

(d) The Borrower shall be required to prepay the Loan at the times and in the amounts necessary to provide funds for the payment of the mandatory redemption of the Bonds pursuant to Section 3.4(b) of the Indenture. In addition, on each Interest Payment Date, the Borrower shall pay to the Trustee for deposit into the Redemption Fund the amount set forth for such purpose on Schedule 3 hereto, which amount shall be applied on each Principal Payment Date to the mandatory sinking fund redemption of the Bonds pursuant to Section 3.4(c) of the Indenture.

(e) Notwithstanding the foregoing, the Borrower shall have the right at any time to defease the Bonds in accordance with the provisions of Article V of the Indenture, without premium.

Section 2.4. Obligations Absolute. The obligations of the Borrower under this Agreement shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances: (i) any lack of validity or enforceability of the Bond Documents or any other agreement or document relating thereto; (ii) any amendment or waiver of or any consent to or departure from the Bond Documents or any document relating thereto; or (iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Issuer or the Trustee (or any persons or entities for whom the Trustee may be acting) or any other person or entity, whether in connection with this Agreement, the transactions described herein or any unrelated transaction. The Borrower understands and agrees that no payment by it under any other agreement (whether voluntary or otherwise) shall constitute a defense to its obligations hereunder, except to the extent that the Loan evidenced hereby has been indefeasibly paid in full, whether owing under this Agreement or under the other Bond Documents.

Section 2.5. Indemnification. The Borrower covenants to defend, indemnify and hold harmless the Issuer, the Trustee, the Controlling Person, the Majority Owner, the Majority Owner Representative and each of their respective Affiliates and each of their and their Affiliates' respective directors, officers, employees, representatives and agents (collectively, the "Indemnified Parties"), except as limited below, from and against any and all claims, damages, losses, liabilities, costs or expenses (including attorneys' fees for counsel of each of the Indemnified Parties' choice) whatsoever which the Indemnified Parties may incur (or which may be claimed against any of the Indemnified Parties by any person or entity whatsoever) by reason of or in connection with:

(a) the Bonds, Indenture, Loan Agreement, Regulatory Agreement or Tax Certificate, or the execution or amendment hereof or thereof or in connection with the transactions contemplated hereby or thereby, including the issuance, sale or resale, defeasance or redemption of the Bonds;

(b) any breach by the Borrower of any representation, warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement or the other Bond Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default or any Determination of Taxability;

(c) the involvement of any of the Indemnified Parties in any legal suit, investigation, proceeding, inquiry or action as a consequence, direct or indirect, of the Controlling Person's, the Majority Owner Representative's or the Majority Owner's actions taken pursuant to this Agreement or any of the other Bond Documents or any other event or transaction contemplated by any of the foregoing;

(d) any untrue statement or alleged untrue statement contained or incorporated by reference in any offering or reoffering materials prepared in respect of the Bonds, or any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements in light of the circumstances in which they are or were made not misleading;

(e) the acceptance or administration of the Bond Documents or the Security Interests thereunder or the performance of duties under the Bond Documents or any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof, including without limitation any lease thereof or assignment of its interest in this Agreement;

(f) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Advances or the Project Facilities, the operation of the Project Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition or construction and renovation of, the Improvements or any part thereof;

(g) any Lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project Facilities;

(h) any violation or alleged violation of any applicable law or regulation including, without limitation, any Environmental Law or any inspection, review or testing with respect to, or the release of any toxic substance from, the Project Facilities or any part thereof;

(i) the enforcement of, or any action taken by the Issuer or the Trustee, related to remedies under, this Agreement, the Indenture and the other Bond Documents;

(j) any action, suit, claim, proceeding, audit, inquiry, examination, or investigation of a judicial, legislative, administrative or regulatory nature concerning or related to interest payable on the Bonds not being excludable from gross income for purposes of federal income taxation or exempt from state income taxation;

(k) any action, suit, claim or demand contesting or affecting the leasehold title of the Project Facilities;

(l) the investigation of, preparation for or defense of any litigation, proceeding or investigation in connection with the Project Facilities or the transactions to be consummated in connection therewith of any nature whatsoever, commenced or threatened against the Borrower, the Project Facilities or any Indemnified Party; and

(m) any brokerage commissions or finders' fees claimed by any broker or other party in connection with the Bonds or the Project.

The indemnification shall include the reasonable costs and expenses of defending itself or investigating any claim of liability and other reasonable expenses and attorneys' fees incurred by the Indemnified Parties, provided the Borrower shall not be required to indemnify any of the Indemnified Parties for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of any Indemnified Party. The obligations of the Borrower under this Section shall survive the termination of this Agreement and the Indenture. Notwithstanding any other provision of this Agreement or the Indenture to the contrary, the Borrower agrees (i) not to assert any claim or institute any action or suit against the Trustee or its employees arising from or in connection with any investment of funds made by the Trustee in good faith as directed by the Borrower, the Controlling Person, the Majority Owner Representative or the Majority Owner, and (ii) to indemnify and hold the Trustee and its employees harmless against any liability, losses, damages, costs, expenses, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any such investment. Nothing in this Section is intended to limit the Borrower's obligations contained in Section 2.1 and 2.2 hereof. Amounts payable to the Issuer or the Trustee hereunder shall be due and payable five (5) days after demand and will accrue interest at the Default Rate, commencing with the expiration of the five (5) day period. When

the Issuer or Trustee incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally. The obligations of Borrower to the Indemnified Parties under this Section shall not be subject to the recourse limitations of Section 9.13 hereof.

Section 2.6. Amounts Remaining on Deposit Upon Payment of the Bonds. After payment in full of the principal of, premium, if any, and interest on the Bonds (or defeasance of the Bonds) and upon payment of amounts payable to the United States pursuant to any rebate requirement and the payment of any other amounts owed hereunder or under the Indenture, all amounts on deposit with the Trustee pursuant to the Indenture, this Agreement or any other Bond Document shall be paid by the Trustee to the Borrower.

ARTICLE III

SECURITY

Section 3.1. Mortgage and Other Security Documents. To further secure the Borrower's obligations under this Agreement, the Borrower shall, at its sole expense, execute and deliver to the Issuer (and where required, duly record), (a) the First Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of the date hereof, made by the Borrower to the Issuer and which the Issuer will assign to the Trustee covering the Project Facilities (the "Mortgage"); (b) the Fee Guaranty and Environmental Indemnity Agreement dated as of the date hereof, by the Borrower, the General Partner and Guarantors in favor of the Issuer and the Trustee (the "Fee and Environmental Indemnity") pursuant to which the Borrower and the Guarantors shall guaranty payment to the Issuer and the Trustee all of their respective fees and expenses and indemnify and hold the Issuer and Trustee harmless from environmental liabilities; (c) the Environmental Indemnity dated the date hereof, by the Borrower, the General Partner and Guarantors in favor of the Trustee and Servicer (the "Trustee/Servicer Environmental Indemnity"); (d) the Assignment of Management Agreement, dated as of the date hereof, by the Borrower to and for the benefit of the Trustee, consented to by the Manager (the "Assignment of Management Agreement and Consent"); (e) the Replacement Reserve and Security Agreement, dated as of the date hereof made by the Borrower in favor of the Trustee (the "Replacement Reserve Agreement"); (f) the Assignment of Housing Assistance Payments, dated as of the date hereof, made by the Borrower to the Trustee for the HAP Contracts in effect for the Project Facilities, consented to by the Palm Beach County Housing Authority (the "Assignment of HAP Contract"); (g) the Assignment of Project Documents, dated as of the date hereof, made by the Borrower in favor of the Trustee (the "Assignment of Project Documents"); and (h) the Guaranty of Recourse Obligations, dated as of the date hereof, made by the Guarantor in favor of the Trustee (the "Guaranty of Recourse Obligations").

Section 3.2. Financing Statements. The Borrower hereby authorizes the Trustee, without the signature of the Borrower, to file such financing statements and continuation statements, and perform such other acts, under the Uniform Commercial Code of the State or other applicable Legal Requirements as are necessary or advisable to perfect and maintain perfection of the Issuer's and/or the Trustee's security interests under this Agreement, the Indenture, the Mortgage and the other Bond Documents. The Borrower will pay upon demand the costs of filing the foregoing financing or continuation statements and the Financing Statements required under Section 7.8 of the Indenture in such public offices as the Controlling Person may designate.

ARTICLE IV

REPRESENTATIONS OF ISSUER

Section 4.1. Representation by the Issuer. The Issuer represents and warrants to the Borrower, the Trustee and the Holders from time to time of the Bonds as follows:

(a) The Issuer is a public body corporate and politic and is authorized by the Act to execute and to enter into this Agreement and to undertake the transactions contemplated herein and to carry out its obligations hereunder.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Bond Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Bond Documents. All action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Bond Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the issuance of the Bonds and the loan of the proceeds thereof to the Borrower for the acquisition and construction of the Project Facilities; no other authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required as a condition to the performance by the Issuer of its obligations under the Bond Documents.

(d) This Agreement is, and each other Bond Document to which the Issuer is a party when delivered will be, legal, valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(e) There is no default of the Issuer in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been

incurred which does or could affect the validity and enforceability of the Bond Documents or the ability of the Issuer to perform its obligations thereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) There are no obligations of the Issuer other than the Bonds that have been, are being or will be (i) sold at substantially the same time, (ii) sold pursuant to the same plan of financing, and (iii) reasonably expected to be paid from substantially the same source of funds.

(g) The Issuer has not been served with any action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board or body, nor, to the best knowledge of the Issuer, is any such action threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture or this Agreement or (ii) the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(h) In connection with the authorization, issuance and sale of the Bonds, the Issuer has complied in all material respects with all provisions of the laws of the State, including the Act.

(i) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement for any purpose other than to secure the Bonds under the Indenture. The Bonds constitute the only bonds or other obligations of the Issuer in any manner payable from the revenues to be derived from this Agreement, and except for the Bonds, no bonds or other obligations have been or will be issued on the basis of this Agreement.

(j) The Issuer is not in default under any of the provisions of the laws of the State, which default would adversely affect the issuance, validity or enforceability of the Bonds or the transactions contemplated by this Agreement or the Indenture.

(k) The Issuer covenants and agrees that it will take or cause to be taken all required actions to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. All of the amounts received upon the sale of the Bonds shall be allocated to, and shall be used, for the purpose of financing the aggregate basis of land and building costs within the meaning of Section 42(h)(4)(B) of the Code. Based solely on the representations of the Borrower, the amounts received upon the sale of the Bonds and interest and other investment earnings on those amounts shall be allocated and used for financing Project Costs of each building and related land in the Project Facilities so that the aggregate basis of each such building and related land, within the meaning of Section 42(h)(4) of the Code, shall be financed fifty percent (50%) or more from those amounts.

(l) No member of the Issuer, nor any other official or employee of the Issuer, has any interest (financial, employment or other) in the Borrower, in the Project Facilities or in the transactions contemplated hereby, by the other Bond Documents or by the Indenture.

(m) The Issuer used no broker in connection with the execution hereof and the transactions contemplated hereby.

Section 4.2. No Liability of Issuer; No Charge Against Issuer's Credit. Any obligation of the Issuer created by, arising out of, or entered into in contemplation of this Agreement, including the payment of the principal of, premium if any, and interest on the Bonds, shall not impose or constitute a debt or pecuniary liability upon the Issuer, the State or any political subdivision thereof or constitute a charge upon the general credit or taxing powers of any of the foregoing. Any such obligation shall be payable solely out of the revenues and any other moneys derived hereunder and under the Indenture, except (as provided in the Indenture and in this Agreement) to the extent it shall be paid out of moneys attributable to the proceeds of the Bonds or the income from the temporary investment thereof. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement of the Issuer hereunder against any past, present or future trustee, officer, member, employee or agent of the Issuer, whether directly or indirectly, and all such liability of any such individual as such is expressly waived and released as a condition of and in consideration for the execution of this Agreement, the making of the loan of the proceeds of the Bonds to the Borrower, and the issuance of the Bonds.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower represents and warrants to and for the benefit of the Issuer, the Trustee, the Controlling Person, the Majority Owner Representative and the Holders from time to time of the Bonds as follows:

Section 5.1. Existence. The Borrower is a limited partnership, duly organized, validly existing and in good standing under the Legal Requirements of the State of Florida and is duly qualified to do business in the State. The Borrower has furnished to the Issuer, the Trustee, the Majority Owner Representative and the Controlling Person true and complete copies of its Partnership Agreement and certificate of limited partnership. The Borrower owns and will own no other assets other than the Project Facilities. The Borrower and the General Partner have been, are and will be engaged solely in the business of acquiring, constructing, renovation equipping, financing, owning, managing and operating the Project Facilities and activities incident thereto. The General Partner of the Borrower is New South Bay Villas, LLC, a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Florida and is duly qualified to do business in the State. The General Partner has furnished to the Issuer, the Trustee, the Majority Owner Representative and the Controlling Person true and complete copies of its Articles of Organization and Operating Agreement. The

General Partner has and will have no other assets other than its partnership interests in the Borrower.

Section 5.2. Power, Authorization and No Conflicts. The Borrower has all requisite power and authority and the legal right to own and operate its properties and to conduct its business and operations as they are currently being conducted and as proposed to be conducted by it. The execution, delivery and performance by the Borrower of this Agreement and the other Bond Documents and the Subordinate Debt Documents to which the Borrower is a party (i) are within the Borrower's powers, (ii) have been duly authorized by all necessary company and legal action by or on behalf of the Borrower, and (iii) do not contravene the Partnership Agreement, operating agreement, articles of incorporation, bylaws, or certificate of limited partnership of the Borrower or the General Partner, as applicable, or any Legal Requirement applicable to the Borrower or the General Partner or any Material Contract or restriction binding on or affecting the Borrower, the General Partner or any of their respective assets, or result in the creation of any mortgage, pledge, lien or encumbrance upon any of its assets other than as provided by the terms thereof.

Section 5.3. Governmental Authorizations and Other Approvals. The Borrower and the General Partner have all necessary Governmental Actions and qualifications, and have complied with all applicable Legal Requirements necessary to conduct their business as it is presently conducted and to own, operate and construct and renovate the Project Facilities in accordance with the provisions of the Bond Documents. Except as set forth herein, the Borrower has obtained all Governmental Actions from such Governmental Authorities which are a necessary precondition to construct and renovate, own and operate the Project Facilities and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities (upon completion of construction of the Project Facilities as contemplated in the Plans and Specifications) will comply with all Governmental Actions and Legal Requirements, including all zoning restrictions (including without limitation, use density, setbacks, parking and other similar requirements) or the Borrower has a valid variance for or exemption from such requirements. All Governmental Actions obtained by the Borrower are listed and described in the Reimbursement Agreement and have been validly issued and are in full force and effect. With respect to any Government Actions not yet obtained, the Borrower shall certify at Closing all the steps needed to obtain such Governmental Actions and that the Borrower knows of no reason such Governmental Actions will not be timely obtained in the ordinary course of business and as needed in connection with the construction and renovation or operation of the Project Facilities. No such Governmental Action will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project Facilities including any transfer pursuant to foreclosure sale under the Mortgage.

Section 5.4. Validity and Binding Effect. This Agreement and the other Bond Documents and the Subordinate Debt Documents to which the Borrower is a party are the legal,

valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, subject to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar Legal Requirement affecting creditors' rights generally.

Section 5.5. No Litigation. Except as disclosed on Schedule 1 attached hereto, there is no pending action or proceeding, including eminent domain proceedings, before any Governmental Authority or arbitrator against or involving the Borrower, the General Partner or to the Borrower's knowledge after due inquiry, the Project Facilities and, to the best knowledge of the Borrower and the General Partner, there is no threatened action or proceeding, including eminent domain proceedings, affecting the Borrower or the General Partner before any Governmental Authority or arbitrator which, in any case, might materially and adversely affect the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower or the General Partner, or the validity or enforceability of this Agreement, the Bonds, the Bond Documents, the Reimbursement Documents, the Subordinate Debt Documents or the construction and renovation, operation or ownership of the Project Facilities, or the exclusion from gross income of interest on the Bonds for purposes of federal income taxation or the exemption of the Project Facilities from ad valorem real estate taxation under the laws of the State..

Section 5.6. No Violations. The Borrower and the General Partner are in compliance with, and not in breach of or default under (a) any applicable Governmental Actions or Legal Requirements with respect to the Project Facilities of any Governmental Authority having jurisdiction, or (b) the Bond Documents, the Subordinate Debt Documents or any other credit agreement, indenture, mortgage, agreement or other instrument to which it is a party or otherwise subject. No event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument. The Borrower is not in violation, nor is there any notice or other record of any violation of any Legal Requirements, restrictive covenants or other restrictions applicable to any of the Project Facilities.

Section 5.7. Compliance. The ownership of the Project Facilities, the construction and renovation of the Project Facilities, and the use and operation of the Project Facilities as contemplated hereby do and shall, in all material respects, comply with, and are lawful and permitted uses under, the Tax Certificate and the Land Use Restriction Agreement, all applicable building, fire, safety, zoning, subdivision, sewer, Environmental Laws, health, insurance and other Legal Requirements and plan approval conditions of any Governmental Authority. The Borrower has obtained all Governmental Actions from such Governmental Authorities which are a necessary precondition to construct and renovate, own and operate the Project Facilities and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities are located wholly within the boundaries of the Issuer's jurisdiction. The Project Facilities will satisfy all requirements of the

Act and the Code with respect to multifamily rental housing and/or qualified residential rental facilities and the requirements for exemption from ad valorem real estate taxation under the laws of the State.

Section 5.8. Title to Properties; Liens and Encumbrances. The Borrower has a leasehold interest in the real property on which the Project Facilities will be constructed and rehabilitated pursuant to the Ground Lease and is the fee simple owner of the Improvements thereon, free and clear of all liens or encumbrances except for the Permitted Encumbrances. All such real property, fixtures and equipment necessary to the conduct of the business of the Borrower and the operation of the Project Facilities are and will be in reasonable working order and are suitable for the purposes for which they are and will be used. There exist no liens, encumbrances or other charges against the Project Facilities (including without limitation statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, taxing authorities and others), except the Permitted Encumbrances.

Section 5.9. Utilities and Access. All utility services necessary for the operation of the Project Facilities in the manner contemplated hereby, including water supply, storm and sanitary sewer facilities, gas, electricity and telephone facilities are available within the boundaries of the Project Facilities; and all roads necessary for the full utilization of the Project Facilities in the manner contemplated hereby either have been completed or rights-of-way therefor have been acquired by the appropriate governmental authority or others or have been dedicated to public use and accepted by such Governmental Authority.

Section 5.10. Financial Information.

(a) All of the financial information furnished to the Controlling Person or the Majority Owner Representative with respect to the Borrower, the Guarantor and the General Partner in connection with this Agreement (i) is complete and correct in all material respects as of the date hereof; and (ii) accurately presents the financial condition of such party as of the date hereof. None of the Borrower, the Guarantor or the General Partner has any material liability or contingent liability not disclosed to the Controlling Person and the Majority Owner Representative in writing.

(b) Since its formation, each of the Borrower, the Guarantor and the General Partner has conducted its operations in the ordinary course, and no material adverse change has occurred in the business, operations, assets or financial condition of the Borrower, the Guarantor or the General Partner.

Section 5.11. ERISA. No employee pension plan maintained by the Borrower or the General Partner or any ERISA Affiliate which is subject to Part 3 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") has an accumulated funding deficiency (as defined in Section 302(a) of ERISA), no reportable event (as defined in Section 4043 of ERISA) has occurred with respect to any employee pension plan maintained for employees of the Borrower or any ERISA Affiliate and covered by Title IV of ERISA, no liability

has been asserted against the Borrower, the General Partner or any ERISA Affiliate by the Pension Benefit Guaranty Corporation ("PBGC") or by a trustee appointed pursuant to Section 4042(b) or (c) of ERISA, and no lien has been attached and no person has threatened to attach a lien to any of the Borrower's, the General Partner's or any ERISA Affiliate's property as a result of failure to comply with ERISA or as a result of the termination of any employee pension plan covered by Title IV of ERISA. Each employee pension plan (as defined in Section 3(2) of ERISA) maintained for employees of the Borrower, the General Partner or any ERISA Affiliate which is intended to be qualified under Section 401(a) of the Code, including all amendments to such plan or to any trust agreement, group annuity or insurance contract or other governing instrument, is the subject of a favorable determination by the Internal Revenue Service with respect to its qualification under Section 401(a) of the Code. With respect to any multi-employer pension plan (as defined in Section 3(37) of ERISA) to which the Borrower, the General Partner or any ERISA Affiliate is or has been required to contribute after September 25, 1980, (i) no withdrawal liability (within the meaning of Section 4201 of ERISA) has been incurred by the Borrower, the General Partner or any ERISA Affiliate, (ii) no withdrawal liability has been asserted against the Borrower, the General Partner or any ERISA Affiliate by a sponsor or an agent of a sponsor of any such multi-employer plan, (iii) no such multi-employer pension plan is in reorganization (as defined in Section 4241(a) of ERISA), and (iv) neither the Borrower, the General Partner nor any ERISA Affiliate has any unfilled obligation to contribute to any such multi-employer pension plan. As used in this Agreement, "ERISA Affiliate" means (i) any corporation included with the Borrower or the General Partner in a controlled group of corporations within the meaning of Section 414(b) of the Code, (ii) any trade or business (whether or not incorporated or for-profit) which is under common control with the Borrower, or the General Partner within the meaning of Section 414(c) of the Code, (iii) any member of an affiliated service group of which the Borrower, or the General Partner is a member within the meaning of Section 414(m) of the Code, and (iv) any other entity treated as being under common control with the Borrower or the General Partner under Section 414(o) of the Code.

Section 5.12. Environmental Representations. Except as set forth on the Environmental Audit delivered to the Controlling Person and the Majority Owner Representative (a) the Borrower has no knowledge of any activity at the Project Facilities, or any storage, treatment or disposal of any Hazardous Substances connected with any activity at the Project Facilities, which has been conducted, or is being conducted, in violation of any Environmental Law; (b) the Borrower has no knowledge of any of the following which could give rise to material liabilities, material costs for remediation or a material adverse change in the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower: (i) Contamination present at the Project Facilities, (ii) polychlorinated biphenyls present at the Project Facilities, (iii) asbestos or materials containing asbestos present at the Project Facilities, (iv) urea formaldehyde foam insulation present at the Project Facilities, or (v) lead-based paint at the Project Facilities; (c) no portion of the Project Facilities constitutes an Environmentally Sensitive Area; (d) the Borrower has no knowledge of any investigation of the Project Facilities for the presence of radon; (e) no tanks presently or formerly used for the storage of any liquid or gas above or below ground are present at any of the Project Facilities; (f) no condition, activity

or conduct exists on or in connection with the Project Facilities which constitutes a violation of Environmental Laws; (g) no notice has been issued by any Governmental Authority to the Borrower or the General Partner identifying the Borrower or the General Partner as a potentially responsible party under any Environmental Laws; (h) there exists no investigation, action, proceeding or claim by any Governmental Authority or by any third party which could result in any liability, penalty, sanctions or judgment under any Environmental Laws with respect to the Project Facilities; and (i) the Borrower is not required to obtain any permit or approval from any Governmental Authority or need notify any Governmental Authority pursuant to any Environmental Law with regard to the construction and renovation of the Project Facilities.

Section 5.13. Outstanding Obligations and Material Contracts. Attached hereto as Schedule 2 is (i) a complete list of all Obligations of the Borrower and the General Partner as of the date of execution and delivery hereof, together with a description of the instruments evidencing, governing or securing such obligations (provided that no description need be provided of the Obligations hereunder) and (ii) a complete list of all other Material Contracts. There exists no default under any such instrument. Except for the obligations listed on Schedule 2, neither the Borrower nor the General Partner has incurred any Obligations, secured or unsecured, direct or contingent. Each of the Borrower and the General Partner has complied with all provisions of such Material Contracts in all material respects, to the extent such contract is applicable to such party, and there exists no default or event which, with the giving of notice or the passage of time, or both, would constitute a default, under any such Material Contract.

Section 5.14. Solvency. Each of the Borrower, the Guarantor and the General Partner is and, after giving effect to this Agreement and all other agreements of the Borrower, the Guarantor and the General Partner being entered into on the date of execution and delivery of this Agreement, will be solvent (which for this purpose shall mean that it is able to pay its current debts as they come due).

Section 5.15. Full Disclosure. This Agreement, the exhibits hereto and the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person or the Majority Owner Representative by or on behalf of the Borrower, the Guarantor or the General Partner in connection with the transactions contemplated hereby or by the Bond Documents, do not contain any untrue statement of a material fact with respect to the Borrower or the General Partner or the Project Facilities and do not omit to state a material fact with respect to the Borrower, the Guarantor or the General Partner or the Project Facilities necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made. There is no fact known to the Borrower, the Guarantor or the General Partner which materially adversely affects or in the future may adversely affect the business, operations, properties, assets or financial condition of the Borrower, the Guarantor or the General Partner which has not been set forth in this Agreement or in the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person and the Majority Owner Representative on behalf of any such party before the date of execution and delivery of this Agreement in connection with the transactions contemplated hereby.

Section 5.16. Bond Documents. Each of the Borrower and the General Partner has provided the Controlling Person and the Majority Owner Representative with true, correct and complete copies of: (i) all documents executed by the Borrower or the General Partner in connection with the Bonds, including all amendments thereto and compliance reports filed thereunder; (ii) all management and service contracts entered into by the Borrower in connection with the Project Facilities, including all amendments thereto; (iii) all correspondence, if any, relating to the Bonds from the Trustee, the Issuer, the Securities and Exchange Commission, the Internal Revenue Service or any state or local securities regulatory body or taxing authority or any securities rating agency; and (iv) all documentation, if any, relating to governmental grants, subsidies or loans or any other loans, lines of credit or other subordinate financing (including, without limitation, the Subordinate Debt) relating to the Borrower or the Project Facilities, whether or not secured by the Project Facilities. Each of the representations and warranties on the Borrower's part made in the Bond Documents to which the Borrower is a party remain true and correct in all material respects and no Default exists under any covenants on the Borrower's part to perform under the Bond Documents to which the Borrower is a party.

Section 5.17. Illegal Activity. No portion of any of the Project Facilities has been or will be acquired, constructed, fixtured, equipped or furnished with proceeds of any illegal activity conducted by the Borrower.

Section 5.18. Executive Order 13224. Neither the Borrower, the General Partner nor any Person holding any legal or beneficial interest whatsoever in any of those entities is included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the persons or entities referred to or described in Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended. It shall constitute an Event of Default hereunder if the foregoing representation and warranty shall ever become false.

Section 5.19. No Broker. The Borrower has used no broker in connection with the execution hereof and the transactions contemplated hereby.

ARTICLE VI

GENERAL COVENANTS

So long as any amount is due and owing hereunder, the Borrower covenants and agrees, except to the extent the Controlling Person shall otherwise consent in writing to perform and comply with each of the following covenants:

Section 6.1. Conduct of Business; Maintenance of Existence; Mergers. The Borrower and the General Partner will (i) engage solely in the business of financing, constructing, owning and operating the Project Facilities, and activities incident thereto, (ii) preserve and maintain in full force and effect its existence as a limited partnership or limited liability company, as

applicable, under the Legal Requirements of the state of its organization, and its rights and privileges and its qualification to do business in the State, (iii) not dissolve or otherwise dispose of all or substantially all of its assets, (iv) not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, and (v) not amend any provision of its limited partnership agreement or its operating agreement, as applicable, relating to its purpose, management or operation without the prior written consent of the Controlling Person, except as otherwise permitted in the Indenture with respect to Permitted Transfers.

Section 6.2. Compliance with Legal Requirements; Payment of Impositions. The Borrower will comply with all Legal Requirements applicable to the Borrower or the Project Facilities. The Borrower will pay all Impositions and insurance premiums when due and will make the applicable deposits required by Section 8.2 of this Agreement for such purposes.

Section 6.3. Maintenance of Governmental Authorizations. The Borrower shall timely obtain any Governmental Actions required for the construction of the Project Facilities not obtained prior to the Issue Date and shall provide copies thereof to the Controlling Person, the Majority Owner Representative and the Trustee upon receipt. The Borrower will maintain in full force and effect all of its Governmental Actions and qualifications necessary for the conduct of its business as it is presently being conducted and the ownership, construction, renovation and operation of the Project Facilities as they are presently being operated and as contemplated by the terms of the Bond Documents. The Borrower will promptly furnish copies of all reports and correspondence relating to a loss or proposed revocation of any such qualification to the Controlling Person and the Majority Owner Representative.

Section 6.4. Maintenance of Insurance.

(a) Prior to the date on which the Project Facilities achieve Stabilization, the Borrower shall, at its sole cost and expense, maintain or cause to be maintained the insurance required under the Reimbursement Documents. At all times from and after the date on which the Project Facilities achieve Stabilization, the Borrower shall, at its sole cost and expense, maintain or cause to be maintained insurance against such risks and for such amounts as required by the Controlling Person for facilities of the type and size of the Project Facilities and shall pay, as the same become due and payable, all premiums with respect thereto. The initial insurance requirements shall include, but not necessarily be limited to, the requirements set forth on Schedule 7 hereto.

(b) All insurance required by this Section 6.4 shall be produced and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All property and casualty insurance policies required by Section 6.4(a) hereof shall contain a standard non-contributory mortgagee clause showing the interest of the Trustee as first mortgagee and shall provide for

payment to the Trustee of the net proceeds of insurance resulting from any claim for loss or damage thereunder. All policies of insurance required by Section 6.4(a) hereof shall provide for at least thirty (30) days' prior written notice of the restriction, cancellation or modification thereof to the Trustee, with a copy to the Majority Owner Representative. The policy evidencing liability insurance required by Section 6.4(a) hereof shall name the Issuer, the Majority Owner Representative and the Trustee as additional named insureds. The Borrower acknowledges that a security interest in the policies of property and casualty insurance required by Section 6.4(a) and the net proceeds thereof is being granted to the Trustee pursuant to the Mortgage. Upon request of the Trustee, the Borrower will assign and deliver (which assignment shall be deemed to be automatic and to have occurred upon the occurrence of an Event of Default hereunder) to the Trustee, the policies of property and casualty insurance required under Section 6.4(a), so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Bonds, have and hold said policies and the net proceeds thereof as collateral and further security under the Mortgage for application as provided in the Mortgage. The policies under Section 6.4(a) hereof shall contain appropriate waivers of subrogation.

(c) Copies of the policy or certificate (or binder) of insurance required by Section 6.4(a) hereof shall be delivered to the Trustee, with a copy to the Majority Owner Representative on or before the Issue Date. The Borrower shall deliver to the Issuer and the Trustee before the first (1st) Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect insurance of the types and in the amounts required by this Section 6.4. Prior to the expiration of each such policy, the Borrower shall furnish the Trustee, with a copy to the Majority Owner Representative, with evidence that such policy has been renewed or replaced or is no longer required by this Agreement. The Borrower shall provide such further information with respect to the insurance coverage required by this Agreement as the Controlling Person or the Majority Owner Representative may, from time to time, reasonably require.

(d) The net proceeds of the property and casualty insurance carried pursuant to the provisions of Section 6.4(a) hereof shall be applied as provided in the Mortgage and the net proceeds of the liability insurance required by Section 6.4(a) hereof shall be applied, with the prior written consent of the Controlling Person toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.5. Compliance with Other Contracts and Bond Documents. The Borrower will comply with all of its covenants and agreements under the Bond Documents to which it is a party, as the same may hereafter be amended or supplemented from time to time, and each of such covenants is incorporated herein by reference as if fully set forth herein. The Borrower acknowledges that the Indenture imposes certain obligations upon the Borrower and the Borrower agrees to discharge such obligations as if they were fully set forth herein (notwithstanding that the Borrower is not a party to the Indenture). The Borrower shall comply with all of its covenants and agreements under the Subordinate Debt Documents. The Borrower shall comply in all material respects with, or cause to be complied with, all

requirements and conditions of all Material Contracts and insurance policies which relate to the Borrower or the Project Facilities.

Section 6.6. Maintenance of Project Facilities. The Borrower will, at its sole expense and as one of the Expenses (including use of the funds on deposit in the Accounts, in accordance with the terms of the Indenture and the Replacement Reserve Agreement), (i) maintain and preserve the Project Facilities in good working order and repair, fit for the purposes for which they were originally erected; (ii) not permit, commit or suffer any waste or abandonment of the Project Facilities; (iii) not use (and use reasonable efforts to not permit tenants to use) the Project Facilities for any unlawful purpose and use reasonable efforts to not permit any nuisance to exist thereon; (iv) promptly make such repairs or replacements (structural or nonstructural, foreseen or unforeseen) as are required for the proper operation, repair and maintenance of the Project Facilities in an economical and efficient manner and consistent with customary and prudent practices, standards and procedures applicable to properties of like size and type; (v) perform all repairs or replacements in a good and workmanlike manner, and in compliance with all applicable Governmental Actions and Legal Requirements; (vi) keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas which may be owned by the Borrower in good and neat order and repair; (vii) not take (or fail to take) any reasonable action, which if taken (or not so taken) would increase in any way the risk of fire or other hazard occurring to or affecting the Project Facilities; and (viii) not sell, lease (other than pursuant to residential leases or the community center pursuant to _____ lease), cause a Sale of or otherwise dispose of any part of the Project Facilities, except as otherwise permitted hereunder and under the other Bond Documents.

Section 6.7. Inspection Rights.

(a) The Borrower will, at any reasonable time and from time to time, permit the Controlling Person, the Trustee, the Issuer, the Majority Owner Representative and the agents or representatives of the Controlling Person, the Trustee, the Issuer and the Majority Owner Representative to examine and copy and make abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances and accounts of the Borrower with the General Partner and the Accountant. Upon reasonable prior notice, and subject to the rights of tenants, the Borrower will permit the Engineering Consultant to inspect, or cause to be inspected, the Project Facilities at any reasonable time or times as the Majority Owner Representative may direct. The Borrower shall pay or reimburse the Majority Owner Representative on demand for fees and expenses incurred in connection with such inspections.

(b) After the Engineering Consultant shall have inspected or caused to have been inspected the Project Facilities, the Engineering Consultant shall send written notice to the Majority Owner Representative notifying the Majority Owner Representative of the nature and extent of capital needs of the Project Facilities, if any, which are, in the Engineering Consultant's professional judgment, necessary to maintain and preserve the Project Facilities in accordance with the standards set forth in Section 6.6 hereof, and which are not addressed in the Annual

Budget for the Project Facilities. After considering the Engineering Consultant's recommendation, the Majority Owner Representative shall notify the Borrower of the work which the Engineering Consultant recommends be performed in order to comply with the requirements of Section 6.6 hereof and the time period over which, in its professional judgment, such work should be commenced and completed.

(c) The Borrower shall promptly commence and diligently complete the work recommended by the Engineering Consultant within the time period set forth in the report. If the Borrower fails to complete the work within such time period, the Majority Owner Representative, at the Majority Owner Representative's discretion, may complete such work for and on the Borrower's behalf and may do any act or thing the Majority Owner Representative deems necessary or appropriate to that end. The expenses incurred by the Majority Owner Representative in completing such work shall bear interest at the Default Rate, shall be borne by the Borrower and shall be reimbursed to the Majority Owner Representative immediately upon demand. All work performed by the Borrower shall be performed in a good and workmanlike manner and shall be completely free and clear of any mechanics or materialman's liens and encumbrances and shall be subject to the requirements of Section 6.6 hereof.

Section 6.8. Keeping of Books. The Borrower will keep proper books of record and account, in which full and correct entries shall be made of financial transactions and the assets and operations of the Borrower in accordance with GAAP, and have a complete audit of such books of record and account made by the Accountant for each Fiscal Year.

Section 6.9. Reporting Requirements. The Borrower will furnish or cause to be furnished (i) to the Controlling Person and the Majority Owner Representative, the following in form satisfactory to the Controlling Person and the Majority Owner Representative, and (ii) to the Issuer the information provided pursuant to section 6.9(b), (f), (g), (j), (m), and (o), and in such number of copies as the Controlling Person or the Majority Owner Representative or the Issuer, as applicable, may reasonably require:

(a) As soon as available and in any event within forty-five (45) days after the close of each fiscal quarter of each Fiscal Year of the Borrower:

(1) unaudited financial statements for the Borrower and the Project Facilities, including a balance sheet and related statement of income as of the end of such fiscal quarter and for such fiscal quarter and the current Fiscal Year to the end of such fiscal quarter, which shall be internally prepared and presented on a consistent basis;

(2) a certificate signed by an Authorized Person stating that, except as disclosed in such certificate, (i) during such fiscal quarter the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents (including the rules qualifying the interest payable on the Bonds for federal tax exemption pursuant to

Section 142(d) of the Code and the regulations issued thereunder), except as disclosed in such certificate, (ii) if the Project Facilities have received a tax credit allocation, during such fiscal quarter the Project Facilities have complied with the requirements of Section 42 of the Code and the regulations issued thereunder, and (iii) no Event of Default has occurred or exists;

(b) As soon as available and in any event within one hundred twenty (120) days after the close of each Fiscal Year of the Borrower:

(1) audited financial statements for the Borrower, on a consolidated basis, including a balance sheet and related statements of income and changes in financial position as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by the Accountant in accordance with GAAP, and shall fairly present the financial condition of the Borrower and the Project Facilities as of the end of such Fiscal Year;

(2) a certificate signed by an Authorized Person stating that (i) during such Fiscal Year the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents, except as disclosed in such certificate, and (ii) no Default or Event of Default has occurred or exists, except as disclosed in such certificate; and

(3) [following Final Completion], an occupancy report stating as of the last day of the month prior to the date of delivery thereof, with respect to each lease of all or any part of the Project Facilities, the tenant's name, the date thereof, the premises demised, the term, the rent, the security deposits, any advance rent payments in excess of one month and any defaults by the tenant or the Borrower in respect thereof (including, without limitation, the amounts of arrearages);

(c) As soon as possible and in any event within twenty-five (25) days after the end of each calendar month, operating statements of the Project Facilities certified by an Authorized Person and containing itemized information regarding all items of expense and income as well as occupancy reports, a rent roll and, if required by the Controlling Person or the Majority Owner Representative, other reports such as reports on concessions, security deposits and advance rents, all in such detail as may be required by the Controlling Person or the Majority Owner Representative;

(d) Weekly until Stabilization and monthly thereafter, an occupancy report for the Project Facilities, certified by an Authorized Person;

(e) Upon receipt thereof by the Borrower, copies of any letter or report with respect to the management, operations or properties of the Borrower submitted to the Borrower

by the Accountant in connection with any annual or interim audit of the Borrower's accounts, and a copy of any written response of the Borrower to any such letter or report;

(f) As soon as possible and in any event within fifteen (15) days after receipt of notice thereof, notice of any pending or threatened litigation, investigation or other proceeding involving the Borrower, the General Partner, the Guarantor or the Project Facilities; (i) which could have a material adverse effect on the operations or financial condition of the Borrower, the General Partner, the Guarantor or the Project Facilities; (ii) wherein the potential damages, in the reasonable judgment of the Borrower based upon the advice of counsel experienced in such matters, are not fully covered by the insurance policies maintained by the Borrower (except for the deductible amounts applicable to such policies); or (iii) which challenges the exclusion from gross income of interest on the Bonds for purposes of federal income taxation;

(g) As soon as possible, notice of any material adverse change in the operations, financial condition or prospects of the Borrower, the General Partner, the Guarantor or the Project Facilities;

(h) Upon delivery thereof by the Borrower, copies of any reports, certifications, financial information, compliance documents, rebate information, audits and all other items submitted by or on behalf of the Borrower to the Trustee or the Issuer;

(i) Not later than the Completion Date, the certificate of completion and the use of proceeds certificate set forth as Schedules 4 and 5 hereof;

(j) As and when required under the Land Use Restriction Agreement, the monthly compliance certificates, the annual copies of IRS Forms 8703 and other reports and notices required to be delivered to the Issuer and/or the Trustee under the Land Use Restriction Agreement;

(k) Upon receipt thereof by the Borrower, notice of the cancellation or expiration (without renewal or replacement) of any insurance required to be maintained by this Agreement;

(l) Not later than the Stabilization Date, a stabilization certificate in the form set forth on Schedule 6 hereto;

(m) As soon as possible and in any event within fifteen (15) days after the occurrence of an Event of Default, a statement of the General Partner setting forth the details of such Event of Default and the action which the Borrower proposes to take with respect thereto;

(n) Contemporaneously with the delivery to the Trustee copies of any notices, reports or other information provided to the Trustee under the Bond Documents;

(o) Copies of IRS Forms 8609 as issued and received by the Borrower;

(p) As soon as possible, notice of any violation of the terms and conditions of the Ground Lease and a copy of any notice it receives from the landlord under the Ground Lease;

(q) Upon receipt thereof, copies of all real estate tax bills and insurance bills;

(r) Promptly following filing thereof, all tax returns of the Borrower and the General Partner; and

(s) Such other information respecting the operations and properties, financial or otherwise, of the Borrower as the Majority Owner Representative may from time to time reasonably request.

Section 6.10. Tax-Exempt Status.

(a) The Borrower covenants, represents and agrees that it will not take or omit to take or permit any action that, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Agreement, the Mortgage and the Land Use Restriction Agreement, as may be necessary, in the Opinion of Bond Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Bonds or affecting the Project Facilities.

(b) The Borrower will not make or permit any use, and will not direct the Trustee to make any investment or use of the proceeds of any of the Bonds, which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations thereunder as the same may be applicable to the Bonds at the time of such action, investment or use and agrees to take and cause the Issuer and Trustee to take all actions required to comply with the provisions of Section 148 of the Code. The representations contained in the Tax Certificate (which is incorporated herein by reference) are true and correct and the Borrower and the Issuer will observe the applicable covenants therein as if set forth herein.

(c) The Borrower further covenants and agrees that it will comply with and will take all action reasonably required to insure that the Trustee complies with all applicable requirements of said Section 148 and the rules and regulations of the United States Treasury Department thereunder relating to the Bonds and the interest thereon, including the employment of a Rebate Analyst for the calculation of any rebatable amount (the "Rebate Amount") to the United States Treasury Department. The Borrower agrees that it will cause a qualified rebate analyst reasonably acceptable to the Controlling Person (the "Rebate Analyst") to calculate the Rebate Amount not later than forty-five (45) days after the fifth (5th) anniversary of the Issue Date and each five (5) years thereafter and agrees that the Borrower will pay all

costs associated therewith. Within fifteen (15) days of the date of each such calculation, the Borrower shall promptly (i) deliver a report or letter from the Rebate Analyst setting forth the Rebate Amount, if any, then due and the methods used to calculate such amount (each, a “Rebate Report”) to the Issuer, the Controlling Person, the Majority Owner Representative and the Trustee, (ii) deliver the Rebate Amount to the Trustee, and (iii) deliver to the Trustee any forms required by the Internal Revenue Service to be submitted with the Rebate Amount, if any, and the addresses to which such forms must be sent.

(d) Neither the Borrower nor any Related Person shall, pursuant to any arrangement, formal or informal, purchase any of the Bonds, unless the Borrower or such related person delivers a Favorable Opinion of Bond Counsel to the Trustee, the Controlling Person, the Majority Owner Representative and the Issuer.

(e) No changes will be made to the Project Facilities, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(f) The Borrower will not make any changes in the Project Facilities that would, at the time made, cause the average reasonably expected economic life of the Project Facilities, determined pursuant to Section 147(b) of the Code, to be less than the average reasonably expected economic life of the Project Facilities set forth in such certificates or letters of representation of the Borrower, unless the Borrower files with the Trustee and the Controlling Person a Favorable Opinion of Bond Counsel.

(g) No portion of the proceeds of the Bonds will be used to acquire existing property or any interest therein unless such acquisition meets the rehabilitation requirements of Section 147(d) of the Code. The Project Facilities will be owned, managed and operated as a “qualified residential rental property” as such phrase is utilized in Section 142(d) of the Code. To that end, the Borrower hereby represents and covenants and agrees that it will comply with the terms, conditions and provisions of the Land Use Restriction Agreement.

(h) The Borrower will permit any duly authorized representative of the Trustee, the Department of the Treasury or the Internal Revenue Service, the Controlling Person and the Majority Owner Representative to inspect the books and records of the Borrower pertaining to the incomes of qualifying tenants residing in the Project Facilities upon reasonable notice (given at least 5 days in advance) and at reasonable times during business hours on business days.

(i) The Borrower will promptly notify the Trustee, the Controlling Person and the Majority Owner Representative if at any time the dwelling units in the Project Facilities are not available for occupancy as required by the Land Use Restriction Agreement and, upon request, the Borrower will provide the Trustee and the Controlling Person a copy of the

compliance certificates required to be filed by the Borrower under and at the times provided by the Land Use Restriction Agreement.

Section 6.11. Single Purpose Entities.

(a) The Borrower and the General Partner shall (i) not engage in any business or activity, other than the ownership, renovation, operation and maintenance of the Project Facilities and activities incidental thereto, including but not limited to the incidental uses identified in that certain Share Use Agreement between Borrower and the Palm Beach County Housing Authority (the "Shared Use Agreement"); and (ii) not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Project Facilities, actions pursuant to the Shared Use Agreement, and such personal property as may be necessary for the operation of the Project Facilities and shall conduct and operate its business as presently conducted and operated.

(b) The Borrower and the General Partner shall (i) not maintain its assets in a way difficult to segregate and identify; (ii) ensure that business transactions between the Borrower and any Affiliate of the Borrower or any Affiliate of the General Partner shall be entered into upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with a third Person other than the General Partner, or any respective Affiliate thereof; (iii) not incur or contract to incur any obligations, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than, in the case of the Borrower, the Obligations evidenced by this Agreement and the other Bond Documents and the Reimbursement Documents and the Subordinate Debt Documents, or unsecured loans or guaranty payments made by the partners of the Borrower permitted under the Partnership Agreement or unsecured trade payables; (iv) not make any loans or advances to any third Person (including any Affiliate of the Borrower or the General Partner) except as otherwise permitted under this Agreement or the Bond Documents; (v) do or cause to be done all things necessary to preserve its existence; (vi) not materially amend, modify or otherwise change its partnership certificate, partnership agreement, articles of incorporation or bylaws without obtaining the prior written consent of the Controlling Person and the Majority Owner Representative, not to be unreasonably withheld, conditioned or delayed (and which Controlling Person will endeavor to accept or reject within ten (10) Business Days of request); provided that no consent shall be required for changes or amendments to the Partnership Agreement to the extent such change or amendment is solely required to effect a Permitted Transfer; (vii) conduct and operate its business as presently conducted and operated; (viii) maintain its books and records and bank accounts separate from those of its Affiliates; (ix) be, and at all times shall hold itself out to the public as, a legal entity separate and distinct from any other Person (including any Affiliate); (x) file its own tax returns; (xi) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations and in any event not less than that required under State law in order to remain a separate legal entity; (xii) not seek or consent to the dissolution or winding up, in whole or in part, of the Borrower or the General Partner; (xiii) not (A) consent to the dissolution or liquidation in whole or in part of the Borrower, or (B) permit the General

Partner to dissolve, or (C) consent to the dissolution or liquidation of the General Partner; (xiv) not commingle the funds and other assets of the Borrower with those of the General Partner, any Affiliate thereof or any other Person; and (xv) not enter into any transaction with an Affiliate without the prior written consent of the Controlling Person and the Majority Owner Representative or as permitted pursuant to the Loan Documents.

Section 6.12. Negative Pledge; No Sale.

(a) The Borrower will not create, incur, assume or permit to exist any mortgage, pledge, security interest, encumbrance or other Lien upon the Project Facilities or any property, tangible or intangible, now owned or hereafter acquired (including without limitation property leased to or being acquired by the Borrower under capital leases or installment sale agreements), by the Borrower (the sale with recourse of receivables or any "sale and lease back" of any fixed assets being deemed to be the giving of a lien thereon for money borrowed), other than Permitted Encumbrances.

(b) Other than Permitted Transfers and the making of residential leases and a lease related to the Community Building, the Borrower shall not sell, assign, transfer, convey or otherwise dispose of the Project Facilities, or any part thereof, or permit or consent to a Sale without in each instance (i) obtaining the express prior written consent of the Controlling Person and the Majority Owner Representative, which consent may be withheld or granted (and be subject to the payment of such fees and the satisfaction of other conditions as set forth in Section 1.12 of the Mortgage) in the Controlling Person's and the Majority Owner Representative's sole and absolute discretion; and (ii) complying with the applicable requirements of the Land Use Restriction Agreement.

Section 6.13. Payment of Indebtedness; Accounts Payable; Restrictions on Indebtedness.

(a) The Borrower will pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of the Borrower's Indebtedness under the Bond Documents, the Reimbursement Documents, the Subordinate Debt Documents and all of its other Obligations, whether now existing or hereafter arising, and comply with all covenants and agreements set forth in agreements evidencing Obligations of the Borrower.

(b) The Borrower shall pay or cause to be paid the Expenses, and capital expenditures and its other accounts payable with respect to and costs of operation and maintenance of the Project Facilities within thirty (30) days of receipt of an invoice therefor, or when the same shall otherwise be due and payable. The Borrower shall make no distribution of funds to its partners unless no Default or Event of Default exists, such distribution is in accordance with the provisions of the Partnership Agreement, and all current accounts payable shall have been paid and funds shall have been set aside for the payment of accounts payable becoming due within thirty (30) days of said distribution.

(c) Without obtaining the prior written consent of the Controlling Person and the Majority Owner Representative, the Borrower will not create, incur, assume, guarantee or be or remain liable for any indebtedness or Obligations other than (i) Indebtedness under the Bond Documents and the Reimbursement Documents; (ii) Indebtedness in respect of the Subordinate Debt; and (iii) current liabilities of the Borrower relating to the Project Facilities incurred in the ordinary course of business but not incurred through the borrowing of money or obtaining of credit.

(d) any unsecured loans or guaranteed payments from partners or their Affiliates or the Guarantor pursuant to the Partnership Agreement.

Section 6.14. Environmental Covenants.

(a) The Borrower will cause all activities at the Project Facilities during the term of this Agreement to be conducted in full compliance with all applicable Environmental Laws. The Borrower will obtain all Governmental Actions and will make all notifications, as required by Environmental Laws, and will, at all times, comply with the terms and conditions of any such Governmental Actions or notifications. During the term of this Agreement, if requested by the Controlling Person, the Borrower will provide to the Controlling Person and the Majority Owner Representative copies of (i) applications or other materials submitted to any Governmental Authority in compliance with Environmental Laws, (ii) any notifications submitted to any Person pursuant to Environmental Laws, (iii) any Governmental Action granted pursuant to Environmental Laws, (iv) any record or manifest required to be maintained pursuant to Environmental Laws, and (v) any correspondence, notice of violation, summons, order, complaint or other document received by the Borrower, its lessees, sub-lessees or assigns, pertaining to compliance with any Environmental Laws.

(b) The Borrower will, at all times during the term of this Agreement, cause Hazardous Substances used at the Project Facilities to be handled, used, stored and disposed in accordance with all Environmental Laws and in a manner which will not cause an undue risk of Contamination.

(c) The Borrower will cause all construction of new structures at the Project Facilities during the term of this Agreement to use design features which safeguard against or mitigate the accumulation of radon or radon products in concentrations exceeding the Environmental Protection Agency's recommended threshold of 4.0pCi/L.

(d) The Borrower shall not install or permit to be installed any temporary or permanent tanks for storage of any liquid or gas above or below ground, except after obtaining written permission from the Controlling Person to do so and in compliance with Environmental Laws.

(e) The Borrower shall implement a moisture management and control program (the "Moisture Management Program") for the Improvements at the Project Facilities to prevent the occurrence of mold, dangerous fungi, bacterial or microbial matter contamination

or pathogenic organisms that reproduces through the release of spores or the splitting of cells (collectively, "Mold"), at, on or under the Project Facilities, which Moisture Management Program shall include, at a minimum: (a) periodic inspections of the Improvements at the Project Facilities for Mold, (b) removing or cleaning up any Mold and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person, and (c) in the event that the Mold identified at the Improvements at the Project Facilities cannot be removed or cleaned from any impacted building materials (e.g., porous materials such as carpeting, certain types of ceiling materials, etc.) and/or equipment, removing all such impacted building materials and/or equipment from the Project Facilities, all in accordance with the procedures set forth in the United States Environmental Protection Agency's ("EPA") guide entitled "Mold Remediation in Schools and Commercial Buildings", EPA No. 402-K-01-001, dated March 2001 and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person. The Borrower shall include as part of every residential lease a Mold/Mildew Addendum in the form attached hereto as Exhibit B. The Borrower further covenants and agrees that, in connection with any mold remediation undertaken by or on behalf of the Borrower hereunder, the source (e.g., leaking pipe, water damage, water infiltration, etc.) of any Mold at the Improvements at the Project Facilities shall be promptly identified and corrected to prevent the occurrence or re-occurrence of any Mold.

(f) Upon the occurrence of an Event of Default, or if the Controlling Person has reason to believe that there has occurred and is continuing a violation of Environmental Law or that there exists a condition that could give rise to any Governmental Action, the Controlling Person may, at its discretion, commission an investigation at the Borrower's expense of (i) compliance at the Project Facilities with Environmental Laws, (ii) the presence of Hazardous Substances or Contamination at the Project Facilities, (iii) the presence at the Project Facilities of materials which are described in clause (b) of Section 5.12, (iv) the presence at the Project Facilities of Environmentally Sensitive Areas, (v) the presence at the Project Facilities of radon products, (vi) the presence at the Project Facilities of tanks of the type described in paragraph (e) of Section 5.12 or in paragraph (d) of Section 6.14 above, or (vii) the presence of Mold at the Project Facilities. In connection with any investigation pursuant to this paragraph, the Borrower, and its lessees, sub-lessees and assigns, will comply with any reasonable request for information made by the Controlling Person or its agents in connection with any such investigation. Any response to any such request for information will be full and complete. The Borrower will assist the Controlling Person and its agents to obtain any records pertaining to the Project Facilities or to the Borrower and the lessees, sub-lessees or assigns of the Borrower in connection with an investigation pursuant to this paragraph. The Borrower will permit the Controlling Person and its agents access to all areas of the Project Facilities at reasonable times and in reasonable manners in connection with any investigation pursuant to this paragraph. No investigation commissioned pursuant to this paragraph shall relieve the Borrower from any responsibility for its representations and warranties under Section 5.12 hereof or under the Fee and Environmental Indemnity Agreement.

(g) In the event of any Contamination affecting the Project Facilities, whether or not the same originates or emanates from the Project Facilities or any contiguous real estate, or if the Borrower otherwise shall fail to comply with any of the requirements of Environmental Laws, the Controlling Person may, at its election, but without the obligation so to do, give such notices, cause such work to be performed at the Project Facilities and take any and all other actions as the Controlling Person shall deem necessary or advisable in order to remedy said Contamination or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the Default Rate from the date of payment by the Controlling Person, shall be immediately due and payable by the Borrower and until paid shall be added to and become a part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Project Facilities attaching or accruing subsequent to the lien of the Mortgage on the Project Facilities.

Section 6.15. Majority Owner Representative. The Borrower acknowledges and agrees that (i) the Majority Owner has the sole and exclusive right to arrange for servicing of the Loan and to appoint another person or entity to serve as its representative hereunder, under the other Bond Documents and under the Indenture; (ii) the Majority Owner has appointed R4 Servicer LLC to serve in the capacity of Majority Owner Representative hereunder, under the other Bond Documents, and under the Indenture; (iii) at such time as the Construction Credit Facility is no longer outstanding or the Bank has dishonored a draw thereunder, the Majority Owner Representative shall also serve as the Controlling Person hereunder, under the other Bond Documents and under the Indenture; and (iv) the Majority Owner retains the sole and exclusive right to appoint, remove or replace the Majority Owner Representative, without the consent or approval of the Borrower. The Borrower shall comply with the directions of the Majority Owner Representative made on behalf of the Majority Owner.

Section 6.16. Tax Returns. The General Partner will timely file all tax returns for itself and for the Borrower, pay or cause to be paid when due all taxes imposed on their operations, assets, income or properties, and, upon request, provide to the Controlling Person and the Majority Owner Representative copies of such returns and receipts for payment of such taxes.

Section 6.17. Leases. The Borrower hereby represents that there are no leases or agreements to lease all or any part of the Project Facilities now in effect except for leases to residential tenants in compliance with the Land Use Restriction Agreement. Except for leases to residential tenants in compliance with the Land Use Restriction Agreement and leases for services associated with residential rental properties (such as laundry and cable lease), the Borrower shall not enter into or become liable under, any leases or agreements to lease all or any part of the Project Facilities without the prior written approval thereof and of the prospective tenant by the Controlling Person and the Majority Owner Representative. Each lease of residential units in the Project Facilities to a residential tenant shall be on a form of lease approved by the Controlling Person and the Majority Owner Representative and shall be in compliance with the requirements of the Land Use Restriction Agreement.

Section 6.18. Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required by the Issuer, the Trustee, the Controlling Person or the Majority Owner Representative to carry out the purposes and provisions of this Agreement and the other Bond Documents, to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and to assure the Controlling Person and the Majority Owner Representative of the subrogation and security rights in favor of the Trustee for the benefit of the Holders of the Bonds contemplated by this Agreement, by the other Bond Documents and by the Indenture. The Borrower shall obtain any approvals required under the [Ground Lease and the] Subordinate Debt Documents in connection with any of the foregoing.

Section 6.19. Management Agreement. The Borrower has entered into a property management agreement in a form approved by the Controlling Person and the Majority Owner Representative with the Manager (together with any extension and replacements thereof and as the same may be amended, modified or supplemented from time to time the "Management Agreement"). Under the Management Agreement, the Manager shall provide certain management services and shall be entitled to receive as compensation for those services an amount not in excess of seven percent (7%) of the gross income received from the Project Facilities on account of rents, service fees, late charges and penalties and other charges received under leases. Any amounts due the Manager in excess of five percent (5%) of such gross revenue shall be subordinated to the payment by the Borrower of all principal of, premium, if any, and interest due on the Bonds, all Third Party Costs and all required deposits into the Accounts and all payments due under the Ground Lease. The Borrower shall not replace the Manager for the Project Facilities without the Controlling Person's and the Majority Owner Representative's prior written approval, and the Management Agreement shall not be terminated or modified without the Controlling Person's and the Majority Owner Representative's prior written approval. In the event the Manager resigns or is removed, the Borrower shall promptly seek a replacement Manager and submit such Manager and its proposed form of Management Agreement to the Controlling Person and the Majority Owner Representative for approval; if the Borrower has not done so within thirty (30) days of becoming aware of such resignation or removal, the Controlling Person and the Majority Owner Representative may (but shall not be required to) engage a new Manager on terms satisfactory to the Controlling Person and the Majority Owner Representative in their sole discretion and at the expense of the Borrower. The sole and exclusive compensation (exclusive of reimbursement for expenses pursuant to the applicable Management Agreement) paid to manage the Project Facilities under the Management Agreement shall be as described in this Section 6.19. The Borrower shall have no employees whatsoever. The Manager shall execute a consent to the Assignment of the Management Agreement pursuant to which the Manager shall confirm the subordination provisions described above and agree that the Management Agreement shall be terminable by the Controlling Person, with or without cause, on thirty (30) days' notice following and during the existence of an Event of Default.

Section 6.20. Determination of Taxability. Neither the Borrower nor the General Partner shall admit in writing to the Issuer or the Trustee or to any Governmental Authority that interest on the Bonds has become includable in gross income for purposes of federal income taxation without first providing reasonable advance notice to the Controlling Person and the Majority Owner Representative and permitting the Controlling Person and the Majority Owner Representative, at their sole discretion and at their expense, to contest such conclusion. Promptly after the Borrower first becomes aware of any Determination of Taxability or an event that could trigger a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Trustee, the Controlling Person, the Majority Owner Representative and the Majority Owner.

Section 6.21. List of Bondholders. Upon the written request of the Controlling Person or the Majority Owner Representative, the Borrower shall exercise any right it may have under the Indenture to request a list of Bondholders and shall deliver such list to the Controlling Person and the Majority Owner Representative. Any costs associated with obtaining the list of Bondholders at the Controlling Person's or the Majority Owner Representative's request shall be paid by the requesting party.

Section 6.22. Use of Proceeds. The Borrower agrees that the proceeds of the Bonds will be allocated exclusively to pay Project Costs and that, for the greatest possible number of buildings, the Bond proceeds will be allocated on a pro rata basis to each building in the Project Facilities and the land on which such building is located, so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code.

Section 6.23. Compliance With Anti-Terrorism Regulations. Neither the Borrower, the General Partner nor any Person holding any legal or beneficial interest whatsoever in the Borrower shall at any time during the Term be described in, covered by or specially designated pursuant to or be affiliated with any Person described in, covered by or specially designated pursuant to Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended, or any similar list issued by OFAC or any other department or agency of the United States of America. Notwithstanding the foregoing, the Borrower and the General Partner hereby each confirm that if it becomes aware or receives any notice of any violation of the foregoing covenant and agreement (an "OFAC Violation"), the Borrower or the General Partner, as applicable, will immediately (i) give notice to the Controlling Person and the Majority Owner Representative of such OFAC Violation, and (ii) comply with all Legal Requirements applicable to such OFAC Violation, including, without limitation, Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Iraqi Sanctions Act, Pub. L. 101-5 13, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa-9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; and the Foreign Terrorist Organizations

Sanctions Regulations, 31 C.F.R. Part 597 (collectively, the “Anti-Terrorism Regulations”), and the Borrower and the General Partner hereby authorize and consent to the Majority Owner Representative’s taking any and all reasonable steps the Majority Owner Representative deems necessary, in its sole discretion, to comply with all Legal Requirements applicable to any such OFAC Violation, including the requirements of the Anti-Terrorism Regulations. Notwithstanding anything to the contrary in this Section, the Borrower shall not be deemed to be in violation of the covenants and agreements set forth in the first sentence of this Section if the Borrower timely complies with all requirements imposed by the foregoing sentence and all requirements of the Antiterrorism Regulations and all other applicable Legal Requirements relating to such OFAC Violation.

Section 6.24. Adoption of Capital and Operating Budgets.

(a) On or before February 1 of each Fiscal Year, the Borrower shall submit to the Controlling Person and the Majority Owner Representative for approval a proposed capital and operating budget with respect to the Project Facilities to be effective for the next following Fiscal Year (the “Proposed Budget”). The Controlling Person, with the consent of the Majority Owner Representative, shall have the right to approve or disapprove any Proposed Budget, which approval shall not be unreasonably withheld or delayed. Third party costs not within the Borrower’s control and costs associated with remediation of emergency conditions shall be permitted variances to the Annual Budget. If any Proposed Budget is not disapproved by the Controlling Person within thirty (30) days following submission by the Borrower, such budget shall be deemed approved. If any budget is disapproved, the Borrower shall thereafter consult with the Controlling Person in an effort to achieve a mutually acceptable Annual Budget for an additional thirty (30) days. To the extent the proposed operating budget is disapproved, the operating budget for the previous Fiscal Year shall remain in effect increased by five percent (5%) over the previous Fiscal Year (except for costs of utilities, Impositions and insurance and other third-party costs or cost associated with remediation of emergency conditions which shall be permitted variances to the Proposed Budget) until the parties resolve their differences. In addition to, and not in limitation of the foregoing, each Annual Budget may be revised from time to time with approval of Controlling Person to reflect changes to Expenses and proposed Capital Expenditures set forth in the then-current Annual Budget.

(b) Without limiting the generality that each Proposed Budget must be approved by the Controlling Person, each Proposed Budget:

(i) shall be prepared on the basis of sound accounting practices consistently applied;

(ii) shall reflect all amounts projected to be deposited in the Replacement Reserve Fund and the projected revenues and Expenses of the Project Facilities;

(iii) shall reflect all projected Capital Expenditures which are reasonably expected to be made in connection with the Project Facilities during the Fiscal Year covered by such Proposed Budget; and

(iv) shall be in such form as is reasonably acceptable to the Controlling Person and containing such other information as reasonably may be requested by the Controlling Person.

Section 6.25. Borrower's Approval of Indenture. The Borrower understands that the Issuer will, pursuant to the Indenture and as security for the payment of the principal of, acceleration premium, if any, and the interest on the Bonds, assign and pledge to the Trustee, and create a security interest in favor of the Trustee in certain of its rights, title and interest in and to this Agreement (including all payments hereunder) reserving, however, the Reserved Rights; and the Borrower hereby agrees and consents to such assignment and pledge. The Borrower acknowledges that it has received a copy of the Indenture for its examination and review. By its execution of this Agreement, the Borrower acknowledges that it has approved, has agreed to and is bound by the applicable provisions of the Indenture. The Borrower agrees that the Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it notwithstanding the fact that it is not a signatory hereto.

Section 6.26. Conditions Precedent; Payment of Certain Fees, Deposits and Expenses. On the date of execution and delivery hereof, (a) R4 Capital Funding LLC and the Bank, as applicable shall have received, in immediately available funds, an amount equal to the fees set forth in Section 2.2(a) hereof, and the fees of the Engineering Consultant set forth in Section 2.2(b) hereof incurred as of the date of the execution and delivery hereof, and (b) the Trustee shall have received the deposits required to be made in the Accounts on such date pursuant to Article 8 hereof.

Section 6.27. Additional Conditions Precedent. The rights of the Borrower to draw the initial advance of funds from the Project Fund shall be subject to the conditions precedent set forth in the Reimbursement Documents.

Section 6.28. No Amendments. The Borrower shall not amend, modify or otherwise change [the Ground Lease or the Subordinate Debt Documents] without the prior written consent of the Controlling Person and the Majority Owner Representative.

Section 6.29. Construction and Renovation of Improvements. The Borrower shall construct and renovate the Project Facilities in a true, thorough and workmanlike manner and substantially in accordance with the Plans and Specifications and in compliance with all applicable Governmental Actions and Legal Requirements. The Borrower shall provide, at the Borrower's expense all manner of materials, labor, implements and cartage of every description for the due completion of renovation or construction of the Project Facilities. The Borrower shall take all necessary steps to assure that commencement of renovation or construction of the Project Facilities shall begin within thirty (30) days following the Issue Date, shall proceed

continuously and diligently and in a commercially reasonable manner, and shall be completed lien free in a timely manner substantially in accordance with the Plans and Specifications and in all instances in compliance with all applicable Governmental Actions and Legal Requirements, on or before the Completion Date, subject to delays caused by a Force Majeure.

Section 6.30. Evidence of Payment of Costs. If requested by the Controlling Person, the Borrower shall furnish, before each advance agreed to be made and on completion of construction, all receipted bills, certificates, affidavits, conditional releases of lien and other documents which may be reasonably required by the Controlling Person, as evidence of full payment for all labor and materials incident to the construction of the Project Facilities for each requested draw with copies of unconditional releases of lien from each prior draw and will promptly secure the release of the Project Facilities from all liens by payment thereof or transfer to bond or other security.

Section 6.31. Correction of Deficiencies in Improvements. The Borrower agrees that it will correct any work performed and replace any materials that do not comply with the Plans and Specifications in any material respect. In the event of any dispute between the Borrower and the Controlling Person with respect to the interpretation and meaning of the Plans and Specifications, the same shall be determined by an independent engineer selected by the Borrower from the list of engineers approved by the Controlling Person.

Section 6.32. Sufficiency of Loan Proceeds. If, for any reason, the Controlling Person shall, in the reasonable exercise of the Controlling Person's judgment, determine that the combined total of (i) the remaining proceeds of the Loan and the Subordinate Debt, and (ii) any other sums on deposit by the Borrower with the Trustee and the capital contributions from Borrower's partners are insufficient to complete construction of the Project Facilities, the Controlling Person may require the Borrower to deposit with the Trustee for deposit into the Project Fund, within ten (10) days after written request by the Controlling Person, the projected deficiency, and such deposit shall be first disbursed in the same manner as the Loan is to be disbursed as provided herein before any further disbursements of the proceeds of the Loan shall be made.

Section 6.33. Use of Loan Proceeds. All labor and materials contracted for and in connection with the construction and renovation of the Project Facilities shall be used and employed solely for the Improvements and in said construction and only in accordance with the Plans and Specifications. Moneys disbursed from Accounts held under the Indenture to or for the account of the Borrower under this Agreement shall constitute a trust fund in the hands of the Borrower or other payee and shall be used solely by such payee for the payment of the Qualified Project Costs and for no other purpose unless another use is specifically provided for in this Agreement or consented to in writing by the Controlling Person. Nothing in this paragraph shall be deemed to impose a trust on the undisbursed portion of the Loan or any other amounts held under the Indenture or to impose any duty on the Controlling Person with respect thereto.

Section 6.34. Special Servicing Costs. The Majority Owner Representative, as servicer of the Loan, may charge the Borrower additional servicing fees and costs for special servicing requests. The Borrower shall pay as and when due all such special servicing fees or costs.

Section 6.35. Substitution of Guarantor. Notwithstanding any provision in this Agreement or the Bond Documents, on a date that occurs after the Project Facilities achieve Stabilization, the Borrower and/or the Guarantor, or the Investor Limited Partner may present a substitute guarantor (the "Substitute Guarantor") to assume and perform the obligations of the Guarantor in connection with the Loan and the Project Facilities. The approval of any such Substitute Guarantor shall be subject to the Controlling Person's and the Issuer's approval in the sole discretion of each. In determining whether or not to approve any such proposed Substitute Guarantor, the Controlling Person and the Issuer may consider, among other things, the net worth and relevant business experience of such proposed Substitute Guarantor and the Issuer may require a new credit underwriting with respect to the Substitute Guarantor. Such Substitute Guarantor shall be required to assume the obligations of the Guarantor it is replacing in writing, the form and substance of which shall be approved by the Controlling Person and the Issuer in its respective reasonable discretion. Upon the occurrence and continuance of an Event of Default, the Borrower, the Investor Limited Partner and/or the Guarantor may request the Controlling Person and the Issuer to approve a Substitute Guarantor in accordance with this Section 7.7, and the Controlling Person may accept such Substitute Guarantor in order to cure an Event of Default in the Controlling Person's sole discretion.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1. Defaults. Each of the following shall constitute an event of default hereunder ("Event of Default"):

(a) Failure by the Borrower to pay any amount of principal or interest when due or to pay, after five Business Days' notice of such failure any other amount required to be paid by the Borrower under this Agreement, the Note or any of the other Bond Documents when the same shall become due and payable;

(b) Failure by the Borrower to perform or comply with any of the terms or conditions contained in Section 6.1, 6.11 or 6.12 hereof;

(c) Failure by the Borrower to perform or comply with any of the terms or conditions contained in this Agreement and any of the other Bond Documents to which the Borrower is a party, other than as described in paragraphs (a) and (b) above, and continuation of such failure for thirty (30) days after written notice from the Trustee or the Controlling Person to the Borrower (with a copy to the Investor Limited Partner), or such longer period to which the Controlling Person may agree in the case of a default not curable by the exercise of due diligence within such thirty (30) day period, if the Borrower, the General Partner or the

Investor Limited Partner shall have commenced a cure of such default within such thirty (30) day period and shall be diligently pursuing such cure as quickly as reasonably possible;

(d) Any of the representations or warranties of the Borrower set forth in this Agreement, any of the other Bond Documents or any other document furnished to the Issuer, the Trustee, the Controlling Person, the Majority Owner Representative or the Majority Owner pursuant to the terms hereof proves to have been false or misleading in any material respect when made;

(e) Any provision of this Agreement or any of the other Bond Documents to which the Borrower, the General Partner or any Guarantor is a party for any reason ceases to be valid and binding on the Borrower, the General Partner or any Guarantor, is declared to be null and void, or is violative of any applicable Legal Requirement relating to a maximum amount of interest permitted to be contracted for, charged or received, or the validity or enforceability thereof is contested by the Borrower, the General Partner or any Guarantor or any Governmental Authority, or the Borrower, the General Partner or any Guarantor denies that it has any or further liability or obligation under this Agreement or any of the Bond Documents to which the Borrower, the General Partner or any Guarantor is a party;

(f) The occurrence of an Event of Default as defined in the Indenture, the other Bond Documents or the Reimbursement Documents or the Subordinate Debt Documents; or an act or event (or failure to act or non-occurrence of an act) which, with the passage of time, the giving of notice or both, would constitute an Event of Default under the Indenture, the other Bond Documents or the Reimbursement Documents or the Subordinate Debt Documents; or the occurrence of a breach under the HAP Contract which causes, or, with the giving of notice, the passage of time, or both, would cause the Palm Beach County Housing Authority to terminate the payments thereunder;

(g) The Borrower, any Guarantor or the General Partner (i) applies for or consents to the appointment of a receiver, trustee, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner, as applicable, or of property of any such party or (ii) admits in writing the inability of the Borrower, any Guarantor or the General Partner to pay its debts generally as they become due, or (iii) makes a general assignment for the benefit of creditors, (iv) is adjudicated bankrupt or insolvent, (v) commences a voluntary case under the Bankruptcy Code or files a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or files an answer admitting the material allegations of a petition filed against the Borrower, any Guarantor or the General Partner in any bankruptcy, reorganization or insolvency proceeding, or action of the Borrower, any Guarantor or the General Partner is taken for the purpose of effecting any of the foregoing, or (vi) has instituted against it, without the application, approval or consent of the Borrower, any Guarantor or the General Partner, as applicable, a proceeding in any court of competent jurisdiction, under any Legal Requirements relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Borrower, any Guarantor or the General Partner an order for relief or an adjudication in

bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner or of all or any substantial part of the assets of such party or other like relief in respect thereof under any Legal Requirements relating to bankruptcy or insolvency law, and, if such proceeding is being contested by the Borrower, such Guarantor or the General Partner, as applicable, in good faith, the same (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed and undischarged for a period of sixty (60) days; provided, that with respect to a Guarantor, the delivery of replacement guaranties by a new Guarantor acceptable to the respective indemnified parties, shall constitute a cure of a default under this paragraph (g);

(h) The Borrower fails to maintain in full force and effect any insurance required pursuant to this Agreement;

(i) The Project Facilities suffer a loss by fire or other casualty and such loss is not fully insured and any deficiency in the amount of insurance proceeds paid with respect to such loss is not posted with the Trustee within thirty (30) days of the determination of such deficiency;

(j) The Project Facilities fail to achieve (i) Final Completion on or before the Completion Date, (ii) Stabilization on or before the Stabilization Date; or (iii) to obtain and maintain the exemption from ad valorem real estate taxation under the laws of the State;

(k) Any litigation or administrative proceeding ensues, and is not dismissed within thirty (30) days, involving the Borrower, the General Partner, any Guarantor or any instrument, contract or document delivered by the Borrower to the Controlling Person or the Trustee in compliance with this Agreement, and the adverse result of such litigation or proceeding would have, in the Controlling Person's reasonable opinion, a materially adverse effect on the Borrower's, the General Partner's or any Guarantor's ability to pay its obligations and comply with the covenants under this Agreement or any of the other Bond Documents; provided however, that with respect to the General Partner, the admission of a new General Partner and the termination of the current General Partner's interest in the Borrower shall constitute a cure of a default under this paragraph (k), so long as the substitute General Partner is acceptable to the Issuer and the Majority Owner;

(l) Any one or more judgments or orders are entered against the Borrower, any Guarantor or the General Partner, and (1) continue unsatisfied and unstayed for thirty (30) days or (2) a judgment lien on any property of the Borrower, any Guarantor or the General Partner is recorded in respect thereof and is not stayed pending appeal by a bond or other arrangement given or obtained by the Borrower, any Guarantor or the General Partner on terms which do not violate any of the Borrower's covenants under this Agreement; provided however, that with respect to the Guarantor or the General Partner, the admission of a new Guarantor or General Partner and the termination of the current Guarantor or General Partner's

interest in the Borrower shall constitute a cure of a default under this paragraph (k), so long as the substitute Guarantor or General Partner is acceptable to the Issuer and the Majority Owner; and

(m) Failure by the Borrower or the Guarantor (1) to make any payment or payments in respect of any Obligation or Indebtedness (unless a bona fide dispute exists as to whether such payment is due), when such payment or payments are due and payable (after the lapse of any applicable grace period), (2) to perform any other obligation or covenant under any such obligation or obligations, or (3) to pay or perform any obligation or covenant under any Material Contract, any of which (x) results in the acceleration of such Obligation or Indebtedness or enables the holder or holders of such Obligation or Indebtedness or any person acting on behalf of such holder or holders to accelerate the maturity of such obligation or (y) would have, in the Controlling Person's reasonable opinion, a materially adverse effect on the Borrower's or the Guarantor's ability to pay its obligations and comply with the covenants under this Agreement or any of the other Bond Documents.

(n) an event of default shall have occurred under the Subordinate Debt Documents.

Section 7.2. Remedies. If an Event of Default has occurred and is continuing uncured, the Trustee, subject to the provisions of the Intercreditor Agreement, shall:

(a) Acting solely at the direction of the Controlling Person, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable; and

(b) Acting solely at the direction of the Controlling Person, declare the Borrower's obligations hereunder, under the Note and under the other Bond Documents to be, whereupon the same shall become, immediately due and payable, provided, no such declaration shall be required, and acceleration shall be automatic, upon occurrence of an event set forth in Section 7.1(g) hereof; and

(c) Under the circumstances described in Section 2.17(e) of the Indenture and upon the direction of the Majority Owner Representative, draw upon the Construction Credit Facility and apply the proceeds of such drawing as set forth in Section 2.17 of the Indenture; and

(d) Acting solely at the direction of the Controlling Person, enter upon the Project Facilities and take possession thereof, together with the Improvements in the course of construction and renovation or completed, and all of the Borrower's materials, supplies, tools, equipment and construction facilities and appliances located thereon, and proceed either in the name of the Trustee or in the name of the Borrower as the attorney-in-fact of the Borrower (which authority is coupled with an interest and is irrevocable by the Borrower) as the Controlling Person shall elect, to complete the construction and renovation of the Improvements at the cost and expense of the Borrower; if the Controlling Person elects to

complete or cause the construction and renovation of the Improvements to be so completed, it may do so according to the terms of the Plans and Specifications and as the Controlling Person shall deem expedient or necessary, and the Trustee may enforce or cancel all contracts entered into as aforesaid or make other contracts which in the Controlling Person's reasonable opinion may seem advisable, and the Borrower shall be liable, under this Agreement and under the Note or any other note given by it pursuant to the provisions hereof, to pay the Trustee upon demand any amount or amounts expended by the Trustee or its representatives for such performance, together with any costs, charges or expenses incident thereto or otherwise incurred or expended by the Trustee or its representatives on behalf of the Borrower in connection with the Improvements, and the amounts so expended shall bear interest at the default rate specified in the Note, and shall be considered part of the indebtedness evidenced by the Note and secured by the Mortgage; and

(e) Acting solely at the direction of the Controlling Person, (1) enter upon or take possession of the Project Facilities and call upon or employ suppliers, agents, managers, maintenance personnel, security guards, architects, engineers and inspectors to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury; (2) pay out additional sums (which sums shall be immediately due and payable by the Borrower to the Trustee) and use any property of the Borrower associated with the Project Facilities, or any property of the Borrower in which the Trustee has or obtains an interest for application to or as a reserve for payment of any or all of the following with respect to the protection, management, operation or maintenance of the Project Facilities or the protection of the Trustee's interest therein, and in such connection deliver or disburse the same to such entities in such amounts and with such preferences and priorities as the Controlling Person in its sole discretion shall determine, either with or without vouchers or orders executed by the Borrower: (A) all sums due from the Borrower to the Trustee; (B) premiums and costs of title and any other insurance; (C) leasing fees and brokerage or sales commissions; (D) fees, costs and expenses of the Trustee and its counsel in connection with the enforcement and performance of this Agreement, the other Bond Documents and the other documents contemplated hereby; (E) any taxes (including federal, state and local taxes) or other governmental charges; (F) any sums required to indemnify and hold the Trustee harmless from any act or omission of the Trustee (except such as are grossly negligent or due to its willful misconduct) under Section 2.5 hereof, the other Bond Documents or any other document; (G) architectural and engineering costs or any sums due to contractors, subcontractors, mechanics or materialmen for work or services actually furnished on or for the Project Facilities; (H) claims of any Governmental Authority for any required withholding of taxes on wages payable or paid by the Borrower; and (I) other costs and expenses which are required to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury or maintain the Trustee's security position before the rights of all others; (4) place additional encumbrances upon the Project Facilities; and (5) employ leasing and sales agents and negotiate and execute leases, sales contracts and financing undertakings in connection with all or any part of the Project Facilities; and

(f) Acting solely at the direction of the Controlling Person, subject to all Legal Requirements, require the Borrower to transfer all security deposits to the Trustee; and

(g) Acting solely at the direction of the Controlling Person, exercise, or cause to be exercised, any and all such remedies as it may have under this Agreement, the other Bond Documents or at law or in equity.

The Trustee shall not take any action upon the occurrence of an Event of Default unless such action is at the direction of the Controlling Person, except any action under Section 2.17 of the Indenture upon the direction of the Majority Owner and otherwise in accordance with the Intercreditor Agreement.

Section 7.3. No Waivers; Consents. No waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Trustee at the direction of the Controlling Person (or by the Issuer if the same relates to Reserved Rights), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 7.4. No Waiver; Remedies Cumulative. No failure on the part of the Issuer, the Trustee, the Controlling Person or any Bondholder to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; and no single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies available under any other document or at law or in equity.

Section 7.5. Set-Off. Upon the occurrence and during the continuation of an Event of Default hereunder, the Trustee is hereby authorized at any time and from time to time without notice to the Borrower or the General Partner (any such notice being expressly waived by the Borrower and the General Partner) and, to the fullest extent permitted by applicable Legal Requirements, to set off and to apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or moneys at any time held (including any amounts in the Accounts except for the Rebate Fund and the Tax and Insurance Escrow Fund) and other indebtedness at any time owing by the Issuer to or for the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, the Bond Documents or any other agreement or instrument delivered by the Borrower to the Issuer in connection therewith, whether or not the Issuer shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. The rights of the Trustee under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Trustee may have.

Section 7.6. Issuer and Borrower to Give Notice of Default. The Issuer and the Borrower severally covenant that they will, at the expense of the Borrower, promptly give to the Trustee, the Controlling Person, the Majority Owner Representative and the Investor [Limited Partner] and to each other written notice of the occurrence of any Event of Default under this Agreement, and any act, event or circumstance which, with the passage of time, or notice, or both, would constitute such an Event of Default of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

Section 7.7. Cure by Investor Limited Partner. Notwithstanding anything to the contrary contained herein, the Issuer hereby agrees that any timely cure of any Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower, and shall be accepted or rejected on the same basis as if made or tendered by the Borrower; provided, however, that neither the Investor Limited Partner shall have any obligation or duty to take any action to cure any default or to cause any Default to be cured.

Section 7.8. Default Rate; Acceleration Premium. In the event there shall have occurred an acceleration of the obligations of the Borrower hereunder following an Event of Default on or before April 1, 2034, any tender of payment of an amount necessary to satisfy the indebtedness evidenced by this Agreement shall include the acceleration premium set forth in Section 2.3(c) hereof. In addition, in the event that principal or interest payable hereunder is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 7.9. Reserved Rights; Regulatory Agreement Defaults.

(a) Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Bond Documents and exercise the permitted remedies with respect thereto against the Borrower, subject to the provisions of subparagraph (c) below and subject to the Intercreditor Agreement.

(b) If there shall have occurred and be then continuing the failure of the Borrower to comply with the Land Use Restriction Agreement which would, in the reasonable judgment of the Issuer or the Trustee, jeopardize the exclusion from gross income of interest on the Bonds (a "Regulatory Agreement Default") and such Regulatory Agreement Default remains uncured or unwaived for a period of sixty (60) days after the Borrower, the Controlling Person and the Majority Owner Representative receive written notice from the Trustee or the Issuer stating that a Regulatory Agreement Default has occurred and specifying the nature of such default, then, if authorized by the Bond Documents, the Issuer and the Trustee may, without the Controlling Person's or the Majority Owner Representative's consent, exercise the remedy of pursuing specific performance of the Bond Documents on account of such default, unless:

(i) The Issuer and the Trustee, prior to the end of such sixty (60) day period, are provided with an opinion of Bond Counsel to the effect that the failure to cure such default will not have an adverse effect on the exclusion from gross income for federal income tax purposes of interest on the Bonds (which opinion may be requested and obtained by the Controlling Person or the Majority Owner Representative);

(ii) The Majority Owner Representative, the Controlling Person or the Borrower institutes action to cure such Regulatory Agreement Default within

such sixty (60) day period and diligently pursues such action thereafter until such Regulatory Agreement Default is cured; or

(iii) If such Regulatory Agreement Default is not reasonably curable by the Majority Owner Representative or the Controlling Person without the Trustee's first securing possession of the Project Facilities and/or operational control of the Borrower, the Majority Owner Representative or the Controlling Person (subject to extension during any stay on account of the bankruptcy of the Borrower) (x) instructs the Trustee, subject to the terms of the Indenture, to institute, within such sixty (60) day period, proceedings or other action for the purposes of obtaining such possession or control pursuant to the Bond Documents; (y) thereafter instructs the Trustee, pursuant to the terms of the Indenture, to pursue diligently such proceedings until such possession or control is obtained; and (z) diligently pursues action to cure such default after the Trustee or other designee of the Majority Owner Representative or the Controlling Person obtains possession or control of the Project Facilities, until such default is cured; provided, however, that any extension of the period within which a Regulatory Agreement Default must be cured shall only be effective if and to the extent that, in the opinion of Bond Counsel provided to the Trustee, such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds; and provided further, that the Trustee, upon five (5) Business Days' prior written notice to the Majority Owner Representative and the Controlling Person following any such Regulatory Agreement Default, may reduce the 60-day period provided above to such shorter period of time as is specified in such notice (but in no event less than fifteen (15) Business Days), but only if the Trustee, the Majority Owner Representative and the Controlling Person shall have been provided with an opinion of Bond Counsel to the effect that such reduction of such period is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(c) In the event of a default in respect of Reserved Rights or a Regulatory Agreement Default which remains uncured after written notice thereof to the Borrower pursuant to Section 7.9(b), the Controlling Person and the Majority Owner Representative, nothing in this Section 7.9 shall restrict or in any way limit the right of the Issuer or the Trustee to take any action for specific performance available under the Land Use Restriction Agreement or at law or in equity in order to enforce the terms of the Land Use Restriction Agreement or to enforce Reserved Rights hereunder, so long as neither the Issuer nor the Trustee takes any action (i) to declare the outstanding balance of the Bonds or the Bond Documents to be due on account of such default, (ii) to have a receiver appointed in respect of the Project Facilities, (iii) to foreclose any liens upon or security interests or to enforce any other similar remedy against any of the property described in the Mortgage, or (iv) to enforce any other similar remedy which would cause such liens or security interests to be discharged or materially impaired thereby.

ARTICLE VIII

DEPOSITS TO FUNDS

Section 8.1. Deposits to and Disbursements from the Replacement Reserve Fund. Pursuant to the Replacement Reserve Agreement, the Borrower shall pay or cause to be paid to the Trustee, for deposit into the Replacement Reserve Fund established by the Indenture, the amounts described in the Replacement Reserve Agreement. The sums contained in the Replacement Reserve Fund from time to time, shall be maintained, disbursed, and applied as provided in the Replacement Reserve Agreement and pursuant to Section 4.5(d) of the Indenture.

Section 8.2. Deposits to Tax and Insurance Escrow Fund.

(a) [On the Issue Date][As a condition of Stabilization], the Borrower shall pay, or cause to be paid, to the Trustee, to be deposited in the Tax and Insurance Escrow Fund, an amount which, when added to an amount equal to the sum of:

(i) the product of the Impositions component of the Monthly Tax and Insurance Amount for the Project Facilities and the number of months from and including [the Issue Date][the Stabilization Date], until and including the month in which occurs the date that the Impositions on the Project Facilities are due and payable before penalty; and

(ii) the product of the insurance component of the Monthly Tax and Insurance Amount and the number of months from and including [the Issue Date][the Stabilization Date], until and including the month in which occurs the date that the annual insurance premiums for the insurance on the Project Facilities required hereunder are due and payable, will be sufficient to pay in full the Impositions and insurance premiums for the Project Facilities when the same become due and payable before penalty.

(b) Thereafter, on the first (1st) Business Day of each month commencing [_____, 20__][the month following the Stabilization Date], and each month thereafter, the Borrower shall pay, or cause to be paid, to the Trustee an amount equal to the Monthly Tax and Insurance Amount for the Project Facilities to be deposited in the Tax and Insurance Escrow Fund.

Section 8.3. [Reserved].

Section 8.4. Deposits to Redemption Fund. On the first Business Day of each month commencing on the earlier to occur of (i) _____, 20__, [or (ii) the first (1st) Business Day of the month immediately following the Completion Date, and thereafter on the first Business Day of each month until the date on which the Bonds are no longer Outstanding or have been defeased, the Borrower shall pay to the Trustee the monthly amount shown on Schedule 3

attached hereto for deposit into the Redemption Fund pursuant to Section 4.5(a) of the Indenture. Following any partial redemption of Bonds (other than pursuant to Section 3.4(c) of the Indenture), the Controlling Person shall adjust the monthly amount due pursuant to this provision to account for any partial redemption of the Bonds in the manner set forth in Section 3.4(e) of the Indenture and shall provide the Borrower and the Trustee with the revised Schedule 3. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund all amounts required to redeem the Bonds pursuant to Section 3.4(b)(vi) of the Indenture on or before the Interest Payment Date specified in the notice of the Controlling Person as provided in Section 3.4(b)(vi) of the Indenture. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund all other amounts required to redeem Bonds pursuant to Section 3.4 of the Indenture, as provided therein.

Section 8.5. Establishment of Operating Reserve Fund. The Borrower shall, upon the achievement of Stabilization, establish and maintain an operating reserve fund (the "Operating Reserve Fund") in the amount of \$1,048,497. Moneys in the Operating Reserve Fund may be used by the Borrower only to fund any operating deficits of the Borrower, Expenses, or for any other operating or capital needs approved by the Controlling Person and Investor Limited Partner in writing. During the continuance of an Event of Default or in order to prevent an Event of Default, the Operating Reserve Fund shall be applied to by the Borrower, at the direction of the Controlling Person: (i) first to pay current debt service on the Bonds; (ii) second to pay other operating deficits of the Project Facilities; and (iii) thereafter to payment of other amounts owed by the Borrower. Borrower additionally covenants and agrees that promptly following the date that the Investor Limited Partner, or an Affiliate of Investor Limited Partner, is no longer a partner under the Partnership Agreement of the Borrower, the Operating Reserve Fund shall be transferred to the Trustee and held as additional security for the Bonds.

Section 8.6. [Reserved].

Section 8.7. Investment. Funds in the Accounts shall be invested in Permitted Investments upon the direction of the Borrower with the consent of the Controlling Person and the Majority Owner Representative, as set forth in Section 4.7 of the Indenture. Earnings on the Accounts hereunder shall be held or disbursed as set forth in Article IV of the Indenture. The Trustee will deposit any cash held from time to time in the Accounts in one or more bank accounts with an institution or institutions of the Trustee's choosing. The Trustee shall have the right to invest or withdraw any deposited funds or to direct the liquidation of any investments held in order to pay the amounts required under this Agreement and the other Bond Documents. The Trustee shall not be liable for any loss sustained as a result of any liquidation of any collateral prior to its maturity. Any income or gain realized on such investments shall be credited to and become part of the respective Account and reinvested and applied as provided in the Indenture. Provided that no Default or Event of Default exists, the Borrower from time to time may request the Controlling Person to consent to the disbursement to or upon the order of the Borrower of the investment income previously credited to the Accounts, which consent by the Controlling Person shall not be unreasonably withheld or delayed.

Section 8.8. Security Interest in Accounts. The Borrower hereby assigns and pledges to the Issuer, and grants the Issuer a security interest in, as additional collateral security for the Borrower's obligations to the Issuer hereunder (and the Borrower acknowledges and agrees that the Issuer shall have a continuing security interest in) all of the Borrower's right, title and interest, if any, in all Accounts, all cash, cash equivalents, instruments, investments and other securities at any time held in the Accounts, all proceeds of the foregoing, and all of the Borrower's rights associated with such Accounts, if any. The Issuer hereby directs the Trustee to hold all moneys in the Accounts from time to time as assignee of the Issuer.

Section 8.9. Reports. The Trustee shall provide to the Borrower detailed monthly reports on or before the fifth (5th) day of the month following the month to which such report relates showing receipts, disbursements, balances and investments of each Account. Within ten (10) days of a written request of the Borrower to such effect, the Trustee shall deliver to the Borrower an accounting of receipts, disbursements and balances in one or more of the Accounts as necessary and appropriate to assist the Borrower in complying with its covenants to calculate and pay any rebate amount or yield reduction payments due and owing to the United States of America with respect to the Bonds.

Section 8.10. No Liability of Trustee. In performing any of its duties hereunder, the Trustee shall not incur any liability to anyone for any damages, losses or expenses, except for its gross negligence, bad faith or willful misconduct; and the Trustee shall not incur any liability with respect to any action taken or omitted in good faith in the performance of its duties and responsibilities under this Agreement.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Notices. All notices and other communications provided for hereunder shall be in writing and sent by electronic mail (with confirmed receipt) and by reputable overnight mail service or private delivery service addressed as follows:

To the Issuer:

Housing Finance Authority of Palm Beach
County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt, Executive
Director
Telephone: (561) 233-3652
Facsimile: (561) 233-3657
Email: Dbrandt@pbcgov.org

With a copy to:

Greenspoon Marder, P.A.

525 Okeechobee Boulevard, Suite 900
West Palm Beach, Florida 33401
Attention: Morris G. Miller, Esq.
Telephone: (561) 838-4556
Facsimile: (561)-514-3456
Email: skip.miller@gmlaw.com

To the Borrower:

New South Bay Villas, LTD
c/o Palm Beach County Housing
Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson
Chief Executive Officer
E-mail: vjohnson@pbchaf.org

With a copy to:

Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Estelle L. Varner
General Counsel
E-mail: _____

and to:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, N.W.
Suite 400
Washington, DC 20001
Attention: Julie McGovern, Esquire
E-mail: jmcgovern@renocavanaugh.com

and to:

McCurdy Senior Housing Corporation
306 SW 10th Street
Belle Glade, Florida 33430
Attention: Joseph S. Glucksman
President
E-mail: joe.glucksmanqw@gmail.com

and to:

Kenneth A. Treadwell, Esquire
2305 Seaford Drive
Wellington, Florida 33414
Attention: Kenneth A. Treadwell, Esquire
E-mail: ktreadwellpa@gmail.com

If to the Trustee: U.S. Bank National Association
550 West Cypress Creek Road, Suite 380
Ft. Lauderdale, Florida 33309
Attention: Amanda Kumar
Telephone: (954) 938-2473
Facsimile: (954) 202-2082
Email: Amanda.kumar@usbank.com

If to the Majority Owner: At the address set forth on the Register
maintained by the Trustee

If to the Majority Owner
Representative: R4 Servicer LLC
155 Federal Street, Suite 1004
Boston, Massachusetts 02110
Attention: Greg Doble
E-mail: gdoble@r4cap.com

With a copy to: Kutak Rock LLP
Suite 28B, Two Liberty Place
50 South 16th Street
Philadelphia, Pennsylvania 19102
Attention: Andrew P. Schmutz, Esquire
E-mail: Andrew.Schmutz@kutakrock.com

If to the Bank: JPMorgan Chase Bank, N.A.
Community Development Banking
10 North Tampa Street, 33rd Floor
Mailcode: FL2-6001
Tampa, Florida 33602
Attention: Tammy Haylock-Moore,
Executive Director
E-mail: tammy.haylock-moore@chase.com

With a copy to: JPMorgan Chase Bank, N.A.
Legal Department
4 New York Plaza, 21st Floor
Mailcode: NY1-E089
New York, New York 10004-2413

Attention: Michael R. Zients, Executive
Director and Assistant General Counsel
E-mail: michael.r.zients@chase.com

If to Investor Limited Partner:

R4 NSB Acquisition LLC
c/o R4 Capital LLC
780 Third Avenue, 10th Floor
New York, NY 10017
Attention: Marc Schnitzer
Telephone: (646) 576-7659
Email: mschnitzer@R4cap.com

With a copy to:

Nixon Peabody LLP
100 Summer Street
Boston, MA 02110
Attention: Thomas A. Giblin
Telephone: (617) 345-1102
Email: tgiblin@nixonpeabody.com

If to Subordinate Lender:

Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson

The above parties may change the address to which notices to it are to be sent by written notice given to the other persons listed in this Section. All notices shall, when sent as aforesaid, be effective when received.

Section 9.2. Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, including, without limitation, the Trustee. The Controlling Person, the Majority Owner Representative and the Majority Owner are express third party beneficiaries of this Agreement and the rights of the Trustee (as assignee of the Issuer) hereunder, with full rights of enforcement thereof. The Borrower may not assign its interests in or its rights, duties or obligations under this Agreement without the prior written consent of the Controlling Person and the Majority Owner Representative. The Borrower and the Issuer intend that no person other than the parties hereto, the Trustee, the Majority Owner, the Controlling Person, the Majority Owner Representative and their respective successors and assigns as permitted hereunder, shall have any claim or interest under this Agreement or right of action hereon or hereunder.

Section 9.3. Survival of Covenants. All covenants made by the Borrower herein and in any document delivered pursuant hereto shall survive the issuance, sale and delivery of the

Bonds, the delivery of this Agreement and the payment of any amounts under the Bond Documents.

Section 9.4. Counterparts; Electronic Signature. The execution hereof by each party hereto shall constitute a contract between them for the uses and purposes herein set forth, and this Agreement may be executed in any number of counterparts, with each executed counterpart constituting an original and all counterparts together constituting one agreement. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall be treated as original signatures for all purposes hereunder.

Section 9.5. Costs, Expenses and Taxes. The Borrower agrees to pay on the Issue Date and thereafter within thirty (30) days after demand, all reasonable costs and expenses of the Issuer, the Trustee, the Controlling Person, the Majority Owner Representative and the Majority Owner in connection with the preparation, execution, delivery and administration of this Agreement, the other Bond Documents and any other documents that may be delivered in connection with this Agreement or the other Bond Documents or any amendments or supplements thereto, including, without limitation, the fees and expenses of the Engineering Consultant, the cost of an annual appraisal (but only upon the occurrence and during the continuation of an Event of Default) of the Project Facilities by an appraiser selected by the Controlling Person, and the reasonable fees and expenses of counsel for the Majority Owner, the Majority Owner Representative and the Controlling Person with respect thereto and with respect to advising the Majority Owner, the Majority Owner Representative and the Controlling Person as to their respective rights and responsibilities under this Agreement, the other Bond Documents and such other documents, and all costs and expenses, if any, (including, without limitation, reasonable counsel fees and expenses of the Controlling Person, the Majority Owner Representative and the Majority Owner) in connection with the enforcement of this Agreement, the other Bond Documents and such other documents.

Section 9.6. Severability; Interest Limitation. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable, nor invalidate such provision in any other jurisdiction, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of the Issuer in order to effect the provisions of this Agreement. Notwithstanding anything to the contrary herein contained, the total liability of the Borrower for payment of interest pursuant hereto shall not exceed the maximum amount, if any, of such interest permitted by applicable Legal Requirements to be contracted for, charged or received, and if any payments by the Borrower to the Trustee include interest in excess of such a maximum amount, the Trustee shall apply such excess to the reduction of the unpaid principal amount due pursuant hereto, or if none is due, such excess shall be refunded to the Borrower; provided that, to the extent permitted by applicable Legal Requirements, in the event the interest is not collected, is applied to principal or is refunded pursuant to this sentence and interest thereafter payable pursuant hereto shall be less than such maximum amount, then such

interest thereafter so payable shall be increased up to such maximum amount to the extent necessary to recover the amount of interest, if any, theretofore uncollected, applied to principal or refunded pursuant to this sentence. Any such application or refund shall not cure or waive any Event of Default. In determining whether or not any interest payable under this Agreement exceeds the highest rate permitted by applicable Legal Requirements, any non-principal payment (except payments specifically stated in this Agreement to be "interest") shall be deemed, to the extent permitted by applicable Legal Requirements, to be an expense, fee, premium or penalty rather than interest.

Section 9.7. Conflicts. Insofar as possible the provisions of this Agreement shall be deemed complementary to the terms of the other Bond Documents, but in the event of conflict the terms hereof shall control to the extent such are enforceable under applicable Legal Requirements.

Section 9.8. Complete Agreement. Taken together with the other Bond Documents and the other instruments and documents delivered in compliance herewith, this Agreement is a complete memorandum of the agreement of the Borrower, the General Partner, the Guarantor, the Controlling Person, the Trustee, the Issuer, the Majority Owner Representative and the Holders from time to time of the Bonds, with respect to the subject matter hereof.

Section 9.9. Consent to Jurisdiction; Venue; Waiver of Jury Trial. The parties hereby irrevocably (i) agree that any suit, action or other legal proceeding arising out of or relating to this Agreement or the other Bond Documents may be brought in any federal court located in Palm Beach County, Florida, and consents to the jurisdiction of such court in any such suit, action or proceeding; (ii) agree that any suit, action or other legal proceeding relating to the Bond Documents shall be brought solely in a federal or state court located in the Palm Beach County, Florida and (iii) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereby irrevocably consent to the service of any and all process in any such suit, action or proceeding by mailing of copies of such process to such party at its address provided under or pursuant to Section 9.1 hereof. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable legal requirements. All mailings under this Section shall be by certified or registered mail, return receipt requested. Nothing in this Section shall affect the right of the Controlling Person, the Majority Owner Representative and the Majority Owner to serve legal process in any other manner permitted by applicable Legal Requirements. **THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING UNDER THIS AGREEMENT, ANY OF THE OTHER BOND DOCUMENTS OR OTHERWISE IN CONNECTION HEREWITH.**

Section 9.10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the Legal Requirements of the State without reference to its principles of conflicts of law.

Section 9.11. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 9.12. Sale of Bonds and Secondary Market Transaction.

(a) At the Controlling Person or Majority Owner Representative's request (to the extent not already required to be provided by the Borrower under this Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Controlling Person or Majority Owner Representative customarily adheres or which may be reasonably required in the marketplace or by the Controlling Person or Majority Owner Representative in connection with one or more sales or assignments of all or a portion of the Bonds or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Bonds (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that neither the Borrower nor the Issuer shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs including, without limitation, any costs associated with receiving a rating on the Bonds, shall be paid by the Controlling Person or Majority Owner Representative, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Loan is still outstanding:

(i) (1) provide financial and other information with respect to the Bonds, and with respect to the Project Facilities, the Borrower, the General Partner, the Manager or the contractor of the Project Facilities, (2) provide financial statements, audited, if available, relating to the Project Facilities with customary disclaimers for any forward looking statements or lack of audit, and (3) at the expense of the Controlling Person or Majority Owner Representative, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports, termite and other insect infestation reports and other due diligence investigations of the Project Facilities, as may be reasonably requested from time to time by the Controlling Person or Majority Owner Representative or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Controlling Person or Majority Owner Representative pursuant to this paragraph (i) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Controlling Person or Majority Owner Representative and the Rating Agencies;

(ii) make such reasonable representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project Facilities, the Borrower and the Bond Documents reasonably acceptable to the Controlling Person or Majority Owner Representative, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(iii) execute such amendments to the Bond Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Bond Documents and is not otherwise adverse to such party in its reasonable discretion.

(b) The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 9.12(c) hereof, with the Controlling Person and Majority Owner Representative in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project Facilities necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information. Any Secondary Market Disclosure Document shall contain a statement to the effect that it is not being provided or prepared by the Issuer, and that the Issuer is not responsible for any of the information contained therein (except for such information as the Issuer may specifically consent in writing to being included therein).

(c) In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide, information reasonably requested by the Majority Owner Representative pertaining to the Borrower, the Project Facilities or such third party (and portions of any other sections reasonably requested by the Majority Owner Representative pertaining to the Borrower, the Project Facilities or the third party). The Borrower shall, if requested by the Controlling Person or the Majority Owner Representative, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project Facilities or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project Facilities or the Manager) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required

to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such third parties. Furthermore, the Borrower hereby indemnifies the Majority Owner Representative, the Controlling Person, the Majority Owner, the Trustee, the Issuer and the underwriter group for any securities (the "Underwriter Group") for any liabilities to which any such parties may become subject to the extent such liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

(d) In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) defend and indemnify Majority Owner Representative, the Controlling Person, the Majority Owner, the Trustee, the Issuer, its members, and the Underwriter Group for any liabilities to which the Majority Owner Representative, the Controlling Person, the Majority Owner, the Trustee, the Issuer or the Underwriter Group may become subject insofar as such liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading, and (ii) reimburse the Controlling Person, the Majority Owner, the Majority Owner Representative, the Trustee, the Issuer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by any of such parties listed above in connection with defending or investigating the liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

(e) Promptly after receipt by an indemnified party under this Section 9.12 of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 9.12 and provided that the Borrower duly provides the defense and indemnity herein described including payment of all required fees, expenses and liabilities, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

(f) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 9.12 is for any reason held to be unenforceable by an indemnified party in respect of any liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under this Section 9.12, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(g) Notwithstanding any of the foregoing provisions of this Section 9.12, the Borrower agrees that any sale of the Bonds or a transfer to a custodian or trustee thereof in connection with a Secondary Market Transaction must satisfy the transfer restrictions set forth in the Indenture. In addition, the Borrower covenants to provide to the Issuer prior written notice of any proposed Secondary Market Transaction the Borrower has prior actual knowledge of.

Section 9.13. Nonrecourse; Recourse Exceptions.

(a) Notwithstanding anything to the contrary contained in this Agreement (other than Sections 9.13(b) through (e) hereof) or the other Bond Documents, the Issuer agrees that, in connection with the exercise of any rights or remedies available to the Issuer under this Agreement or any of the other Bond Documents (other than the Fee and Environmental Indemnity and the other guaranty agreements of the Guarantors), the Issuer shall look solely to the enforcement of the lien and security interests created by this Agreement and the other Bond Documents and to the collateral and other security held by the Trustee.

(b) Notwithstanding the preceding subsection, the Borrower and the Guarantors shall have full recourse and personal liability for, and be subject to, judgments and deficiency decrees arising from and to the extent of any loss or damage suffered or incurred by the Issuer, the Trustee, the Controlling Person, the Majority Owner, the Majority Owner Representative or the Bondholders as a result of the occurrence of any of the following events:

(i) any litigation or other legal proceeding related to the Obligations filed by any of the Borrower, Guarantor or any of their Affiliates, or any other action of any such Person that delays, opposes, impedes, binds, enjoins or otherwise interferes with or frustrates the efforts of Trustee to exercise any rights

and remedies available to Trustee provided herein or in the other Bond Documents;

(ii) the Borrower fails to pay to the Trustee upon demand after an Event of Default all Rents to which the Trustee is entitled under Section 2 of the Mortgage and the amount of all security deposits collected by Borrower from tenants then in residence. However, Borrower will not be personally liable for any failure described in this Section 9.13(b)(i) if Borrower is unable to pay to the Trustee all Rents and security deposits as required by the Mortgage because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(iii) the Borrower fails to apply all insurance proceeds or casualty or condemnation proceeds as required by the Bond Documents. However, Borrower will not be personally liable for any failure described in this Section 9.13(b)(ii) if Borrower is unable to apply insurance or casualty or condemnation proceeds as required by the Bond Documents because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(iv) if an Event of Default has occurred and is continuing, the Borrower fails to deliver all books and records relating to the Mortgaged Property or its operation in accordance with the provisions of Section 6.8 or 6.9 of this Agreement;

(v) the Borrower engages in any willful act of material waste of the Project Facilities;

(vi) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof;

(vii) the occurrence of any of the following transfers:

(A) any Person that is not an Affiliate creates a mechanic's lien or other involuntary lien or encumbrance against the Project Facilities and Borrower has not complied with the provisions of this Agreement.

(B) a transfer of property by devise, descent or operation of law occurs upon the death of a natural person in violation of the requirements set forth in the Bond Documents.

(C) the Borrower grants an easement that does not meet the requirements set forth in the Bond Documents.

(D) Borrower executes a Lease that does not meet the requirements set forth in the Bond Documents;

(viii) any act of fraud or willful misconduct or any criminal act of the Borrower, the General Partner or the Guarantor; or

(ix) the Borrower's misappropriation of funds or other Collateral.

(c) The Borrower and the Guarantors shall have full recourse and personal liability for all of the Indebtedness (and the limitation on liability in the first sentence of Section 9.13(a) hereof shall be null and void) as a result of the occurrence of any of the following:

(i) a violation of Section 6.11(a), 6.12(b) or 6.13(c) hereof;

(ii) the Borrower's taking any action which adversely affects the exclusion from gross income of interest on the Bonds for federal income tax purposes, or the Borrower's omitting or failing to take any action required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(iii) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof and a court of competent jurisdiction holds or determines that such failure or combination of failures is the basis, in whole or in part, for the substantive consolidation of the assets and liabilities of the Borrower or the General Partner with the assets and liabilities of a debtor pursuant to Title 11 of the Bankruptcy Code;

(iv) a transfer that is an Event of Default under Section 7.1 hereof occurs (other than a transfer described in Section 9.13(b)(vi) above, for which Borrower will have personal liability for any loss or damage); provided, however, that Borrower will not have any personal liability for a transfer consisting solely of the involuntary removal or involuntary withdrawal of the General Partner;

(v) there was fraud or written material misrepresentation by the Borrower or any officer, director, partner, member or employee of the Borrower in connection with the application for or creation of the Indebtedness or there is fraud in connection with any request for any action or consent by the Issuer, Trustee, Controlling Person or the Bondholders;

(vi) the Borrower or the General Partner voluntarily files for bankruptcy protection under the Bankruptcy Code;

(vii) the Borrower or the General Partner voluntarily becomes subject to any reorganization, receivership, insolvency proceeding, or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(viii) the Project Facilities or any part of the Project Facilities becomes an asset in a voluntary bankruptcy or becomes subject to any voluntary reorganization, receivership, insolvency proceeding, or other similar voluntary proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(ix) an order of relief is entered against the Borrower or the General Partner pursuant to the Bankruptcy Code or other federal or state law affecting debtor and creditor rights in any involuntary bankruptcy proceeding initiated or joined in by a Related Party; or

(x) an involuntary bankruptcy or other involuntary insolvency proceeding is commenced against the Borrower or the General Partner (by a party other than the Trustee or the owner of any Bonds) but only if the Borrower or the General Partner, as applicable, has failed to use commercially reasonable efforts to dismiss such proceeding or has consented to such proceeding. "Commercially reasonable efforts" will not require any direct or indirect interest holders in the Borrower or the General Partner to contribute or cause the contribution of additional capital to the Borrower or the General Partner.

(d) The Borrower and the Guarantors shall have full recourse and personal liability for all of the following:

(i) the performance of and compliance with all of Borrower's obligations under Sections 5.12 and 6.14 of this Agreement (relating to environmental matters) or the Borrower's failure to comply with the provisions of the Fee and Environmental Indemnity;

(ii) the costs of any audit under Section 6.8 of this Agreement;

(iii) any costs and expenses incurred by the Issuer, Trustee, the Controlling Person, the Majority Owner Representative and the Majority Owner in connection with the collection of any amount for which Borrower is personally liable under this Section 9.13, including attorneys' fees and costs and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability; and

(iv) Borrower's indemnity obligations pursuant to Section 2.5 and 9.12.

(e) Further, nothing contained in this Section shall be deemed to limit, vary, modify or amend any obligation owed under any guaranty, master lease or indemnification agreement, including the Fee and Environmental Indemnity and the other guaranty agreements of the Guarantors, furnished in connection with financing of the acquisition, construction, renovation and equipping of the Project Facilities, recourse under which is not, by its terms, expressly limited in accordance with this Section 9.13.

(f) Notwithstanding anything to the contrary, Issuer, Trustee, Majority Owner Representative and Holders shall not be deemed to have waived any right such Persons may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of Borrower's and Guarantor's Obligations under the Bond Documents or to require that all collateral shall continue to secure all Obligations under the Bond Documents.

Section 9.14. Publicity. The Borrower hereby authorizes the Controlling Person, the Majority Owner Representative or the Majority Owner and their respective affiliates, without further notice or consent, to use the Borrower's and its affiliates' name(s), logo(s) and photographs related to the Project Facilities in its advertising, marketing and communications materials on a national and/or international basis. Such materials may include web pages, print ads, direct mail and various types of brochures or marketing sheets, and various media formats other than those listed (including without limitation video or audio presentations through any media form). In these materials, the Controlling Person, the Majority Owner Representative or the Majority Owner also may discuss at a high level the types of services and solutions the Controlling Person, the Majority Owner Representative or the Majority Owner has provided the Borrower. This authorization shall remain in effect unless the Borrower notifies the Controlling Person, the Majority Owner Representative and the Majority Owner in writing in accordance with the notice provisions set forth herein that such authorization is revoked. The Controlling Person, the Majority Owner Representative or the Majority Owner shall also have the right to publicize its involvement in the financing of the Project Facilities, including the right to maintain a sign indicating such involvement at a location at the Project Facilities reasonably acceptable to the Borrower and the Controlling Person or the Majority Owner Representative, as applicable.

Section 9.15. Determinations by Majority Owner Representative and Controlling Person. Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Controlling Person or the Majority Owner Representative may be given or is required, or where any determination, judgment or decision is to be rendered by the Controlling Person or the Majority Owner Representative under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Controlling Person or the Majority Owner Representative (or its designated representative) at its sole and absolute discretion.

Section 9.16. Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required by the Issuer, the Trustee or the Majority Owner Representative to carry out the purposes and provisions of this Agreement and to the other Bond Documents, to make elections or take actions (or, as requested, to refrain from making elections or taking actions) related to the audit procedures involving the Borrower and/or its partners set forth in in the Bipartisan Budget Act of 2015 so that the Borrower's partners, equityholders and shareholders will be directly responsible for any audit adjustments, changes

or modifications rather than the Borrower, to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and the other Bond Documents and to assure the Majority Owner Representative of the subrogation and security rights in favor of the Trustee for the benefit of the Holders of the Bonds contemplated by this Agreement, by the other Bond Documents in connection with any of the foregoing and such approvals shall be in form satisfactory to the Majority Owner Representative.

Section 9.17. Intercreditor Agreement. The terms and conditions of this Agreement and the exercise by the Trustee, the Majority Owner, the Majority Owner Representative and the Controlling Person of rights and remedies hereunder shall be subject in all respects to the terms and conditions of the Intercreditor Agreement.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be duly executed and delivered on the day and year first above written.

(SEAL)

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

Attest:

By: _____

Name:

Title: [Vice] Chairperson

[Assistant] Secretary

NEW SOUTH BAY VILLAS, LTD.,
a Florida limited partnership

By: **New South Bay Villas, LLC**, a Florida limited liability company, its General Partner

By: Palm Beach County Housing Authority, its managing member

By: _____

Name: Van Johnson

Title: Chief Executive Officer

EXHIBIT A
FORM OF PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$ _____, 20__

FOR VALUE RECEIVED, New South Bay Villas, Ltd., a limited partnership duly formed and validly existing under the laws of the State of Florida (the "Borrower"), by this promissory note hereby promises to pay to the order of the Housing Finance Authority of Palm Beach County, Florida (the "Issuer") the principal sum of _____ and no/100 Dollars (\$ _____), together with interest on the unpaid principal amount hereof, from the Issue Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Bonds (as hereinafter defined), and acceleration premium, if any, on the Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the principal corporate trust office of U.S. Bank National Association, Ft. Lauderdale, Florida, or its successor as trustee under the Indenture.

The principal amount and interest shall be payable on the dates and in the amounts set forth on Schedule 3 to the Agreement (as hereinafter defined) and on such other dates, that principal and redemption price of, and interest on the Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the "Note" referred to in the Loan Agreement, dated as of February 1, 2017 (as the same may be amended, modified or supplemented from time to time, the "Agreement") between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to U.S. Bank National Association, as trustee under the Indenture of Trust, dated as of February 1, 2017 (as the same may be amended, modified or supplemented from time to time, the "Indenture"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of \$ _____ in aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 (the "Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the Bonds are hereby incorporated as a part of this Note.

The obligations of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 9.13 of the Loan Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note.

This Note shall be governed by, and construed in accordance with, the laws of the State of Florida, without regard to conflict of laws principles.

NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership

By: New South Bay Villas, LLC, a Florida limited liability company, its general partner

By: Palm Beach County Housing Authority, its managing member

By: _____
Van Johnson, Chief Executive Officer

ENDORSEMENT

Pay to the order of U.S. Bank National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**HOUSING FINANCE AUTHORITY OF PALM
BEACH COUNTY, FLORIDA**

By: _____

Name:

Title: [Vice] Chairperson

Dated: _____, 20__

EXHIBIT B
MOLD/MILDEW ADDENDUM

This Mold and Mildew Addendum (the "Addendum") dated _____, 20__ is attached to and made a part of the lease dated _____, 20____ (the "Lease") by and between New South Bay Villas, Ltd. ("Lessor") and _____ ("Resident") for unit number _____ (the "Unit") in _____.

Resident acknowledges that it is necessary for Resident to provide appropriate climate control, keep the Unit clean, and take other measures to retard and prevent mold and mildew from accumulating in the Unit. Resident agrees to clean and dust the Unit on a regular basis and to remove visible moisture accumulation on windows, walls and other surfaces as soon as reasonably possible. Resident agrees not to block or cover any of the heating, ventilation or air-conditioning ducts in the Unit. Resident also agrees to immediately report to the management office: (i) any evidence of a water leak or excessive moisture in the Unit, as well as in any storage room, garage or other common area; (ii) any evidence of mold- or mildew-like growth that cannot be removed by simply applying a common household cleaner and wiping the area; (iii) any failure or malfunction in the heating, ventilation or air conditioning system in the Unit; and (iv) any inoperable doors or windows. Resident further agrees that Resident shall be responsible for damage to the Unit and Resident's property as well as personal injury to Resident and Occupants resulting from Resident's failure to comply with the terms of this Addendum.

A default under the terms of this Addendum shall be deemed a material default under the terms of the Lease, and Lessor shall be entitled to exercise all rights and remedies at law or in equity. Except as specifically stated herein, all other terms and conditions of the Lease shall remain unchanged. In the event of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control. Any term that is capitalized but not defined in this Addendum that is capitalized and defined in the Lease shall have the same meaning for purposes of this Addendum as it has for purposes of the Lease.

[Remainder of page intentionally left blank]

Resident or Residents:
(all Residents must sign here)

Resident's Signature

Resident's Name

Resident's Unit No.

Resident's Signature

Resident's Name

Resident's Unit No.

Lessor:

NEW SOUTH BAY VILLAS, LTD.,
a Florida limited partnership

By: New South Bay Villas, LLC,
a Florida limited liability
company, its general partner

By: Palm Beach County Housing
Authority, its managing
member

By: _____
Van Johnson
Chief Executive Officer

SCHEDULE 1
SCHEDULE OF LITIGATION

SCHEDULE 2
SCHEDULE OF OBLIGATIONS AND MATERIAL CONTRACTS

SCHEDULE 3
SCHEDULE OF DEBT SERVICE PAYMENTS

**SCHEDULE 4
FORM OF COMPLETION CERTIFICATE**

_____, 20__

U.S. Bank National Association, as trustee

[Name of Bank]

Attention: _____

Attention: _____

R4 Servicer LLC, as Majority Owner Representative
155 Federal Street, Suite 1004
Boston, Massachusetts 02110
Attention: Greg Doble

Re: _____ (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to U.S. Bank National Association, as trustee (the "Trustee"), _____, as Bank (the "Bank"), and R4 Servicer LLC, as Majority Owner Representative, acting on behalf of the Majority Owner of the Bonds issued in connection with the Project Facilities (the "Majority Owner Representative") that "Final Completion" of the Project Facilities (as defined in Indenture of Trust dated as of February 1, 2017 (the "Indenture") by and between the Trustee and the Issuer) has been attained as of the date hereof and all conditions relating thereto as set forth in [Section ___ of the Reimbursement Agreement] [Section 5.15 of the Construction Disbursement Agreement] dated as of _____ 1, 20__ by and between the undersigned and the Bank (the "Reimbursement Agreement") have been satisfied. Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Reimbursement Agreement.

The undersigned hereby represents and warrants that:

1. Attached hereto is an original, executed Architect's certificate as required by clause (iv) of the definition of "Final Completion" contained in the Indenture.

2. Attached hereto are true, complete and correct copies of all use and occupancy permits issued in connection with the Project Facilities (the "Permits") as referenced in clause (ii) of the definition of "Final Completion" contained in the Indenture. The Permits are all of the permits, licenses or approvals required for the occupancy of the Project Facilities as a multifamily residential facility. No appeal, action or proceeding challenging any of the Permits has been filed; there is no pending claim, litigation or governmental proceeding challenging the Permits.

3. Attached hereto is a complete schedule of all Punchlist Items referenced in clause (ii) of the definition of "Final Completion" contained in the Indenture. This schedule of Punchlist Items meets the requirements and limitations set forth in the definition of "Final Completion" for Punchlist Items. The undersigned will promptly complete all Punchlist Items.

4. Attached are lien waivers required by clause (vii) of the definition of "Final Completion" contained in the Indenture.

5. Attached hereto are endorsements down dating the Title Policy insuring the Mortgage in favor of the Trustee and the title policy insuring the Reimbursement Mortgage in favor of the Bank, subject only to Permitted Encumbrances, as required by clause (ix) of the definition of "Final Completion" contained in the Indenture.

6. Attached hereto is an as-built ALTA/ACSM Urban Class Survey, certified to the Trustee, the Bank and the Majority Owner Representative and meeting the requirements of clause (ix) of the definition of "Final Completion" contained in the Indenture.

7. Attached hereto is evidence of insurance meeting the requirements of Section 6.4 of the Loan Agreement.

8. Attached hereto is evidence of payment of all Impositions which are due and payable.

NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership

By: New South Bay Villas, LLC, a Florida limited liability company, its general partner

By: Palm Beach County Housing Authority, its managing member

Accepted and agreed to by:
R4 SERVICER LLC, as Majority Owner Representative

By: _____
Name: Van Johnson
Title Chief Executive Officer

By: _____
Name:
Title:

Schedule of Attachments to Completion Certificate

Architect's Completion Certificate

Occupancy Permits

Schedule of Punchlist Items

Lien Waivers

Endorsements to Title Policies

As-Built Survey

Insurance Certificates

Evidence of Payment of Impositions

**SCHEDULE 5
FORM OF USE OF PROCEEDS CERTIFICATE**

_____, 20__

U.S. Bank National Association, as trustee

[Name of Bank]

Attention: _____

Attention: _____

R4 Servicer LLC, as Majority Owner Representative
155 Federal Street, Suite 1004
Boston, Massachusetts 02110
Attention: Greg Doble

Re: _____ (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities hereby certifies to U.S. Bank National Association, as trustee (the "Trustee"), _____, as Bank (the "Bank") and R4 Servicer LLC, as Majority Owner Representative, acting on behalf of the Majority Owner of the bonds issued in connection with the Project Facilities (the "Majority Owner Representative") that [(i)] no less than 95% of the Net Proceeds of the Bonds has been spent for Qualified Project Costs of the Project Facilities as required by Section 142(a) of the Internal Revenue Code. Attached hereto is a schedule of expenditures showing all costs of the Project Facilities, the amounts expended for each category of cost, the source of funds therefor, and a calculation of the percentage of the net proceeds of the Bonds expended in compliance with the requirements of the Internal Revenue Code; and (ii) the undersigned has expended, within two (2) years of the later of the date the Project Facilities were acquired or the date of issuance of the Bonds, from proceeds of the Bonds or other sources, an amount equal to at least 15% of the "portion of the cost of acquiring such building (and equipment) financed with the net proceeds of the Bonds" for "rehabilitation expenses" within the meaning of Section 147(b) of the Code. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Indenture of Trust dated as of February 1, 2017 between the Trustee and the Housing Finance Authority of Palm Beach County, Florida.

[Remainder of page intentionally left blank]

WITNESS WHEREOF, the undersigned has duly executed this Use of Proceeds Compliance Certificate as of the day and year first above written.

NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership

By: New South Bay Villas, LLC, a Florida limited liability company, its general partner

By: Palm Beach County Housing Authority, its managing member

By: _____
Name: Van Johnson
Title: Chief Executive Officer

Schedule of Attachments to Use of Proceeds Compliance Certificate

Evidence of Use of Proceeds

**SCHEDULE 6
FORM OF STABILIZATION CERTIFICATE**

_____, 20__

U.S. Bank National Association, as trustee

[Name of Bank]

Attention: _____

Attention: _____

R4 Servicer LLC, as Majority Owner Representative
155 Federal Street, Suite 1004
Boston, Massachusetts 02110
Attention: Greg Doble

Re: _____ (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to U.S. Bank National Association, as trustee (the "Trustee"), _____, as Bank (the "Bank") and R4 Servicer LLC, as Majority Owner Representative, acting on behalf of the Majority Owner of the bonds issued in connection with the Project Facilities (the "Majority Owner Representative") that the date of Final Completion was _____, 20__ and:

The undersigned hereby represents and warrants that:

1. The Improvements have been % occupied by credit-worthy qualified tenants meeting the requirements of the Bond Documents in each of the prior ____ (____) consecutive months.
2. The ratio of Stabilized NOI in each of the prior ____ (____) consecutive months to maximum principal, interest, Issuer fees and Trustee fees payable in any month [other than the month in which the Maturity Date occurs] on the amount of Bonds Outstanding is ____ to 1.0.
3. No Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be continuing under the Bond Documents.
4. The Borrower has deposited an amount equal to \$_____ in the Operating Reserve Fund.

5. The Borrower has at all times been and is currently in compliance with all requirements set forth in the Land Use Restriction Agreement.

6. There have been no disbursements from [insert names of any required reserves] which have not been replenished.

7. The [insert reference to "construction bonds," if any] shall have been redeemed as required under Section 3.4(b)(__) of the Indenture.

8. The Borrower has deposited \$_____ into the Tax and Insurance Escrow Fund, as required by Section 8.2(a) of the Loan Agreement.

9. Stabilization [has/has not] occurred.

10. Attached hereto is _____ showing the calculation of Stabilization.

Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture of Trust dated as of _____ 1, 20__ between the Trustee and [Name of Issuer].

NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership

By: New South Bay Villas, LLC, a Florida limited liability company, its general partner

By: _____

Name:

Title:

Accepted and agreed to by:

R4 SERVICER LLC, as Majority Owner
Representative

By: _____

Name:

Title:

Stabilization Spreadsheet

SCHEDULE 7
INITIAL INSURANCE REQUIREMENTS

The Project Facilities must be continuously covered by acceptable property insurance policies meeting the minimum requirements described below. This is a general outline of the insurance coverage's required by the Controlling Person, additional coverage may be required at the Controlling Person's discretion.

[Insert R4 Current Insurance Guidelines]

EXHIBIT "C"

FORM OF LAND USE RESTRICTION AGREEMENT

PREPARED BY AND RETURN TO:

Robert C. Reid, Esq.
Bryant Miller Olive P.A.
101 North Monroe Street
Suite 900
Tallahassee, Florida 32301

Property Appraisers Parcel
Identification (Folio)
Number: _-_-_-_-_-_-_-_-_-_-

LAND USE RESTRICTION AGREEMENT

among

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA,
as the Authority**

and

**U.S. BANK NATIONAL ASSOCIATION
as the Trustee**

and

**NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership,
as the Borrower**

Relating to

[\$18,500,000]

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA
MULTIFAMILY HOUSING REVENUE BONDS
(NEW SOUTH BAY VILLAS), SERIES 2017**

DATED AS OF FEBRUARY 1, 2017

No. __

LAND USE RESTRICTION AGREEMENT

THIS LAND USE RESTRICTION AGREEMENT (the "Agreement"), dated as of February 1, 2017, is by and among the **HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA**, a public body corporate and politic created pursuant to the laws of the State of Florida (together with its permitted successors and assigns, the "Authority"), **U.S. BANK NATIONAL ASSOCIATION**, a national banking corporation duly organized and existing under the laws of the United States with its designated corporate trust office in Fort Lauderdale, Florida, as trustee (together with its permitted successors and assigns, the "Trustee"), pursuant to that certain Indenture of Trust between the Authority and the Trustee entered into as of February 1, 2017 (the "Trust Indenture"), authorizing and securing the Housing Finance Authority of Palm Beach County, Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 (the "Bonds") and **NEW SOUTH BAY VILLAS, LTD.**, a Florida limited partnership, and its successors and assigns (the "Borrower").

WITNESSETH

Preamble

WHEREAS, the Authority has been created and organized pursuant to and in accordance with the provisions of the Florida Housing Finance Authority Law, Chapter 159, Part IV, Florida Statutes, as amended (the "Act"), for the purpose, among others, of financing the costs of residential Project that will provide decent, safe and sanitary housing for persons and families of low, moderate and middle income in Palm Beach County, Florida (the "County"); and

WHEREAS, the Borrower has requested that the Authority issue the Bonds and loan the proceeds therefrom to the Borrower (the "Loan") pursuant to the terms and provisions of the Loan Agreement (as hereinafter defined) to finance a portion of the costs of the acquisition and construction of the Project (as hereinafter defined); and

WHEREAS, it is intended that the interest on the Bonds be excludable from gross income for federal income tax purposes; and

WHEREAS, to assure continued compliance with the Code and the Act (as such terms are herein defined), the Authority, the Borrower and the Trustee hereby enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority, the Trustee and the Borrower hereby agree as follows:

Section 1: Definitions and Interpretation. Any capitalized term not otherwise defined in the recitals set forth above or as defined below shall have the meaning ascribed to

such term in the Trust Indenture. The following terms shall have the respective meanings set forth below:

"Act" shall mean Chapter 159, Part IV, Florida Statutes, as amended or supplemented, Sections 2-181 through 2-191, Code of Ordinances of Palm Beach County, Florida and other applicable provisions of law.

"Authority Fee" shall mean the amount of 15 basis points of the original principal amount of the Bonds, payable in arrears on each April 1 and October 1, commencing April 1, 2017, until the end of the Qualified Project Period.

"Available Units" means residential units in a residential rental project that are actually occupied and residential units in the project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that (a) in the case of an acquisition of an existing residential rental project, a residential unit that is unoccupied on the later of (i) the date the Project is acquired or (ii) the issue date of the First Bonds is not an available unit and does not become an available unit until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an available unit and does not become an available unit until it has been leased for the first time after the renovations are completed.

"Bonds" shall mean the Housing Finance Authority of Palm Beach County, Florida, Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017.

"Certificate of Continuing Program Compliance" shall mean the certificate, substantially in the form attached as Exhibit C hereto, as such form may be revised by the Authority from time to time and provided to the Borrower if so revised, which certificate is required to be delivered by the Borrower to the Authority and the Trustee pursuant to Section 5(e) hereof.

"Closing Date" shall mean the date of initial issuance of the Bonds, namely, February __, 2017.

"Code" means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof such reference shall be deemed to include (a) the applicable Regulations promulgated or proposed with an interim effectiveness under such section or any previous corresponding section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the applicable regulations promulgated or proposed with an interim effectiveness under the provisions described in (b) and (c).

"County" shall mean Palm Beach County, Florida.

"De Minimis Early Expenditures" means costs of issuance of the Bonds and any expenditures (but with respect to such expenditures, not in total in excess of the lesser of

\$100,000 and 5% of the proceeds of the Bonds) that would be Qualified Project Costs but for the requirement as to timing of the expenditure.

"Eligible Persons" shall mean persons or families determined by the Authority to be of low, moderate or middle income and "eligible persons" under the Act and under the Authority's guidelines, as applicable, which determination includes, but is not limited to, an income limit which shall not exceed 150% of the median family income for the County adjusted for family size similar to Low-Income Tenants, provided such income limit shall not apply to any person living in the Unit who is at least 65 years old.

"First Bonds" means the first issue of bonds to which Section 142(d) of the Code applies issued to finance the acquisition of a residential rental project.

"Income Certification" shall mean a Tenant Income Certification substantially in the form of Exhibit B hereto as such form may be revised by the Authority from time to time or the tenant income certification form utilized by Florida Housing Finance Corporation, and in any event containing the information as may be required by applicable written rules, rulings, policies, procedures, regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

"Land" shall mean the real property (exclusive of any buildings thereon) described in Exhibit A attached hereto.

"Loan Agreement" shall mean that certain Loan Agreement by and between the Authority and the Borrower dated as of February 1, 2017, and relating to the Loan.

"Low-Income Tenant" shall mean a person or family having an income not exceeding 60% of area median income, as determined in accordance with the requirements of the Code in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, adjusted for family size, as a 40/60 election has been made.

"Outstanding" shall mean, with respect to the Bonds, the amount that is outstanding under the Trust Indenture.

"Preliminary Expenditures" means any preliminary expenditures that would otherwise qualify as Qualified Project Costs (but for the timing of the expenditures) up to an amount not in excess of 20 percent of the aggregate issue price of the Bonds. Potential Preliminary Expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

"Project " shall mean the Land and the buildings, structures, facilities and equipment now or hereafter comprising the 131 unit (of which one (1) unit will be reserved as a resident manager unit) multifamily apartment housing facility known as "New South Bay Villas" to be owned by the Borrower upon the issuance of the Bonds, located in the City of South Bay, Palm Beach County, Florida, the acquisition, construction and rehabilitation of which Project are to be financed, in part, with the proceeds of the Bonds.

"Project Costs" shall mean, to the extent authorized by the Act and the Code, all costs, fees, and expenses incurred by the Borrower with respect to the acquisition and rehabilitation of the Project for use as affordable rental housing, including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, and the payment of certain costs and expenses incidental to the issuance of the Bonds.

"Qualified Project Costs" means the actual costs incurred to acquire and rehabilitate the Project which (i) are or were incurred after March 9, 2015, (ii) are (A) chargeable to the Borrower's capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project' capital account are or would have been deducted only through an allowance for depreciation or (B) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code, and (iii) are made exclusively with respect to a "qualified residential rental Project" within the meaning of Section 142(d) of the Code.

"Qualified Project Period" shall mean the period beginning the first day on which at least ten percent (10%) of the residential rental units in the Project first are occupied (as certified in writing by the Borrower to the Authority and the Trustee) and ending on the latest of (a) the date that is fifteen years after the date on which at least fifty percent (50%) of the units in the Project are occupied (as certified in writing by the Borrower to the Authority and the Trustee); (b) the first day on which no Bonds or other tax-exempt private activity bonds (as defined in the Code) issued with respect to the Project are outstanding; and (c) the termination date of the housing assistance payments contract, including the initial term and any renewal thereof, if the Project are funded under Section 8 of the United States Housing Act of 1937, as amended. The Borrower is authorized to use Exhibit D attached hereto to evidence the foregoing.

"Qualified Bond Counsel" shall mean Bryant Miller Olive P.A. or an attorney or firm of attorneys that is acceptable to the Authority, the Borrower and the Trustee and is of nationally recognized standing with respect to the issuance of debt by states and their political subdivisions.

"Regulations" shall mean the regulations promulgated or proposed by the United States Department of the Treasury pursuant to the Code and applicable to the Project, as amended from time to time.

"State" shall mean the State of Florida.

Unless the context clearly requires otherwise, as used in this 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 Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this 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 Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2: Acquisition, Renovation, Equipping, Completion and Operation of the Project. The Borrower hereby represents, covenants and agrees that:

(a) The Borrower has incurred a substantial binding obligation to commence acquisition and rehabilitation of the Project within the applicable period set forth in Regulation 1.148-2(e)(2), pursuant to which the Borrower is obligated to expend an amount equal to at least five percent (5%) of the "net sale proceeds" of the Bonds.

(b) The Borrower reasonably expects that the total cost of acquisition, renovation, and equipping of the Project will be at least \$_____.

(c) The Borrower will commence the acquisition, construction and rehabilitation of the Project as soon as practicable after the Closing Date, and will proceed with due diligence to complete the same.

(d) The Borrower reasonably expects to complete the acquisition, renovation and equipping of the Project and to expend the full amount of the proceeds of the Loan by not later than three years (two years with respect to the rehabilitation portion of the Project) following the Closing Date.

(e) The Borrower hereby further represents, covenants and agrees that: at least ninety five percent (95%) of the proceeds of the Loan shall be applied to pay or reimburse the Borrower for the payment of Qualified Project Costs, and that one hundred percent (100%) of the proceeds of the Loan shall be applied to pay or reimburse the Borrower for the payment of Project Costs.

(f) The Borrower shall submit to the Trustee prior to or upon the date of each disbursement of the Loan, a statement certifying that the full amount of such disbursement will be applied to pay or reimburse the Borrower for the payment of Project Costs and that ninety five percent (95%) of such disbursement will be applied to pay or reimburse the Borrower for

the payment of Qualified Project Costs. The Requisition required by the Reimbursement Agreement shall satisfy this paragraph.

(g) Upon the completion of the Project, the Borrower shall submit to the Authority and the Trustee a certificate of completion substantially in the form of Exhibit E hereto, containing the following: (i) the Borrower's statement that the Project has been substantially completed and is ready and available for occupancy and that at least one unit in the Project has been initially occupied as of a specified date ("Completion Date"); (ii) the Borrower's statement describing the use of the Loan and other sources of funds for the Project Cost budget as a final allocation of proceeds for purposes of Regulation § 1.148-6(d) of the aggregate amount of disbursements of the Loan up to and including the Completion Date; (iii) the Borrower's certification that not less than ninety five percent (95%) of net proceeds of the Loan have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs and that one hundred percent (100%) of the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Project Costs.

(h) The Borrower does not own any buildings or structures that are proximate to the Project that are being financed pursuant to a common plan under which the Project are also being financed.

Section 3: Residential Rental Property. The Authority and the Borrower hereby declare their understanding and intent that, during the term of this Agreement, the Project is to be owned, managed and operated, as a "qualified residential rental project" 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 Borrower hereby represents, covenants, warrants and agrees that:

(a) (i) The Project will be acquired, constructed and rehabilitated for the purpose of providing multifamily "residential rental property" as such phrase is used in Section 142(d) of the Code, (ii) the Borrower shall own the entire Project for federal tax purposes, and (iii) the Project shall be owned, managed and operated as a multifamily residential rental property comprised of a building or structure or several buildings or structures containing similarly constructed units, together with any functionally related and subordinate facilities and no other facilities, in accordance with Section 142(d) of the Code and Sections 1.103-8(b)(4) and 1.103-8(a)(3) of the Regulations (as modified by Section 142(d) of the Code), and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) The Project will comprise one or more similarly constructed residential rental units, 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, refrigerator and sink.

(c) None of the residential rental units in the Project will at any time be utilized on a transient basis or will be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or trailer park.

(d) All of the residential rental units will be similarly constructed and will be rented or available for rent on a continuous basis to members of the general public and, except as provided above, the Borrower will not give preference to any particular class or group in renting the units in the Project, except to the extent that residential rental units are required to be leased or rented to Low-Income Tenants or Eligible Persons. Low-Income Tenants will have equal access to and enjoyment of all common facilities of the Project.

(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 Project comprises buildings, structures and facilities that are proximate and financed pursuant to a common plan.

(f) Less than 25% of the proceeds of the Loan will be used (directly or indirectly) to acquire the Land.

(g) None of the proceeds of the Loan will be used to acquire any property (or an interest therein) unless the first use of such property is pursuant to such acquisition (within the meaning of Section 147(d)(1) of the Code); provided, however, that such proceeds may be used to finance the acquisition of property (or an interest therein) where the "first use" of such property is not pursuant to such acquisition if rehabilitation expenditures with respect to such building equal or exceed fifteen percent (15%) of the portion of the cost of acquiring such building (and equipment) financed with such proceeds. For purposes of this paragraph, the term "rehabilitation expenditures" has the same meaning given the term in Section 147(d)(3) of the Code and, thus, does not include, among other things, any expenditures incurred more than two years after the later of the date the first Bonds are issued, or the date on which the property was acquired, or any expenditures attributable to the enlargement of an existing building nor any expenditures described within Section 47(c)(2)(B) of the Code. Expenditures to rehabilitate a building include expenditures to rehabilitate equipment or to replace equipment with equipment having substantially the same function, but only if the equipment was part of an integrated operation contained in the building prior to its acquisition by the Borrower. References to equipment in parenthesis refer only to equipment which is functionally related and subordinate to and is purchased with an existing building.

(h) The Borrower or any related person (within the meaning of the Code) shall not occupy any of the residential rental units in the Project; provided, however, that the Borrower may occupy a unit in a building or structure that contains five or more units if the Borrower or a related person is a resident manager or other necessary employee (e.g., maintenance and security personnel).

(i) In the case of a "mixed-use" Project wherein part of the building or structure, together with any facilities functionally related and subordinate thereto, contains one or more similarly constructed residential rental units that in the aggregate, meet the Low-Income Tenant occupancy requirements of Section 4 of this Agreement (the "residential rental units") and the rest of the building is devoted to use unrelated to such units (the "nonqualifying property"), the term "residential rental Project" shall mean only the residential rental units and the other portions of the Project allocable to such units, including the allocable portion of the property benefiting both the residential rental units and the nonqualifying property (e.g., the common elements), and all property benefiting only the residential rental units. The allocation of the costs of the common elements shall be made according to a method that properly reflects the proportionate benefit derived, directly or indirectly, by the residential rental units and the nonqualifying property.

(j) If the Project is receiving Section 8 assistance, the Borrower will comply with all Section 8 requirements including, but not limited to, the requirements at 24 CFR Part 983, as amended, in administering these restrictions.

The requirements of this Section 3 shall terminate at the end of the Qualified Project Period, except as otherwise provided in Section 10 hereof.

Section 4: Low-Income Tenants and Eligible Persons. The Borrower hereby represents, warrants and covenants as follows:

(a) Commencing with the later of the date on which at least 10% of the units in the Project are occupied, or the date of issuance of the Bonds (i) the Owner shall rent all Available Units on at least a proportional basis so that at least forty (40%) of all Available Units in the Project shall be occupied by Low-Income Tenants and sixty percent (60%) of the Available Units will be occupied by Eligible Tenants and (ii) after initial rental occupancy of such dwelling units by Low-Income Tenants, at least forty (40%) of the Available Units in the Project at all times shall be rented to and occupied (or held available for rental if previously rented to and occupied by a Low-Income Tenant) by Low-Income Tenants as required by Section 142(d) of the Code. The Available Units occupied or held for occupancy by Low-Income Tenants shall be distributed throughout the Project.

(b) At all times during the Qualified Project Period, not less than forty percent (40%) of the completed units shall be occupied by Low-Income Tenants.

Low-Income Tenants are defined in final Section 142(d) of the Regulations in a manner consistent with Section 8 of the United States Housing Act of 1937 (or if such program is terminated, under such program as was in effect immediately before such termination), except that (i) the percentage of median gross income of a Low-Income Tenant shall not exceed sixty percent (60%) of the County median income since the Borrower has elected forty percent (40%) of the units to be occupied by such persons, with adjustment for family size, as set forth in the table of paragraph (f) of this Section 4; and (ii) the occupants of a residential rental unit shall not

be considered to be Low-Income Tenants if all the occupants are students (as limited by Section 42(i)(3)(D) of the Code which provides exceptions if one or more of these students is receiving certain kinds of assistance and student is entitled to file a joint return under Section 6013 of the Code). The method of determining Low-Income Tenants in effect on the date of issue of the Bonds will be determinative even if such method is subsequently changed.

(c) At all times during the Qualified Project Period, 100% of the completed residential rental units will be rented to or available for rent by Eligible Persons. In determining compliance with this paragraph 4(b), the number of Low-Income Tenants shall be counted toward the 100%.

(d) Notwithstanding the foregoing, for any year the requirement to recertify a tenant's income shall not apply if during such year no residential unit in the Project is occupied by a new resident whose income exceeds the applicable income limit for Low-Income Tenants.

(e) The determination of whether the income of a resident of a residential rental unit exceeds the applicable income limit shall be made at least annually on the basis of the current income of the resident. For purposes of paragraphs (a), (b) and (c) of this Section 4, a unit occupied by an individual or family who at the commencement of the occupancy of such unit is a Low-Income Tenant (or Eligible Person) shall be counted as occupied by a Low-Income Tenant (or Eligible Person) during such individual's or family's tenancy in such residential rental unit, even though such individual or family ceases to be a Low-Income Tenant (or Eligible Person) unless the income of this individual or family, after adjustment for family size, exceeds 140 percent of the applicable income limit, if after such determination, but before the next determination, any residential rental unit of comparable or smaller size in the Project are occupied by a new resident whose income exceeds the applicable income limit. In addition, a residential rental unit that was occupied by a Low-Income Tenant (or Eligible Person) shall be counted as occupied by a Low-Income Tenant (or Eligible Person) until it is reoccupied for a period in excess of thirty-one (31) days, at which time the unit shall be considered to be occupied by a Low-Income Tenant (or Eligible Person) only if the individual or family then occupying the unit satisfies the definition of a Low-Income Tenant (or Eligible Person).

(f) Leases shall provide for termination and eviction if a tenant has certified that he or she is a Low-Income Tenant, and has failed to so qualify, at the time of commencement of the occupancy. The form of lease to be utilized by the Borrower in renting all residential rental units in the Project shall be subject to the Authority's approval, with copies delivered to the Authority and the Trustee. The lease must comply with all applicable Section 8 requirements if the Project are receiving a subsidy pursuant to Section 8 of the United States Housing Act of 1937.

(g) The applicable income limits shall be adjusted for family size, as follows:

Family Size	1	2	3	4	5	6	7	8
% of median	42%	48%	54%	60%	64.8%	69.6%	74.4%	79.2%

income

Section 5: Reporting Requirements

(a) During the Qualified Project Period, the Borrower shall obtain from each Low-Income Tenant, at the time of such tenant's initial occupancy in the Project, an Income Certification dated immediately prior to the initial occupancy of such Low-Income Tenant in the Project, in the form and containing the information required by Section 1.167(k)-3(b) of the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. Attached hereto as Exhibit B is a form of the initial Income Certification to be used by the Borrower should the Borrower not elect to use the Florida Housing Finance Corporation form. The Borrower shall give written notice to the Authority if it intends to use a different Income Certification found acceptable by Qualified Bond Counsel.

(b) During the period commencing on the date that the first residential rental unit in the Project are occupied and continuing until the end of the Qualified Project Period, the Borrower shall obtain from each Low-Income Tenant or Eligible Person residing in the Project, at the time of such person's or family's initial occupancy in the Project, and on an annual basis thereafter, an Income Certification acceptable to the Authority. Notwithstanding the foregoing annual income recertifications shall not be required if 100% of the units are occupied by Low-Income Tenants (exclusive of the one (1) manager unit).

(c) The Borrower shall file with the Authority and the Trustee (but only if the Authority is not in existence and no entity has been appointed to perform compliance monitoring hereunder), not later than the fifteenth (15th) day of each month, copies of the Income Certifications specified in Sections 5(a) and (b) hereof obtained by the Borrower during the previous month.

(d) The Borrower 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 Low-Income Tenants and Eligible Persons residing in the Project, and shall permit, upon five (5) business days' notice to the Borrower, any duly authorized representative of the Authority, of the Servicer, if any, or of the Trustee to inspect the books and records of the Borrower pertaining to the incomes of and rentals charged to all tenants residing in the Project. The Trustee shall not be required to inspect the incomes or rental records maintained by the Borrower pursuant hereto unless directed in writing by the Authority.

(e) The Borrower shall prepare and submit to the Authority not later than the fifteenth (15th) day of each month, rent rolls and a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of units that were occupied by Low-Income Tenants and Eligible Persons, respectively, as of the last day of the previous

month, (ii) that at all times during the previous month at least 40% of the units were occupied by Low-Income Tenants (as determined in accordance with Section 4 of this Land Use Restriction Agreement), and (iii) that no default has occurred under this Land Use Restriction Agreement or, if such a default has occurred, the nature of such default and the steps, if any, the Borrower has taken or proposes to take to correct such default. Attached hereto as Exhibit C is the initial Certificate of Continuing Compliance to be used by the Borrower. The Borrower shall provide a copy of each Certificate of Continuing Program Compliance to the Trustee at the same time such certificate is required to be provided to the Authority.

(f) To the extent required by law, the Borrower will certify annually to the Secretary of the Treasury (with a copy to the Authority) whether or not the Project continue to satisfy the requirements imposed by Sections 2, 3, 4, 5 and 6(b) of this Agreement. To that end, on or before each January 10 during the Qualified Project Period, the Borrower will submit to the Authority a draft of the completed Internal Revenue Code Form 8703 – Annual Certification of a Residential Rental Project or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continue to meet the requirements of Section 142(d) of the Code. On or before each February 15 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury with a copy to the Authority.

(g) The Borrower covenants that it will, when applicable, complete and deliver to the Authority and the Trustee the Certificate attached hereto as Exhibit D regarding the commencement of the Qualified Project Period.

(h) The Borrower covenants to provide to the Authority copies of its audited financial statements within 120 days after each fiscal year of the Borrower commencing with the Borrower's fiscal year ended December 31, 2018.

Section 6: Tax-Exempt Status of Bonds.

(a) The Authority hereby represents, covenants and agrees as follows:

(i) That it will not knowingly take or fail to take or permit any action to be taken that would adversely affect the exclusion from gross income under Section 103 of the Code of the interest on the Bonds and, if it should take or permit any such action, the Authority shall take all lawful actions that it can take to rescind such actions promptly upon having knowledge thereof;

(ii) that it may not make any advance (i) which would cause the amount of net proceeds of the Bonds used to finance costs of issuance to exceed two percent (2%) of the sale proceeds of the Bonds or (ii) which is for costs other than Qualified Project Costs unless, immediately after such advance, at least ninety five percent (95%) of all advances, taking into account costs of issuing the Bonds as costs which are not Qualified Project Costs, shall have been applied to finance Qualified Project Costs; provided, that with respect to the use of an

advance, the Authority may conclusively on the Borrower's Certification as to the use of the proceeds of such advance; and

(iii) that the Authority will take such action or actions, as may be necessary in the opinion of Qualified Bond Counsel, to comply fully with all applicable rules, rulings, regulations, policies, procedures or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code.

(b) The Borrower hereby covenants, represents and agrees as follows:

(i) That the Borrower will not knowingly take or fail to take or permit any action to be taken which would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, and, if it should take or permit any such action, the Borrower shall take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof;

(ii) that the Borrower, in order to preserve the exclusion from gross income under Section 103 of the Code of interest on the Bonds, shall not, without the written consent of the Authority, request any advance (a) which would cause the amount of net proceeds of the Bonds used to finance costs of issuance to exceed two percent (2%) of the sale proceeds on the Bonds or (b) which is for costs other than Qualified Project Costs unless, immediately after such advance, at least ninety five percent (95%) of all advances, taking into account costs of issuing the Bonds as costs which are not Qualified Project Costs to the extent paid for with the Bonds, shall have been applied to finance Qualified Project Costs; and

(iii) that the Borrower will take such action or actions as may be necessary in the opinion of Qualified Bond Counsel, to comply fully with all applicable rules, rulings, regulations, policies, procedures or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code affecting the Project or the Loan.

Section 7: Fair Housing Laws. The Borrower will comply with all fair housing laws, rules, regulations or orders applicable to the Project.

Section 8: Covenants to Run with the Land. The covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land and, except as provided in Section 10 hereof, shall pass to and be binding upon the Borrower's assigns and successors in title to the Land or the Project; provided, however, that upon the termination of this Agreement in accordance with the terms hereof said covenants, reservations and restrictions shall expire. Except as provided in Section 10 hereof, each and every contract, deed or other instrument hereafter executed covering or conveying the Land or the Project or any portion thereof 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 Project are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Project. Borrower, at its costs and expense, shall cause this Agreement to be duly recorded or filed and re-recorded or refiled in such places, and shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law in order to establish, preserve and protect the ability of the Authority to enforce this Agreement.

Section 9: Indemnification of Authority and Trustee. The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Authority and the Trustee and its officers, directors, officials and employees from and against (i) 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 Loan or the Project except for the payment of principal and interest on the Loan or the Bonds; (ii) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding specified in (i) above brought thereon and (iii) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with the enforcement of the provisions of this Agreement. In the event that any action or proceeding is brought against the Authority or the Trustee or any of its officers, directors, officials or employees with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party (which notice shall be timely given so as to not prejudice the rights of the Borrower), 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 employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof, and the Borrower shall pay the fees and expenses of such separate counsel. The Borrower's obligations under this Section 9 shall exist only for its own acts and omissions (including those of its agents, contractors, servants, employees and licensees), whether or not the right to indemnification arises after a change in ownership of the Project, and the Borrower shall not be liable for the acts or omissions of any other successor during such time that such successor is the owner of the Project provided such successor has agreed to be bound by the provisions of this Section 9 applicable to the Borrower. Notwithstanding the foregoing, the Borrower's obligation to indemnify the Authority and Trustee shall not apply to actions arising from the gross negligence or willful misconduct of the Authority or the Trustee.

Section 10: Term.

(a) Subject to the rights of the Authority and the Trustee pursuant to Section 9 hereof, this Agreement shall remain in full force and effect until the "Term of this Agreement", which shall be the later of (i) the payment in full of the Bonds (or any debt obligation of the Authority refunding the Bonds), or (ii) the expiration of the Qualified Project Period, it being expressly agreed and understood that the provisions of this Agreement may survive the termination of the Loan Agreement and Trust Indenture, if repayment of the Loan occurs prior to the later of such events. Upon the termination of this Agreement, upon request of any party hereto, the Authority, the Trustee, the Borrower and any successor party hereto shall execute a recordable document prepared by the Authority or its counsel (at the expense of the Borrower)

further evidencing such termination. Notwithstanding anything contained in this Agreement or any other document relating to the Bonds (collectively, the "Bond Documents") to the contrary, the Borrower covenants to pay the Authority Fee and any expenses of the Authority set forth in the Trust Indenture or the Loan Agreement for the duration of this Agreement.

(b) Notwithstanding Section 10(a), the terms and provisions of this Agreement (other than Section 9, to the extent applicable) shall, subject to the provisions of the last sentence in this Section 10(b), automatically terminate in the event of involuntary noncompliance caused by fire, seizure, requisition, foreclosure or transfer of title by deed in lieu of foreclosure to an entity other than the Borrower or a related person (within the meaning of the Code) of the Borrower, change in a federal law or an action of a federal authority or agency after the date the Bonds are issued which prevents compliance with the covenants expressed herein, or condemnation or similar event (as determined by the Authority upon the advice of Qualified Bond Counsel), but only if, within a reasonable period, either (i) the Bonds are redeemed and paid in full and all obligations under the Loan Agreement are paid in full, or (ii) amounts received as a consequence of such event as applied to provide a Project that meets and is subject to the requirements of the Code and applicable Regulations thereunder. In such event, upon the request of the Borrower and at the expense of the Borrower, the parties hereto shall execute an appropriate document in recordable form prepared by the Authority or its counsel to evidence such automatic termination, but the failure to execute or record such document shall not affect the automatic termination. This Section 10(b) shall not apply (and the restrictions contained in Sections 3 and 4 shall thereafter apply) to the Project in the event that, subsequent to any involuntary noncompliance as described in this Section 10(b) but prior to the expiration of the Term of this Agreement, an obligor on the acquired purpose investment (as defined in Section 1.148-1(b) of the Regulations) or a related person (as defined in Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes.

(c) Notwithstanding any other provisions of this Agreement, this entire Agreement, or any of the provisions or Sections hereof, may be terminated with the written consent of the Authority if there shall have been received an opinion of Qualified Bond Counsel delivered to the Authority, the Borrower, and the Trustee that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

Section 11: Correction of Noncompliance. The failure of the Borrower to comply with any of the provisions of either Section 3 or 4 of this Agreement shall not be deemed a default hereunder unless such failure has not been corrected within a period of sixty (60) days following the date that any of the parties hereto learned of such failure, unless additional time to cure or correct such failure to comply has been requested by the Borrower and has been granted by the Authority. Not later than the business day next succeeding the day on which the Trustee or the Authority learns of such failure, the Trustee or the Authority shall attempt with reasonable diligence to notify the Borrower of such failure by telephonic communication to be confirmed in writing.

Section 12: Modification of Tax Covenants. To the extent any amendments, modifications or changes to the Regulations or the Code shall, in the written opinion of Qualified Bond Counsel filed with the Authority and the Trustee, impose requirements upon the ownership, occupancy or operation of the Project different than those imposed by the Regulations or the Code and stated herein, this Agreement shall be amended and modified in accordance with such requirements to the extent necessary to maintain the tax-exempt status of the Bonds. 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 Qualified Bond Counsel to effectuate the intent of this Section 12.

Section 13: Reliance. The Authority and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by the other parties to the Bond Documents and all past, present and future owners of the Bonds interested in the legality and validity of the Bonds and in the exemption from federal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the Authority and the Trustee may rely upon statements and certificates of the Borrower and the Low-Income Tenants that are 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.

Section 14: Trustee to Monitor Compliance. The Trustee, when directed by the Authority in writing to receive reports, certifications and other documents, shall examine all such reports, certifications and other documents then required to be delivered to the Trustee hereunder and shall notify the Authority and the Borrower promptly if any such documents contain evidence or any indication of non-compliance with the requirements of this Agreement. In addition, and, if applicable as set forth in Section 5 hereof, the Trustee, when directed by the Authority in writing, shall deliver to the Authority on or prior to the twenty-fifth day of each month a statement as to (i) whether the Trustee has received the Income Certifications and the Certificate of Continuing Program Compliance required to be delivered by the Borrower by the fifteenth day of such month and (ii) whether any of the information contained in such documents indicates that the Borrower has failed to comply with any of the requirements contained in this Agreement. Initially the Authority assumes responsibility, acting through its agents or contractors, to monitor the Borrower's compliance with this Agreement and therefore shall not require the Trustee to receive such reports, certificates and other documents other than the Certificate of Continuing Compliance.

Section 15: Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project.

Section 16: Transfer of Project; Covenants to Run with the Land.

(a) Except as specifically authorized pursuant and subject to the terms and provisions of the Bond Documents, the Borrower shall not (a) enter into a sale, lease, exchange, assignment, conveyance, transfer or other disposition (collectively, a "Disposition") of all or

substantially all of the Project or (b) place any mortgage lien, assignment of leases and rents or security interests on or pertaining to the Project, without in each instance the prior written consent of the Authority. The Authority shall not unreasonably withhold its written consent to a Disposition, as long as the requirements of this Section 16 are fully satisfied. It is expressly agreed that, in connection with determining whether to grant or withhold such consent, the Authority may (but is not obligated to), among other things: (i) consider the creditworthiness of the party to whom such Disposition will be made and such party's management ability with respect to the Project; (ii) consider whether or not the security for repayment of the Loan and other payment obligations under the Loan Agreement and other Bond Documents, and the performance of the covenants and other obligations under this Agreement (without regard to whether any Bonds are outstanding) or the Authority's ability to enforce its rights, remedies and recourses with respect to such security or performance will be impaired in any way or to any degree by the proposed Disposition; (iii) require that the Authority be reimbursed for all reasonable costs and expenses incurred by the Authority, to the extent applicable, in connection with investigating the creditworthiness and management ability of the party to whom such Disposition will be made in determining whether the Authority's security will be impaired by the proposed Disposition; (iv) require the payment of all payment obligations of the Borrower under the Loan Agreement, including but not limited to accrued obligations not yet payable and, in the event of a Disposition in connection with a redemption of the Bonds prior to the termination of the Qualified Project Period, an amount reasonably determined by the Authority as being necessary to compensate it for monitoring costs and expenses for the balance of the Qualified Project Period; (v) require the payment of the Authority's reasonable attorneys' fees and expenses in connection with such Disposition; (vi) require the express, unconditional assumption of all payment obligations and all performance obligations under this Agreement and the Loan Agreement and any other document, agreement or instrument evidencing or securing the Borrower's obligations under the Loan Agreement by the party to whom such Disposition will be made (with or without the release of the transferor Borrower from liability for such obligations), which assumption shall be in form and substance satisfactory to the Authority and its counsel, and require the recording of such assumption document; (vii) require the execution of modification agreements, supplemental mortgage documents, financing statements and such other documents, agreements and instruments as the Authority or its counsel may require, and (viii) require endorsements to any existing Authority's or Trustee's title insurance policies insuring the Authority's or the Trustee's liens and security interests covering the Project. The Authority may, in its discretion, release the Borrower from liability under this Agreement without releasing the Borrower from liability under any other agreement relating to the Project and may limit any such release from liability to events and occurrences arising after such Disposition, whether or not the Authority has knowledge of prior events or occurrences creating such liability at the time of the Disposition.

(b) The restrictions contained in Section 16(a) shall not be applicable to any of the following: (i) any sale, transfer, assignment, encumbrance or addition, deletion or exchange of interests in the Borrower, including, but not limited to, the limited partnership interests of the Borrower, provided such sale, transfer, assignment, encumbrance or addition does not

constitute a change in ownership of the Project for federal income tax purposes, as certified in writing by the Borrower to the Authority and the Trustee; (ii) grants of utility-related easements and governmental easements and any other construction or Project operation easement and use agreement, or service-related leases or easements, such as laundry service leases or television cable easements, over portions of the Project, provided, however, the same are granted in the ordinary course of business in connection with the operation of the Project as contemplated by this Agreement; (iii) leases of apartment units to tenants, including Low-Income Tenants and Eligible Persons, in accordance with the requirements of this Agreement or manager unit or common building for approved uses; (iv) any sale or conveyance to a condemning governmental authority as a direct result of a condemnation or a governmental taking or a threat thereof; (v) any change in allocations or preferred return of capital, depreciation or losses or any final adjustment in capital accounts (all of which may be freely transferred or adjusted by the Borrower pursuant to the Borrower's creation documents); or (vi) any transfer to the Trustee pursuant to or in lieu of a foreclosure or comparable conversion.

(c) The covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land and, except as provided in Section 10 hereof, shall pass to and be binding upon the Borrower's assigns, and successors in title to the Land or the Project; provided, however, that upon the termination of this Agreement in accordance with the terms hereof, said covenants, reservations and restrictions shall expire. Except as provided in Section 10 hereof, each and every contract, deed or other instrument hereafter executed covering or conveying the Land or the Project or any portion thereof 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 Project are conveyed, all such covenants, reservations and restrictions shall run to each portion of the Project.

Section 17: Burden and Benefit. The Authority, the Trustee and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the Land in that the Borrower's legal interest in the Land and the Project are rendered less valuable thereby. The Authority, the Trustee and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the Land by enhancing and increasing the enjoyment and use of the Land and the Project by Low-Income Tenants [and Eligible Persons], the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds are to be issued.

Section 18: Remedies; Enforceability. If a violation of any of the provisions hereof occurs or is attempted and continues beyond the expiration of any applicable cure or grace period, the Authority and its successor and assigns may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, to compel specific performance hereunder to recover monetary damages caused by such violation or attempted violation. The provisions hereof are imposed upon and made applicable to the Land and shall run with the Land and shall be enforceable against the Borrower or any other

person or entity that has or had an ownership interest in the Project at the time of such violation or attempted violation. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or similar breach or violation hereof at any later time or times. With the exception of the obligations of the Borrower to the Authority and the Trustee set forth in Section 9 of this Agreement, the liability of the Borrower under this Agreement is and shall be limited to the interest of the Borrower in the Project, it being specifically understood and agreed that the Borrower shall not have any personal liability with respect to the obligations of the Borrower set forth herein, and that any party seeking to enforce personal liability against the Borrower shall look only to said interest of the Borrower for the satisfaction of such liability.

Notwithstanding anything contained in this Agreement to the contrary, the Authority, the Trustee or any person under their control shall not exercise any remedies or direct any proceeding hereunder other than to enforce rights of specific performance hereunder, provided that such enforcement shall not include seeking monetary damages.

Section 19: Governing Law. This Agreement shall be governed by the laws of the State.

Section 20: Filing. This Agreement shall be duly recorded in the Office of the Clerk of the Circuit Court for Palm Beach County, Florida.

Section 21: Amendments. This Agreement shall not be amended, revised, or terminated except by a written instrument, executed by the parties hereto and duly recorded in the Office of the Clerk of the Circuit Court for Palm Beach County, Florida. The Authority's consent to any such amendment, revision or termination shall be given only in accordance with the Trust Indenture.

Section 22: Notice. Any written notice required or permitted to be given hereunder shall be given by (i) personal delivery, (ii) registered U.S. mail or (iii) registered expedited service at the addresses set forth below or at such other addresses as may be specified in writing by the parties hereto. Any such notice shall be deemed received on (i) the date of delivery, if given by personal delivery or by expedited delivery service, or (ii) upon the earlier of the third (3rd) business day after the date of mailing or upon actual receipt, if sent by registered U.S. mail.

Issuer: Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt, Executive Director

with a copy to: Morris G. (Skip) Miller, Esq.
Greenspoon Marder, P.A.
525 Okeechobee Boulevard, Suite 900
West Palm Beach, Florida 33401

The Trustee: U.S. Bank National Association
500 W. Cypress Creek Road, Suite 560
Fort Lauderdale, Florida 33309
Attention: Corporate Trust

Borrower: New South Bay Villas, Ltd.
c/o Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson, Chief Executive Officer

with a copy to: Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Estelle L. Varner, General Counsel

and a copy to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, DC 20001
Attention: Julie McGovern, Esquire

and to: McCurdy Senior Housing Corporation
306 Southwest 10th Street
Belle Glade, Florida 33430
Attention: Joseph S. Glucksman, President

and to: Kenneth A. Treadwell, Esquire
2305 Seaford Drive
Wellington, Florida 33414
Attention: Kenneth A. Treadwell, Esquire

Section 23: 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 24: Multiple Counterparts. This 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.

Section 25: Fees and Expenses of Trustee. The Borrower agrees to pay the reasonable fees and expenses of the Trustee, if the Trustee is required by the provisions of Section 5 or Section 14 hereof to monitor compliance hereunder.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Authority, the Trustee and the Borrower have executed this Agreement by duly authorized representatives, all as of the date first written hereinabove.

(SEAL)

**HOUSING FINANCE AUTHORITY
OF PALM BEACH COUNTY,
FLORIDA**

ATTEST:

By: _____

Name:

Title: [Assistant] Secretary

By: _____

Name:

Title: [Vice] Chairperson

[HFA of Palm Beach County (New South Bay Villas) LURA signature page]

WITNESSES:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Print Name: _____

By: _____
Name: Amanda Kumar
Title: Assistant Vice President

By: _____
Print Name: _____

[Trustee (New South Bay Villas) LURA signature page]

WITNESSES:

NEW SOUTH BAY VILLAS, LTD.,
a Florida limited partnership

By: **New South Bay Villas, LLC,**
a Florida limited liability company, Its
general partner

By: Palm Beach county Housing Authority,
Its managing member

By: _____
Print Name: _____

By: _____
Name: Van Johnson
Title: Chief Executive Officer

By: _____
Print Name: _____

[Borrower (New South Bay Villas) LURA signature page]

STATE OF FLORIDA)
)SS:
COUNTY OF PALM BEACH)

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____ and _____ known to me to be the same persons whose name is subscribed to the foregoing instrument as [Vice] Chairperson and [Assistant] Secretary of the Housing Finance Authority of Palm Beach County, Florida (the "Authority") appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed, sealed with the seal of said Authority, and delivered the said instrument as the free and voluntary act of said Authority and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of February, 2017.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

STATE OF FLORIDA)
)SS:
COUNTY OF _____)

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Amanda Kumar, known to me to be the same person whose name is subscribed to the foregoing instrument as Assistant Vice President of U.S. Bank National Association, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed, sealed with the seal of said bank and delivered the said instrument as the free and voluntary act of said bank and as her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of February, 2017.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or
Type as Commissioned)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

STATE OF FLORIDA)
)SS:
COUNTY OF _____)

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Van Johnson, known to me to be the same person whose name is subscribed to the foregoing instrument as Chief Executive Officer of the Palm Beach County Housing Authority, the managing member of New South Bay Villas, LLC, a Florida limited liability company, general partner of New South Bay Villas, Ltd. a Florida limited partnership, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said entity and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of February, 2017.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

[Borrower (New South Bay Villas) LURA notary page]

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B

INCOME CERTIFICATION

The undersigned hereby (certify) (certifies) that:

1. This Income Certification is being delivered in connection with the undersigned's application for occupancy of Apartment # _____ in New South Bay Villas, in the City of South Bay, Palm Beach County, Florida.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during each of five calendar months of the year in which this application is submitted, other than correspondence school, with regular facilities and students).

	<u>Occupant</u>	<u>Relationship</u>	<u>Age</u>	<u>Student</u> (Yes or No)
(a)	_____	_____	_____	_____
(b)	_____	_____	_____	_____
(c)	_____	_____	_____	_____
(d)	_____	_____	_____	_____
(e)	_____	_____	_____	_____

3. Are any of the students listed in paragraph 2:

(1) a student and receiving assistance under title IV of the Social Security Act,

(2) a student who was previously under the care and placement responsibility of the State agency responsible for administering a plan under part B or part E of Title IV of the Social Security Act, or

(3) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws, or entirely by full-time students if such students are; or

(4) a single head of household parent who lives with her/his children who are such parent's dependents, or

(5) married and files a joint return.

Yes _____ No _____

4. The total anticipated income for each person listed in paragraph 2 above including the head of the family and spouse (even if temporarily absent) during the 12-month period commencing with the date occupancy will begin includes:

the full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, bonuses and other compensation for personal services; net income from operation of a business or profession; withdrawals of cash or assets from the operation of a business or profession; interest and dividends and other net income from real or personal property; the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; public assistance income, where payments include amounts specifically designated for shelter and utilities; period and determinable allowances such as alimony and child support, and regular contributions or gifts from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces and any earned income tax credit to the extent it exceeds income tax liability:

but shall exclude:

temporary, or non-recurring income (including sporadic or irregular gifts); amounts which are specifically for reimbursement of medical expenses; lump sum additions to family assets, such as inheritances, insurance payment (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment; special pay to a family member exposed to hostile fire; amounts received in other publicly assisted programs which are specifically for reimbursement of out-of-pocket expenses incurred and which are made solely to allow participation in a specific program; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for the allotments; payments received pursuant to participation in ACTION volunteer programs; and income from the employment of children (including foster children) under the age of 18 years;

is as follows:

	<u>Occupant</u>	<u>Anticipated Annual Income</u>
(a)	_____	\$
(b)	_____	\$

(c)		\$
(d)		\$
(e)		\$
	Total	\$

5. If any of the occupants listed in paragraph 2 above has any savings, bonds, equity in real property, or other form of capital investment (but do not include necessary items such as furniture or automobiles, and the value of a trust fund assuming the trust is not revocable by or under the control of any member of the household)¹, enter the following amounts:

(a) the total value of all such assets owned by all such persons:

\$ _____,

(i) a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD: (applicable passbook savings rate _____ %):

\$ _____,

(ii) the amount of income expected to be derived from such assets in the 12-month period commencing with the occupancy of the unit: \$ _____, and

(b) the amount of such income in 5(a)(ii) which is included in 4.

6. RESIDENT'S STATEMENT: The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in paragraph 2, (i) if the owner/Borrower is seeking to qualify such persons as "Low-Income Tenants" (as defined in the Land Use Restriction Agreement by and among the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), the Trustee and the owner/Borrower, either (a) an Employer's Verification of current anticipated annual income, if the occupant is currently employed, or (b) if the occupant is currently unemployed, an unemployed applicant affidavit or such other evidence of current anticipated income as is acceptable to the Authority and is consistent with income determinations under Section 8 of the United States Housing Act of 1937, as amended, or (ii) if the owner/Borrower is seeking to qualify such persons as "Eligible Persons" (as defined in the Regulatory Agreement), either (a) an Employer's Verification of current anticipated annual income' if the occupant is currently

¹ Include the value over and above actual consideration received, except in a foreclosure or bankruptcy, of any asset disposed of for less than fair market value within two years of the date of this Income Certification. A disposition as part of a separation or divorce settlement will not be considered to be for less than fair market value if applicant receives important consideration not measurable in dollar terms.

employed, an unemployed applicant affidavit or (b) if the occupant is currently unemployed, such other evidence of current anticipated income as is acceptable to the Authority and is consistent with income determinations under Section 8 of the United States Housing Act of 1937, as amended, or (c) copies of their most recent Federal income tax return, if a return was filed for the most recent year. I/We certify that the statements above are true and complete to the best of my/our knowledge and belief on the date hereof and are given under the penalty of perjury. In the event this Income Certification is executed more than five (5) days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit.

(a) _____ Date: _____
(b) _____
(c) _____
(d) _____
(e) _____

STATE OF FLORIDA)
) SS
COUNTY OF PALM BEACH)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day, personally appeared _____ known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he/she/they executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and notarial seal this _____ day of _____, _____.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or Type as Commissioned)

Personally known to me, or
 Produced identification:

(Type of Identification Produced)

7. OWNER/BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement, to live in a unit in the Project, and, based upon the aggregate anticipated annual income from paragraph 4 and, if applicable, the greater of the amounts stated in paragraph 5(a)(i) or 5(a)(ii) less the amount shown in paragraph 5(b), which in the aggregate will be \$_____. The family or individual(s) constitute(s):

- a. A Low-Income Tenant (current maximum income adjusted for a family size of _____ is \$_____)
- b. An Eligible Person other than a Low-Income Tenant (current maximum income is \$_____)

Signature of Owner/Borrower's
Authorized Representative

Date

[Remainder of page intentionally left blank]

STATE OF FLORIDA)
) SS
COUNTY OF PALM BEACH)

The foregoing paragraph 7 was acknowledged before me, the undersigned, a Notary Public in and for said County and State, on this day, by _____.

GIVEN under my hand and notarial seal this _____ day of _____, _____.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or
Type as Commissioned)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

[Remainder of page intentionally left blank]

8. If this Income Certification was executed by me/us more than five (5) days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of _____, _____ and state:

- a. No additional information required to be provided to make this Income Certification true and correct on the date of this certification; or
- b. The following information is provided to update the information previously provided in this Income Certification:

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

The foregoing paragraph 8 was acknowledged before me, the undersigned, a Notary Public in and for said County and State, on this day, by _____.

GIVEN under my hand and notarial seal this _____ day of _____, _____.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or
Type as Commissioned)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

9. OWNER/BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 6 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 8 hereof.

Signature of Owner/Borrower's
Authorized Representative

Date

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

The foregoing paragraph 9 was acknowledged before me, the undersigned, a Notary Public in and for said County and State, on this day, by _____.

GIVEN under my hand and notarial seal this _____ day of _____, _____.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or
Type as Commissioned)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

[Remainder of page intentionally left blank]

INFORMATION CONCERNING INCOME CERTIFICATION

In order for interest on the Authority's multifamily mortgage revenue note to qualify as an "exempt facility bond" under Section 142(d) of the Internal Revenue Code, forty percent (40%) of the units in each multifamily residential project must be occupied by Low-Income Tenants. In addition, unless the Authority imposes a greater set aside, State law requires that at least sixty percent (60%) of the units in such project be occupied by eligible persons. The purpose of the Income Certification (the "Certification") is to assist in determining whether the occupants of a particular unit are Low-Income Tenants for federal tax purposes or income-eligible for State law purposes.

Paragraph 2 of the Certification asks the occupants to list their names, relationship, ages, and whether they are students. Paragraph 3 of the Certification asks whether any of the students listed in paragraph 2 are able to file a joint return for federal income tax purposes (i.e., are they married). Paragraph 4 of the Certifications asks each occupant to list his/her anticipated annual income, as defined. Finally, paragraph 5 asks the occupants to estimate the value of all "capital investments" (excluding "necessary items"), the estimated amount of income expected to be derived from these "capital investments," and the amount of income (that has already been included in paragraph 4 of the Certification) expected to be derived from those "capital investments."

The information provided in paragraphs 2 through 5 of the Certification should be sufficient to determine whether an individual(s) or the family constitutes a Low-Income Tenant for federal income tax purposes, and whether the individual(s) or the family constitutes an eligible tenant for State law purposes, if applicable.

The Regulations provide that the occupants of a unit shall not be considered of "low or moderate income" if all of the occupants are students determined using rules similar to Section 42(i)(3)(D) of the Code (i.e., the low income housing tax credit student rule which is set forth in the Certification). Thus, if paragraph 2 of the Certification indicates that all of the occupants are students, and if paragraph 3 of the Certification indicates that none of the students meet the listed exceptions, the occupants, are not Low-Income Tenants even if the occupants have no income. It should be noted, however, that even though the occupants may not qualify as Low-Income Tenants for federal income tax purposes, they may, in fact, qualify as "eligible tenants" for State purposes.

Assuming the occupants of the units are not all non-qualifying students, the next step in filing out the Certification is to determine the "anticipated annual income" of the occupants of the unit for the "certification year." The "certification year is the twelve-month period of time that begins on the date the unit is first occupied. Thus, if the Certification is completed before the prospective tenants move in, the occupants are required to recertify the Certification not more than five days prior to the date they actually move into the unit so that you may determine whether they continue to qualify as Low-Income Tenants.

All payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household excluding only the income from employment of children (including foster children) under the age of 18 years that are members of the household should be included in "anticipated annual income." For example, if a 17-year old son or daughter has a part- or full-time job that pays \$5,000 per year and has income from bank deposits of \$100 per year, only the \$100 should be listed. Paragraph 2 of the Certification indicates the various relationships of the occupants in a household and their ages.

Once the anticipated annual income in paragraph 4 of the Certification has been totaled, you should determine whether the occupants have "capital investments," including capital investments of any children in the family, of more than \$5,000 listed in paragraph 5(a) of the Certification. If the "capital investments" exceed \$5,000, "anticipated annual income" will be the sum of the amount totaled in paragraph 4 of the Certification the greater of, if any, (a) the actual amount of income in paragraph 5(b), minus the amount of income enumerated in paragraph 5(c), if any, or (b) the "imputed amount of income" minus the amount of income enumerated in paragraph 5(c), if any. The "imputed amount of income" is the value of the assets listed in paragraph 5(a) of the Certification multiplied by the "current passbook savings rate" as determined by the United States Department of Housing and Urban Development. (The "current passbook savings rate" will vary from time to time and will first be available around January 1 of each year; if the "current passbook savings rate" is unavailable, you should multiply the value of the assets by 10%). For example, if the prospective occupants list assets of \$7,000 in paragraph 5(a) of the Certification, and the "current passbook savings rate" is 3%, the "imputed amount of income" is \$210.

The "anticipated annual income" of paragraph 4 of the Certification plus, if the capital investments exceed \$5,000, the necessary adjustments of paragraph 5 of the Certification, as discussed in the preceding paragraph, should be entered in the blank in paragraph 8 of the Certification. If the amount entered into the blank in paragraph 8 of the Certification does not exceed sixty percent (60%) of the median gross income for the area, the occupants qualify as Low-Income Tenants and paragraph 7(a) of the Certification should be checked. If the amount entered in the blank in paragraph 7 of the Certification exceeds sixty percent (60%) of the median gross income of the area, the occupants do not qualify as Low-Income Tenants. In such case, the occupants still may qualify as "eligible tenants" for State law purposes and paragraph 7(b) of the Certification should be checked if they so qualify.

The Low-Income Tenants requirement must be met for the "Qualified Project Period." Thus, forty percent (40%) of the units must be occupied by occupants qualifying as Low-Income Tenants beginning at the time when at least ten percent (10%) of the units are first occupied. For example, if a project contains 100 units, the low-income restrictions need not be met until at least 10 units have been occupied. However, as soon as at least 10 units have been occupied, 4 units must actually be occupied by Low-Income Tenants, i.e., it is not sufficient that 4 units are reserved for Low-Income Tenants.

It should be noted that a unit occupied by an individual or family who at the commencement of such occupancy is a Low-Income Tenant is treated as occupied by such an individual or family during their occupancy of such unit, unless the income of this individual or family, after adjustment for family size, exceeds 140 percent of the applicable income limit, if after such determination, but before the next determination, any residential unit of comparable or smaller size in the Project are occupied by a new resident whose income exceeds the applicable income-limit. Further, if a tenant has occupied a unit for a length of time and decides to add a roommate, the "anticipated annual income" of the new tenant when he/she first occupies the unit, and the "anticipated annual income" of the existing tenant when he/she first occupied the unit must be aggregated to determine whether the unit may continue to be certified as being occupied by a Low-Income Tenant. If, however, the occupants of a unit move into another unit in the Project, the second unit will be treated as occupied by a Low-Income Tenant only if the occupant qualified as a Low-Income Tenant at the time of the move. Moreover, if a Low-Income Tenant moves out of a unit, such unit is treated as occupied by a Low-Income Tenant until reoccupied at which time the character of the unit shall be determined.

Finally, if in paragraph 6 of the Certification an occupant is unable to provide an Employer Verification because he/she is currently unemployed, such occupant must provide such evidence of income as would be acceptable to prove income under Section 8 of the United States Housing Act of 1937, as amended, or such occupant may not be included as a Low-Income Tenant; such occupant may nevertheless be included as an eligible tenant (assuming her/her anticipated income is within the applicable limits) if such tenant provides his/her most recent federal income tax return or other proof of income that would be acceptable evidence under guidelines applicable to Section 8 of the United States Housing Act of 1937, as amended.

Information regarding acceptable evidence of income for unemployed individuals acceptable under Section 8 guidelines will be provided from time to time by the Authority, as available.

EXHIBIT C

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

WITNESSETH that on this ____ day of _____, _____ the undersigned, having borrowed certain funds through the HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA (the "Authority") for the purpose of financing the cost of acquiring, constructing, renovating and equipping NEW SOUTH BAY VILLAS, a multifamily rental housing project (the "Project"), does hereby certify that such Project are in continuing compliance with the Land Use Restriction Agreement (herein, the "Regulatory Agreement") executed by the undersigned and filed in the official public records of Palm Beach County, Florida (including the requirement that all units be and remain rental units), that an Income Certification has been submitted for each new tenant in such Project since the filing of the last such certification and that the same are true and correct to the best of the undersigned's knowledge and belief. As of the date of this Certificate, the following percentages of the residential units in the Project are occupied by Low-Income Tenants (as such term is defined in the Regulatory Agreement), Eligible Persons (as such term is defined in the Regulatory Agreement), Non-Revenue Units and Vacant Units:

Total number of units available for occupancy as of _____.

	Percentage	Number
Low-Income Tenants	_____ %	_____
Eligible Persons	_____ %	_____
Non-Revenue Units	_____ %	_____
Vacant Units	_____ %	_____
TOTAL	100%	_____

(Type or Print)

Name of Owner/Borrower

By: _____
Title: _____

Total Number of 1-Bedroom
Units

Number of Occupied by
Low-Income Tenants

% of 1-Bedroom Units
Occupied by Low-Income
Tenants

(A) _____

(B) _____

(B/A) _____

Total Number of 2-Bedroom
Units

Number of Occupied by
Low-Income Tenants

% of 2-Bedroom Units
Occupied by Low-Income
Tenants

(A) _____

(B) _____

(B/A) _____

Total Number of 3-Bedroom
Units

Number of Occupied by
Low-Income Tenants

% of 3-Bedroom Units
Occupied by Low-Income
Tenants

(A) _____

(B) _____

(B/A) _____

EXHIBIT D

FORM OF CERTIFICATE CONCERNING COMMENCEMENT
AND TERMINATION OF QUALIFIED PROJECT PERIOD

THIS CERTIFICATE is being executed pursuant to the provisions of the Land Use Agreement, dated as of February 1, 2017, and recorded in the Public Records of Palm Beach County, Florida (the "County"), in Official Records Book _____, Page _____, (the "Agreement"), among the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), U.S. Bank National Association (the "Trustee") and New South Bay Villas, Ltd. (the "Borrower") in connection with the financing by the Authority of the New South Bay Villas Project (the "Development") in the City of South Bay, Palm Beach County, Florida located on real property described on Exhibit "A" of the Agreement, through the issuance of the Authority's \$[18,500,000] Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017, (the "Bonds").

The period for which the restrictions set forth in the Agreement are applicable to the Development is referred to as the "Qualified Project Period" and is defined in the Agreement as follows:

"Qualified Project Period" shall mean that period, beginning on the first day on which at least ten percent (10%) of the residential units in the Development are first occupied and ending on the latest of (i) the date which is fifteen (15) years after the date on which at least fifty percent (50%) of the residential units in the Development are first occupied; or (ii) the first day on which no tax-exempt private activity bond (including but not limited to the Bonds) issued with respect to the Development is outstanding; or (iii) the date on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates; provided, however, that the Qualified Project Period shall earlier terminate on the day on which an opinion of Qualified Bond Counsel is delivered to the Trustee and the Authority to the effect that the termination of the restrictions set forth in this Agreement on such date shall not adversely affect the exclusion of interest paid on the Bonds from gross income of Bondholders for federal income tax purposes.

To evidence the Qualified Project Period with respect to the Development, the Borrower certified to the following:

1. The Bonds in the amount of \$_____ were issued on _____, 20__.
2. The first day on which at least ten percent (10%) of the units in the Development were first occupied was _____, ____.
3. The date on which at least sixty percent (60%) of the units in the Development were first occupied was _____, ____.

4. The date of initial occupancy of any unit in the Development was _____/____.

5. Assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates on _____/____.

Prior to the recording of this Certificate in the land records of the County, the Borrower has supplied the Authority with documentation to establish the facts relating to the Development set forth in this Certificate, which documentation has been found satisfactory to all parties. Nothing in this Certificate is intended to modify the requirement that all units in the Development be rented as residential rental property for the term during which the Bonds are outstanding.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be executed by its duly authorized representative, and the Authority has caused this Certificate to be accepted by its duly authorized representative as of this ____ day of _____, 20__.

[(SEAL)]

**HOUSING FINANCE AUTHORITY OF
PALM BEACH COUNTY, FLORIDA**

WITNESSES:

By: _____
Print Name: _____

By: _____
Name: _____
Title: _____

By: _____
Print Name: _____

WITNESSES:

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____
Print Name: _____

By: _____
Name: _____
Title: _____

By: _____
Print Name: _____

WITNESSES:

NEW SOUTH BAY VILLAS, LTD
a Florida limited partnership

By: **New South Bay Villas, LLC**, a Florida
limited liability company,
Its general partner

By: Palm Beach County Housing Authority,
its managing member

By: _____
Print Name: _____

By: _____
Name: Van Johnson
Title: Chief Executive Officer

By: _____
Print Name: _____

STATE OF FLORIDA)
)SS:
 COUNTY OF PALM BEACH)

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____, known to me to be the same person whose name is subscribed to the foregoing instrument as _____ of the Housing Finance Authority of Palm Beach County (the "Authority") appeared before me this day in person and acknowledged that he/she, being thereunto duly authorized, signed, sealed with the seal of said Authority, and delivered the said instrument as the free and voluntary act of said Authority and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ____ day of _____, 20__.

 NOTARY PUBLIC, STATE OF FLORIDA

 (Name of Notary Public, Print, Stamp or
 Type as Commissioned)

- Personally known to me, or
- Produced identification:

 (Type of Identification Produced)

STATE OF FLORIDA)
)SS:
COUNTY OF _____)

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____, known to me to be the same person whose name is subscribed to the foregoing instrument as Vice President of U.S. Bank National Association, appeared before me this day in person and acknowledged that he/she, being thereunto duly authorized, signed, sealed with the seal of said bank and delivered the said instrument as the free and voluntary act of said bank and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____, 20__.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or
Type as Commissioned)

- Personally known to me, or
- Produced identification:

(Type of Identification Produced)

STATE OF FLORIDA)
)SS:
COUNTY OF _____)

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____, known to me to be the same person whose name is subscribed to the foregoing instrument as _____ of New South Bay Villas, LLC, a Florida limited liability company, general partner of New South Bay Villas, Ltd., a Florida limited partnership, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said entity and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____, 20__.

NOTARY PUBLIC, STATE OF FLORIDA

(Name of Notary Public, Print, Stamp or
Type as Commissioned)

- Personally known to me, or
 Produced identification:

(Type of Identification Produced)

EXHIBIT E

**FORM OF CERTIFICATE CONCERNING
COMPLETION OF THE PROJECT**

THIS CERTIFICATE is being executed pursuant to the provisions of the Land Use Agreement, dated as of February 1, 2017, and recorded in the Public Records of Palm Beach County, Florida (the "County"), in Official Records Book _____, Page _____, (the "Agreement), among the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), U.S. Bank National Association (the "Trustee") and New South Bay Villas, Ltd. (the "Borrower") in connection with the financing by the Authority of the New South Bay Villas Project (the "Development") located at _____ in the City of South Bay, Palm Beach County, Florida, on real property described on Exhibit "A" of the Agreement, through the issuance of the Authority's \$[18,500,000] Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 (the "Bonds").

The Borrower hereby certifies as follows:

1. The Project has been substantially completed and are ready and available for occupancy and at least one unit in the Project has been initially occupied as of _____, 20____.

2. The use of the Loan and other sources of funds for the Project Cost budget as a final allocation of proceeds for purposes of Regulation § 1.148-6(d) of the aggregate amount of disbursements of the Loan up to and including the Completion Date were as follows:____
See Schedule A

3. Not less than ninety five percent (95%) of net proceeds of the Loan have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs and one hundred percent (100%) of the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Project Costs.

NEW SOUTH BAY VILLAS, LTD.,
a Florida limited partnership

By: **New South Bay Villas, LLC,**
a Florida limited liability company, Its
general partner

By: Palm Beach County Housing
Authority, Its managing member

By: _____
Name: Van Johnson
Title: Chief Executive Officer

Schedule A

Project Costs and Sources Allocation

[Attached spreadsheet reflecting allocation of sources of funds and allocation to Project Costs]

EXHIBIT "D"

FORM OF MORTGAGE

THIS INSTRUMENT PREPARED BY,
RECORDED AND RETURN TO:
Andrew P. Schmutz, Esquire
Kutak Rock LLP
Two Liberty Place, Suite 28B
50 S Sixteenth Street
Philadelphia, Pennsylvania 19102

(Reserved)

**FIRST LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY
AGREEMENT AND FIXTURE FILING**

from

**NEW SOUTH BAY VILLAS, LTD.
the Grantor,**

for the benefit of

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA
the Beneficiary**

Dated as of February 1, 2017

Relating to:

**\$18,500,000
Housing Finance Authority of Palm Beach County, Florida
Multifamily Housing Revenue Bonds
(New South Bay Villas), Series 2017**

[NOTE TO RECORDER: This Mortgage and the Bonds secured hereby arise out of or are given to secure the repayment of a promissory note executed and delivered in connection with the financing of a housing development by the Housing Finance Authority of Palm Beach County, Florida and are exempt from documentary stamps and intangible tax pursuant to Section 159.621, Florida Statutes.]

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FIRST LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING

This **FIRST LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING**, dated as of February 1, 2017 (as amended, modified, supplemented or assigned from time to time, this “Mortgage”), by NEW SOUTH BAY VILLAS, LTD., a limited partnership, duly organized and validly existing under the laws of the State of Florida (together with its successors and assigns, the “Grantor”), whose address is c/o Palm Beach County Housing Authority, 3432 W. 45th Street, West Palm Beach, Florida 33407 and its U.S. employer identification number is _____, for the benefit of the HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, a public body corporate and politic, duly organized and validly existing under the laws of Florida (together with its successors and assigns, the “Beneficiary”), whose address is 100 Australian Avenue, Suite 410, West Palm Beach, Florida 33406,

W I T N E S S E T H:

WHEREAS, the Grantor is the owner of a leasehold interest in a multifamily residential facility including related personal property and equipment, located in the City of South Bay, Palm Beach County, Florida, which is being acquired and constructed and renovated with the proceeds of certain bonds known as Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017, in the original principal amount of \$[18,500,000] (the “Bonds”), issued by the Housing Finance Authority of Palm Beach County, Florida (together with its successors and assigns, the “Issuer”); and

WHEREAS, the Bonds are being issued pursuant to a certain Indenture of Trust dated as of February 1, 2017, between the Issuer and U.S. Bank National Association, as trustee (as amended, modified, or supplemented from time to time, the “Indenture”); and

WHEREAS, pursuant to a Loan Agreement dated as of February 1, 2017, by and between the Issuer and the Grantor (as amended, modified, or supplemented from time to time, the “Loan Agreement”), the Grantor is obligated to make loan payments to the Issuer in accordance with a certain note evidencing such loan dated as of the date of issuance of the Bonds (as amended, modified, or supplemented from time to time, the “Note”) in the amounts and at the times corresponding to the debt service and other payments required in respect of the Bonds; and

WHEREAS, the rights of the Issuer under the Loan Agreement, this Mortgage and the Note (except for Reserved Rights) are being assigned contemporaneously with the execution and delivery hereof to the Trustee as, among other things, successor Beneficiary hereunder; and

WHEREAS, the Indenture, the Loan Agreement, the Note and any other document or instrument given by the Grantor at any time to evidence or further secure any obligations assumed or undertaken by the Grantor in connection with the Bonds are sometimes hereinafter collectively referred to as the “Bond Documents”; and

WHEREAS, all capitalized terms used herein without definition have the meanings given to such terms in the Indenture or the Loan Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION of issuance of the Bonds and the loan of the proceeds thereof by the Issuer to the Grantor, of the respective representations, covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, for the purpose of securing payment and performance of the Secured Obligations (defined below), and subject to the terms of this Mortgage, the Grantor hereby

irrevocably and unconditionally grants, bargains, sells, transfers, conveys and assigns to the Beneficiary, and its respective successors and assigns, and grants the Beneficiary a lien and a security interest in all estate, right, title and interest which the Grantor now has or may later acquire in and to the following property:

ALL OF Grantor's leasehold estate in the land which is described in Exhibit A (hereinafter sometimes called the "Land"), being the leasehold estate created by, and all of Grantor's right, title and interest, as lessee, in and to that certain lease dated February __, 2017 (the "Ground Lease"), between Palm Beach County Housing Authority, as lessor (the "Ground Lessor"), and Grantor, as lessee, intended to be recorded in the office of the recorder of deeds in and for Palm Beach County prior to the recording of this Mortgage (Grantor hereby expressly covenanting and agreeing that if Grantor shall, at any time before payment in full of the indebtedness secured hereby, acquire fee title or any other greater estate to the Land and/or any buildings, structures, improvements and fixtures thereon, then the lien of this Mortgage shall automatically attach, extend to, cover and be a lien upon such fee title or other greater estate);

TOGETHER WITH all right, title and interest of the Grantor in and to, and remedies under (a) any and all leases, subleases, license agreements, concessions, tenancies and other use or occupancy agreements (whether oral or written), or any part thereof, now or hereafter existing, covering or affecting any or all of the Property (as hereinafter defined), all extensions and renewals thereof, and all modifications, amendments and guaranties thereof (each of which is hereinafter called a "Lease"), and (b) any and all rents, income, receipts, revenues, royalties, issues, profits, contract rights, accounts receivable, or general intangibles growing out of or in connection with the Leases (whether from residential or non-residential space) and other payments, payable to the Grantor pursuant to any Lease, including, without limitation, cash or securities deposited under any Lease to secure performance by the tenants of their obligations under the Leases, whether such cash or securities are to be held until the expiration of the term of such Leases or are to be applied to one or more of the installments of rent coming due prior to the expiration of such terms and further including subsidy payments received from any source (collectively, the "Rents"), subject, however, to the provisions hereof; and

TOGETHER WITH any and all rights, alleys, ways, tenements, hereditaments, easements, passages, waters, water rights, water courses, riparian rights, licenses, franchises, privileges and appurtenances now or hereafter to the same belonging or in any way appertaining, as well as any after-acquired right, title, interest, franchise, license, reversion and remainder, and

TOGETHER WITH all right, title and interest of the Grantor, including any after-acquired right, title or reversion, in and to the right of ways, streets, avenues and alleys, open or proposed, located wholly or partially within the boundary of the Land or adjacent thereto, and

TOGETHER WITH all buildings, structures, surface parking and other improvements of every kind and description now or hereafter erected or placed on the Land, all additions, alterations and replacements thereto or thereof, and all materials now owned or hereafter acquired by the Grantor and intended for the operation, construction, reconstruction, alteration and repair thereof, all of which materials shall be deemed to be included within the Property (hereinafter defined) immediately upon the delivery thereof to the Land (all of which are hereinafter called collectively the "Improvements" and, the Improvements and the Land are hereinafter called the "Premises"), and

TOGETHER WITH all of the walks, fences, shrubbery, driveways, fixtures, machinery, apparatus, equipment, fittings, and other goods of every kind and description whatsoever, now owned or hereafter acquired by the Grantor and attached to or contained in and used for any present or future operation or management of the Land or the Improvements, including, without limitation, all lighting,

laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all generating equipment; all pumps, tanks, ducts, conduits, wires, switches, fans, switchboards, and other electrical equipment and fixtures; all telephone equipment; all piping, tubing, plumbing equipment and fixtures; all heating, refrigeration, air conditioning, cooling, ventilating, sprinkling, water, power and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals and compactors, dishwashers, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture installed or to be installed or used or usable in any way in the operation of any Improvements or appurtenant facilities erected or to be erected in or upon the Land; and every renewal, replacement or substitution therefor, whether or not the same are now or hereafter attached to the Land in any manner; all except for any right, title or interest therein held by any tenant of any or all of the Land or the Improvements, or by any other person, so long as such tenant or other person is not a party hereto or bound, with respect to such right, title or interest, by the provisions hereof (it being agreed by the parties hereto that all personal property owned by the Grantor and placed by it on the Land shall, so far as permitted by law, be deemed to be affixed to the Land, appropriated to its use, and covered by this Mortgage), and

TOGETHER WITH all of the Grantor's right, title and interest in and to any and all easements and appurtenances, including, without limitation, any easements and agreements which are or may be established to allow satisfactory ingress to, egress from and operation of the Land and the Improvements, and

TOGETHER WITH any and all judgments, awards of damages (including but not limited to severance and consequential damages), payments, proceeds, settlements or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, in connection with, or in lieu of (a) any condemnation, either temporarily or permanently, (b) any change or alteration of the grade or widening of any street or road, and (c) any other damage, destruction, or injury to, or decrease in value of, the Land or the Improvements or any part thereof, to the extent of all Secured Obligations at the date of receipt by the Beneficiary of any such judgment, award of damages, payment, proceeds, settlement or other compensation, including interest thereon, and of the reasonable counsel fees, costs and disbursements, if any, incurred by the Beneficiary in connection with the collection of such judgment, award of damages, payment, proceeds, settlement or other compensation, including interest thereon, and

TOGETHER WITH all of Grantor's rights in and to policies of insurance including any and all payments, proceeds, settlements or other compensation heretofore or hereafter made, including any interest thereon, and the right to receive the same, from any and all insurance policies covering the Land or the Improvements or any portion thereof, and

TOGETHER WITH all right, title and interest of the Grantor in and to the Management Agreement by and between the Grantor and Royal American Management, Inc. dated _____, 20__, and any modifications, amendments, extensions, renewals, replacements or substitutions thereof thereafter made, and

TOGETHER WITH all contract rights (including any contract deposits), but not any contract obligations or liabilities, relating to or arising out of any agreement to sell, transfer, assign, convey or encumber the Land, the Improvements, any portion thereof, any interest therein, and

TOGETHER WITH all plans and specifications, surveys, reports, diagrams, drawings, service contracts, accounting records, invoices, change orders, licenses, authorizations, certificates, variances, approvals and other permits necessary or appropriate to permit the construction, reconstruction, repair or alteration, addition, improvement, use, operation and management of the Land and the Improvements, and

TOGETHER WITH all of the Grantor's cash, bank accounts, notes and other instruments, documents, accounts receivable, contract rights, permits, receipts, sales and promotional literature and forms, advertising materials and the like, trademarks, names, logos, copyrights and other items of intangible personal property now or hereafter owned by the Grantor relating to the ownership, operation, development, leasing or management of the Land or the Improvements,

TO HAVE AND TO HOLD the Land, the Improvements, fixtures, personal property, tenements, hereditaments, appurtenances and other property interests granted hereinabove (hereinafter collectively called the "Property") unto the Beneficiary, its successors and assigns, subject only to the Permitted Encumbrances.

FOR THE PURPOSE OF SECURING:

(a) payment and performance of each and every obligation, covenant and agreement of the Grantor contained in the Note and the Loan Agreement from and after the execution and delivery thereof;

(b) performance of every obligation, covenant and agreement of the Grantor contained in any other Bond Document or in any other agreement or instrument now or hereafter executed by the Grantor which recites that the obligations thereunder are secured by this Mortgage; and

(c) payment of all sums, with interest thereon at the rate set forth in the Loan Agreement that may become due and payable to or for the benefit of the Beneficiary pursuant to the terms of this Mortgage; and

(d) the reimbursement of the Beneficiary for all money advanced, as provided herein, and all expenses (including, reasonable attorneys' fees) incurred or paid by, the Beneficiary on account of any action (whether formal litigation or otherwise) that may arise in connection with this Mortgage, the Bond Documents or the Property, or in obtaining possession of the Property as hereinafter provided.

The obligations described in subparagraphs (a) through (d) above shall hereinafter be referred to collectively as the "Secured Obligations."

TO PROTECT THE SECURITY GRANTED BY THIS MORTGAGE, THE GRANTOR, AGREES AS FOLLOWS:

ARTICLE I

COVENANTS AND AGREEMENTS OF THE GRANTOR

Section 1.01. Payment and Performance of Secured Obligations. The Grantor shall pay and perform when due all of the Secured Obligations, including all of the Grantor's obligations under the Loan Agreement and all of the other Bond Documents, in accordance with the terms thereof.

Section 1.02. Maintenance, Repair, Alterations. The Grantor (i) shall maintain, keep and preserve the Property in accordance with the terms of the Loan Agreement and this Mortgage; (ii) shall not commit or permit any waste or deterioration of the Property; (iii) shall comply with the provisions of

all Leases in all material respects; (iv) shall not abandon the Property or any portion thereof or leave the Premises vacant or deserted; (v) shall not initiate, join in or consent to any change in any zoning ordinance, general plan, specific plan, private restrictive covenant or other public or private restriction limiting the uses which may be made of the Premises other than Permitted Encumbrances; (vi) shall secure and maintain in full force and effect all permits necessary for the use, occupancy and operation of the Premises; (vii) shall not cause or permit any fixture or any article of Personal Property (as defined in Article 4 below) to be removed from the Premises without the prior written consent of the Controlling Person except in accordance with Section 4.02 (a); and (viii) except as otherwise prohibited or restricted by the Bond Documents, shall do any and all other acts which may be reasonably necessary to protect and preserve the value of the Property and the rights of the Beneficiary with respect thereto.

Section 1.03. Required Insurance. The Grantor shall at all times provide, maintain and keep in force, or cause to be provided, maintained and kept in force, at no expense to the Beneficiary, policies of insurance in form and amounts, issued by such insurance companies, associations or organizations, and covering such casualties, risks, perils, liabilities and other hazards as are required under Section 6.4 of the Loan Agreement.

Section 1.04. Casualties; Insurance Proceeds.

(a) The Grantor shall give prompt written notice to the Beneficiary and the Controlling Person of the occurrence of any casualty to or in connection with the Premises or any part thereof that exceeds \$25,000 to repair (a "Material Casualty"), whether or not covered by insurance. The Controlling Person is hereby authorized and empowered by the Grantor to settle, adjust or compromise any and all claims for loss, damage or destruction that constitute a Material Casualty under any policy or policies of insurance without the consent of the Grantor. So long as no Event of Default has occurred and is continuing, the Grantor shall have the right to settle, adjust or compromise any casualty that is not a Material Casualty without the consent of the Beneficiary or the Controlling Person.

(b) In the event of a Material Casualty, all proceeds of insurance shall be payable to the Beneficiary for deposit into the Insurance and Condemnation Proceeds Account of the Project Fund established under the Indenture, and the Grantor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to the Beneficiary. If the Grantor receives any proceeds of insurance resulting from a Material Casualty, the Grantor shall promptly pay over such proceeds to the Beneficiary. In the event of any Material Casualty, the Controlling Person shall direct the Beneficiary to apply all loss proceeds remaining after deduction of all expenses of collection and settlement thereof, including reasonable attorneys' and adjustor's fees and expenses, to the restoration of the Improvements, so long as (i) no Event of Default, or event or conditions that with the passage of time, the giving of notice or both would constitute an Event of Default, then exists and is continuing; (ii) such loss proceeds (including proceeds of property and rental interruption insurance) shall be in an amount sufficient to complete the restoration of the Improvements and, pay during the period of restoration and re-leasing all debt service or, if such loss proceeds are insufficient, the Grantor shall have deposited with the Beneficiary an amount equal to any deficiency within ten (10) business days of the determination of such deficiency and in any event prior to application of any loss proceeds to restoration of the Improvements; (iii) the plans, specifications, construction contracts, architect's agreements and all other material agreements relating to the restoration shall be approved by the Controlling Person in writing; (iv) the Controlling Person determines, in its reasonable discretion, that the Premises are capable of being fully restored by the earlier of (A) the date which is twelve (12) months from the occurrence of the loss or damage and (B) the Maturity Date (as set forth in the Indenture); (v) upon completion of restoration, the Property will be in compliance with the Land Use Restriction Agreement and will still be eligible to receive payments under the HAP Contract; and (vi) the Grantor shall deliver to the Beneficiary and the Controlling Person an opinion of Bond Counsel (as defined in the Indenture) to the effect that restoration

of the Property will not adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation. If the foregoing conditions are met, the Beneficiary shall disburse the loss proceeds in accordance with customary construction loan practices upon submission of requisitions approved by the Controlling Person, and only as restoration is effected and continuing and expenses become due and payable.

(c) If any one or more of the above conditions are not met, the Beneficiary may direct that all or part of the loss proceeds, after deductions as herein provided, shall be applied to the mandatory redemption of the Bonds in accordance with Section 3.4(b)(ii) of the Indenture. The Grantor irrevocably appoints the Beneficiary its true and lawful attorney-in-fact for the purpose of executing and delivering such notices, certificates and other documents and instruments, in the name of the Grantor, as may be required under the Bond Documents to effect such redemption. If the loss proceeds are not sufficient to satisfy fully the Secured Obligations, the Grantor shall pay to the Beneficiary any deficiency with respect thereto within twenty (20) business days of the determination of said deficiency. Nothing herein contained shall be deemed to excuse the Grantor from repairing or maintaining the Property as provided in Section 1.02 or restoring all damage or destruction to the Premises. The application or release by the Beneficiary of any insurance proceeds shall not cure or waive any default or notice of default or Event of Default under this Mortgage or invalidate any act done pursuant to such notice.

Section 1.05. Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Mortgage, exercise of the power of sale hereunder or other transfer of title or assignment of the Property in extinguishment, in whole or in part, of the Secured Obligations, all right, title and interest of the Grantor in and to all policies of property insurance maintained with respect to all or any portion of the Property and all other policies of insurance required by the Loan Agreement and relating to the Property shall inure to the benefit of and pass to the successor in interest to the Grantor or the purchaser or mortgagee of the Property, to the extent the same may be assigned.

Section 1.06. Condemnation.

(a) The Grantor shall promptly notify the Beneficiary and the Controlling Person if the Grantor shall become aware of the threat or institution of any proceeding or negotiations for the taking of the Premises, or any part thereof, whether for permanent or temporary use and occupancy in condemnation or by the exercise of the power of eminent domain or by Agreement of interested parties in lieu of such condemnation (all the foregoing herein called a “taking”); shall keep the Beneficiary and the Controlling Person currently advised, in detail, as to the status of such proceedings or negotiations and will promptly give to the Beneficiary copies of all notices, pleadings, judgments, determinations and other papers received or delivered by the Grantor therein. For purposes of this Mortgage, a taking that will decrease the value of the Premises by more than \$25,000, will materially restrict access to the Property, or will affect more than ten percent (10%) of the rentable square footage of the Improvements shall be a “Material Taking”. The Controlling Person shall have the right to direct the Beneficiary to appear and participate in any proceedings or negotiations in connection with a Material Taking (or in connection with any taking if at such time an Event of Default has occurred and is continuing), and in connection with such proceedings the Controlling Person and the Beneficiary may be represented by counsel of their choice. The Grantor will not, without the Controlling Person’s prior written consent, enter into any agreement in a Material Taking for the taking of the Premises, or any part thereof, with anyone authorized to acquire the same by eminent domain or in condemnation.

(b) In the event of any Material Taking, the awards payable in connection therewith are hereby assigned to the Beneficiary, and the Grantor shall pay over such awards remaining after deduction of all expenses of collection and settlement, to the Beneficiary for deposit into the Insurance and Condemnation Proceeds Account of the Project Fund established under the Indenture. Subject to the

satisfaction of the conditions set forth in Section 1.04(b)(i) - (vi) hereof, the Controlling Person shall cause such awards to be applied to the costs to repair, rebuild or replace the portion of the Premises that was not subject to the taking, upon the terms and conditions as set forth in Section 1.04(b). If any of the conditions set forth in Section 1.04(b)(i)-(vi) hereof are not met, the Controlling Person may cause such awards to be applied to the mandatory redemption of the Bonds pursuant to Section 3.4(b)(ii) of the Indenture.

(c) If, in the event of the happening of any permanent taking, the Beneficiary shall be obligated to apply any awards received by it in connection with such taking towards the restoration of the Premises, the Grantor shall promptly, whether or not the awards, if any, shall be sufficient for the purpose, commence and diligently continue to restore, repair and rebuild the portion of the Premises that was not subject to the taking as nearly as possible to its value, condition and character immediately prior to such taking.

Section 1.07. Obligations Unconditional; Waiver of Offset. All sums payable by the Grantor under this Mortgage shall be paid without notice, demand, counterclaim, set-off, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of the Grantor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein or in any of the Bond Documents) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (ii) any restriction or prevention of or interference by any third party with any use of the Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Premises or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Beneficiary, or any action taken with respect to this Mortgage by a trustee or receiver of the Beneficiary, or by any court, in any such proceeding; (v) any claim which the Grantor has or might have against the Beneficiary; (vi) any default or failure on the part of the Beneficiary to perform or comply with any of the terms hereof; (vii) any default or failure on the part of the Beneficiary to perform or comply with any of the terms of any other agreement with the Grantor; (viii) any homestead or similar rights; or (ix) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not the Grantor has notice or knowledge of any of the foregoing. Except as expressly provided herein, the Grantor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by the Grantor.

Section 1.08. Taxes and Impositions; Deposits into Tax and Insurance Escrow Fund.

(a) In accordance with Section 8.2 of the Loan Agreement, the Grantor shall deposit with the Beneficiary the monthly tax and insurance amount required by the Controlling Person. If at any time and for any reason the funds so deposited are or will be insufficient to pay such amounts as may be then or subsequently due for the payment of all Impositions and the insurance premiums for policies required hereunder and under the Loan Agreement, the Controlling Person may, without any obligation to do so, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to the Beneficiary for the reimbursement of the Controlling Person as herein elsewhere provided.

(b) The Grantor shall not suffer, permit or initiate the joint assessment of any real or personal property which may constitute all or a portion of the Property or suffer, permit or initiate any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Property as a single lien; provided, however, that the Grantor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such taxes, assessments or charges by appropriate proceedings, but this shall not be deemed or construed

in any way as relieving, modifying or extending the Grantor's covenant to pay any such taxes, assessments or charges at the time and in the manner provided in this Section 1.08, unless the Grantor has given prior written notice to the Controlling Person of the Grantor's intent to so contest or object to a tax, assessment or charge, and unless, at the Controlling Person's sole option, (i) the Grantor shall demonstrate to the Controlling Person's satisfaction that the proceedings to be initiated by the Grantor shall conclusively operate to prevent the sale of the Property, or any part thereof, to satisfy such tax, assessment or charge prior to final determination of such proceedings; and (ii) the Grantor shall furnish a good and sufficient bond or surety as requested by and satisfactory to the Controlling Person; and (iii) the Grantor shall demonstrate to the Controlling Person's satisfaction that the Grantor has provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale.

(c) The Grantor hereby agrees to pay and indemnify the Beneficiary, the Bondholders and the Controlling Person from the payment of all documentary stamp taxes and intangible taxes that may be levied upon the holder of the Secured Obligations, the indebtedness evidenced by the other Bond Documents, the making or recording of this Mortgage or any evidence of indebtedness secured hereby, or, except as otherwise expressly provided therein, the transactions contemplated by the Loan Agreement, this Mortgage or any of the other Bond Documents, including interest, penalties and costs. The Grantor agrees to pay the Beneficiary and the Controlling Person reasonable attorneys' fees and costs incurred in connection with any inquiry from or assertion by governmental authority that any such taxes have not been paid promptly when due.

Section 1.09. Utilities. The Grantor shall pay or cause to be paid prior to delinquency all utility charges incurred by the Grantor for the benefit of the Premises or which may become a charge or lien against the Premises for gas, electricity, water or sewer services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting or related to the Premises or any portion thereof, whether or not such taxes, assessments or charges are or may become liens thereon. The Grantor may contest any such change in good faith and by appropriate proceedings promptly initiated and diligently conducted if (i) such proceedings do not in the opinion of the Controlling Person involve the risk of the sale, forfeiture or loss of the Property subject to such lien or interfere with the operation of the Premises, (ii) the Grantor shall have established a reserve or made other appropriate provision as requested by and satisfactory to the Controlling Person, and (iii) any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed.

Section 1.10. Actions Affecting Property. The Grantor shall give the Beneficiary and the Controlling Person prompt written notice of the assertion of any claim with respect to, or the filing of any action or proceeding purporting to affect, the Property, the security of this Mortgage or the rights or powers of the Beneficiary. The Grantor shall appear in and contest, in accordance with the direction of the Controlling Person, any such action or proceeding and shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding.

Section 1.11. Actions by the Beneficiary to Preserve Property. If an Event of Default occurs (or prior to an Event of Default if the Controlling Person determines in its sole judgment that the same is necessary to preserve the Premises or the lien of this Mortgage or the other Bond Documents thereon or on any other collateral securing the Secured Obligations, or is necessary to protect the life, health or safety of any persons on or near the Premises or the property of any such person), the Controlling Person in its reasonable discretion, without obligation to do so and without releasing the Grantor from any obligation, and, except as provided in the next succeeding sentences, may make any such payment, or perform any other act or take any appropriate action, including, without limitation, entry on the Premises and performance of work thereon, or direct the Beneficiary to do the same in such manner and to such extent as it may deem necessary to protect the security hereof. The Beneficiary shall use reasonable efforts to notify the Grantor prior to making any such payment or doing any such act; provided, however,

that the failure to provide such notice shall not in any way affect the Grantor's obligation to reimburse the Beneficiary or the Controlling Person in accordance with this Section nor shall either the Beneficiary or the Controlling Person incur any liability to the Grantor as a result of such failure. In connection therewith (without limiting its general powers, whether conferred herein, in any other of the Bond Documents, or by law), the Beneficiary acting at the direction of the Controlling Person shall have and is hereby given the right, but not the obligation, at any time after the occurrence of an Event of Default (i) to enter upon the Premises and take possession of the Property; (ii) to make additions, alterations, repairs and improvements to the Property which it may consider necessary or proper to keep the Premises in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security of this Mortgage or the rights or powers of the Beneficiary; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in its judgment may affect the security of this Mortgage or be prior or superior hereto; and (v) in exercising such powers, to pay necessary expenses, including reasonable attorneys' fees and costs or other necessary or desirable consultants. The Grantor shall, immediately upon demand therefor by the Beneficiary, pay to the Beneficiary or the Controlling Person an amount equal to all of their respective costs and expenses incurred in connection with the exercise by the Beneficiary of the foregoing rights, including costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's, and attorneys' fees, together with interest thereon from the date of such expenditures to the date of payment at the Default Rate.

Section 1.12. Transfer of Property by the Grantor. The Grantor agrees that, except for Permitted Transfers, and except for the making of residential leases, the Grantor shall not transfer the Property or any portion thereof or interest therein without the prior written consent of the Controlling Person. In the event of any transfer of the Property or any portion thereof or interest therein (other than Permitted Transfer or as expressly permitted hereunder or under the Bond Documents, or with the prior written consent of the Controlling Person), the Beneficiary shall have the absolute right at the option of the Controlling Person, without prior demand or notice, to declare all of the Secured Obligations for which the Grantor is then liable to be immediately due and payable. Consent to one such transfer shall not be deemed to be a waiver of the Controlling Person's right to require consent to future or successive transfers. With respect to any transfer that requires the consent of Controlling Person, the Controlling Person may grant or deny such consent in its sole and absolute discretion, and may charge a fee in connection with such request for consent. If consent is given, and if this Mortgage is not released to the extent of the transferred portion of the Property by a writing executed by the Beneficiary and recorded in the proper city, town, or county records, then any such transfer shall be subject to this Mortgage, and any such transferee shall, by accepting such transfer, assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release the Grantor or any maker or guarantor of any of the Secured Obligations from any liability hereunder or thereunder prior to the date of such transfer without the prior written consent of the Controlling Person. The covenants contained in this Section shall run with the Land and shall remain in full force and effect until all of the Secured Obligations are fully paid and fully performed. The Beneficiary may, without notice to the Grantor, deal with any transferees with reference to the Secured Obligations in the same manner as the Grantor, without in any way altering or discharging the Grantor's liability with respect thereto.

Section 1.13. Full Performance Required; Survival of Warranties. All obligations, representations, warranties and covenants of the Grantor contained in any Bond Document shall survive the execution and delivery of this Mortgage and shall remain continuing obligations, warranties, representations and covenants of the Grantor so long as any portion of the Secured Obligations remains outstanding, and the Grantor shall fully and faithfully satisfy and perform all such obligations, representations, warranties and covenants.

Section 1.14. Liens. Except for Permitted Encumbrances, the Grantor shall not create, incur, or permit to exist any lien, encumbrance or charge upon the Property, or any portion thereof or interest

therein (individually, a “Lien” or “Encumbrance” and collectively, “Liens or Encumbrances”). If the Grantor fails to remove and discharge any Lien or Encumbrance or contest the same in good faith after the same shall have been bonded over to the satisfaction of the Controlling Person, then, in addition to any other right or remedy of the Beneficiary, (i) the Beneficiary may, but shall not be obligated to, take such action at the direction of the Controlling Person as the Controlling Person deems warranted to discharge any Lien or Encumbrance either by paying the amount claimed to be due, or by procuring the discharge of such Lien or Encumbrance by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or by procuring such discharge in such manner as is or may be prescribed by law and (ii) the Beneficiary shall have the absolute right, at the Controlling Person’s direction, without prior demand or notice, to declare all of the Secured Obligations for which the Grantor is then liable to be immediately due and payable. The Grantor shall, immediately upon demand therefor by the Beneficiary, pay to the Beneficiary an amount equal to all costs and expenses incurred by the Beneficiary in connection with the exercise by the Beneficiary of the foregoing right to discharge any such Lien or Encumbrance, together with interest thereon from the date of such expenditure to the date of payment at the Default Rate.

Section 1.15. Beneficiary’s Powers. None of the following actions by or caused by the Beneficiary, with or without notice to any person, shall have any effect on either (a) the liability of any other person liable for the payment of any of the Secured Obligations, or (b) the lien or charge of this Mortgage upon any portion of the Property not then or theretofore released as security for the full amount of all unpaid or unperformed Secured Obligations: (i) the release of any person so liable, (ii) the extension of the maturity or the alteration of any of the terms of any of the Secured Obligations, (iii) the grant of any other indulgences, (iv) the release or reconveyance of all or any portion of the Property, (v) the taking or release of any other or additional security for any of the Secured Obligations, or (vi) the making of arrangements with debtors in relation thereto.

Section 1.16. Trade Names. At the request of the Beneficiary, the Grantor shall execute a certificate in form reasonably satisfactory to the Beneficiary listing all of the trade names and fictitious business names under which the Grantor operates, or intends to operate, any portion of the Property or any business located thereon and representing and warranting that the Grantor does business under no other trade names or fictitious business names with respect to any portion of the Property. The Grantor shall immediately notify the Beneficiary and the Controlling Person in writing of any change in said trade names or fictitious business names, and will, upon request of the Beneficiary, execute any additional financing statements and other certificates necessary to reflect any change in said trade names or fictitious business names.

Section 1.17. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under all contracts and agreements relating to the Property, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Mortgage had not been executed, (b) the exercise by the Beneficiary of any of its rights hereunder shall not release the Grantor from any of the Grantor’s duties or obligations under any contracts and agreements related to the Property, and (c) the Beneficiary shall not have any obligations or liability under any of the contracts or agreements related to the Property by reason of this Mortgage and shall not be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 1.18. Warranties and Representations of Grantor. The Grantor represents and warrants to the Beneficiary as follows:

(a) The Grantor is the owner of a leasehold interest in the Land and is the fee simple owner of the Improvements and the owner of the remainder of the Property free and clear of any lien,

security interest, charge or encumbrance, except for the lien and charge of this Mortgage and the Permitted Encumbrances and will warrant and defend title to the Property against all claims and demands (subject to the Permitted Encumbrances).

(b) The Grantor has good, right and lawful authority to encumber the Property with and grant the lien and charge created by this Mortgage, and the execution, delivery and performance by the Grantor of this Mortgage have been duly authorized by all necessary parties and do not and will not (i) violate the partnership agreement, articles of incorporation, charter or by-laws of the Grantor or any direct or indirect constituent partner of the Grantor or any provision of any law, rule or regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Grantor, or (ii) result in a breach of or constitute a default under any material indenture or loan or credit agreement or any other material agreement, lease or instrument to which the Grantor is a party or by which the Grantor or its properties may be bound or affected. The Grantor will warrant and defend its title to the Property against claims of all persons and entities whomsoever (other than Permitted Encumbrances), and the Grantor will maintain and preserve the lien and charge of this Mortgage so long as any of the Secured Obligations is outstanding.

(c) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body, other than the recordation of this Mortgage in the official records of the city, town or county in which the Property is located, is required (i) for the grant by the Grantor of the lien created hereby or for the execution, delivery and performance by the Grantor of this Mortgage, or (ii) for the perfection of the security interests granted hereunder or the exercise by the Beneficiary of the rights and remedies conferred hereunder (except as may be required by the express terms of this Mortgage).

Section 1.19. Other Instruments. The Grantor shall punctually pay all amounts due and payable under, and shall promptly and faithfully perform or observe each and every other obligation or condition to be performed or observed under the Bond Documents, each mortgage, deed to secure debt, deed of trust, security agreement or other lien or security interest, or encumbrance, lease, sublease, declaration, covenant, condition, restriction, license, order or other instrument or agreement which affects the Property, in law or in equity.

Section 1.20. Further Acts. The Grantor shall do and perform all acts necessary to keep valid and effective the charges and lien hereof and to carry into effect its objectives and purposes, in order to protect the Beneficiary. Promptly upon written request, from time to time, of the Beneficiary or the Controlling Person and at the Grantor's expense, the Grantor shall execute, acknowledge and deliver to the Beneficiary such other and further instruments and do such other acts as in the opinion of the Beneficiary or the Controlling Person may be necessary or appropriate to (a) grant to the Beneficiary the priority perfected lien and security interest in respect of the Property to secure all of the Secured Obligations, (b) grant to the Beneficiary, to the fullest extent permitted by applicable law, the right to foreclose on the Property judicially or nonjudicially or to exercise the power of sale, (c) correct any defect, error or omission which may be discovered in the contents of this Mortgage (including all exhibits and/or schedules hereto) or any of the other Bond Documents, (d) identify more fully and subject to the liens, encumbrances and security interests and assignments created hereby and properly intended by the terms hereof to be covered hereby (including any renewals, additions, substitutions, replacements or appurtenances to the Property), (e) assure the intended priority of this Mortgage and of such liens, encumbrances, security interests and assignments, and (f) otherwise effect the intent of this Mortgage. Without limiting the generality of the foregoing, the Grantor, upon the Beneficiary's or the Controlling Person's written request, at such times and as often as may be reasonably necessary, and, to the extent consistent with applicable law, at the Grantor's own expense, shall promptly record, rerecord, file and refile in such offices, this Mortgage, and every other instrument in addition or supplemental hereto,

including applicable financing statements, as may be necessary to create, perfect, maintain and preserve the liens, encumbrances and security interests (and priority thereof) intended to be created hereby and the rights and remedies of the Beneficiary hereunder. Upon written request by the Beneficiary or the Controlling Person, the Grantor shall supply evidence of fulfillment of its obligations under this Section 1.20.

ARTICLE II

ASSIGNMENT OF RENTS, LEASES AND OTHER AGREEMENTS

Section 2.01. Assignment of Rents and Leases, Issues and Profits. As part of the consideration for the Secured Obligations, and not as additional security therefor, the Grantor hereby irrevocably, absolutely, presently, and unconditionally assigns to the Beneficiary all of the Rents and hereby gives to and confers upon the Beneficiary the right, power and authority to collect such Rents. The Grantor irrevocably appoints the Beneficiary its true and lawful attorney-in-fact, acting at the written direction of the Controlling Person, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue in its name or in the name of the Grantor, for all such Rents, and apply the same to the payment of the Secured Obligations; provided, however, that the Grantor shall have and is hereby granted the right, in the form of a revocable license, to enforce payment, give satisfactions, sue for and collect such Rents (but not more than one month in advance unless the written approval of the Controlling Person has first been obtained), and to retain and enjoy the same, so long as an Event of Default shall not have occurred hereunder and be continuing. The assignment of the Rents in this Article 2 is intended to be an absolute assignment from the Grantor to the Beneficiary and not merely the passing of a security interest. The Grantor and the Beneficiary further agree that, solely for the purposes of any bankruptcy of the Grantor or its general partners, during the term of this Mortgage, the Rents shall not constitute property of the Grantor (or of any estate of the Grantor) within the meaning of 11 U.S.C. §541, as amended from time to time.

Section 2.02. Collection Upon Default. Upon the occurrence and during the continuation of an Event of Default hereunder, the license granted to the Grantor in Section 2.01 shall be automatically revoked without notice. The Beneficiary may, at any time without notice, upon the written direction of the Controlling Person, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Secured Obligations, enter upon and take possession of the Premises, or any part thereof, and, with or without taking possession of the Premises or any part hereof, in its own name sue for or otherwise collect such Rents (including those past due and unpaid, and all prepaid rents and all other monies which may have been or may hereafter be deposited with the Grantor by any lessee or tenant of the Grantor to secure the payment of any rent or for any services thereafter to be rendered by the Grantor for any other obligation of any tenant to the Grantor arising under any Lease). The Grantor agrees that, upon the occurrence of any Event of Default hereunder, the Grantor shall promptly deliver all such Rents and monies to the Beneficiary. The Beneficiary shall apply such Rents and monies (other than security deposits), less costs and expenses of operation and collection (including reasonable attorneys' fees whether or not suit is brought or prosecuted to judgment), at the written direction of the Controlling Person, to the payment of any Secured Obligations, in such order as the Controlling Person may determine, notwithstanding that said indebtedness or the performance of said obligation may not then be due. The collection of such Rents, or the entering upon and taking possession of the Premises, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default or be deemed or construed to make the Beneficiary a mortgagee-in-possession of the Premises or any portion thereof.

Section 2.03. Assignment of Leases.

(a) As part of the consideration for the Secured Obligations, Grantor absolutely and unconditionally assigns and transfers to Beneficiary all of Grantor's right, title and interest in, to and under the Leases, including Grantor's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease. It is the intention of Grantor to establish a present, absolute and irrevocable transfer and assignment to Beneficiary of all of Grantor's right, title and interest in, to and under the Leases. Grantor and Beneficiary intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases shall not be deemed to be a part of the "Property," as that term is defined in the granting clauses. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the State, then the Leases shall be included as a part of the Property and it is the intention of the Grantor that in this circumstance this Mortgage create and perfect a lien on the Leases in favor of Beneficiary, which lien shall be effective as of the date of this Instrument.

(b) Until the occurrence of an Event of Default, Grantor shall have all rights, power and authority granted to Grantor under any Lease (except as otherwise limited by this Section or any other provision of this Mortgage), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, the permission given to Grantor pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall automatically terminate. Grantor shall comply with and observe Grantor's obligations under all Leases, including Grantor's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) Grantor acknowledges and agrees that the exercise by Beneficiary, either directly or by a receiver, of any of the rights conferred under this Section 2.03 shall not be construed to make Beneficiary a mortgagee-in-possession of the Property so long as Beneficiary has not itself entered into actual possession of the Land and the Improvements. The acceptance by Beneficiary of the assignment of the Leases pursuant to Section 2.03(a) shall not at any time or in any event obligate Beneficiary to take any action under this Mortgage or to expend any money or to incur any expenses. Beneficiary shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Property. Prior to Beneficiary's actual entry into and taking possession of the Property, Beneficiary shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Property; or (iii) be responsible for the operation, control, care, management or repair of the Property or any portion of the Property. The execution of this Mortgage by Grantor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Property is and shall be that of Grantor, prior to such actual entry and taking of possession.

(d) From and after the occurrence of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining control of the Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the State, Beneficiary immediately shall have all rights, powers and authority granted to Grantor under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Grantor shall, promptly upon Beneficiary's request, deliver to Beneficiary an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Beneficiary, shall be for initial terms of at least six months and not more than two years, and shall not include options to purchase. If customary in the applicable market, residential Leases with terms of less than six months may be permitted with Beneficiary's prior written consent.

(f) Grantor shall not lease any portion of the Property for non-residential use except with the prior written consent of Beneficiary and Beneficiary's prior written approval of the Lease agreement. Grantor shall not modify the terms of, or extend or terminate, any Lease for non-residential use (including any Lease in existence on the date of this Mortgage) without the prior written consent of Beneficiary. Grantor shall, without request by Beneficiary, deliver an executed copy of each non-residential Lease to Beneficiary promptly after such Lease is signed. All non-residential Leases, including renewals or extensions of existing Leases, shall specifically provide that (1) such Leases are subordinate to the lien of this Mortgage (unless waived in writing by Beneficiary); (2) the tenant shall attorn to Beneficiary and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Property by any purchaser at a foreclosure sale or by Beneficiary in any manner; (3) the tenant agrees to execute such further evidences of attornment as Beneficiary or any purchaser at a foreclosure sale may from time to time request; (4) the Lease shall not be terminated by foreclosure or any other transfer of the Property; (5) after a foreclosure sale of the Property, Beneficiary or any other purchaser at such foreclosure sale may, at Beneficiary's or such purchaser's option, accept or terminate such Lease; and (6) the tenant shall, upon receipt after the occurrence of an Event of Default of a written request from Beneficiary, pay all Rents payable under the Lease to Beneficiary.

(g) Grantor shall not receive or accept Rent under any Lease (whether residential or non-residential) for more than two months in advance.

Section 2.04. Further Assignments. Upon written demand of the Beneficiary or the Controlling Person, the Grantor shall, from time to time hereafter, execute and deliver to the Beneficiary recordable assignments of any other agreements relating to, or affecting the use, occupancy, management or maintenance of, or services provided to, the Property or now or hereafter affecting the Property or any portion thereof. Each such assignment shall be made by an instrument (herein, an "Assignment") in form and substance satisfactory to the Beneficiary. The Beneficiary may, at the written direction of the Controlling Person, exercise its rights hereunder or under any such Assignment, and such exercise shall not constitute a waiver of any right hereunder or thereunder. To the extent not inconsistent, all rights and remedies of the Beneficiary under any such Assignment and under this Mortgage shall be cumulative.

ARTICLE III

REMEDIES UPON DEFAULT

Section 3.01. Event of Default. The term "Event of Default", as used herein means an "Event of Default" as defined in the Loan Agreement.

Section 3.02. Acceleration Upon Default. Upon the occurrence of an Event of Default, the Beneficiary, acting at the written direction of the Controlling Person and subject to the terms of the Intercreditor Agreement, may declare all Secured Obligations to be immediately due and payable without any presentment, demand, protest or notice of any kind; provided no such declaration shall be required, and acceleration shall be deemed to have occurred, if the default is an event set forth in Section 7.1(g) of the Loan Agreement.

Section 3.03. Remedies.

(a) Upon the occurrence of an Event of Default, the Beneficiary, acting at the written direction of the Controlling Person and subject to the terms of the Intercreditor Agreement, may either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security,

(i) enter upon the Premises and take possession of the Property, or any part thereof, in its own name, and do any act which it deems necessary or desirable to preserve the value, marketability or rentability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security hereof;

(ii) with or without taking possession of the Premises, sue for or otherwise collect the Rents including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, to the payment of any Secured Obligations, all in such order as the Beneficiary may determine;

(iii) specifically enforce any of the covenants hereof; or

(iv) exercise all other rights and remedies provided herein, in any of the other Bond Documents, or provided by law or equity.

(b) The entering upon the Premises and taking possession of the Property, the collection of such Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession, by the Beneficiary or a receiver of all or any portion of the Property or the collection, receipt and application of any of the Rents thereby, the Beneficiary shall be entitled to exercise every right provided for in any of the Bond Documents or by law upon occurrence of any Event of Default.

Section 3.04. Foreclosure.

(a) When the Secured Obligations, or any part thereof, shall become due, whether upon maturity, by acceleration, or otherwise, the Beneficiary, acting at the written direction of the Controlling Person and subject to the terms of the Intercreditor Agreement, may institute an action of foreclosure against the Property, or take such other action at law or in equity of the enforcement of this Mortgage and realization on the Property or any other security herein or elsewhere provided for as the law may allow, and may proceed therein to final judgment and execution for the entire unpaid balance of the Secured Obligations, with interest from and after the occurrence of the Event of Default at the Default Rate together with all other sums due by the Grantor in accordance with the provisions of this Mortgage and the other Bond Documents including all sums which may have been paid, incurred or advanced by or on behalf of the Beneficiary or the Controlling Person for taxes, water or sewer rents, charges or claims, payments of prior liens, insurance appraiser's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of judgment) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as the Beneficiary or the Controlling Person may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such judgment the true condition of the title to or the value of the Property, all costs of suit, together with interest at the Default Rate on any judgment obtained by the Beneficiary from and after the date of such judgment including the period from and after the date of any judicial sale until actual payment is made of the full amount due the Beneficiary as a result of such sale, and a reasonable attorney's commission for collection.

(b) If any or all of the Premises or any estate or interest therein is to be sold under the provisions of this Mortgage, by virtue of a judicial sale, it may be sold, as an entirety or in one or more parcels, by one sale or by several sales held at one time or at different times, with such postponement of any such sale as the Beneficiary, acting at the written direction of the Controlling Person, may deem appropriate and without regard to any right of the Grantor or any other person to the

marshaling of assets. The Beneficiary or the Controlling Person may bid and become the purchaser at any such sale.

(c) Upon any sale of the Grantor's interest in any or all of the Property, whether by other foreclosure or judicial proceedings, the proceeds of such sale, together with any other sum then held as security hereunder or due under any of the provisions hereof as part of the Property (after paying all expenses of sale, including reasonable attorneys' fees, and all taxes, assessments or impositions in connection with the Property which the Beneficiary deems it advisable or expedient to pay and all sums advanced, with interest thereon, as herein provided shall be applied) to the payment of the Secured Obligations then due and owing under the Bond Documents and secured hereby and interest thereon to the date of payment and prepayment fees, if any, paying over the surplus, if any, less the expense, if any, of obtaining possession, to the Grantor or any person entitled thereto upon the surrender and delivery to the purchaser of possession of the Property.

Section 3.05. Appointment of Receiver. The Beneficiary, acting at the written direction of the Controlling Person and subject to the terms of the Intercreditor Agreement, may apply for the appointment of a receiver of the Premises and/or the Rents, without notice except as required by law, and shall be entitled to the appointment of the receiver as a matter of right, without consideration of the value of the Premises, the solvency of any person liable for the payment of the Secured Obligations, or the effect of the receivership on the operation of the Premises or the Grantor's business thereon.

Section 3.06. Application of Funds After Default. Except as otherwise provided herein, in the Intercreditor Agreement or in the other Bond Documents, upon the occurrence of an Event of Default hereunder, the Beneficiary, acting at the written direction of the Controlling Person, may, at any time without notice, apply any or all sums or amounts received and held by the Beneficiary (other than the security deposits from tenant leases) to pay insurance premiums, taxes, assessments and other impositions in connection with the Property, or apply amounts received as rents or income of the Property, or as insurance or condemnation proceeds, and all other sums or amounts received by the Beneficiary from or on account of the Grantor or the Property, or otherwise, to any of the Secured Obligations then due and payable, in such manner and order as the Beneficiary, acting at the written direction of the Controlling Person, and subject to the terms of the Intercreditor Agreement, may elect, notwithstanding that said indebtedness or the performance of said obligation may not yet be due. The receipt, use or application of any such sum or amount shall not be construed (i) to affect the maturity of any Secured Obligations or any of the rights or powers of the Beneficiary hereunder or under the terms of the Bond Documents; or (ii) any of the obligations of the Grantor or any guarantor hereunder or under the Bond Documents; or (iii) to cure or waive any default or notice of default hereunder or under any of the Bond Documents; or (iv) to invalidate any act of the Beneficiary.

Section 3.07. Costs of Enforcement. If any Event of Default occurs, the Beneficiary and the Controlling Person may employ an attorney or attorneys to protect their respective rights hereunder. The Grantor agrees to pay to the Beneficiary or the Controlling Person (as applicable), on demand, the fees and expenses of such attorneys and all other costs of enforcing the obligations secured hereby, including recording fees, receivers' fees and expenses, and all other expenses, of whatever kind or nature, incurred by the Beneficiary, in connection with the enforcement of the Secured Obligations, whether or not such enforcement includes the filing of a lawsuit. Until paid, such sums shall be secured hereby and shall bear interest, from date of expenditure, at the Default Rate.

Section 3.08. Remedies Not Exclusive. The Beneficiary shall be entitled to enforce payment and performance of any Secured Obligations and to exercise all rights and powers under this Mortgage or under any Bond Documents or other agreement or any law now or hereafter in force, notwithstanding some or all of the Secured Obligations may now or hereafter be otherwise secured, whether by guaranty,

mortgage, deed of trust, deed to secure debt, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect the Beneficiary's rights to realize upon or enforce any other security now or hereafter held by the Beneficiary, it being agreed that the Beneficiary shall be entitled to enforce this Mortgage and any other security now or hereafter held by the Beneficiary in such order and manner as the Controlling Person in its sole discretion may direct. No remedy herein conferred upon or reserved to the Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity or by statute. Every power or remedy given hereunder or under any of the Bond Documents to the Beneficiary or to which the Beneficiary may be otherwise entitled may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Beneficiary or the Controlling Person, and the Beneficiary and the Controlling Person may pursue inconsistent remedies.

ARTICLE IV

SECURITY AGREEMENT

Section 4.01. Creation of Security Interest. The Grantor hereby grants to the Beneficiary a security interest in all rights, titles, interests, estates, power and privileges that the Grantor now has or may hereafter acquire in and to that portion of the Property, which, under applicable law, may be subject to a security interest under the Uniform Commercial Code of the State of Florida (the "Personal Property") to secure the Secured Obligations.

Section 4.02. Representations, Warranties and Covenants of the Grantor. The Grantor hereby represents, warrants and covenants as follows:

(a) The tangible portion of the Personal Property shall be kept on or at the Premises and the Grantor shall not, without the prior written consent of the Controlling Person, remove the Personal Property or any portion thereof therefrom except such portions or items of Personal Property as are consumed or worn out in ordinary usage, all of which shall be promptly replaced by the Grantor with similar items of comparable value if required for the efficient operation of the Premises.

(b) The Grantor shall promptly notify the Controlling Person of any material claim against the Personal Property adverse to the interest of the Beneficiary therein.

(c) Without the prior written consent of the Controlling Person, the Grantor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in the Personal Property, including replacements and additions thereto.

Section 4.03. Use of Personal Property by the Grantor. Until the occurrence of an Event of Default hereunder, the Grantor may have possession of the Personal Property and use it in any lawful manner not inconsistent with this Mortgage and not inconsistent with any policy of insurance covering the Premises or the Personal Property.

Section 4.04. Remedies Upon an Event of Default.

(a) In addition to the remedies provided in Article 3, upon the occurrence of an Event of Default and during the continuation thereof, the Beneficiary may, acting at the written direction of the Controlling Person, at the Controlling Person's option, subject to the terms of the Intercreditor Agreement, do any one or more of the following:

(i) Either personally, or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom the Grantor and all others claiming under the Grantor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of the Grantor with respect to the Personal Property or any part thereof;

(ii) Without notice to or demand upon the Grantor, make such payments and do such acts as the Controlling Person may direct to protect the Beneficiary's security interest in the Personal Property (including paying, purchasing, contesting or compromising any Lien or Encumbrance (other than Permitted Encumbrances), whether superior or inferior to such security interest) and in exercising any such powers or authority to pay all expenses (including litigation costs and reasonable attorneys' fees) incurred in connection therewith;

(iii) Require the Grantor from time to time to assemble the Personal Property, or any portion thereof, at a place designated by the Beneficiary and promptly deliver such Personal Property to the Beneficiary or an agent or representative designated by the Beneficiary;

(iv) Realize upon the Personal Property or any part thereof as herein provided or in any manner permitted by law and exercise any and all of the other rights and remedies conferred upon the Beneficiary by this Mortgage or by any of the other Bond Documents or by law, either concurrently or in such order as the Controlling Person may determine;

(v) Sell or cause to be sold in such order as the Controlling Person may determine, as a whole or in such parcels as the Controlling Person may determine, the Personal Property;

(v) Sell, lease or otherwise dispose of the Personal Property at public or private sale, upon terms and in such manner as the Controlling Person may determine, and the Beneficiary or the Controlling Person may be a purchaser at any sale; and

(vi) Exercise any remedies of a secured party under the Uniform Commercial Code or any other applicable law.

The Beneficiary, the Controlling Person and their respective agents and representatives shall have the right to enter upon any or all of the Premises to exercise the Beneficiary's rights hereunder.

(b) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Beneficiary shall give the Grantor at least five (5) days' prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof to be made, which notice the Grantor agrees is reasonable. Such notice may be mailed to the Grantor at its address set forth in the opening paragraph of this Mortgage.

(c) Subject to the terms of Section 2 of the Intercreditor Agreement and Section 6.7 of the Indenture, the proceeds of any sale under Section 4.04(a)(vi) shall be applied as follows:

(i) to the repayment of the costs and expenses of taking, holding and preparing for the sale and the selling of the Personal Property (including costs of

litigation and reasonable attorneys' fees) and the discharge of all Impositions, Liens and Encumbrances, and claims thereof, if any, on the Personal Property prior to the security interest granted herein (except any Impositions or Liens and Encumbrances subject to which such sale shall have been made);

(ii) the payment of the Secured Obligations, including interest, in such order as the Intercreditor Agreement shall require or, if the provisions of the Intercreditor Agreement are no longer applicable, as the Controlling Person shall determine;

(iii) to be held as collateral for any obligation of the Grantor to the Beneficiary under the Bond Documents; and

(iv) the surplus, if any, shall be paid to the Grantor or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(d) The Beneficiary, acting upon the written direction of the Controlling Person, shall have the right to enforce one or more remedies under this Section 4.04 successively or concurrently and such action shall not operate to stop or prevent the Beneficiary from pursuing any further remedy that it may have. Any repossession or retaking or sale of the Personal Property pursuant to the provisions hereof shall not operate to release the Grantor until full payment of any deficiency has been made in cash.

Section 4.05. Security Agreement. This Mortgage constitutes and shall be deemed to be a "security agreement" for all purposes of the Uniform Commercial Code; and the Beneficiary shall be entitled to all the rights and remedies of a "secured party" under the Uniform Commercial Code as to any Personal Property. Information concerning the security interest in Personal Property can be obtained from the Beneficiary at its address set forth in the opening paragraph of this Mortgage. The mailing address of the Grantor (debtor) is also set forth in the opening paragraph of this Mortgage.

Section 4.06. Fixture Filing. Some of the Personal Property is or is to become fixtures on the Premises and this instrument is to be recorded in the real estate records. This Mortgage is effective as a financing statement filed as a fixture filing, executed by the Grantor, as debtor, in favor of the Beneficiary, as secured party, with respect to all fixtures included in the Property and the Personal Property. Products of the collateral are also covered. Information concerning the security interest in fixtures can be obtained from the Beneficiary at its address set forth in the opening paragraph of this Mortgage. The mailing address of the Grantor (debtor) is also set forth in the opening paragraph of this Mortgage. The Grantor's organizational identification number is A1500000253.

Section 4.07. Financing Statements. The Grantor hereby authorizes the Beneficiary to file any financing statements, as well as extensions, renewals and amendments thereof, and any reproductions of this Mortgage in such form as the Beneficiary may require to perfect a security interest with respect to such items. The Grantor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements as the Beneficiary or the Controlling Person may require. The filing of such financing statements shall under no circumstance be construed as impairing either the Beneficiary's remedies or the priority of the lien granted hereby, and the Grantor agrees that all items of Personal Property are, and at all times, for all purposes and in all proceedings (both legal and equitable) shall be, at the election of the Beneficiary, regarded as part of the real estate encumbered by this Mortgage. It is understood and agreed that the Beneficiary shall have no duty or obligation to file financing statements hereunder, and such duty shall be solely that of the Grantor.

ARTICLE V

MISCELLANEOUS

Section 5.01. Amendments. No amendment or waiver of any provision of this Mortgage nor consent to any departure by the Grantor herefrom shall in any event be effective unless the same shall be in writing and signed by the Beneficiary with the prior written consent of the Controlling Person, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. All amendments shall be made in accordance with any applicable provisions of Article VIII of the Indenture.

Section 5.02. Future Advances. Until this Mortgage is released of record, the Beneficiary may advance or re-advance additional sums of money to the Grantor from time to time and such advances or re-advances shall become part of the Secured Obligations secured hereby to the fullest extent permitted by law.

Section 5.03. Business Purpose. The Grantor hereby stipulates and warrants that the Secured Obligations are a commercial facility and that such facility is being granted solely to acquire or carry on a business, professional or commercial enterprise or activity.

Section 5.04. Grantor Waiver of Rights. The Grantor waives, to the extent permitted by law, (a) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisalment before sale of any portion of the Property, (b) all rights of redemption, valuation, appraisalment, stay of execution, notice of election to mature or declare due the whole of the indebtedness secured hereby and marshaling in the event of foreclosure of the liens hereby created, (c) all rights and remedies which the Grantor may have or be able to assert by reason of applicable laws pertaining to the rights and remedies of sureties, and (d) all homestead rights.

Section 5.05. Statements by the Grantor. The Grantor shall, within ten (10) days after a request from the Beneficiary or the Controlling Person, deliver to the Beneficiary and the Controlling Person a written statement setting forth the then unpaid amounts of the Secured Obligations and stating whether any offset or defense exists against payment of such amounts.

Section 5.06. Notices. All notices, requests and demands to be made hereunder to the parties hereto shall be in writing and shall be given in the manner prescribed in the Loan Agreement, to the addresses provided therein. All notices provided herein to the Beneficiary shall also be provided to the Controlling Person.

Section 5.07. Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Mortgage.

Section 5.08. Invalidity of Certain Provisions. Every provision of this Mortgage is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Mortgage is invalid or unenforceable as to any part of the Secured Obligations, or if the lien is invalid or unenforceable as to any part of the Property, the unsecured or partially secured portion of the Secured Obligations shall be completely paid prior to the payment of the remaining secured or partially secured portion of the Secured Obligations, and all payments made under the Secured Obligations, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to

have been first paid on and applied to the full payment of that portion of the Secured Obligations which is not secured or fully secured by the lien of this Mortgage.

Section 5.09. Subrogation. To the extent that the Beneficiary or the Controlling Person pays any outstanding lien, charge or prior encumbrance against the Property, the Beneficiary or the Controlling Person, as applicable, shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

Section 5.10. Attorneys' Fees. If the Secured Obligations are not paid when due or if any Event of Default occurs, the Grantor agrees to pay all costs of enforcement and collection incurred by the Beneficiary or the Controlling Person, including attorneys' fees, whether or not such enforcement and collection includes the filing of a lawsuit. As used herein, the terms "attorneys' fees" and "attorneys' fees and costs" shall each mean the fees and expenses of counsel to the parties hereto, which may include printing, photocopying, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" and "attorneys' fees and costs" shall also each include all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred and shall also include all such fees and expenses incurred in enforcing any judgment. This agreement to pay costs is part of and not a limitation on any obligation on the part of the Grantor to pay costs and expenses under the Loan Agreement.

Section 5.11. Governing Law. THIS MORTGAGE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE, WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAWS PRINCIPLES.

NOTWITHSTANDING THE FOREGOING, THE PARTIES STIPULATE AND AGREE THAT THE BENEFICIARY MAY ENFORCE, IN ACCORDANCE WITH THE LAW OF THE STATE, ANY OR ALL OF ITS RIGHTS TO SUE THE GRANTOR, TO COLLECT ANY INDEBTEDNESS IN FLORIDA OR ELSEWHERE, BEFORE OR AFTER FORECLOSURE, AND IF THE BENEFICIARY OBTAINS A DEFICIENCY JUDGMENT OUTSIDE OF THE STATE, THE BENEFICIARY MAY ENFORCE THAT JUDGMENT IN THE STATE, AS WELL AS IN OTHER STATES.

Section 5.12. Construction. Whenever required by the context hereof, the singular shall be deemed to include the plural, and the plural shall be deemed to include the singular, and the masculine, feminine and neuter genders shall each be deemed to include the others. Except as otherwise indicated herein, all section and exhibit references in this Mortgage shall be deemed to refer to the sections and exhibits of and to this Mortgage, and the terms "herein", "hereof", "hereto", "hereunder" and similar terms refer to this Mortgage generally rather than to the particular provision in which such term is used. Whenever the words "including", "include" or "includes" are used in this Mortgage, they shall be interpreted as though immediately followed by the words "without limitation." As used herein, the word "person" includes corporation, partnership, limited liability company, and any other form of association, as well as any governmental or quasi-governmental body or agency.

Section 5.13. Non-foreign Entity. Section 1445 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the Beneficiary that the withholding of tax will not be required in the event of the disposition of the Property pursuant to the terms of this Mortgage, the Grantor hereby certifies, under penalty of perjury, that the Grantor is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue

Code and the regulations promulgated thereunder, that the Grantor's U.S. employer identification number and that the Grantor's principal place of business is as set forth on the first page of this Mortgage. It is understood that the Beneficiary may disclose the contents of this certification to the Internal Revenue Service and that any false statement contained herein could be punished by fine, imprisonment or both. The Grantor shall execute such further certificates, which shall be signed under penalty of perjury, as the Beneficiary shall reasonably require. The covenants set forth in this Section shall survive the foreclosure of the lien of this Mortgage or acceptance of a deed in lieu thereof.

Section 5.14. Access to Property and Dissemination of Information. The Grantor hereby authorizes the Beneficiary, the Controlling Person, any prospective bidder at any foreclosure sale, or in connection with the exercise of the power of sale hereunder, and their respective officers, directors, employees, agents and independent contractors, upon reasonable prior notice and so long as such persons do not unreasonably interfere with the Grantor's operations on the Premises or the rights of tenants, to enter upon all or any portion of the Premises at any time and from time to time (following the occurrence of an Event of Default) for the purpose of conducting such tests, inspections, inquiries, examinations, studies, analyses, samples, surveys and other information-gathering activities (collectively, "Tests and Studies") with respect to the Premises as any of them may from time to time deem reasonably necessary or appropriate, including Tests and Studies with respect to the structural integrity of the Improvements and the presence of hazardous substances in or around the Premises. The Grantor hereby covenants and agrees to reasonably cooperate with such persons and entities in their efforts to conduct Tests and Studies, and further covenants and agrees to make reasonably available to such persons and entities such portions of the Premises as any of them may designate. The results of all Test and Studies shall be and at all times remain the property of such persons and entities, and under no circumstances shall any such person have any obligation whatsoever to disclose or otherwise make available to the Grantor or any other person such results or any other information obtained by them in connection with such Tests and Studies, unless such Tests and Studies are used to demonstrate or provide evidence of an Event of Default. Notwithstanding the foregoing provisions of this Section, the Beneficiary reserves the right, and the Grantor expressly authorizes the Beneficiary, to make available to any person (including any governmental agency or authority and any prospective bidder at any foreclosure sale of the Property) any and all information which the Beneficiary may have with respect to the Premises, whether provided by the Grantor or any other person or obtained as a result of Tests and Studies (including environmental reports, surveys and engineering reports). The Grantor consents to the Beneficiary's notifying any person (either as a part of a Notice of Sale or otherwise) of the availability of any or all of the Tests and Studies and the information contained therein. The Grantor acknowledges that the Beneficiary cannot control or otherwise assure the truthfulness or accuracy of the Tests and Studies, and that the release of the Tests and Studies or any information contained therein to prospective bidders at any foreclosure sale of the Property may have a material and adverse effect upon the amount which a person may bid at such sale. The Grantor agrees that the Beneficiary shall have no liability whatsoever as a result of delivering in accordance with this Section 5.14 any or all of the Tests and Studies or any information contained therein to any person, and the Grantor hereby releases, remises and forever discharges the Beneficiary from any and all claims, damages or causes of action arising out of, connected with or incidental to the Tests and Studies or the delivery thereof in accordance with this Section 5.14 to any person.

Section 5.15. Successors and Assigns. This Mortgage applies to, inures to the benefit of and binds the Grantor and the heirs, legatees, devisees, administrators, personal representatives, executors and the successors and assigns thereof, and the Beneficiary. The term "Beneficiary" means the Person named herein as the Beneficiary, and its successors-in-interest or assigns under the Bond Documents from time to time, whether or not named as the Beneficiary herein and any such successor or assignee shall be for all purposes the sole Beneficiary after the date of such substitution. Without limiting the generality of the foregoing, (a) the parties acknowledge that this Mortgage is being assigned to the Trustee immediately following execution and delivery hereof; and (b) the Controlling Person and the Bondholders are and

shall be express third party beneficiaries of the rights of the Beneficiary hereunder. The term “Grantor” means the Grantor named herein and the successors-in-interest, if any, of the named the Grantor in and to the Property or any part thereof. If there is more than one Grantor hereunder, their obligations are joint and several. This Section shall not be deemed a waiver of any of the provisions of Section 1.12 hereof, Section 6.12 of the Loan Agreement or Section 16 of the Land Use Restriction Agreement.

Section 5.16. No Merger of Lease. Upon the foreclosure of the lien created by this Mortgage on the Property or the exercise of the power of sale granted hereunder pursuant to the provisions hereof, any Lease then existing and affecting all or any portion of the Property shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless the Beneficiary or any purchaser at such foreclosure or exercise of the power of sale shall so elect. If both the lessor’s and lessee’s estate under any Lease or any portion thereof which constitutes a part of the Property shall at any time become vested in one owner, this Mortgage and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger unless the Beneficiary so elects as evidenced by recording a written declaration so stating, and, unless and until the Beneficiary so elects, the Beneficiary shall continue to have and enjoy all of the rights and privileges of the Beneficiary hereunder as to the separate estates.

Section 5.17. Intercreditor Agreement. This Mortgage and the rights and remedies of the Beneficiary hereunder are subject in all respects to the terms and conditions of that certain Intercreditor Agreement dated as of the date hereof among the Issuer, the Beneficiary, the Majority Owner Representative and the Bank (as the same may be amended, modified or supplemented from time to time the “Intercreditor Agreement”).

Section 5.18. Counterparts; Electronic Signatures. This Mortgage may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Mortgage.

Section 5.19. Indemnity. The Grantor shall indemnify, defend, protect and hold harmless the Beneficiary and the Controlling Person, their respective parents, subsidiaries, directors, officers, employees, representatives, agents, successors, and assigns from and against any and all liability, damage, loss, cost, or expense (including, without limitation, attorneys’ fees and expenses), action, proceeding, claim or dispute incurred or suffered by the foregoing parties so indemnified except as the result of the gross negligence or willful misconduct of any party so indemnified, whether voluntarily or involuntarily incurred or suffered, in respect of the following:

(i) any litigation concerning this Mortgage or the Property, or any interest of the Grantor or the Beneficiary therein, or the right of occupancy thereof by the Grantor or the Beneficiary, whether or not any such litigation is prosecuted to a final, non-appealable judgment;

(ii) any dispute among or between any of the constituent parties or other partners or venturers of the Grantor if the Grantor is a general or limited partnership, or among or between any employees, officers, directors, shareholders, members or managers of the Grantor if the Grantor is a corporation or limited liability company, or among or between any members, trustees or other responsible parties if the Grantor is an association, trust or other entity;

(iii) any action taken or not taken by the Beneficiary or the Controlling Person which is allowed or permitted under this Mortgage relating to the Grantor, the

Property, any constituent parties or otherwise in connection with this Mortgage, including without limitation, the protection or enforcement of any lien, security interest or other right, remedy or recourse created or afforded by this Mortgage;

(iv) any action brought by the Beneficiary against the Grantor under this Mortgage, whether or not such action is prosecuted to a final, non-appealable judgment; and

(v) any and all loss, damage, costs, expense, action, causes of action, or liability (including reasonable attorneys' fees and costs) directly or indirectly arising from or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a hazardous substance on, in, under or about the property, whether known or unknown at the time of the execution hereof, including without limitation (1) all foreseeable consequential damages of any such use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence; and (2) the costs of any required or necessary environmental investigation or monitoring, any repair, cleanup, or detoxification of the property, and the preparation and implementation of any closure, remedial, or other required plans.

THE BENEFICIARY AND/OR THE CONTROLLING PERSON MAY EMPLOY AN ATTORNEY OR ATTORNEYS TO PROTECT OR ENFORCE ITS RIGHTS, REMEDIES AND RECOURSES UNDER THIS MORTGAGE AND THE OTHER BOND DOCUMENTS, AND TO ADVISE AND DEFEND BENEFICIARY AND/OR THE CONTROLLING PERSON WITH RESPECT TO ANY SUCH ACTIONS AND OTHER MATTERS. THE GRANTOR SHALL REIMBURSE BENEFICIARY AND/OR THE CONTROLLING PERSON FOR THEIR RESPECTIVE ATTORNEYS' FEES AND EXPENSES (INCLUDING EXPENSES AND COSTS FOR EXPERTS) IMMEDIATELY UPON RECEIPT OF A WRITTEN DEMAND THEREFOR, WHETHER ON A MONTHLY OR OTHER TIME INTERVAL, AND WHETHER OR NOT AN ACTION IS ACTUALLY COMMENCED OR CONCLUDED. ALL OTHER REIMBURSEMENT AND INDEMNITY OBLIGATIONS HEREUNDER SHALL BECOME DUE AND PAYABLE WHEN ACTUALLY INCURRED BY THE BENEFICIARY AND/OR THE CONTROLLING PERSON. ANY PAYMENTS NOT MADE WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND THEREFOR SHALL BEAR INTEREST AT THE DEFAULT RATE FROM THE DATE OF SUCH DEMAND UNTIL FULLY PAID. THE PROVISIONS OF THIS SECTION 5.18 SHALL SURVIVE REPAYMENT OF THE INDEBTEDNESS AND PERFORMANCE OF THE OBLIGATIONS, THE RELEASE OF THE LIEN OF THIS MORTGAGE, ANY FORECLOSURE (OR ACTION IN LIEU OF FORECLOSURE), THE TRANSFER BY THE GRANTOR OF ANY OR ALL OF ITS RIGHT, TITLE AND INTEREST IN OR TO THE PROPERTY AND THE EXERCISE BY BENEFICIARY OR THE CONTROLLING PERSON OF ANY AND ALL REMEDIES SET FORTH HEREIN.

ARTICLE VI

GROUND LEASE PROVISIONS

Section 6.01. Representations and Warranties. The Grantor warrants and covenants that:

(a) the Ground Lease is a valid and subsisting lease of the property therein described and purported to be demised thereby for the term therein set forth, is in full force and effect in accordance with the terms thereof, and has not been modified, except such modifications of which the Beneficiary has received copies and approved in writing;

(b) there are no defaults under the Ground Lease not heretofore waived by the parties thereto and all rents payable by the Grantor under the Ground Lease have been paid to the extent they were due and payable prior to the date hereof;

(c) there exists no event or condition which, with the giving of notice or the passage of time, or both, could become a default or an event of default under the Ground Lease;

(d) the Grantor is the owner and holder of the Ground Lease and the leasehold estate created thereby;

(e) the Grantor will not, without the prior written consent of the Controlling Person, modify, assign, supplement, release, surrender or terminate or permit the termination (whether voluntary or involuntary) of the Ground Lease or any other lease of the Property now in existence or hereafter created and any attempt to do so shall be void and of no force and effect; and

(f) the Grantor shall advise the Beneficiary and the Controlling Person in writing of the receipt of any communication or notice (written or otherwise) within twenty four (24) hours of receipt, (i) given by the Ground Lessor to the Grantor of any default in the performance or observance of any of the terms, covenants or conditions of the Ground Lease on the part of the Grantor, as lessee thereunder, to be performed and/or observed, or (ii) any summons, notice or legal process which may affect the validity of the Ground Lease, or the terms thereof, or which may affect either the Grantor's or the Beneficiary's interest in or possession of the Property or any part thereof, and will contemporaneously therewith deliver to the Beneficiary and the Controlling Person a true copy of each such notice when such communication or notice is written. The Grantor will furnish to the Beneficiary and the Controlling Person, immediately upon written request, any and all information concerning the Grantor's performance of its duties and obligations under the Ground Lease. The Grantor shall deliver to the Beneficiary and the Controlling Person true and complete copies of any and all notices, agreements and other documentary evidence showing the Grantor's compliance with the terms of the Ground Lease.

Section 6.02. Covenants Regarding Ground Lease.

(a) The Grantor covenants and agrees that it will at all times fully perform and comply with all agreements, covenants, terms and conditions imposed upon or assumed by it as tenant under the Ground Lease, and that if the Grantor shall fail so to do the Beneficiary or the Controlling Person may (but shall not be obligated to) take any action the Beneficiary or the Controlling Person deems necessary or desirable to prevent or to cure any default by the Grantor in the performance of or compliance with any of the Grantor's covenants or obligations under the Ground Lease. Upon receipt by the Beneficiary of any written notice of default by the Grantor under the Ground Lease, the Beneficiary may rely thereon and, at the direction of the Controlling Person, take any action as aforesaid to cure such default even though the existence of such default or the nature thereof be questioned or denied by the Grantor or by any party on behalf of the Grantor. The Grantor hereby expressly grants to the Beneficiary and the Controlling Person, and agrees that the Beneficiary and the Controlling Person shall have, the absolute and immediate right to enter in and upon the Premises or any part thereof to such extent and as often as the Beneficiary or the Controlling Person, in its sole discretion, deems necessary or desirable in order to prevent or to cure any such default by the Grantor under the Ground Lease. The Beneficiary or the Controlling Person, with or without possession, may, but shall not be obligated to, perform the Grantor's obligations under the Ground Lease and/or may pay and expend such sums of money as the Beneficiary or the Controlling Person in its sole discretion deems necessary for any such purpose, and the Grantor hereby agrees to pay to the Beneficiary, immediately and without demand, all such sums so paid and expended by the Beneficiary together with interest thereon from the date of each such payment at the Default Rate. All sums so paid and expended by the Beneficiary or the Controlling Person, and the

interest thereon, shall be added to and be secured by the lien of this Mortgage. In addition to the other remedies set forth in this Mortgage, the Beneficiary shall have all the rights and remedies granted to a “leasehold mortgagee” under the Ground Lease.

(b) The Grantor further covenants and agrees that:

(i) Unless the Controlling Person shall otherwise expressly consent in writing, the fee title to the Land and the leasehold estate demised by the Ground Lease shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates either in the Ground Lessor or in the Grantor, or in a third party by purchase or otherwise. If the Grantor acquires the fee title or any other estate, title or interest in the Land, or any part thereof, the lien of this Mortgage shall attach to, cover and be a lien upon such acquired estate, title or interest and the same shall thereupon be and become a part of the Property with the same force and effect as if specifically encumbered herein. The Grantor agrees to execute all instruments and documents which the Beneficiary or the Controlling Person may require to ratify, confirm and further evidence the Beneficiary’s lien on the acquired estate, title or interest.

(ii) The Grantor shall enforce its rights under the Ground Lease and shall use its best efforts to obtain and deliver to the Beneficiary and the Controlling Person within ten (10) days after written demand by the Beneficiary and the Controlling Person, an estoppel certificate from the Ground Lessor under the Ground Lease setting forth (A) that the Ground Lease has not been modified or, if it has been modified, the date of each modification (together with copies of each such modification), (B) the amount of the basic rent and other charges payable under the Ground Lease, (C) the date to which all rental charges have been paid by the tenant under the Ground Lease, and (D) whether there are any alleged defaults of the tenant under the Ground Lease and, if there are, setting forth the nature thereof in reasonable detail.

(iii) The Grantor will enter into no agreement amending or modifying the Ground Lease, will pay all rents and other amounts when due under the Ground Lease and will permit no default thereunder and will timely perform all of its obligations thereunder and do all that is necessary to keep the Ground Lease in full force and effect and in good standing, will not exercise any right to terminate the Ground Lease without Beneficiary’s prior written consent and will not exercise any other right or remedy under the Ground Lease without Beneficiary’s prior written consent. The Grantor’s liability under the Secured Obligations shall not be discharged, released or in any way diminished and shall remain direct and primary notwithstanding any and all actions taken by the Ground Lessor or by the Beneficiary following any default by the Grantor under the Ground Lease or the Bond Documents.

(c) Furthermore, the Grantor hereby appoints the Beneficiary and each of the Beneficiary’s officers its true and lawful attorneys in fact to execute and deliver all the instruments and documents described in clause (b)(i) above in the name and on behalf of the Grantor. This power, being coupled with an interest, shall be irrevocable as long as any amount secured hereby remains unpaid.

Section 6.03. No Assignment of Obligations. Notwithstanding anything to the contrary contained herein, this Mortgage shall not constitute an assignment of the Ground Lease within the meaning of any provision thereof prohibiting its assignment and the Beneficiary shall have no liability or obligation thereunder by reason of its acceptance of this Mortgage. The Beneficiary shall be liable for the obligations of the tenant arising under the Ground Lease for only the period of time during which the

Beneficiary is in actual possession of the leased premises or has acquired, by foreclosure or otherwise, and is holding all of the Grantor's right, title and interest therein, and shall not be liable for any periods before or after such period.

Section 6.04. Assignment of Rights. The Grantor hereby conveys and assigns to the Beneficiary all of its rights, privileges and prerogatives under the Ground Lease to surrender, terminate, cancel, assign, modify, change, supplement, alter or amend the Ground Lease, which rights, privileges and prerogatives shall be exercised by the Beneficiary at the written direction of the Controlling Person.

Section 6.05. Bankruptcy Matters. The Grantor agrees that:

(a) If there shall be filed by or against the Grantor a petition under the Bankruptcy Code, 11 U.S.C. § 101 et seq., or any successor or similar statute, or similar state law (the "Code") and if the Grantor, as lessee under the Ground Lease, or the Grantor's bankruptcy trustee ("the Bankruptcy Trustee") shall decide to reject the Ground Lease pursuant to the Code, the Grantor and/or the Bankruptcy Trustee shall give the Beneficiary not less than forty five (45) days prior written notice of the date of which the Grantor and/or the Bankruptcy Trustee shall apply to the Bankruptcy Court for the authority to reject the Ground Lease. The Beneficiary shall have the right, but not the obligation, to serve upon the Grantor or the Bankruptcy Trustee within such forty five (45) day period a notice stating that (A) the Beneficiary demands that the Grantor and/or the Bankruptcy Trustee assign the Ground Lease to the Beneficiary pursuant to the Code and (B) the Beneficiary covenants to cure or provide adequate assurance of prompt cure of all curable defaults and provide adequate assurance of future performance under the Ground Lease. If the Beneficiary serves upon the Grantor and/or the Bankruptcy Trustee the notice described in the preceding sentence, the Grantor and/or the Bankruptcy Trustee shall not seek to reject the Ground Lease and shall comply with the demand provided for in clause (A) of the preceding sentence within forty five (45) days after the notice shall have been given subject to the performance by the Beneficiary of the covenant provided in clause (B) of the preceding sentence.

(b) Effective upon the entry of an order for relief in respect of the Grantor under the Code, the Grantor and the Bankruptcy Trustee hereby assign and transfer to the Beneficiary a non-exclusive right to apply to the Bankruptcy Court under the Code on behalf of any and all parties for an order extending the period during which the Ground Lease may be rejected or assumed.

(c) The lien of this Mortgage attaches to all the Grantor's and the Bankruptcy Trustee's rights and remedies at any time arising under or pursuant to the Code, including, without limitation, all of the Grantor's rights to remain in possession of the Property thereunder.

(d) The Grantor agrees that in the event the Ground Lessor, or its successors and assigns, files or has filed against it a petition under the Code, the Grantor shall not, without the Controlling Person's prior written consent, elect to treat the Ground Lease as terminated or rejected under the Code. Any such election made without the Controlling Person's prior written consent shall be null and void and of no effect. In addition to the foregoing, the Grantor hereby irrevocably assigns to the Beneficiary the Grantor's right to elect to treat the Ground Lease as terminated or rejected under the Code and the Beneficiary may exercise the rights hereunder at any time, which right shall be exercised by the Beneficiary at the Controlling Person's direction.

(e) The Grantor hereby unconditionally assigns, transfers and sets over to the Beneficiary all of the Grantor's claims and rights to the payment of damages arising from any rejection by the Ground Lessor of the Ground Lease under the Code. The Beneficiary, acting upon the Controlling Person's direction, shall have the right to proceed in its own name or in the name of the Grantor in respect to any claim, suit, action or proceeding relating to the rejection of the Ground Lease, including, without

limitation, the right to file and prosecute, to the exclusion of the Grantor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of the Ground Lessor under the Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights, and remedies.

Section 6.06. Application of Loan Proceeds. The Ground Lessor acknowledges and agrees that the Beneficiary owes the Ground Lessor no obligation to advance any proceeds of the Bonds or to ensure that the funds advanced are used for any specific purpose. Any application or use of funds advanced by the Beneficiary for purposes other than those provided for in the Bond Documents shall in no way impair, alter or diminish the lien created by this Mortgage, including without limitation any application of funds for purposes other than improvement of the Property.

Section 6.07. Rights of Beneficiary. The Ground Lessor agrees that the Beneficiary may deal exclusively with the Grantor in all matters relating to the Bonds and the loan of the proceeds thereof without notice to or the approval of the Ground Lessor. It is intended that the lien created by this Mortgage shall remain fully effective regardless of any act or omission by the Beneficiary which might otherwise directly or indirectly result, by operation of law or otherwise, in the discharge or release in whole or in part of the Grantor, or the discharge, release or impairment of any collateral now or hereafter held as security for any of the Secured Obligations. Without limiting the generality of the foregoing, the Ground Lessor agrees that the Beneficiary may do or fail to do any of the following one or more times, without notice to or the approval of the Ground Lessor, and without diminishing, altering or otherwise affecting the lien created by this Mortgage: (i) the Beneficiary may agree with the Grantor on any modification, extension, renewal or replacement of any of the terms and conditions of the Bond Documents, (ii) the Beneficiary may extend, renew, accelerate or otherwise change the time for payment and performance of any of the obligations under the Bond Documents, (iii) the Beneficiary may release the Grantor or any other person having any liability under the Bond Documents, (iv) the Beneficiary may release, surrender, substitute or exchange any collateral securing the Loan, (v) the Beneficiary does not have to marshal assets and may direct the order or manner of sale of any of the Property and any other collateral securing the Loan as the Beneficiary may determine in its discretion, (vi) the Beneficiary may apply any money, the Property or any other collateral for the Loan to repayment of any amounts owing to the Beneficiary under the Bond Documents in any order the Beneficiary may determine in its discretion, (vii) Beneficiary may forbear from pursuing the Grantor or any other person, or forbear from foreclosing or otherwise realizing upon any of the Property or any other collateral securing the Loan, (viii) the Beneficiary may impair or fail to perfect the security interest in any of the Property or any other collateral securing the Loan, (ix) the Beneficiary does not have to notify the Ground Lessor when the Beneficiary advances Loan proceeds or pays any obligations of the Grantor, (x) the Beneficiary does not have to notify the Ground Lessor of any default by the Grantor under the Bond Documents, and (xi) the Beneficiary does not have to make presentment and demand for payment, protest or notice of demand, protest, dishonor and nonpayment.

Section 6.08. Waivers by Ground Lessor. The Ground Lessor waives any act or thing which might otherwise be deemed a legal or equitable discharge of a surety, including without limitation any defense based on any of the following: (i) lack of diligence or any delays in collecting or enforcing the Bond Documents, (ii) the failure or invalidity of, or any defect in, the Bond Documents, (iii) any disability or other defense of the Grantor or any other person, (iv) the termination from any cause whatsoever of any of the Secured Obligations other than payment in full, (v) the loss or impairment of any right of recourse, reimbursement, contribution, subrogation or any other right or remedy of the Ground Lessor against the Grantor or any other person, or (vi) any modification of any of the Bond Documents in any form whatsoever and without notice to the Ground Lessor, including without limitation the renewal, extension, compromise, acceleration or other change in time for payment and performance. The Ground Lessor waives any right to require the Beneficiary to proceed against the Grantor or any

other person or to proceed against or exhaust any other collateral for the Loan or pursue any other remedy in its power before foreclosing this Mortgage, any right to have the Ground Lessor's interest in the Property sold separately from the interests of the Grantor in the Property, and any right of subrogation the Ground Lessor may have against the Grantor, and any benefit of or right to participate in the Beneficiary's lien on the Property, until all Secured Obligations are paid in full. The Ground Lessor agrees that any right of reimbursement, contribution, recourse or other right or remedy the Ground Lessor may have against the Grantor to recover any amount which the Ground Lessor may pay the Beneficiary on account of the Secured Obligations is unconditionally subordinated to the rights and remedies of the Beneficiary under this Mortgage and the Bond Documents.

IN WITNESS WHEREOF, the Grantor has executed this First Leasehold Mortgage as of the day and year first above written.

NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership

By: New South Bay Villas, LLC, a Florida limited liability company, its general partner

By: Palm Beach County Housing Authority, its managing member

By: _____
Name: Van Johnson
Title: Chief Executive Officer

STATE OF _____)
)
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Van Johnson, whose name as Chief Executive Officer of the managing member of New South Bay Villas, LLC, a Florida limited liability company, the general partner of New South Bay Villas, Ltd., a Florida limited partnership, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company on behalf of the limited partnership.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

**CONSENT AND JOINDER TO FIRST LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS
AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING**

Intending to be legally bound hereby, the undersigned Palm Beach County Housing Authority, a public body corporate and politic organized and existing under the laws of the State of Florida (the "Ground Lessor"), as fee owner of the real property described on Exhibit A to the Mortgage (as hereinafter defined) and of the improvements and ancillary personal property located thereon or used in connection therewith (the "Property"), hereby joins in that certain First Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of February 1, 2017 (the "Mortgage") from New South Bay Villas, Ltd. (the "Grantor"), for the benefit of the Housing Finance Authority of Palm Beach County, Florida (the "Beneficiary"), for the purpose of: (a) subjecting its fee title to the Property (as defined in the Mortgage) to the lien of the Mortgage, to be bound by the Mortgage, and each and every term, condition, covenant and agreement as contained in the Mortgage, to the same extent as if the Ground Lessor had been the named Grantor therein executing and delivering the Mortgage; (b) acknowledging and consenting to the existence of the Mortgage; (c) agreeing that the undersigned shall not declare an event of default under or exercise its option to terminate or exercise any other remedies under the Ground Lease under any circumstances permitted thereunder without the prior written consent of the Controlling Person and that any attempted action in violation of such agreement shall be of no force or effect whatsoever; and (d) consenting to and agreeing to be bound by the terms of the Mortgage (including, without limitation, Articles 3 and 7 thereof) to the extent applicable to the Ground Lessor.

By executing and delivering this Consent and Joinder, the Ground Lessor does hereby irrevocably grant, convey, and assign unto the Beneficiary, and grants the Beneficiary a lien on and a security interest in, all of its right, title and interest in and to the Property, as defined in the Mortgage (which, for purposes of this Joinder, shall be deemed to include Ground Lessor's interest in the Ground Lease), to secure the Secured Obligations. Ground Lessor acknowledges and agrees that, upon the occurrence and during the continuance of an Event of Default by Grantor, Beneficiary may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Grantor, Ground Lessor and in and to the Property, to the fullest extent under the terms of the Mortgage (which, without limiting the generality of the foregoing, include, at the election of Beneficiary, foreclosing upon the Ground Lessor's interest in the Property, as defined in the Mortgage, and/or foreclosing upon the Grantor's leasehold interest in the Property, all in accordance with the terms and provisions of the Mortgage and this Consent and Joinder).

Upon foreclosure under the Mortgage with respect to the Grantor's leasehold interest in the Property, or assignment of the leasehold interest in the Property in lieu of thereof, (a) the Beneficiary or its designee shall have the right to acquire the leasehold interest in the Property created under the Ground Lease in its own name or the name of a nominee without consent or approval of Ground Lessor, (b) the acquiring entity or its nominee shall have the right to further assign or sublet the leasehold interest or a portion thereof to a third party, and (c) the Ground Lessor shall recognize the purchaser or other transferee in connection therewith as the "tenant" under the Ground Lease.

The Ground Lessor acknowledges and agrees that it will not be possible for the Grantor to acquire or construct the Improvements without obtaining a loan or loans from one or more persons or entities in order to finance the acquisition and construction of said Improvements and the development of the Property. Therefore, Ground Lessor hereby covenants and agrees that its interest in the Ground Lease and its ownership interest in the Premises are and shall be subject to, subordinate and inferior to any and all loans (interim, permanent, "cash flow", "soft" or refinancings thereof) obtained by the Grantor for the purpose of financing the acquisition and construction of the Improvements and the development and operation of the Property, and to the lien of any mortgages or deeds of trust (each, a "Permitted Leasehold

Mortgage”), assignments of rents and leases, security agreements, and other collateral or security documents or instruments required by the lender or lenders providing such financing, and to all renewals, extensions, modifications, consolidations, replacements and refinancings thereof, and to all advances made or hereafter to be made upon the security of such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments. The Ground Lessor shall, at Grantor’s request, join in, execute and/or deliver any and all such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments as may be required by such lender or lenders in order to subject and subordinate the Ground Lessor’s interest in the Ground Lease and its ownership interest in the fee simple title to the Property or to otherwise consent to or facilitate the subordination or encumbrance of the Grantor’s interest in the Property to the lien of such documents or instruments, and upon Grantor’s request shall join in, execute and/or deliver any and all such further instruments or assurances as any such lender or lenders may reasonably deem necessary to evidence or confirm the subordination of the Ground Lease or the encumbrance of the Ground Lessor’s interest in such Ground Lease and the Ground Lessor’s ownership interest in the Property to the lien of any such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments; provided, however, and notwithstanding anything contained herein to the contrary, the Ground Lessor shall not be required to suffer, incur, accept or assume any personal liability for any such financing, loans or indebtedness, or any costs or expenses thereof, or any other indebtedness or liability of Grantor thereunder, and any mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments of any nature whatsoever which the Ground Lessor may be called upon to join in, execute and/or deliver under and pursuant to this section shall expressly exculpate the Ground Lessor from and against any and all such personal liability.

Grantor may, without the Ground Lessor’s consent, assign, encumber or mortgage the Ground Lease (including any options it contains) to any leasehold mortgagee for the purposes described above, each a “Permitted Leasehold Mortgagee.” A Permitted Leasehold Mortgagee (and anyone whose title derives from a Permitted Leasehold Mortgagee) may, without the Ground Lessor’s consent, hold a foreclosure sale, take title to the Ground Lease, and transfer or assign the Ground Lease, either in its own name or through a nominee or designee.

The Ground Lessor represents and warrants to the Beneficiary as follows: (i) the Ground Lessor is the sole owner of fee simple title to the Property, free from any liens or encumbrances other than the Permitted Encumbrances (as defined in the Mortgage), (ii) the Ground Lessor has full power and authority to execute and deliver the Mortgage and the person(s) executing the Mortgage on the Ground Lessor’s behalf have the authority to do so, (iii) the benefits to the Ground Lessor from the Grantor and the Secured Obligations (as defined in the Mortgage) constitute reasonably equivalent value for the Ground Lessor’s execution of the Mortgage, (iv) the Ground Lessor has reviewed and understands the terms of the Bond Documents (as defined in the Mortgage), (v) the terms of the Bond Documents comply with all conditions to the Ground Lessor’s execution of the Mortgage or such conditions have been waived by the Ground Lessor, (vi) the Beneficiary has made no representation to the Ground Lessor regarding the Grantor, including without limitation the creditworthiness of the Grantor, (vii) the Beneficiary shall have no obligation to disclose any information to the Ground Lessor or furnish any materials acquired in the course of the Beneficiary’s relationship with the Grantor, and (viii) the Ground Lessor acknowledges that the Beneficiary would not make a loan to the Grantor without the Ground Lessor executing the Mortgage.

[Signature on following page.]

EXHIBIT A
DESCRIPTION OF REAL PROPERTY

EXHIBIT "E"

FORM OF BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

by and among

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA,

NEW SOUTH BAY VILLAS, LTD.

And

RBC CAPITAL MARKETS, LLC

Dated February __, 2017

Relating to:

\$18,500,000

**Housing Finance Authority of Palm Beach County, Florida
Multifamily Housing Revenue Bonds
(New South Bay Villas), Series 2017**

BOND PURCHASE AGREEMENT

RBC CAPITAL MARKETS, LLC (together with its successors or assigns hereunder, the “Underwriter”), hereby offers to enter into the following agreement with HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, a public body corporate and politic and an instrumentality of the State of Florida created and existing under the Constitution and Laws of the State of Florida (together with its successors and assigns, the “Issuer”) and NEW SOUTH BAY VILLAS, LTD., a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the “Borrower”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds described below, which are being issued by the Issuer for the benefit of the Borrower. Upon your acceptance of this offer and your execution and delivery of this Agreement, this Agreement will be binding upon each of you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Agreement to the Underwriter, at or prior to 1 p.m., eastern time, on February __, 2017 and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing).

Section 1. Definitions. The capitalized terms used in this Agreement have the meanings assigned to them in the Glossary of Terms attached as Exhibit A hereto.

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Agreement, and in reliance on the representations, warranties and covenants contained herein, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all (but not less than all) of the Bonds identified in Item 1 in Exhibit B attached hereto in exchange for delivery by the Underwriter of the Purchase Price for the Bonds set forth as Item 2 in Exhibit B attached hereto.

2.2 The Bonds will (i) be issued pursuant to the Resolution and the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate, interest payment dates and redemption provisions) set forth in Item 3 in Exhibit B attached hereto and in the Indenture. A disclosure statement submitted in compliance with Section 218.385, Florida Statutes, as amended, is attached hereto as Schedule I.

Section 3. Closing. The Closing will take place at the time and on the date set forth in Item 5 in Exhibit B or at such other time or on such other date as may be mutually agreed upon by the Issuer, the Borrower and the Underwriter. At the Closing, the Issuer will direct the Trustee to deliver the Bonds to or upon the order of the Underwriter, pursuant to the DTC FAST System, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the offices of GreenspoonMarder in West Palm Beach, Florida, the other documents and instruments to be delivered pursuant to this Agreement (the “Closing Documents”) and the Underwriter will accept delivery of the Bonds and Closing Documents and simultaneously will deliver the Purchase Price for the Bonds, by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs. The Bonds will be made available to the Underwriter one business day before the Closing at the closing location for purposes of inspection. The Bonds will be prepared and delivered as fully registered Bonds without coupons in the denominations set forth in the Indenture. The Bonds shall be registered by the Trustee in the name of Cede & Co., as nominee for the Depository Trust & Clearing Corporation.

Section 4. Representations, Covenants and Agreements of Issuer.

4.1 The Issuer hereby makes the following representations, covenants and agreements to the Underwriter, for the benefit of the Purchaser and the Holders from time to time of the Bonds, and the Borrower, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Issuer is a public body corporate and politic of the State of Florida, duly organized, validly existing and in good standing under the laws of the State and is authorized to execute and deliver this Agreement and the other Issuer Documents and to issue, sell and deliver the Bonds pursuant to the laws of the State, including particularly the Act.

(b) The Issuer has, and as of the Closing Date will have, all necessary power and authority to (i) execute and deliver this Agreement and the Issuer Documents, (ii) issue the Bonds in the manner contemplated by the Resolution, this Agreement and the Indenture, and (iii) otherwise consummate the transactions contemplated by the Resolution, this Agreement and the Issuer Documents.

(c) At the time of its adoption, the Issuer had all necessary power and authority to adopt the Resolution.

(d) The Issuer has duly adopted the Resolution at a meeting or meetings duly called and held in accordance with applicable law and procedures of the Issuer, and since that time the Resolution has not been rescinded, amended or modified.

(e) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized the (i) execution and delivery of this Agreement, the Bonds and the Issuer Documents, (ii) performance by the Issuer of the obligations contained in this Agreement, in the Bonds and in the Issuer Documents, and (iii) consummation by the Issuer of all of the transactions contemplated hereby and by the Issuer Documents.

(f) Assuming the valid authorization, execution and delivery of this Agreement and the Issuer Documents by the other parties hereto and thereto and the authentication of the Bonds by the Trustee, this Agreement is, and the Bonds and the other Issuer Documents will be, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(g) Based on the advice of Bond Counsel, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority, board, agency, commission or body having jurisdiction which are required by or on behalf of the Issuer for the execution and delivery by the Issuer of this Agreement, the Issuer Documents or the Bonds, or the consummation by the Issuer of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing, except for the filing of the IRS Form 8038 and State of Florida Form BF 2003/2004 (both of which will be timely filed after Closing).

(h) The execution and delivery by the Issuer of this Agreement, the Bonds and the Issuer Documents, and the consummation by the Issuer of the transactions contemplated hereby and thereby are not prohibited by, do not violate any material provision of, and will not result in the material breach of or material default under (i) the Act, the Constitution of the State or the organizational documents of the Issuer, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement applicable to the Issuer, or (iii) any contract, indenture, agreement, mortgage, lease, note,

commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound.

(i) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer or its officials, in their respective capacities as such, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which may reasonably be expected to contest or have a material and adverse effect upon (A) the due performance by the Issuer of this Agreement or the Issuer Documents or the transactions contemplated hereby or thereby, (B) the validity or enforceability of the Bonds, the Resolution, this Agreement, the Issuer Documents or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, or (C) the exclusion of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(j) When delivered to the Underwriter after receipt of payment therefor in accordance with the provisions of this Agreement, the Bonds will be duly authorized, executed, issued, and delivered and will constitute the Issuer's legal, valid and binding special, limited obligations, enforceable in accordance with their terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity), and will be entitled to the benefit and security of the Indenture.

(k) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture.

(l) The Issuer has not taken or omitted to take on or prior to the date hereof any action, that would adversely affect the exclusion of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes or the exemption of the Project from real estate taxation under the laws of the State.

(m) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(n) On the Closing Date, each of the representations and warranties of the Issuer contained herein and in the Issuer Documents shall be true, correct and complete.

4.2 Any certificate signed by any official of the Issuer and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Underwriter, for the benefit of the Purchaser and the Holders from time to time of the Bonds, as to the statements made therein.

Section 5. Representations and Warranties of Borrower.

5.1 The Borrower makes the following representations and warranties to the Issuer and the Underwriter, for the benefit of the Purchaser and the Holders from time to time of the Bonds, as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is, and at all times will be, a limited partnership duly organized, validly existing and in good standing under the laws of the State. The General Partner is, and at all times will be, a limited liability company, duly organized, validly existing and in good standing under the laws of the State.

(b) The Borrower has, and on the Closing Date will have, full legal right, power and authority (i) to execute and deliver this Agreement and the Borrower Documents and (ii) to consummate the transactions contemplated by this Agreement and the Borrower Documents. The General Partner has, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Agreement and the Borrower Documents on behalf of the Borrower.

(c) The Borrower has duly authorized the execution and delivery of this Agreement and the performance by the Borrower of the obligations contained herein, and prior to the Closing Date the Borrower will have duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, and (iii) consummation by the Borrower of all transactions contemplated hereby and by the Borrower Documents.

(d) All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or for the execution and delivery by the Borrower of this Agreement and the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby have been obtained or will be obtained prior to the Closing Date.

(e) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion of the interest on the Bonds from the gross income of the holders thereof for purposes of federal income taxation or the exemption of the Project from real estate taxation under the laws of the State.

(f) All information concerning the Project, the Borrower, the General Partner and the Guarantors submitted to the Originator, the Underwriter or the Issuer, by the Borrower, the General Partner or the Guarantors, is true and correct in all material respects as of the date hereof and does not omit to state a material fact necessary to make the statements therein not misleading.

(g) There is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to the Borrower's knowledge, threatened against or affecting the Borrower, the General Partner or the Guarantors or, to the knowledge of the Borrower, any basis therefor (i) in any way affecting the organization and existence of the Borrower, the General Partner or the Guarantors, (ii) contesting or materially affecting the validity or enforceability of this Agreement, the Borrower Documents or the Guarantor Documents, (iii) contesting the powers of the Borrower or its authority with respect to the Borrower Documents, (iv) contesting the authority of the General Partner to act on behalf of the Borrower, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the operations of the Borrower, the General Partner or the Guarantors, (B) the due performance by the Borrower

of the Borrower Documents to which it is a party or by the Guarantors of the Guarantor Documents to which the Guarantors are a party, (C) the validity or enforceability of any of the Borrower Documents or the transactions contemplated hereby or by any Borrower Document or Guarantor Document, (vi) in any way contesting the exclusion from the gross income of the holders thereof for purposes of federal income taxation of the interest on the Bonds, or (vii) in any way contesting the exemption of the Project from real estate tax exemption.

(h) This Agreement is, and, when executed and delivered by the Borrower and the other parties thereto, and the Borrower Documents will be, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(i) The execution and delivery by the Borrower of this Agreement and the Borrower Documents and the consummation by the Borrower of the transactions contemplated thereby and hereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) organizational documents of the Borrower, (ii) any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

(j) Neither the Underwriter nor the Originator has provided any municipal advisory services to the Borrower within the meaning of Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended.

(k) The purchase price for the Bonds was determined pursuant to arms-length negotiations between the Originator and the Borrower.

5.2 Each of the representations and warranties set forth in this Section will survive the Closing.

5.3 Any certificate signed by the Borrower or the General Partner and delivered to the Underwriter shall be deemed a representation and warranty by the Borrower to the Underwriter, for the benefit of the Purchaser and the Holders from time to time of the Bonds, as to the statements made therein.

Section 6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Underwriter and the Borrower:

(a) Prior to the Closing, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture and the other Issuer Documents.

(b) After all conditions have been met with respect to the issuance of the Bonds (including without limitation the payment of the Purchase Price), the Issuer will cause the Bonds to be delivered in accordance with this Agreement, and upon receipt of evidence that the Trustee has

received the Purchase Price set forth in Section 2.1 hereof, to the address and at the time specified by the Underwriter in conjunction with the Closing.

(c) The Issuer will not knowingly take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be included in the gross income of the holders thereof for federal income tax purposes.

(d) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would, based on the advice of Bond Counsel, constitute a condition precedent to the performance by it of obligations under the Resolution, this Agreement, the Issuer Documents and the Bonds.

6.2 The Borrower hereby makes the following covenants with the Issuer and the Underwriter:

(a) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds (other than Bonds held by a “substantial user” within the meaning of Section 147(a) of the Code) to be includable in the gross income of the holders thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency, if any, that would constitute a condition precedent to the performance by it of its obligations under this Agreement and the Borrower Documents.

(c) The Borrower will not voluntarily undertake any course of action inconsistent with the satisfaction by the Borrower of the requirements applicable to it, as set forth in this Agreement and the Borrower Documents.

Section 7. Conditions of Closing.

7.1 The Underwriter has entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds will be subject to the performance by the Issuer and the Borrower of their obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) There shall not have occurred any material error, misstatement or omission in the representations, covenants and agreements made by either the Issuer or the Borrower in this Agreement, which representations, covenants and agreements will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) Each of the Issuer and the Borrower shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by the Issuer and the Borrower at or prior to Closing.

(c) This Agreement, the Issuer Documents, the Borrower Documents and the Guarantor Documents shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date, shall be in form and substance satisfactory to the Originator, and no event of default shall exist under any such documents.

(d) The Construction Letter of Credit shall be in full force and effect on and as of the Closing Date, shall be delivered to the Trustee and shall be in form and substance satisfactory to the Originator.

(e) Each of the Subordinate Debt Documents shall have been executed and delivered, shall be in full force and effect, shall be in form and substance acceptable to the Originator, and shall be subject to subordination agreements in form and substance satisfactory to the Originator.

(f) There shall have been delivered to the Originator evidence satisfactory to the Originator that the Project will be exempt from real estate taxation under the laws of the State.

7.2 On the Closing Date, the Trustee shall have received, in immediately available funds, an amount equal to the fees set forth in Section 10, and the costs and expenses of the Underwriter incurred as of the date of the execution and delivery hereof, and the other deposits required to be made in the Accounts established under the Indenture.

7.3 In addition to the conditions set forth above, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter and the Originator, as applicable, of the following items:

(a) A certificate of the Borrower, dated the Closing Date and reasonably satisfactory to the Originator, signed by the General Partner, that: (1) each of the attached organizational documents, certificate of good standing, and partner consents (if any), is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Borrower's representations and warranties contained herein and in the other Borrower Documents is true and correct in all material respects on and as of the Closing Date; (3) the Borrower has performed and complied in all material respects with all agreements and conditions required of the Borrower by this Agreement to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Originator or the Underwriter;

(b) A certificate of the General Partner, dated the Closing Date and in form and substance reasonably satisfactory to the Originator, signed by an authorized officer of the General Partner, that (1) each of the attached organizational documents, certificate of good standing, authorizing resolution and evidence of incumbency is true, correct and complete and has not been amended, modified or rescinded; (2) the General Partner is a limited liability company duly organized, validly existing and is in good standing under the laws of the State of Florida, with full legal right, power and authority to execute and deliver this Agreement and the other Borrower Documents on behalf of the Borrower as its General Partner; (3) the General Partner has, by all necessary corporate action, duly authorized the execution and delivery, on its own behalf and on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents; (4) no consent, approval, authorization or order of, or filing, registration or

declaration with, any court or governmental body is required by or on behalf of the General Partner for the execution and delivery by the General Partner, on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder; (5) the execution and delivery by the General Partner, on its own behalf and/or on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder do not violate the organizational documents of the General Partner, any applicable law, rule or regulation, or any court order by which the General Partner is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the General Partner is a party or by which it or its properties is bound; (6) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to its knowledge, threatened against the General Partner nor, to the best knowledge of the General Partner, any basis therefor (i) in any way contesting the existence of the General Partner, (ii) in any way contesting the authority of the General Partner to act on behalf of the Borrower or the authority of the officers of the General Partner to act on behalf of the General Partner or (iii) which would have a material adverse effect on the financial condition or operations of the General Partner or the consummation of the transactions on the part of the General Partner or the Borrower contemplated hereby or by any Borrower Document; and (7) such other matters reasonably requested by the Originator;

(c) Opinions of counsel to the Borrower, the General Partner and the Guarantors dated the date of issuance of the Bonds and addressed to the Issuer, the Trustee, the Underwriter, the Purchaser and the Originator as to the matters on Exhibit C attached hereto;

(d) A tax opinion of Bond Counsel, dated the date of issuance of the Bonds and addressed to the Issuer, the Trustee, the Underwriter, the Purchaser, and the Originator, in form and substance acceptable to the Underwriter, the Purchaser and the Originator;

(e) An opinion of Bond Counsel, dated the date of issuance of the Bonds and addressed to the Issuer, the Underwriter and the Purchaser, in form and substance acceptable to the Underwriter and the Purchaser, to the effect that the Bonds are not required to be registered pursuant to the 1933 Act, and the Indenture is not required to be qualified as an indenture pursuant to the 1939 Act, which opinion may be included in the tax opinion of Bond Counsel.

(f) An opinion of general counsel to the Issuer, dated the date of issuance of the Bonds and addressed to the Underwriter, the Trustee, the Purchaser and the Originator, in form and substance acceptable to the Underwriter and the Originator;

(g) A certificate of the Issuer, dated the Closing Date and in form and substance acceptable to Bond Counsel and the Underwriter;

(h) A pro forma mortgagee title insurance policy issued by the Title Company to the Trustee, dated effective as of the date and time of recording of the Mortgage, in form, scope and substance satisfactory to the Originator, insuring the lien of the Mortgage in an amount equal to the initial face amount of the Bonds, subject only to such liens and encumbrances as the Originator may approve, containing all the requirements included in the Originator's list of title requirements provided to the Borrower via e-mail, to the extent available in the State, to be provided by the Borrower;

(i) Evidence of the insurance required under the Loan Agreement, including, without limitation, flood insurance to the extent that any portion of the Project is located in a Special Flood Hazard area as defined by the United States Department of Housing and Urban Development, to be provided by the Borrower;

(j) A copy of the Ground Lease between Palm Beach County Housing Authority, as lessor, and the Borrower, as lessee;

(k) A certified legal description and as-built ALTA/ACSM Land Title Survey of the land included in the Project by a surveyor approved by the Originator in form and substance acceptable to the Originator, containing all the requirements included in the Originator's list of survey requirements and form of surveyor's certificate provided to the Borrower via e-mail, to be provided by the Borrower;

(l) Evidence in such form as the Originator may reasonably require of (i) satisfactory zoning for all buildings and improvements; (ii) the valid issuance of all necessary permits and licenses to construct, renovate and operate the buildings and improvements, including without limitation all permits and licenses required under applicable law with respect to subdivision, zoning, safety, building, occupancy, fire protection, environmental, energy and similar matters; (iii) the availability of all utility and municipal services required for the operation of the buildings and improvements; and (iv) the availability of means of access to and from such property, by means of public ways or easements benefiting such property, to be provided by the Borrower;

(m) Evidence reasonably satisfactory to the Originator that (i) building permits have been provided or will be provided upon the payment of fees or (ii) the proposed rehabilitation may be performed without obtaining government-issued permits (or that, if permits are required, such permits may be obtained as a matter of right) and that upon final completion of the contemplated rehabilitation, no new certificates of occupancy will be issued, to be provided by the Borrower;

(n) A budget detailing the costs of the proposed construction and rehabilitation of the Project, and plans and specifications detailing the scope of such construction and rehabilitation, all reasonably satisfactory to the Originator, to be provided by the Borrower;

(o) Copies of contracts with an architect and a general contractor or prime contractors, satisfactory to the Originator, for the performance of the construction and rehabilitation, plus consents of the assignments of all such contracts to the Trustee by each professional, to be provided by the Borrower;

(p) A report or written confirmation from the Engineering Consultant that (a) the Engineering Consultant has reviewed the final plans and specifications, (b) the construction contract(s) satisfactorily provide for the construction and rehabilitation of the Project, and (c) in the opinion of the Engineering Consultant, construction and rehabilitation of the Project can be completed within eighteen (18) months following Closing for an amount not greater than the amounts allocated for such purpose on the submitted budget, to be provided by the Borrower;

(q) An environmental audit satisfactory to the Originator in scope, form and substance, and performed and certified to the Originator by an environmental engineer reasonably satisfactory to the Originator, to be provided by the Borrower;

(r) An engineering report satisfactory to the Originator in scope, form and substance, and prepared and certified to the Originator by a structural engineer satisfactory to the Originator, and a report showing no infestation by wood-destroying insects, to be provided by the Borrower;

(s) For each of the Borrower and the General Partner, a certified copy of its organizational documents as in effect on the date of closing, including copies of all filed documents, which shall, with respect to the Borrower and the General Partner, contain provisions denoting its single

purpose entity status, and evidence that all action necessary for the valid execution, delivery and performance by the Borrower, the General Partner and the Guarantors of this Agreement and the other Borrower Documents or the Guarantor Documents, as applicable, to which it is or is to become a party shall have been duly and effectively taken;

(t) A certificate of the Borrower, dated the Closing Date and signed by the General Partner, in form and substance reasonably satisfactory to the Underwriter, the Purchaser, the Originator and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion;

(u) A non-arbitrage certificate of the Issuer, in form and substance acceptable to Bond Counsel;

(v) A certificate of the Trustee, dated the Closing Date, in form and substance satisfactory to the Originator, signed by an authorized officer of the Trustee, that (1) the Trustee has all necessary power and authority to accept the trusts granted under the Indenture and to perform its duties under the Trustee Documents; (2) the Trustee Documents have been duly authorized, executed and delivered by an authorized officer of the Trustee; (3) the Bonds have been authenticated by an authorized representative of the Trustee and delivered to or at the direction of the Underwriter; and (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental agency or body is required on behalf of the Trustee for the execution and delivery by the Trustee of the Trustee Documents or the performance by the Trustee of its obligations thereunder;

(w) A properly completed and executed IRS Form 8038 as to the Bonds to be filed with the IRS promptly following the Closing Date;

(x) Evidence of the consent of HUD to the assignment to and assumption by the Borrower of the Housing Assistance Payments Agreement for the Project and of final approval by HUD of the rentals to be charged by the Borrower following completion of the construction of the Project;

(y) A current rent roll and an income and expense statement as of the last full month prior to Closing, concerning the leasing and operation of the Project, certified as true and correct by the Borrower;

(z) Confirmation from the Purchaser that all conditions of the Purchaser to purchase the Bonds have either been satisfied or waived by the Purchaser, and the Purchaser is prepared to purchase the Bonds;

(aa) A certificate from the Originator delivered to the Underwriter dated the Closing Date, in form and substance satisfactory to the Underwriter, signed by an authorized officer of the Originator, to the effect that all conditions of the Originator under this Agreement have either been satisfied or waived by the Originator, and acknowledgement by the Originator that the Originator, not the Underwriter, shall accept responsibility for its approval of the items required to be approved by the Originator as a condition to Closing, and the Underwriter shall have no responsibility for such approvals; and

(bb) Such other documents, certificates, approvals, assurances and opinions as the Underwriter, the Purchaser or the Originator may reasonably request.

7.4 If any of the conditions set forth in Sections 7.1, 7.2 or 7.3 has not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Agreement or proceed to Closing upon waiving in writing such condition under this Agreement with respect to any such condition (but with the consent of the Purchaser and the Originator as to any condition subject to their approval or receipt). If this Agreement is terminated pursuant to this Section, no party will have any rights or obligations to the other parties hereto, except as provided in Section 11.

7.5 The sole remedy against the Issuer for the Issuer's breach or failure to perform its obligations hereunder shall be specific performance.

Section 8. Actions and Events at the Closing. The following events will take place at the Closing:

(a) The Issuer will deliver the Bonds to the Trustee for closing through DTCC's book-entry only system. The Bonds so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee for DTCC.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the place set forth in Item 5 in Exhibit B, or at such other place or places as the Issuer, the Borrower and the Underwriter may mutually agree upon, the materials described in Section 7.3.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer or as the Issuer directs, an amount equal to the Purchase Price of the Bonds, by wire transfer to the Trustee, in immediately available federal funds, which shall be deposited by the Trustee in the funds and accounts set forth in the Indenture upon the issuance of the Bonds, and applied as set forth in the Indenture.

Section 9. Termination of Agreement. The Underwriter may terminate this Agreement, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee or be pending in committee, or any decision is rendered by any court of competent jurisdiction, or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable judgment of the Underwriter, has the purpose or effect of causing interest on the Bonds to be includable in gross income of the holders thereof for purposes of federal income taxation or to be an item of tax preference for purposes of the federal alternative minimum tax;

(b) Any legislation is introduced in, or enacted by the United States Congress or any action is taken by, or on behalf of, the Securities and Exchange Commission, that, in the reasonable opinion of counsel to the Underwriter has the effect of requiring (i) the Bonds or the interests in the Loan Agreement or other financing documents to be registered under the 1933 Act or the Indenture to be qualified under the 1939 Act, or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Agreement, the Issuer Documents, the Borrower Documents or the Guarantor Documents which cannot, without undue expense, be obtained prior to the Closing Date.

(c) In the reasonable judgment of the Underwriter it becomes impracticable to market, purchase or sell the Bonds or to enforce commitments for the purchase of Bonds

because (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (B) a general banking moratorium shall have been established by federal, New York or California authorities; or (C) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the ability of the Underwriter to purchase or sell the Bonds;

(d) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting any authority or security for or the validity of the Bonds, or the existence or powers of the Issuer;

(e) Legislation shall have been introduced in or enacted by the legislature of the State that would, in the reasonable judgment of the Originator or the Underwriter, materially adversely affect the security for the Bonds;

(f) There shall have occurred any change that, in the reasonable judgment of the Originator or the Underwriter, makes unreasonable or unreliable any of the assumptions upon which (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the exclusion from gross income for federal income tax purposes of interest on the Bonds, is predicated;

(g) There shall have occurred any outbreak or material escalation of hostilities or other national or international calamity or crisis, the effect of which on the financial markets of the United States is such as to make it, in the reasonable opinion of the Underwriter, impractical to enforce commitments for the purchase of the Bonds; or

(h) The Issuer shall fail to execute and deliver or to obtain one or more filings, consents, approvals, authorizations, registrations or other action requested by the Underwriter to be obtained or taken by the Issuer and such failure is based upon the Issuer's conclusion that such action is unduly burdensome and the Underwriter shall reasonably conclude that, as a result of the Issuer's failure to so execute and deliver or to obtain what has been requested by the Underwriter, the purchase of the Bonds will be materially adversely affected.

Section 10. Fees and Expenses; Costs of Issuance. The Borrower shall pay or cause to be paid all costs of issuance of the Bonds, including all reasonable expenses incident to the performance of the Underwriter's obligations hereunder in connection with its purchase of the Bonds, including, but not limited to, (i) the fees of the Originator set forth in Section 2.2(a) of the Loan Agreement, (ii) the cost of the preparation, printing or other reproduction of the Resolution, this Agreement, the Issuer Documents, the Borrower Documents and the Guarantor Documents, in reasonable quantities for distribution, (iii) the cost of producing, authenticating and delivering the Bonds, (iv) the fees and disbursements of Bond Counsel, Issuer's counsel, Originator's counsel, Underwriter's counsel and Trustee's counsel, (v) the fees and expenses, including without limitation all initial and continuing fees and expenses, of the Trustee and all paying agents, transfer agents and bond registrars and (vi) the fees and expenses, including travel expenses, incurred by representatives of the Issuer and the Borrower in connection with the issuance, sale and delivery of the Bonds. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds. A schedule itemizing said costs is set forth in the closing memorandum attached hereto.

Section 11. Indemnification.

11.1 The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Trustee, the Underwriter, the Originator, the Purchaser (the “Principal Indemnified Parties”) and each affiliate, member, officer, director, official, employee and agent of the Issuer, the Trustee, the Underwriter and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (a “Control Person”) (collectively referred to herein as the “Indemnified Parties”), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys’ fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the “Liabilities”) caused by or directly or indirectly arising from or in any way relating to the Bonds, the loan of the proceeds of the Bonds, the Loan Agreement, the Indenture, this Agreement, the other Borrower Documents or any document related to the Bonds, the loan of the proceeds of the Bonds (the “Transaction Documents”) or any transaction or agreement, written or oral, pertaining to the foregoing; provided the Borrower shall not be required to so indemnify any Indemnified Party to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnified Party.

11.2 The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Trustee, the Underwriter, the Originator, the Purchaser and each affiliate, member, officer, director, official, employee and agent of such parties from and against all Liabilities directly or indirectly arising from or relating to any fraud or misrepresentations or omissions contained in the proceedings of the Issuer pertaining to the financial condition of the Borrower; provided, however that the foregoing indemnity of an Indemnified Party pursuant to Section 11.1 and this Section 11.2 shall not apply to any loss to the extent such damages are caused by the gross negligence or willful misconduct or default of such Indemnified Party or any affiliate, member, officer, director, official, employee, agent or Control Person of said Indemnified Party or of the Principal Indemnified Party with which said party is affiliated.

11.3 Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower’s expense and with counsel reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense but not to take any action to settle the same without the approval of the Borrower which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding and the Borrower shall be obligated to pay the reasonable fees and expenses of such separate counsel if the Indemnified Party reasonably determines that a conflict of interest exists between the interests of the Indemnified Party and the interests of the Borrower. If the Borrower shall, after this notice and within a period of time necessary to preserve any and all reasonable defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk, cost and expense of, the Borrower.

11.4 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in Section 11.1 or 11.2 hereof is for any reason held to be unavailable, the Borrower and the Underwriter shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Parties may be subject, so that the Underwriter is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection

with the issuance and administration of the Bonds and provided further that the Borrower shall not be required to contribute for Liabilities to an Indemnified Party arising from the gross negligence or willful misconduct of such Indemnified Party. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

11.5 The Indemnified Parties, other than the Issuer and the Underwriter, shall be considered to be third-party beneficiaries of this Agreement for purposes of this Section 11. The provisions of this Section 11 will be in addition to all liability that the Borrower may otherwise have under law or any other Borrower Document and shall survive any termination of this Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

11.6 The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Borrower Documents or any other document.

11.7 The Borrower shall be subrogated to an Indemnified Party's rights of recovery to the extent of any liabilities satisfied by Borrower. Such Indemnified Party shall execute and deliver such instruments and papers as are necessary to assign such rights and assist in the exercise thereof.

11.8 Nothing herein shall be construed to create recourse debt to the Borrower or any of its partners for the Loan or the Bonds.

Section 12. Miscellaneous.

12.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following addresses or such other address as any of the parties shall specify:

If to the Underwriter: RBC Capital Markets, LLC
100 2nd Avenue South, Suite 800
St. Petersburg, Florida 33701
Attention: Helen Feinberg

With copies to: R4 Capital Funding LLC
780 Third Avenue, 10th Floor
New York, NY 10017
Attention: James D. Spound

and Kutak Rock LLP
Two Liberty Place, Suite 28B
50 S. Sixteenth Street
Philadelphia, Pennsylvania 19102
Attention: Andrew P. Schmutz

If to the Issuer: Housing Finance Authority of Palm Beach County,
Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt

With a copy to: GreenspoonMarder, P.A.
525 Okeechobee Boulevard
Suite 900
West Palm Beach, Florida 33401
Attention: Morris G. "Skip" Morris

If to the Borrower: New South Bay Villas, Ltd.
c/o Palm Beach County Housing Authority
3432 W. 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson

With copies to: McCurdy Senior Housing Corporation
Quiet Waters
306 S.W. 10th Street
Belle Glade, Florida 33430
Attention: Joseph Glucksman

and Ken Treadwell, Esquire
2305 Seaford Drive
Wellington, Florida 33414

and Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, D.C. 20001
Attention: Julie McGovern, Esquire

12.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person, except as set forth in Section 11 hereof or as provided herein with respect to the Purchaser and the Holders from time to time of the Bonds.

12.3 This Agreement may not be assigned by the Issuer or the Borrower. This Agreement may be assigned by the Underwriter upon written notice of such assignment from the Underwriter to the Issuer and the Borrower. The Underwriter may designate the entity in whose name the Bonds are to be registered at Closing by providing registration information to the Trustee on or prior to the Closing Date.

12.4 This Agreement may not be amended without the prior written consent of the Issuer, the Borrower and the Underwriter.

12.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bonds.

12.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts

will together constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Agreement.

12.7 This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

12.8 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

12.9 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

12.10 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein, without regard to conflict of laws principles.

12.11 As an inducement to the agreement of the Underwriter to purchase the Bonds pursuant to the terms of this Agreement, the Borrower agrees not to obtain or seek to obtain financing or credit of any kind or nature whatsoever from any other sources in lieu of the financing to be provided by the issuance of the Bonds by the Issuer and the purchase of the Bonds by the Underwriter. In the event of a breach of this covenant, the Underwriter shall be entitled to all remedies available to it, at law and in equity, including specific performance and damages. As a further inducement, the Borrower agrees to indemnify and hold harmless the Underwriter and the Purchaser from any and all litigation or claims arising out of transactions contemplated herein, except for any litigation or claims directly resulting from the gross negligence or willful misconduct of the Underwriter, the Purchaser or the Originator.

12.12 The obligations of the Underwriter hereunder shall be without recourse to any shareholder, trustee, officer, employee, agent or manager of the Underwriter and no shareholder, trustee, officer, employee, agent or manager of the Underwriter shall be personally liable for the payment of any obligation of the Underwriter hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Underwriter shall be enforced only against the assets of the Underwriter and not against any property of any shareholder, trustee, officer, employee, agent or manager of the Underwriter.

Section 13. No Advisory or Fiduciary Role. The Issuer and the Borrower acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Issuer or the Borrower on other matters) or any other obligation to the Issuer or the Borrower except the obligations expressly set forth in this Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Issuer and the Borrower and (v) each of the Issuer and the Borrower has consulted with its own respective legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

[SIGNATURE PAGES FOLLOW]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement and returning this executed Agreement to the undersigned.

RBC CAPITAL MARKETS, LLC

By: _____
Name: Helen H. Feinberg
Title: Managing Director

[SIGNATURES CONTINUED ON NEXT PAGE]

ACCEPTED at West Palm Beach, Florida _____ .m. Eastern time this ____ day of February, 2017.

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

By: _____

Name: Charles V. St. Lawrence

Title: Chairperson

NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership

By: New South Bay Villas, LLC, a Florida limited liability company, its general partner

By: Palm Beach County Housing Authority, its managing member

By: _____

Name: Van Johnson

Title: Chief Executive Officer

SCHEDULE I

DISCLOSURE LETTER

February __, 2017

Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406

Ladies and Gentlemen:

In reference to the issuance of those certain \$18,500,000 Housing Finance Authority of Palm Beach County, Florida Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 (the "Bonds"), RBC Capital Markets, LLC (the "Underwriter"), pursuant to the Bond Purchase Agreement (the "Purchase Contract") between the Underwriter, New South Bay Villas, Ltd. (the "Borrower"), and the Housing Finance Authority of Palm Beach County, Florida (the "Issuer"), hereby makes the following disclosures to the Issuer:

1. The Underwriter is acting as underwriter to the Issuer for the public offering of the Bonds. The total fee to be paid to the Underwriter pursuant to the Purchase Contract is equal to approximately \$____ per bond, of the total face amount of the Bonds, or \$_____.

2. The estimated expenses not included in the above number to be incurred by the Underwriter and to be charged to the Borrower in connection with the issuance of the Bonds are:

Underwriter's Counsel (including disbursements) \$_____ (or \$____ per Bond)

3. The names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, an underwriter, bank, banker or financial consultant or advisor and who enters into an understanding with either the Issuer or the Underwriter, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Underwriter or who exercises or attempts to exercise any influence to effect any transaction in the purchase of the Bonds are:

None

4. The amount of the underwriting risk and takedown expected to be realized is:

Takedown/Concession \$_____ or \$____ per Bond.

5. The amount of the management fee to be charged by the Underwriter is:

\$_____ or \$____ per Bond.

6. Any other fee, bonus, and other compensation estimated to be paid by the Underwriter in connection with the Bonds to any person not regularly employed or retained by the Underwriter is as follows:

Fee and Expenses

\$_____ or \$_____ per Bond

7. The name and address of the Underwriter connected with the Bonds is:

RBC Capital Markets, LLC
100 2nd Avenue South, Suite 800
St. Petersburg, Florida 33701

8. The Authority is proposing to issue the Bonds for the purpose of making a loan (the "Loan") to the Borrower to be used for the acquisition, rehabilitation and equipping of a multifamily housing rental project. Unless earlier redeemed, the Bonds are expected to be repaid over a period of _____ years. At an estimated interest rate of _____%, total interest paid over the life of the Loan will be \$_____.

9. The source of repayment of the Bonds is as provided in the Indenture of Trust, dated as of February 1, 2017, between the Issuer and U.S. Bank National Association, as trustee. Authorizing the issuance of the Bonds will not have a financial impact on the Issuer since the Bonds are being repaid by the Borrower.

[Signature appears on following page]

RBC CAPITAL MARKETS, LLC

By: _____
Name: Helen H. Feinberg
Title: Managing Director

Exhibit A

Glossary of Terms

“1933 Act” means the Securities Act of 1933, as amended.

“1939 Act” means the Trust Indenture Act of 1939, as amended.

“Accounts” means all of the funds and accounts to be established under, and defined in, the Indenture, including the Project Fund (and within such Project Fund, the Bond Proceeds Account, the Costs of Issuance Account, the Equity Account, the Capitalized Interest Account, the Insurance and Condemnation Proceeds Account, and the Subordinate Debt Proceeds Account), the Replacement Reserve Fund, the Tax and Insurance Escrow Fund, the Rebate Fund, the Surplus Fund, the Bond Fund, the Redemption Fund, and the Operating Reserve Fund.

“Act” means, Resolution R-79-1150 of the Board of County Commissioners of Palm Beach County and Sections 2-181 through 2-191, Code of Ordinances of Palm Beach County, Florida (collectively, the “County Authorization”), and Chapter 159, Part IV, Florida Statutes, as amended.

“Agreement” means this Bond Purchase Agreement, as amended from time to time.

“Assignment of Capital Contributions” means that certain Assignment of Capital Contributions to be dated as of February 1, 2017, from the Borrower to the Trustee.

“Assignment of HAP Contract” means that certain Assignment of HAP Contract to be dated as of February 1, 2017, from the Borrower to the Trustee, with the consent of HUD.

“Assignment of Management Agreement” shall mean that certain Assignment of Management Agreement to be dated as of February 1, 2017, from the Borrower to the Trustee, together with the consent of the manager of the Project.

“Assignment of Project Documents” means that certain Assignment of Project Documents to be dated as of February 1, 2017, from the Borrower to the Trustee.

“Bank” means JPMorgan Chase Bank, N.A., the issuer of the Construction Letter of Credit.

“Bond Counsel” means Bryant Miller Olive, P.A.

“Bonds” means \$18,500,000 in aggregate principal amount of Housing Finance Authority of Palm Beach County, Florida Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017.

“Borrower” means New South Bay Villas, Ltd., a limited partnership duly organized, validly existing and in good standing under the laws of the State, together with its permitted successors and assigns hereunder.

“Borrower Documents” means, collectively, this Agreement, the Loan Agreement, the Regulatory Agreement, the Mortgage, the Note, the Assignment of Leases, the Environmental Indemnity, the Assignment of Project Documents, the Assignment of HAP Contract, the Assignment of Capital Contributions, the HAP Contract, the Subordinate Debt Documents, the General Partner Pledge, the Assignment of Management Agreement, the Replacement Reserve, the Ground Lease, the Reimbursement Documents, and all other agreements, documents and certificates as may be required to be executed and

delivered by the Borrower to carry out, give effect to, and consummate the transactions contemplated by this Agreement or by the other Borrower Documents.

“Closing” means the proceeding at which the actions described in Section 8 are performed.

“Closing Date” means the date on which the Closing takes place.

“Construction Letter of Credit” means the irrevocable letter of credit relating to the Bonds, dated the date of issuance of the Bonds, issued by the Bank for the benefit of the Trustee.

“Engineering Consultant” means the engineering consultant chosen by the Originator.

“Environmental Indemnity” means those certain (i) Environmental Indemnity Agreement to be dated as of February 1, 2017, from the Borrower, the General Partner, Wallace Sanger, Dwight Stephenson, Harry Darling and The Darling Family Trust for the benefit of the Trustee and certain other parties named therein and (ii) Fee Guaranty and Environmental Indemnity Agreement to be dated as of February 1, 2017, among the Issuer, the Trustee, the Borrower, the General Partner, Wallace Sanger, Dwight Stephenson, Harry Darling and The Darling Family Trust.

“General Partner” means New South Bay Villas, LLC, a limited liability company duly organized and validly existing under the laws of the State of Florida, together with its permitted successors and assigns.

“General Partner Pledge” means that certain Pledge of Partnership Interests and Security Agreement to be dated as of February 1, 2017 from the General Partner to the Trustee.

“Ground Lease” means that certain ground lease agreement dated February __, 2017 between Palm Beach County Housing Authority, as lessor, and the Borrower, as lessee.

“Guarantors” means, jointly and severally, the Borrower, the General Partner, Wallace Sanger, Dwight Stephenson, Harry Darling and The Darling Family Trust, together with their respective permitted successors, assigns, and personal and legal representatives, executors, heirs.

“Guarantor Documents” means, collectively, the Guaranty of Recourse Obligations to be dated as of February 1, 2017, the Guaranty of Completion to be dated as of February 1, 2017, the Guaranty of Debt Service and Stabilization to be dated as of as of February 1, 2017 and each Environmental Indemnity.

“HAP Contract” means that certain Housing Assistance Payment Contract with respect to the Project between the New South Bay Villas, Ltd. and Palm Beach County Housing Authority.

“Holder” means the registered owner or owners of the Bonds.

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

“Indenture” means that certain Indenture of Trust to be dated as of February 1, 2017, between the Issuer and the Trustee.

“Intercreditor Agreement” means that certain Intercreditor Agreement dated as of February 1, 2017, by and among the Issuer, the Trustee, the R4 Servicer, LLC and the Bank, consented to and acknowledged by the Borrower, as the same may be amended, modified or supplemented from time to time.

“Issuer” means Housing Finance Authority of Palm Beach County, Florida, a public body corporate and politic and an instrumentality of the State of Florida created and existing under the Constitution and Laws of the State of Florida, together with its successors and assigns.

“Issuer Assignment” means, collectively, the Issuer’s endorsement of the Note and that certain Assignment of First Leasehold Mortgage Documents to be dated as of February 1, 2017, from the Issuer to the Trustee.

“Issuer Documents” means, collectively, the Indenture, the Loan Agreement, the Regulatory Agreement, the Issuer Assignment and this Agreement.

“Loan Agreement” means that certain Loan Agreement to be dated as of February 1, 2017, between the Issuer and the Borrower.

“Mortgage” means that certain First Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing to be dated as of February 1, 2017, from the Borrower to the Issuer and assigned to the Trustee.

“Note” means the promissory note of the Borrower to be dated the date of issuance of the Bonds from the Borrower to the Issuer and endorsed to the Trustee.

“Originator” means R4 Capital Funding, LLC, a Delaware limited liability company.

“Project” means that certain 131-unit multifamily housing facility with related amenities and site improvements and related personal property and equipment located in South Bay, Florida, the acquisition, construction, rehabilitation and equipping of which are being financed with the proceeds of the Bonds.

“Purchaser” means Western Alliance Business Trust, a Delaware statutory trust, or its designee or nominee, together with their respective permitted successors and assigns hereunder.

“Regulatory Agreement” means that certain Land Use Restriction Agreement dated as of February 1, 2017, among the Issuer, the Trustee and the Borrower.

“Reimbursement Documents” means the Reimbursement Agreement dated as of February 1, 2017, between the Bank and the Borrower, that certain Construction Disbursement Agreement, and all other documents, agreements and certificates as may be required to be executed and delivered by the Borrower in connection with the delivery of the Construction Letter of Credit.

“Replacement Reserve” means that certain Replacement Reserve and Security Agreement dated as of February 1, 2017, between the Borrower and the Trustee.

“Resolution” means the resolutions adopted by the Issuer on February 10, 2017, relating to the transactions contemplated by this Agreement.

“State” means the State of Florida.

“Subordinate Debt” means that certain loan in the original principal amount of \$3,360,000 from Palm Beach County Housing Authority to the Borrower.

“Subordinate Debt Documents” means, collectively, all loan agreements, notes, deeds of trust and other agreements, documents and instruments executed by the Borrower to evidence or secure, or otherwise in connection with, the Subordinate Debt.

“Title Company” means Old Republic National Title Insurance Company.

“Trustee” means U.S. Bank National Association, a national banking association duly organized and validly existing under the laws of the United States of America, or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Trustee Documents” means the Indenture, the Regulatory Agreement and all other agreements, documents and certificates as may be required to be executed and delivered by the Trustee to carry out, give effect to, and consummate the transactions contemplated by this Agreement and the other Trustee Documents.

“Underwriter” means RBC Capital Markets, LLC, together with its permitted successors and assigns hereunder.

Exhibit B

Terms of Bonds

1. Title of Bonds: \$18,500,000 Housing Finance Authority of Palm Beach County, Florida Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017
2. Purchase Price of Bonds: \$18,500,000
3. Basic Bond Terms:
 - (a) Date of the Bonds: February __, 2017
 - (b) Interest Payment Dates: First business day of each month commencing April 1, 2017.
 - (c) Aggregate Principal Amount of Bonds: \$18,500,000
 - (d) Maturity Date for Bonds: April 1, 2054
 - (e) Bondholder right to demand redemption: Bondholders will have a right to require redemption of Bonds in whole at par on or after: April 1, 2035
 - (f) Interest Rate for Bonds: ____% per annum to _____ 1, 20__ and ____% thereafter.
 - (g) Special Redemption Provisions:
 - (i) sinking fund: on a quarterly basis to be deposited into the Redemption Fund on the dates and in the amounts shown on Schedule 3 to Loan Agreement.
 - (ii) optional prepayment: no optional prepayment will be permitted prior to April 1, 2034; thereafter, Bonds may be optionally redeemed at the redemption price equal to 100% of the principal amount thereof, plus interest thereon to, but not including, the redemption date.
 - (iii) mandatory redemption: as set forth in the Indenture.
4. Certain Required Funded Accounts:
 - (a) Tax and Insurance Escrow
 - (b) Replacement Reserve - deposits to commence upon final completion
 - (c) Operating Reserve - \$1,048,497, to be funded on or before Stabilization

- (d) Project Fund - funds sufficient to pay all estimated costs of rehabilitation shall be deposited into the Indenture at Closing or be paid pursuant to the Assignment of Capital Contributions and/or Subordinate Debt Documents
5. Time of Closing: 1 p.m., eastern time
- (a) Date of Closing: On or before February __, 2017
 - (b) Place of Closing: GreenspoonMarder
CityPlace Tower, Suite 900
525 Okeechobee Boulevard
West Palm Beach, Florida 33401
 - (c) Delivery of Bonds: Through DTC's book-entry only system

EXHIBIT C

Matters to be Covered by Opinions of Counsel to the Borrower, the General Partner and the Guarantors

1. Organization and Qualification. The Borrower is duly formed and validly existing as a limited partnership under the laws of the State of Florida. The General Partner is duly formed and validly existing as a limited liability company under the laws of the State of Florida.

2. Authority and Authorization. Each of the Borrower and the General Partner has all requisite power and authority to execute and deliver the Borrower Documents to which it is a party and to perform its obligations under the Borrower Documents to which it is a party, and all such action has been duly and validly authorized by all necessary action on its part. Each Guarantor has all requisite power and authority to execute and deliver the Guarantor Documents and to perform its obligations under the Guarantor Documents, and all such action has been duly and validly authorized by all necessary action on its part.

3. Execution and Binding Effect. The Borrower Documents to which the Borrower is a party have been duly and validly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with the terms thereof, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights. The Guarantor Documents have been duly and validly executed and delivered by the Guarantors and constitute the legal, valid and binding obligation of the Guarantors, enforceable in accordance with the terms thereof, except as such, enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights.

4. Authorization and Filings. No consent, approval, authorization or other action by, or filing or registration with, any governmental authority of the State of Florida is required in connection with the execution and delivery by the Borrower and the Guarantors of the Borrower Documents and the Guarantor Documents other than those consents, approvals, authorizations, actions, filings and registrations as to which the requisite consents, approvals or authorizations have been obtained, the requisite actions have been taken and the requisite filings and registrations have been accomplished.

5. Absence of Conflicts. Neither the execution and delivery of the Borrower Documents and the Guarantor Documents, nor consummation of the transactions therein contemplated, nor performance of or compliance with the terms and conditions thereof will (a) conflict with or result in a breach of or a default under the partnership agreement of the Borrower, the operating agreement of the General Partner, or, to the best of counsel's knowledge, any agreement or instrument to which any of such parties or any individual Guarantor is a party or by which any of such parties or any of their properties (now owned or hereafter acquired) may be subject or bound or (b) to the best of counsel's knowledge, result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property (now owned or hereafter acquired) of the Borrower, other than the liens created by the Borrower Documents.

6. Litigation. There is no pending or, to the best of counsel's knowledge, threatened proceeding by or before any governmental authority against or affecting the Borrower, the General Partner, the Guarantors, the Project or any of the Borrower's affiliates which, if adversely decided, would have a material adverse effect on the business, operations, condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantors or on the ability of the Borrower or the Guarantors to perform their respective obligations under the Borrower Documents and the Guarantor Documents, as applicable, or on the operation of the Project.

7. Validity of Mortgage Liens. The Mortgage is in appropriate form for recording and, when recorded in [SPECIFY RECORDING OFFICE], will create in favor of the Trustee a valid mortgage lien upon and security interest in the Project.

8. Perfection of Security Interests. The Borrower Documents and, when filed with the Secretary of State of the State of Florida, and in the real estate records of Palm Beach County, the UCC financing statements, will create in the Trustee valid and perfected security interests in the collateral described therein.

9. Remedies. The Borrower Documents and the Guarantor Documents do not omit essential remedies that in the opinion giver's experience are generally found in similar documents for mortgages loans in the State of Florida.

Exhibit D
Closing Memorandum

EXHIBIT "F"

FORM OF

FEE GUARANTY AND ENVIRONMENTAL INDEMNITY AGREEMENT

**FEE GUARANTY AND ENVIRONMENTAL
INDEMNITY AGREEMENT**

THIS FEE GUARANTY AND ENVIRONMENTAL INDEMNITY AGREEMENT (herein the "Agreement") is made and entered into as of February 1, 2017, by and among the HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, a public body corporate and politic of the State of Florida (together with its successors and assigns, the "Issuer"), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States and having a designated corporate trust office located in Fort Lauderdale, Florida (together with its permitted successors and assigns, the "Trustee"), NEW SOUTH BAY VILLAS, LTD., a Florida limited partnership (together with its permitted successors and assigns, the "Owner"); NEW SOUTH BAY VILLAS, LLC, a Florida limited liability company, as general partner of the Owner (the "General Partner"); [WALLACE SANGER, an individual], [DWIGHT STEPHENSON, an individual], [HARRY DARLING, an individual] and [the HARRY DARLING FAMILY TRUST, a _____] (together with their permitted successors and assigns, the "Guarantor" and, together with the Owner and the General Partner, the "Indemnitors").

WITNESSETH:

WHEREAS, pursuant to the terms and provisions of that certain Indenture of Trust dated as of February 1, 2017 (the "Trust Indenture") by and between the Issuer and Trustee; the Issuer has issued its \$18,500,000 Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 (the "Bonds"); and

WHEREAS, pursuant to the terms and provisions of that certain Loan Agreement dated as of February 1, 2017 (the "Loan Agreement") by and between the Issuer and the Owner, the Issuer will use the proceeds received from the Bonds to make a loan to the Owner (the "Loan") for the purpose of financing a portion of the costs of the Project located on the property described on Exhibit A attached hereto (the "Property"); and

WHEREAS, as a condition of the Issuer making the Loan and issuing the Bonds, the Issuer requires the Indemnitors to enter into this Agreement for the benefit of the Issuer and the Trustee;

WHEREAS, for as long as the Bonds shall remain outstanding or the Qualified Project Period (as defined in the Land Use Restriction Agreement among the Issuer, U.S. Bank National Association, as Trustee and the Owner (the "Land Use Restriction Agreement"), whichever is the longest, the Owner is obligated to pay the Issuer its Issuer Fee (as defined in the Trust Indenture) and the Trustee its Trustee Fee (as defined in the Trust Indenture) initially on the date the Bonds are issued, and thereafter on each April 1 and October 1, commencing on April 1, 2017; and

WHEREAS, any capitalized term used herein and not otherwise defined shall have the meaning ascribed to such term in the Trust Indenture or Loan Agreement, as applicable.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Indemnification.

A. Notwithstanding any other provision in the Trust Indenture or Loan Agreement to the contrary, the Indemnitors hereby agree, on a joint and several basis, to indemnify and hold harmless the Issuer and the Trustee, their respective officers, employees, agents, successors and assigns (collectively, the "Indemnified Parties" and, individually, an "Indemnified Party") from and against all claims, demands, losses, costs, fines, penalties, judgments, suits, proceedings, orders, forfeitures, actual damages, actual damages suffered by a third party claimant and expenses of every kind and nature whatsoever, whether joint or several, that arise out of or relate to any Hazardous Material at, on, in, under, affecting or otherwise related to any portion of the Project.

The foregoing indemnity includes, but is not limited to, the following: reasonable out-of-pocket attorneys' and consultants' fees and court costs (including those incurred at the appellate level); all actual out-of-pocket costs of removing, remediating, and implementing corrective action required by the applicable governmental authority with respect to, abating or otherwise responding to Hazardous Materials relating to the Project; costs incurred to avoid the imposition of, or to discharge, a lien on the Project arising out of any environmental law, regulation, order or cleanup; all actual out-of-pocket costs of determining whether the Project is, and causing the Property to be, in compliance with all applicable environmental laws, regulations and orders; and all actual out-of-pocket costs associated with claims for injury to persons, property or natural resources.

For purposes herein, "Hazardous Material" means (i) any "hazardous substance" defined as such in (or for the purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. § 9601(14), as amended from time to time, or any so-called "superfund" or "superlien" law, including the judicial interpretation thereof, (ii) any "pollutant or contaminant" as defined in 42 U.S.C.A. § 9601(33), as amended from time to time, (iii) any material now defined as "hazardous waste" pursuant to 40 C.F.R. Part 260, (iv) any petroleum, including crude oil or any fraction thereof, (v) any natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, (vi) any "hazardous chemical" as defined pursuant to 29 C.F.R. Part 1910, as amended from time to time, and (vii) any other substance, regardless of physical form, that is subject to any other law or other past, present or future requirement of any governmental authority regulating, relating to, or imposing obligations, liability or standards of conduct concerning the protection of human health, plant life, animal life, natural resources, property or the reasonable enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy, from whatever source; provided, however, that the term "Hazardous Materials" shall not apply to substances in quantities that are generally recognized to be appropriate to normal residential

uses and to the maintenance of property of a size and use comparable to the Mortgaged Property and to substances in limits acceptable under applicable law.

B. In the event that any Indemnified Party receives notice that any action or proceeding has been brought against such Indemnified Party with respect to which indemnity may be sought hereunder, such Indemnified Party shall, as a condition of such indemnification, give written notice thereof to one of the Indemnitors within 30 days after receipt of such notice. The Indemnitors, upon timely written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnitors, subject to the approval of the Indemnified Party, which approval shall not be unreasonably withheld in such party's reasonable discretion, 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 the Issuer and the Trustee shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not unreasonably be conditioned, delayed or denied. In the event of a conflict of interest either between any of the Indemnitors and any Indemnified Party or among any Indemnified Parties, each Indemnified Party with respect to which such conflict of interest exists shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Indemnitors shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed under the circumstances described above, the Indemnitors shall not be required to pay the fees and expenses of such separate counsel.

C. Notwithstanding any transfer of the Project to another owner in accordance with the provisions of the Loan Agreement, the Indemnitors shall remain obligated to indemnify each Indemnified Party pursuant to this Agreement with respect to acts and occurrences during the Owner's ownership of the Project but not thereafter.

D. Except as otherwise provided herein, the obligations of the Indemnitors under this Agreement shall survive, and shall in no way be limited, impaired or otherwise affected by the foreclosure of any mortgage lien on the Property, acceptance by any person of a deed in lieu of foreclosure, the redemption of the Bonds and/or the release by the Issuer or the Trustee of the Trust Indenture or the Loan Agreement, and shall be independent of the obligations of the Owner to the Issuer and the Trustee in connection with the Trust Indenture or the Loan Agreement. The rights of the Issuer and the Trustee under this Agreement shall be in addition to any other rights and remedies of the Issuer and the Trustee under the Trust Indenture, the Loan Agreement or at law.

E. Any amount claimed hereunder, accompanied by appropriate backup information by an Indemnified Party and an explanation of the amounts claimed, not paid by the Indemnitors within thirty (30) days after written demand from such Indemnified Party shall bear interest at the prime rate of the Trustee, plus 2.00%.

F. In the event of any inconsistencies or conflicts between the terms of this Section 1 and the terms of the Trust Indenture or the Loan Agreement (including any exculpatory language contained therein), the terms of this Section shall control, provided however, that it is not the intention of the parties hereto to change directly or indirectly the nature of the Indemnitors' nonrecourse obligation with respect to payment of the Bonds under the Loan Agreement. The rights of the Issuer and the Trustee under this Agreement shall be in addition to, and not in lieu of, any rights or remedies of the Issuer or the Trustee under the Bond Documents.

G. The liability of the Indemnitors under this Section 1 shall in no way be limited, impaired or otherwise affected by, and Indemnitors hereby consent to and agree to be bound by, any amendment or modification of the provisions of the Trust Indenture or the Loan Agreement made with the consent of the Owner in accordance with the terms thereof. In addition, except as otherwise provided herein, the liability of the Indemnitors under this Section 1 shall in no way be limited, impaired or otherwise affected by (i) any extensions of time for or waivers of performance of any covenants or obligations set forth in any of the Trust Indenture or the Loan Agreement, (ii) any sale, assignment or transfer of the Bonds or any of the Trust Indenture or the Loan Agreement or any sale or transfer of all or part of the Project or other security relating to the Bonds, (iii) the release of the Owner or any other person from performance or observance of any of the agreements, covenants, terms or conditions contained in the Trust Indenture or the Loan Agreement by operation of law, the Issuer's or the Trustee's voluntary act, or otherwise, (iv) the Issuer's or the Trustee's failure to perfect, protect, secure or insure any security interest or lien given or granted as security for the performance of the obligations and covenants of the Owner pursuant to the Trust Indenture or the Loan Agreement, or (v) any delay or omission by the Issuer or the Trustee in its choice of remedies under the Trust Indenture or the Loan Agreement, which with the passage of time and events may or may not prove to have been the best choice to maximize recovery by the Issuer or the Trustee at the lowest cost to the Indemnitors, it being understood that such choice of remedies will necessarily be and should properly be a matter of business judgment.

H. To the extent allowed by law, each of the Indemnitors hereby waives (i) any and all notices and demands of every kind which may be required to be given by any statute, rule or law, (ii) any defense, right of set-off or other claim which any Indemnitor may have against any Indemnified Party, or (iii) any and all formalities which otherwise might be legally required to charge the Indemnitors with liability hereunder; provided, however, that the Indemnitors shall have no liability hereunder unless the Indemnitors receive timely written notice as set forth in paragraph B hereof.

I. No modification or waiver of any of the provisions of this Section 1 shall be binding upon any party hereto except as expressly set forth in a writing duly signed and delivered on behalf of such party.

J. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given if given in accordance with terms of the Indenture.

K. Notwithstanding anything to the contrary contained herein, the Indemnitors shall have no liability to an Indemnified Party, or, as appropriate, liability shall be reduced by any applicable comparative negligence statutes, in connection with a specific claim for indemnity by an Indemnified Party if a court of competent jurisdiction shall determine that such claim for damages arises out of or was caused by the gross negligence or willful misconduct or intentional acts of such Indemnified Party. The Indemnitors shall have no further liability under this Agreement for any acts or omissions occurring after a foreclosure of any mortgage lien on the Property whereby as a result therefrom neither the Owner or a related party to the Owner has any interest in the Project.

Section 2. Fee Guaranty. Notwithstanding any provision in the Loan Agreement or any other resolution or document to the contrary, the Indemnitors agree to pay the Issuer Fee, Trustee Fee and all fees and reasonable out of pocket expenses incurred by the Issuer, its counsel, financial advisors and Tax Counsel and the Trustee and its counsel in connection with the transactions contemplated under the Loan Agreement, including, but not limited to any fees payable to the Issuer or the Trustee pursuant to the Land Use Restriction Agreement. This Section 2 shall survive the payment of the Bonds and/or the disposition of the Project.

Section 3. Termination. This Agreement shall terminate on the later of the date (i) the Bonds are no longer outstanding, (ii) that certain Land Use Restriction Agreement, dated as of February 1, 2017, by and among the Issuer, the Trustee and the Owner, terminates pursuant to Section 10(a) thereof, (iii) the Mortgage securing the Bonds has been satisfied and released, and (iv) the final rebate calculation has been made and any rebate that is owed has been paid; provided, however, that this Agreement shall continue and the Indemnitors shall remain obligated hereunder for any causes arising or accruing prior to such termination.

Section 4. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same agreement, and in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without regard to conflict of law principles.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Guaranty and Environmental Indemnity Agreement to be executed as of the ____ day of February, 2017.

(SEAL)

**HOUSING FINANCE AUTHORITY OF
PALM BEACH COUNTY, FLORIDA**

ATTEST:

By: _____

Name:

Title: [Assistant] Secretary

By: _____

Name:

Title: [Vice] Chairperson

[Signature page for Fee Guaranty and Environmental Indemnity for New South Bay Villas]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: Amanda Kumar
Title: Vice President

[Signature page for Fee Guaranty and Environmental Indemnity for New South Bay Villas]

NEW SOUTH BAY VILLAS, LTD.,
a Florida limited partnership

By: **New South Bay Villas, LLC,** a
Florida limited liability company,
its General Partner

By: Palm Beach County Housing
Authority, its managing member

By: _____
Name: Van Johnson
Title: Chief Executive Officer

[Signature page for Fee Guaranty and Environmental Indemnity for New South Bay Villas]

NEW SOUTH BAY VILLAS, LLC,
a Florida limited liability company,

By: _____
Name: _____
Title: _____

[Signature page for Fee Guaranty and Environmental Indemnity for New South Bay Villas]

Wallace Sanger, an individual

Dwight Stephenson, an individual

Harry Darling, an individual

The Darling Family Trust

By: _____
Name: Harry R. Darling
Title: Trustee

[Signature page for Fee Guaranty and Environmental Indemnity for New South Bay Villas]

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT "G"

FORM OF INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT

by and among

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

U.S. BANK NATIONAL ASSOCIATION, as trustee,

R4 SERVICER LLC,

and

JPMORGAN CHASE BANK, N.A.

Dated as of February 1, 2017

Relating to:

\$18,500,000

**Housing Finance Authority of Palm Beach County, Florida
Multifamily Housing Revenue Bonds
(New South Bay Villas), Series 2017**

This instrument prepared by and
when recorded return to:

Kutak Rock LLP
Suite 28B, Two Liberty Place
50 S. Sixteenth Street
Philadelphia, Pennsylvania 19102
Attention: Andrew P. Schmutz

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INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT (as amended, modified or supplemented from time to time, this “Agreement”), dated as of February 1, 2017, by and among HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, a public body corporate and politic, duly organized and validly existing under the laws of the State of Florida (together with its successors and assigns, the “Issuer”), U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, in its capacity as trustee for the holders of the Bonds, as hereinafter defined (together with any successor trustee and their respective successors and assigns, the “Trustee”), R4 SERVICER LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware, in its capacity as “Majority Owner Representative” on behalf of the Majority Owner of the hereinafter described Bonds (together with any successor “Majority Owner Representative” under the Indenture described below and their respective successors and assigns, the “Majority Owner Representative”), and JPMORGAN CHASE BANK, N.A., a national banking association, duly organized and validly existing under the laws of the United States of America (together with its successors and assigns, the “Bank”),

W I T N E S S E T H :

WHEREAS, the Issuer is authorized by the provisions of the Florida Statutes Sections 159.601 through 159.623 (the “Act”) to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, construction, reconstruction and equipping of residential rental housing facilities to provide housing for persons of low and moderate income;

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act, Issuer has authorized the issuance of its Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017, in the original aggregate principal amount of \$18,500,000 (the “Bonds”) pursuant to an Indenture of Trust between Issuer and Trustee dated as of February 1, 2017 (as the same may be modified, amended or supplemented from time to time, the “Indenture”); and

WHEREAS, pursuant to a Loan Agreement dated as of February 1, 2017 (as the same may be amended, modified or supplemented from time to time, the “Loan Agreement”), between the Issuer and New South Bay Villas, Ltd., a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the “Borrower”), the proceeds of the Bonds were loaned to the Borrower (the “Loan”) to be applied to finance a portion of the costs of acquiring, constructing, reconstructing and equipping a 131-unit multifamily facility (the “Project Facilities”) on land located in South Bay, Florida and described in Exhibit A hereto; and

WHEREAS, under the Loan Agreement, the Borrower is obligated to make payments to the Trustee in accordance with a promissory note dated as of the date of issuance of the Bonds (as amended, modified or supplemented from time to time, the “Note”) in the amounts and at the times corresponding to the debt service and other payments required in respect of the Bonds; and

WHEREAS, the Note and the Loan Agreement are secured by, among other things, a First Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of February 1, 2017 (as amended, modified or supplemented from time to time, the “Mortgage”, and, together with the Loan Agreement, the Note, the Indenture, and all other documents evidencing and securing the obligations of the Borrower to repay the Loan, the “Bond Documents”); and

WHEREAS, the Borrower has entered into that certain Letter of Credit Reimbursement Agreement dated as of February 1, 2017 (as the same may be amended, modified or supplemented from time to time, the “Reimbursement Agreement”) and that certain Construction Disbursement Agreement dated as of February 1, 2017 (as the same may be amended, modified or supplemented from time to time, the “Disbursement Agreement”) with Bank in connection with the issuance by Bank of its irrevocable standby letter of credit number CTCS-_____ dated February __, 2017 (the “Construction Credit Facility”) for the benefit of the Trustee; and

WHEREAS, the Borrower’s obligations under the Reimbursement Agreement are secured by, among other things, a Reimbursement Leasehold Mortgage, Assignment of Rents and Security Agreement dated as of February 1, 2017 (as the same may be amended, modified or supplemented from time to time, the “Reimbursement Mortgage” and, together with the Reimbursement Agreement, the Disbursement Agreement and all other documents evidencing and securing the obligations of the Borrower to Bank under the Reimbursement Agreement are collectively referred to herein as the “Reimbursement Documents”); and

WHEREAS, the parties are entering into this Agreement with respect to the priority of the liens and payment obligations described above and their exercise of certain rights, remedies and options under the above-described documents.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

Section 1. Definitions. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Reimbursement Agreement or the Indenture, as applicable. All capitalized terms used herein and defined in the foregoing recitals shall have the meanings ascribed thereto in the foregoing recitals.

Section 2. Remedial Action. During the term of this Agreement and provided the Construction Credit Facility is outstanding and the Bank is in compliance with its obligations thereunder and under this Agreement, neither the Issuer nor the Trustee shall take any Remedial Action under the Bond Documents, nor shall the Majority Owner Representative direct the Trustee to take any Remedial Action under the Bond Documents, without the prior written consent of the Bank, and the Issuer and the Trustee shall take such Remedial Action under the Bond Documents as the Bank shall direct from time to time during the term of this Agreement (without the necessity of any joinder or acknowledgment of the Majority Owner Representative except as required by Section 4(e) hereof) provided that the Bank shall indemnify the Issuer and the Trustee in connection with taking such Remedial Action in accordance with Section 14 below; provided that, notwithstanding the foregoing, (i) the Issuer may institute and prosecute an action for specific performance of the Reserved Rights; (ii) the provisions of Section 7(a) shall govern the exercise of the rights of the Controlling Person under the Bond Documents; and (iii) the provisions of Section 10(b) shall govern the rights of the Trustee to take certain actions at the direction of the Majority Owner Representative prior to release of the Construction Credit Facility.

Section 3. Exercise of the Bank’s Rights. During the term of this Agreement and provided the Construction Credit Facility is outstanding and the Bank is in compliance with its obligations thereunder and under, in all material respects, this Agreement, upon the occurrence of an Event of Default under any of the Reimbursement Documents, the Bank shall be permitted and is hereby authorized, subject to the terms of Section 2 hereof, to take any and all actions and to exercise any and all rights, remedies and options which it may have under the Reimbursement Documents or at law to cause such default to be cured, or to foreclose the Reimbursement Mortgage and, subject to Section 13 hereof, sell the Project Facilities or any part thereof (or accept a deed thereof in lieu of foreclosure), to sell or

otherwise realize upon the property mortgaged, pledged or assigned to or for the benefit of the Bank or to purchase the Bonds in lieu of a Mandatory Redemption pursuant to the Indenture and Section 10(d) hereof, without objection or interference by the Issuer or the Trustee, so long as the lien of the Mortgage and the other Bond Documents and the payment and performance obligations owed to the Holders, the Issuer and the Trustee thereunder shall not be discharged or impaired thereby and the provisions of Section 13 are satisfied.

Section 4. Bank Administration. During the term of this Agreement and provided the Construction Credit Facility is outstanding and the Bank is in compliance with its obligations thereunder and is in compliance in all material respects under this Agreement, the Bank shall make all decisions in connection with the day-to-day administration of the Construction Matters as provided for in the Disbursement Agreement (the Majority Owner Representative shall remain the servicer of the Loan as set forth in Section 9.2 of the Indenture except with respect to any Construction Matters), without the requirement of any further approval of or consent to such decisions by the Majority Owner Representative; provided, however, that the Majority Owner Representative shall retain all rights to approve or provide any determination of Final Completion and Stabilization, in accordance with the terms of the Bond Documents. Notwithstanding the foregoing, the Bank shall not, without the prior written consent of the Majority Owner Representative, which shall not be unreasonably withheld, conditioned or delayed:

(a) to the extent the approval of the Bank is required therefor under the terms of the Reimbursement Documents, approve (as the terms are defined in the Indenture) any Material Change Orders, any changes to the Amenities and Resident Services Schedule, any amendments to the Development Budget, capital or operating budget or the Plans and Specifications, any Permitted Encumbrances arising after the date hereof (or other liens or encumbrances arising after the date hereof) or, any transfers of ownership of the Project Facilities, of the Borrower or of the General Partner (except as permitted under Section 13 hereof), any changes to the Architect, Contractor or the Engineering Consultant or the incurrence of any additional Indebtedness;

(b) except in accordance with Section 5 hereof, approve any extension of the Completion Date or the deadline for achievement of Stabilization;

(c) permit the disbursement or reallocation of funds earmarked in the Development Budget for redemption of any "construction bonds" or otherwise with respect to the redemption of the Bonds in part as set forth in Section 3.4(b)(viii) of the Indenture;

(d) knowingly take or approve any action that would affect the excludability of interest on the Bonds from gross income for federal income tax purposes; or

(e) waive, declare, or consent to the declaration of, an Event of Default or take, or consent to the taking of, any Remedial Action under the Bond Documents (consent for which may be withheld in Majority Owner Representative's reasonable discretion).

Section 5. Extension of Completion Date/Deadline for Stabilization.

(a) Notwithstanding any provisions in this Agreement to the contrary, the Bank may extend the Completion Date so long as:

(i) the Bank is then in compliance with its obligations under the Construction Credit Facility;

(ii) additional funds sufficient to pay interest on the Bonds, Issuer fees and Trustee fees for the additional number of days until the extended Completion Date are on deposit with the Trustee;

(iii) the extended Completion Date is no later than _____; and

(iv) an extension fee equal to 0.25% times the principal amount of Bonds Outstanding at the date of extension is paid to the Majority Owner Representative.

(b) Notwithstanding any provisions in this Agreement to the contrary, the Bank may extend the deadline for the Project Facilities to achieve Stabilization so long as:

(i) (A) the Bank is then in compliance with its obligations under the Construction Credit Facility and (B) the expiration of the Construction Credit Facility is extended by the same number of days as is the deadline for the achievement of Stabilization and to a date which is not less than sixty (60) days after the extended date for achievement of Stabilization;

(ii) the extended deadline for the achievement of Stabilization is no later than _____; and

(iii) an extension fee equal to 0.25% times the principal amount of Bonds Outstanding at the date of extension is paid by the Borrower to the Majority Owner Representative.

Section 6. Servicing. As provided in Section 9.2 of the Indenture, the Majority Owner Representative shall be entrusted with the servicing of the Loan, in accordance with its usual practices and in substantial conformity with the Bond Documents. As long as the Construction Credit Facility is outstanding and the Bank is in compliance with its obligations thereunder and is in compliance in all material respects under this Agreement, the Majority Owner Representative agrees the Bank shall administer the Construction Matters as provided for in the Reimbursement Agreement (subject to the terms of Section 4 above). Notwithstanding the foregoing, the Bank shall not, and for as long as the Construction Credit Facility is outstanding and the Bank is in compliance with its obligations thereunder and is in compliance in all material respects under this Agreement, the Majority Owner Representative shall not, in each case without the prior written consent of the other party, do, or direct the Trustee to do, any of the following:

(a) increase, decrease, defer or waive any scheduled payment of principal or interest on the Bonds;

(b) release or permit substitution of any Collateral;

(c) release any Guarantor; or

(d) knowingly take or approve any action that would affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 7. Consents and Approvals.

(a) The parties acknowledge and agree that so long as the Bank is in compliance with its obligations under the Construction Credit Facility and is in compliance in all material respects under this Agreement, the rights of the Controlling Person under the Bond Documents shall be exercised

by the Bank, provided however that the Bank shall not take any of the actions set forth in Section 4 hereof requiring consent of the Majority Owner Representative, nor take any of the following actions in its capacity as Controlling Person without the prior written consent of the Majority Owner Representative which will not be unreasonably withheld, conditioned or delayed:

(i) (A) amend or consent to the amendment of the Indenture, the Bonds or any Bond Documents or (B) waive or consent to the waiver of an obligation or agreement of any party under any of the Bond Documents or Material Contracts;

(ii) except for Permitted Transfers or as otherwise permitted by the terms of this Agreement, consent to the transfer or encumbrance of the Project Facilities or waive any provision of Section 6.12 of the Loan Agreement;

(iii) consent to, direct or approve the change in Manager of the Project Facilities or the modification of any Management Agreement;

(iv) change the Monthly Tax and Insurance Amount or Replacement Reserve Fund deposit or the required deposit to the Operating Reserve Fund (Bank has no obligation to maintain or administer any of the foregoing amounts, funds and reserves);

(v) specify the amount of or otherwise make determinations with respect to the redemption of Bonds under Section 3.4(b) (except for 3.4(b)(vii)) of the Indenture or the application of moneys under Section 6.7 of the Indenture;

(vi) release money to the Borrower pursuant to Section 4.3(g) or 4.5 of the Indenture;

(vii) direct the transfer of money or redemption of Bonds pursuant to Section 4.4 or 4.5 of the Indenture;

(viii) remove or replace the Trustee as permitted under Article VII of the Indenture; or

(ix) give any direction or consent under Article VI of the Indenture, Article 7 of the Loan Agreement or the Mortgage.

(b) If any party requests in writing another party's consent or approval to any of the matters set forth in this Section 7, the party from whom such consent or approval is requested shall respond in writing and shall grant or withhold the consent or approval within five (5) Business Days after such request. In the case of any consent or approval required from the Trustee, the Trustee shall grant, withhold or condition such consent or approval in accordance with the direction of the Majority Owner Representative, and any request to the Trustee for such consent or approval shall be sent simultaneously to the Majority Owner Representative. If any party does not so respond within the required time, such party shall be deemed to have approved such request.

Section 8. Determination of Final Completion and Stabilization.

(a) The determination that Final Completion has occurred must be made by the Majority Owner Representative in accordance with the Bond Documents and shall be made on the basis of satisfaction of the criteria set forth in the Bond Documents. Upon receipt of all of the items referenced in the definition of "Final Completion" contained in the Indenture, including a completion certificate in

the form attached as Schedule 4 to the Loan Agreement accompanied by all back-up and exhibits thereto, Bank shall cause to be provided a copy of such documentation to the Majority Owner Representative. Promptly following receipt, the Majority Owner Representative shall notify Bank in writing whether or not the Majority Owner Representative has determined that Final Completion has occurred. If the Majority Owner Representative determines that Final Completion has not occurred, the Majority Owner Representative shall notify Bank in writing of the reason(s) for such determination and, if applicable, request additional information, documentation or time in order to complete its review.

(b) If the Majority Owner Representative has determined, in accordance with the terms of the Bond Documents, that Stabilization has occurred on or prior to the Stabilization Date, the Majority Owner Representative shall direct the Trustee to cancel the Construction Credit Facility and return it marked “cancelled” to the Bank following redemption of the Bonds in part as provided in Section 3.4(b)(viii) of the Indenture. Upon cancellation of the Construction Credit Facility, the Bank shall, at Borrower's sole cost and expense, promptly release and terminate the Reimbursement Mortgage and the other Reimbursement Documents.

Section 9. Standard of Care; Exculpation. None of the Issuer, the Majority Owner Representative, the Bank or the Trustee, nor any of their officers, directors, employees, agents or attorneys, shall be liable for any action taken or omitted to be taken by it or any of them under this Agreement, any of the Reimbursement Documents or any of the Bond Documents, except for actions or omissions (i) taken in violation of the express terms of this Agreement, or (ii) arising from such party's gross negligence or willful misconduct. Any party may (but it need not in any particular instance) consult with legal counsel or other experts and shall not be responsible for any action taken or not taken in good faith in accordance with the opinion of such counsel or expert.

Section 10. Administration After Default.

(a) The Majority Owner Representative and the Bank shall consult with one another concerning actions to be taken in response to an Event of Default under the Bond Documents and the Reimbursement Documents arising while the Construction Credit Facility is outstanding.

(b) In the event of an Event of Default under the Bond Documents arising while the Construction Credit Facility is outstanding, the Majority Owner Representative agrees not to take or direct the Trustee to take any Remedial Action without the Bank's prior written consent unless the Bank dishonors a properly presented and conforming draw upon the Construction Credit Facility in which case the Majority Owner Representative may take, or direct the Trustee to take, any Remedial Action or exercise any other right or remedy available to it under the Bond Documents, at law or in equity. Nothing herein limits Majority Owner, Majority Owner Representative or Trustee from exercising any right to draw on the Construction Credit Facility pursuant to the terms and conditions of the Construction Credit Facility.

(c) Notwithstanding anything in Section 10(b) to the contrary, and provided the Bank has not dishonored a properly presented and conforming draw upon the Construction Credit Facility, the Majority Owner Representative agrees that it shall not take, or direct the Trustee to take, any Remedial Action if the Bank cures such Event of Default or causes such Event of Default to be cured within five (5) days after the date written notice is provided to Bank thereof by the Majority Owner Representative of any monetary default, or for any non-monetary default, within a period after the date written notice is provided to Bank thereof by the Majority Owner Representative equal to the amount of time, if any, provided to the Borrower in the Bond Documents in which to effect a cure. The foregoing cure period will run concurrently with any right of Bank to cure an Event of Default that is a condition to draw on the Construction Credit Facility. Notwithstanding the foregoing, the cure period afforded the

Bank for any Event of Default or Default shall not extend, in the event of a monetary default consisting of a failure to pay interest under the Bond Documents, beyond the number of days for which the interest component of the Construction Credit Facility has been provided, and in no case shall the Majority Owner Representative be obligated to notify the Bank of an Event of Default consisting of the Project Facilities' failure to attain Final Completion on or before the Completion Date or Stabilization on or before the Stabilization Date, nor shall the cure period afforded under this subsection extend beyond 10 days prior to the expiration date of the Construction Credit Facility. For avoidance of doubt, no cure period will be effective within 10 days of the expiration of the Construction Credit Facility.

(d) In the event of an Event of Default of the Borrower under the Reimbursement Agreement, the Bank shall have the unconditioned right, but not the obligation, to purchase the Bonds in lieu of redemption as set forth in Section 3.4(h) of the Indenture.

Section 11. Furnishing Information. For so long as the Construction Credit Facility remains outstanding, the Bank shall cause to be furnished to the Majority Owner Representative copies of all Requests for Advance received from the Borrower promptly upon receipt thereof (the Request for Advance will be provided for informational purposes only and the Majority Owner Representative shall have no right to consent to or approve a Request for Advance except as may be otherwise expressly required by the terms of this Agreement). In addition, each of the Bank and the Majority Owner Representative shall furnish to the other, upon request:

(a) all information such party shall receive from or on behalf of, or furnish to, the Borrower, the Tax Credit Investor or the Guarantors pursuant to the Reimbursement Documents or the Bond Documents;

(b) such other supporting documents received by, or furnished to, such party pursuant to the Reimbursement Documents or the Bond Documents (including external reports or third party appraisals) concerning the Project Facilities and any Collateral; and

(c) such other documents or information (including appraisals and inspection reports) as either party may request the other to obtain in accordance with the terms of the Reimbursement Documents or the Bond Documents.

Any and all documents or information furnished by either the Bank or the Majority Owner Representative to the other shall be furnished without any warranty as to accuracy, sufficiency, authenticity or validity.

Section 12. Notice of Default by Bank. Simultaneously with the giving to Borrower (or the Trustee, as the case may be) of a notice of any default or Event of Default under the Bond Documents or the Reimbursement Documents, the Bank shall notify Majority Owner Representative of that default or Event of Default.

Section 13. Transfer of Project to Permitted Transferee. Subject to Section 3 hereof, the Bank or an affiliate of the Bank or other designee may become the legal or beneficial owner of the Project Facilities by foreclosure under the Reimbursement Mortgage, deed in lieu of foreclosure, or other similar proceeding, whereupon:

(a) The Issuer and the Trustee shall, for all intents and purposes, deem the Bank or such affiliate or designee (the "Permitted Transferee") to be the "Borrower" under the Bond Documents, as substitute obligor thereunder, so long as such Permitted Transferee delivers to the Issuer, the Trustee and the Majority Owner Representative, concurrently with such transfer, (i) written notice of such substitution, (ii) a written instrument assuming and agreeing to perform the Borrower's obligations under

the Bond Documents accruing from and after the date of such transfer, (iii) an opinion of counsel to the Permitted Transferee that the Permitted Transferee has duly assumed the obligations of the Borrower under the Bond Documents and that such obligations and the Bond Documents are binding on and enforceable against the Permitted Transferee, and (iv) an opinion of Bond Counsel that such transfer is permitted by the Bond Documents and will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bonds; provided, however, that the Issuer, the Trustee and the Majority Owner Representative agree (and such assumption agreement shall provide) that the Permitted Transferee shall have the full benefit of any and all non-recourse provisions contained in the Bond Documents. If the Permitted Transferee (or an affiliate thereof) is still the owner of the Project at the time the conditions to Stabilization are satisfied, then concurrently with Stabilization and as an additional condition to the release of the Construction Credit Facility, such Permitted Transferee shall deliver to the Trustee a replacement nonrecourse guaranty and a replacement environmental indemnity agreement, substantially in the form of those delivered on the Issue Date, and provided by an entity or entities satisfactory to the Majority Owner Representative in its reasonable discretion. Upon compliance with the terms of this Section, any default or Event of Default which is then existing, and which is personal to the original Borrower shall be deemed cured.

(b) The Permitted Transferee may thereafter (or in lieu of becoming the owner of the Project pursuant to subsection (a) above) transfer its interest in the Project Facilities to a third party who shall thereupon be deemed to be the “Borrower” under the Bond Documents, as substitute obligor thereunder, provided that the Majority Owner Representative consents in writing prior to such transfer and the transferee delivers to the Issuer, the Trustee and the Majority Owner Representative, concurrently with such transfer (i) a written notice of such substitution; (ii) a written instrument assuming and agreeing to perform all obligations of the Borrower under the Bond Documents accruing from and after the date of such transfer, with the benefit, however, of any non-recourse provisions contained in the Bond Documents; (iii) an opinion of counsel to the transferee that such transferee has duly assumed the obligations of the Borrower under the Bond Documents and that such obligations and the Bond Documents are binding on the transferee; (iv) an opinion of Bond Counsel that such transfer is permitted by the Bond Documents and will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bonds; (v) a replacement nonrecourse guaranty and a replacement environmental indemnity agreement, substantially in the form of those delivered on the Issue Date, and provided by an entity or entities satisfactory to the Majority Owner Representative in its reasonable discretion; and (vi) a replacement fee guaranty and environmental indemnity agreement, substantially in the form of that delivered on the Issue Date, and provided by an entity or entities satisfactory to the Issuer in its reasonable discretion. Upon completion of any transfer to a third party in accordance with this Section 13(b), the Permitted Transferee shall thereafter be relieved of any further liability for the Borrower’s obligations under the Bond Documents accruing from and after the date of such transfer.

(c) Subject to satisfaction of the foregoing conditions, the Issuer and the Trustee shall be deemed to have approved the transfer of title to the Project to the Permitted Transferee, or by Permitted Transferee to its affiliate or to a third party, in each case notwithstanding any other transfer restrictions contained in the Bond Documents and without requiring compliance therewith.

Section 14. Enforcement of Remedies. The Issuer, the Trustee and the Majority Owner Representative will cooperate with the Bank and take any lawful action, including joining in such proceedings at law or in equity and executing such documents as the Bank may request and direct, to enforce the obligations of the Borrower under the Reimbursement Documents, and in order that the rents, issues, profits, revenues and other income from the Project Facilities (including any proceeds of rent insurance) that are mortgaged, pledged or assigned to the Bank shall be available to satisfy the Borrower’s obligations under the Reimbursement Documents, in such order and manner as the Bank shall determine, provided that any such action shall not impair or discharge the lien of the Mortgage or the

other Bond Documents, nor any of the payment and performance obligations owed thereunder. The Bank, in consideration for the foregoing agreement by the Issuer, the Trustee and the Majority Owner Representative, agrees to pay, and to indemnify the Issuer, the Trustee, the Majority Owner Representative and the owners of the Bonds against, all liabilities, claims, damages and reasonable costs, fees and expenses (including reasonable attorneys' fees and expenses) incurred by the Issuer, the Trustee, the Majority Owner Representative or the owners of the Bonds in connection with any action taken by any of them at the request and direction of the Bank; provided, however, that the Bank shall not be obligated (i) to pay any costs, fees or expenses which the Issuer, the Trustee or the Majority Owner Representative may suffer or incur by reason of the grossly negligent or willful failure of such party to perform the duties imposed upon it under the Bond Documents, or (ii) to pay any costs, fees or expenses which the Issuer, the Trustee or the Majority Owner Representative may incur by reason of such party's exercise or failure to exercise any power or discretion other than at the Bank's direction or approval. Notwithstanding the foregoing terms of this Section 14 to the contrary, so long as Bank is enforcing its rights and remedies with respect to the Reimbursement Mortgage against the Project Facility and the Construction Credit Facility is outstanding and Bank has not dishonored a properly presented draw thereunder, the Majority Owner Representative shall not proceed with any Remedial Action other than, at its election, drawing on the Construction Credit Facility.

Section 15. Notice of Default. The Trustee and the Majority Owner Representative shall each give the Bank a copy of any written notice or other communication given by it to the Borrower with respect to any Event of Default (as defined in the applicable Bond Documents), or with respect to any other occurrence that would give the Majority Owner Representative the right to direct the Trustee to accelerate the maturity or require prepayment of all or any portion of the Note, or with respect to any event which, with notice or the lapse of time or both, would constitute such an Event of Default or would permit such acceleration (collectively, a "Significant Event"). Such copy shall be given to the Bank in the same manner and at the same time as the corresponding notice or communication is given to the Borrower under the applicable Bond Document, and before the Majority Owner Representative exercises or directs the Trustee to exercise any right or remedy available to it either under any Bond Document or at law. If a Significant Event occurs for which no notice is required to be given to the Borrower, the Majority Owner Representative or the Bank, as applicable, shall nonetheless use all reasonable efforts to deliver a notice of such Significant Event to the Bank or the Majority Owner Representative, as applicable, immediately upon learning of its occurrence (but shall not be liable for failure to do so).

Notwithstanding the foregoing, except in connection with a draw on the Construction Credit Facility as may be required under the terms thereof, the Majority Owner Representative shall not be required to notify the Bank of any Event of Default resulting from the Project Facilities' failing to attain Final Completion on or before the Completion Date or Stabilization on or before the Stabilization Date.

Section 16. Application of Insurance or Condemnation Proceeds. For so long as the Reimbursement Documents remain outstanding and the Bank is in compliance with its obligations under the Construction Credit Facility and is in compliance in all material respects with its obligations under this Agreement, all proceeds of any property or casualty insurance or condemnation award shall be applied in accordance with the provisions of the Reimbursement Mortgage and the Reimbursement Agreement, no parties other than the Bank and the Borrower shall have the right to participate in the adjustment of any such insurance claims or condemnation awards or to participate in any manner whatsoever in activities relating to restoration or reconstruction, and the Bank shall have the exclusive right to receive, administer and apply all such proceeds as set forth in the Reimbursement Mortgage; provided, if any such amounts will not be applied for the restoration or reconstruction of the Project Facilities or redemption of the Bonds, that amount shall, with prior written consent of the Majority Owner Representative, which consent shall not be unreasonably withheld, conditioned or delayed, be deposited with Bank as collateral for the reimbursement obligations of Borrower under and with respect to the

Construction Credit Facility. Upon expiration of the Construction Credit Facility, such amount held as collateral by Bank will be paid to Trustee and applied in accordance with the Bond Documents.

Section 17. Amendment of Documents. Each of the Issuer, the Trustee, and the Majority Owner Representative agrees that it will not enter into or consent to any amendment, change, or modification of any of the Indenture or the other Bond Documents in any material respect without the express prior written consent to such amendment, change or modification by the Bank. The Bank agrees that it will not enter into or consent to any amendment, change or modification of the Construction Credit Facility or the Reimbursement Documents without the prior written consent of the Majority Owner Representative.

Section 18. Records. The Bank may at any reasonable time examine or copy any letter, account, or other documentation or information provided by Borrower in the possession or control of the Issuer, the Trustee or the Majority Owner Representative relating to or connected with the Project Facilities, the Bonds or collections under the Note and the Bond Documents, as applicable, and the Majority Owner Representative shall have the same examination rights with respect to documentation or information in the possession or control of the Bank. The Trustee, the Majority Owner Representative and the Issuer shall, at the request of the Bank, cooperate with the Bank in obtaining any information or documents in the possession of any third party relating to or in connection with the Project Facilities or the Bonds, and the Bank shall provide the same cooperation at the request of the Issuer, the Trustee or the Majority Owner Representative.

Section 19. Majority Owner Representative Direction to Trustee. The Majority Owner Representative, for and on behalf of the Holders of the Bonds, hereby consents to the terms of this Agreement and authorizes and directs the Trustee to execute this Agreement and to comply with the terms and provisions hereof.

Section 20. Severability. If one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the remaining provisions shall not in any way be affected or impaired.

Section 21. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. Each party may, by written notice given to the other parties, designate any other address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Agreement. Until otherwise so provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

If to Issuer:

Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt

If to Trustee:

U.S. Bank National Association
550 W. Cypress Creek Road, Suite 380
Ft. Lauderdale, Florida 33309
Attention: Amanda Kumar

If to Majority Owner Representative:

R4 Servicer LLC
155 Federal Street, Suite 1004
Boston, Massachusetts 02110
Attention: Greg Doble

If to Bank:

JPMorgan Chase Bank, N.A.
Community Development Banking
10 North Tampa Street, 33rd Floor
Mailcode: FL2-6001
Tampa, Florida 33602
Attention: Tammy Haylock-Moore, Executive Director

with a copy to:

JPMorgan Chase Bank, N.A.
Legal Department
4 New York Plaza, 21st Floor
Mailcode: NY1-E-089
New York, New York 10004-2413
Attention: Michael R. Zients, Executive Director
and Assistant General Counsel

Section 22. Successors and Assigns. Whenever in this Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all covenants, promises and agreements in this Agreement contained by and on behalf of the respective parties hereto shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

Section 23. Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all counterparts together constituting only one instrument. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Agreement.

Section 24. Governing Law. This Agreement and the rights and obligations of the parties shall be governed by and construed and enforced in accordance with the laws of the State of Florida, without giving effect to conflict of laws principles.

Section 25. No Impairments of Other Rights.

(a) Nothing in this Agreement is intended nor shall be construed to impair, diminish or otherwise adversely affect any other rights the Bank may have or may obtain against the Borrower including, but not limited to, the Bank's rights as a holder of the Bonds, in the event it shall be or become a holder thereof, and the Bank's rights of subrogation.

(b) This Agreement shall not be construed to expand or, except as limited by this Agreement, otherwise modify the rights and remedies of the Issuer, the Trustee or the Majority Owner

Representative under the Bond Documents or of the Bank under the Reimbursement Documents, as applicable, or to modify the obligations of the Borrower under any of the foregoing.

(c) The covenants and agreements of the Issuer, the Majority Owner Representative, the Bank and the Trustee under this Agreement are intended exclusively for the benefit of such parties and the Holders of the Bonds, and no covenant, warranty, representation or undertaking of the Issuer, the Trustee, the Majority Owner Representative or the Bank, or any of them, under this Agreement shall be deemed to create any duty or obligation on the part of such party for the benefit of any other party, including the Borrower and the Guarantors, except for the Issuer, the Trustee, the Majority Owner Representative, the Holders or the Bank, respectively; and no act or omission on the part of the Trustee, the Issuer, the Majority Owner Representative or the Bank under this Agreement shall create any liability on the part of such party to or be the basis for a claim against such party by, through or under the Borrower, the Guarantors, or any of them.

Section 26. Remedies. The Issuer, the Trustee, the Majority Owner Representative and the Bank shall each have full right and power to enforce the undertakings, covenants and agreements of the other parties hereto directly against such other parties by suit for specific performance or claims for damages or a combination of the foregoing. In the event of any dispute between any of the parties hereto arising out of this Agreement, the prevailing party or parties shall be entitled to recover from the losing party or parties, all fees, costs, and expenses, including, without limitation, reasonable attorneys' fees, incurred by such prevailing party or parties in connection with such dispute.

Section 27. Headings. Headings herein are for convenience only and shall not be relied upon in interpreting or enforcing this Agreement.

Section 28. Termination. This Agreement shall terminate upon the earliest to occur of (i) full payment and performance of all of the Borrower's obligations to the Bank under the Reimbursement Documents, in the event the Construction Credit Facility has been drawn upon, (ii) the return of the Construction Credit Facility without its having been drawn upon, provided Stabilization has been achieved, (iii) full payment and performance of the Bonds and all of the Borrower's obligations under the Bond Documents and discharge of the lien of the Mortgage, (iv) the Bank's default in the performance of its obligations under the Construction Credit Facility, or (v) the drawing upon the Construction Credit Facility following an Unacceptable Letter of Credit Issuer Downgrade.

Section 29. Trustee Not to Expend Funds. No provision of this Agreement shall require Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless repayment of such funds or adequate indemnity against such risk or liability is assured to it.

Section 30. Controlling Instrument. This Agreement controls over any contrary provisions of the Bond Documents or the Reimbursement Documents.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer, the Trustee, the Majority Owner Representative and the Bank have caused this Intercreditor Agreement to be executed, all as of the day and year first above written.

HOUSING FINANCE AUTHORITY OF PALM
BEACH COUNTY, FLORIDA

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Name:
Title:

R4 SERVICER LLC

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: _____
Name: Tammy Haylock-Moore
Title: Authorized Officer

JOINDER OF BORROWER

The undersigned, as the Borrower referred to in the foregoing Intercreditor Agreement, hereby acknowledges its receipt of such Intercreditor Agreement and consents to the provisions thereof.

NEW SOUTH BAY VILLAS, LTD., a Florida
limited partnership

By: New South Bay Villas, LLC, a Florida
limited liability company, its general
partner

By: Palm Beach County Housing
Authority, its managing member

By: _____
Name: Van Johnson
Title: Chief Executive Officer

STATE OF FLORIDA)
)
COUNTY OF PALM BEACH)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that _____, whose name as _____ of the Housing Finance Authority of Palm Beach County, Florida, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Housing Finance Authority of Palm Beach County, Florida.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF FLORIDA)
)
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Amanda Kumar, whose name as Vice President of U.S. Bank National Association, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said U.S. Bank National Association.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF _____)
)
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that _____, whose name as _____ of R4 Servicer, LLC, a Delaware limited liability company, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company on behalf of the limited partnership.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF _____)
)
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that _____, whose name as _____ of JPMorgan Chase Bank, N.A., is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said JPMorgan Chase Bank, N.A.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF _____)
)
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Van Johnson, whose name as Chief Executive Officer of the managing member of New South Bay Villas, LLC, a Florida limited liability company, the general partner of New South Bay Villas, Ltd., a Florida limited partnership, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company on behalf of the limited partnership.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

The land described in the foregoing instrument is located in Palm Beach County, Florida, and is legally described as follows:

EXHIBIT "H"

FORM OF SUBORDINATION AGREEMENT

THIS INSTRUMENT PREPARED BY,
RECORDED AND RETURN TO:
Andrew P. Schmutz, Esquire
Kutak Rock LLP
Two Liberty Place, Suite 28B
50 S Sixteenth Street
Philadelphia, Pennsylvania 19102

(Reserved)

SUBORDINATION AGREEMENT

Among

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

U.S. BANK NATIONAL ASSOCIATION, as trustee,

JPMORGAN CHASE BANK, N.A.,

PALM BEACH COUNTY HOUSING AUTHORITY,

and

NEW SOUTH BAY VILLAS, LTD.

Dated as of February 1, 2017

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT dated as of February 1, 2017 (as amended, modified, supplemented or assigned from time to time, this “**Agreement**”) by and among HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, a public body corporate and politic duly organized and validly existing under the laws of Florida (together with its permitted successors and assigns, “**Issuer**”), U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and validly existing under the laws of the United States of America, as trustee (together with its permitted successors and assigns, “**Trustee**”), JPMORGAN CHASE BANK, N.A., a national banking association duly organized and validly existing under the laws of the United States of America (together with its permitted successors and assigns, “**Bank**”) (Trustee and Bank hereinafter collectively referred to as “**Senior Lender**”), PALM BEACH COUNTY HOUSING AUTHORITY, a public body corporate and politic organized and existing under the laws of the State of Florida (together with its permitted successors and assigns, “**Subordinate Lender**”), and NEW SOUTH BAY VILLAS, LTD., a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the “**Borrower**”),

WITNESSETH:

WHEREAS, the Borrower is the owner of certain property located in the City of South Bay, Florida, more particularly described on Exhibit A attached hereto, on which the Borrower intends to construct and rehabilitate certain improvements consisting of a 131 unit multifamily apartment facility, together with related amenities (such property and the improvements described above are collectively referred to herein as the “**Property**”);

WHEREAS, the Property is being acquired and constructed and rehabilitated, in part, with the proceeds of those certain Multifamily Housing Revenue Bonds (New South Bay Villas), Series 2017 issued by the Issuer in the original principal amount of \$18,500,000 (the “**Bonds**”), issued pursuant to an Indenture of Trust of even date herewith between Issuer and Trustee (as amended, modified or supplemented from time to time, the “**Indenture**”), the proceeds of which are being loaned to the Borrower pursuant to the terms of a Loan Agreement dated as of the date hereof between Issuer and the Borrower (as amended, modified or supplemented from time to time, the “**Loan Agreement**”);

WHEREAS, Borrower’s obligations under the Loan Agreement are evidenced by a promissory note dated as of the date of issuance of the Bonds (as amended, modified or supplemented from time to time, the “**Note**”), and are secured by, among other things, a first priority leasehold mortgage lien on the Property granted pursuant to a First Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of the date hereof (as amended, modified or supplemented from time to time, the “**First Mortgage**”, which, together with the Loan Agreement, the Note and all other agreements contemplated therein or evidencing or securing the Borrower’s obligations under the Loan Agreement are hereinafter collectively referred to as the “**Bond Documents**”);

WHEREAS, Borrower’s obligation to complete construction/rehabilitation of the Property and to achieve stabilized occupancy are supported by a standby letter of credit (the “**Letter of Credit**”) issued by Bank in favor of Trustee for the account of Borrower, pursuant to a Letter of Credit Reimbursement Agreement of even date herewith (as amended, modified or supplemented from time to time, the “**Reimbursement Agreement**”) by and between Borrower and Bank;

WHEREAS, Borrower’s obligations to Bank under the Reimbursement Agreement are secured by, among other things, a second priority lien on the Property granted pursuant to a Second Leasehold Mortgage, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith (as amended, modified or supplemented from time to time, the “**Second Mortgage**”) and a Second

Assignment of Leases, Rents and Other Income of even date herewith (as amended, modified or supplemented from time to time, the “**Second Assignment**” and together with the Second Mortgage, the “**Second Mortgage Documents**”, and collectively with the First Mortgage, the “**Senior Mortgage Documents**”) (the Reimbursement Agreement, the Second Mortgage Documents and all other agreements contemplated therein or evidencing or securing Borrower’s obligations under the Reimbursement Agreement are hereinafter collectively referred to as the “**Reimbursement Documents**”; the Reimbursement Documents and the Bond Documents are collectively referred to as the “**Senior Loan Documents**” and the indebtedness evidenced and secured by the Reimbursement Documents and the Bond Documents is hereinafter collectively referred to as the “**Senior Indebtedness**”);

WHEREAS, the Property is being acquired and constructed/rehabilitated, in part, with the proceeds of a loan to Borrower made by Subordinate Lender, pursuant to an Amended and Restated Authority Loan Agreement dated February __, 2017 (as amended, modified or supplemented from time to time, the “**Subordinate Loan Agreement**”) and evidenced by a promissory note in the original face amount of \$[3,360,000] (as amended, modified or supplemented from time to time, the “**Subordinate Note**”);

WHEREAS, Borrower’s obligations to Subordinate Lender under the Subordinate Loan Agreement and the Subordinate Note (the “**Subordinate Indebtedness**”) are secured by a Leasehold Mortgage and Security Agreement of even date herewith (as amended, modified or supplemented from time to time, the “**Subordinate Mortgage**”) (the Subordinate Loan Agreement, the Subordinate Note, the Subordinate Mortgage and all other agreements contemplated therein or evidencing or securing the Subordinate Indebtedness are hereinafter referred to as the “**Subordinate Loan Documents**”);

WHEREAS, it is a requirement of the Senior Loan Documents that the Senior Mortgage Documents shall be and remain liens or charges upon the Property prior and superior to the lien or charge of the Subordinate Loan Documents, that the Subordinate Indebtedness be subordinated in right of payment to the Senior Indebtedness and that the Subordinate Indebtedness be payable solely from cash available after payment of operating expenses of the Property and amounts due and owing in respect of the Senior Indebtedness.

NOW, THEREFORE, in consideration of the foregoing and the mutual benefits accruing to the parties hereto and for other good and valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged and intending to be legally bound hereby, it is hereby declared, understood and agreed by the parties as follows:

1. Subordination of Subordinate Loan Documents. Subordinate Lender declares, agrees and acknowledges that the Senior Mortgage Documents, and any renewals or extensions thereof, and any modifications thereof or substitutions therefor which do not increase the principal balance secured thereby (except increases by reason of protective advances or payment of Senior Lender’s costs or increases to which Subordinate Lender has consented in accordance with Section 3(c) hereof) and all advances made pursuant to the Senior Mortgage Documents, all costs and expenses secured thereby and interest on the foregoing, shall unconditionally be and remain at all times liens or charges on the Property prior and superior to the lien or charge of the Subordinate Loan Documents.

2. Subordination of Subordinate Indebtedness; Remitting Subordinate Loan Payments to Senior Lender; Reinstatement.

(a) The Subordinate Indebtedness is hereby subordinated in right of payment to any and all of the Senior Indebtedness and shall be payable only from and to the extent of revenues of the Property available after payment of all amounts then due and owing under the Senior Loan Documents and all current operating expenses of the Property. Notwithstanding the foregoing, unless and until any Senior Lender gives Subordinate Lender notice of the occurrence of a default, an event of default or any

event which, with the giving of notice or the passage of time (or both) will constitute a default or an event of default, under the Senior Loan Documents, Subordinate Lender may receive and accept regularly scheduled payments on account of principal and interest payable under the Subordinate Loan Documents to the extent of cash flow of the Borrower available after payment of current operating expenses of the Property and amounts then due and owing under the Senior Loan Documents.

(b) If Subordinate Lender shall receive any payments or other rights in any property of the Borrower or any other obligor after any Senior Lender has given Subordinate Lender notice of a default, an event of default or an event which with the giving of notice or the passage of time (or both) will constitute a default or an event of default, under the Senior Loan Documents, such payment or property shall be received by Subordinate Lender in trust for Senior Lender and shall immediately be delivered and transferred to Senior Lender.

(c) If at any time payment of all or any part of the Senior Indebtedness is rescinded or must otherwise be restored or returned by Senior Lender in connection with any bankruptcy, reorganization, arrangement, insolvency, liquidation or similar proceedings (a “**Proceeding**”) in respect of Borrower, the General Partner or any other obligor, and Subordinate Lender has received payment of all or any part of the Subordinate Indebtedness, Subordinate Lender shall forthwith turn over the same to, and for the account of, Senior Lender, until Senior Lender has received indefeasible payment in full of any such payments on the Senior Indebtedness that have been so rescinded, restored or returned.

3. Exercise of Remedies.

(a) Subordinate Lender declares, agrees, and acknowledges that it will not, without the prior written consent of Senior Lender: (i) sue the Borrower or any other obligor under any of the Subordinate Loan Documents; (ii) accelerate or accept a prepayment in full or in part of the Subordinate Indebtedness; (iii) commence any action to foreclose or exercise any power of sale under the Subordinate Mortgage; (iv) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (v) seek or obtain a receiver for the Property or any part or portion thereof; (vi) take possession or control of the Property, or collect or accept any rents from the Property; (vii) take any action that would terminate any leases or other rights held by or granted to or by third parties with respect to the Property; (viii) initiate or join any other creditor in commencing any Proceeding with respect to the Borrower or any other obligor; (ix) incur any obligation to the Borrower or any other obligor other than as provided in the Subordinate Loan Agreement, (x) exercise any other remedies under the Subordinate Loan Documents; or (xi) take any other enforcement action against the Borrower or any other obligor or against the Property or any part or portion thereof.

(b) Subordinate Lender agrees that Senior Lender shall have, as determined in accordance with and subject to the terms of the Senior Loan Documents, upon the occurrence of an Event of Default under and as defined in the Senior Loan Documents, the right to (i) accelerate or accept prepayment in full or in part of any Senior Indebtedness; (ii) commence any action to foreclose or exercise any power of sale under the First Mortgage or Second Mortgage; (iii) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (iv) seek or obtain a receiver for the Property or any part or portion thereof; (v) take possession or control of the Property, and collect and accept rents from the Property; (vi) sue the Borrower or any other obligor under any of the Senior Loan Documents; (vii) exercise any rights of set-off or recoupment that any Senior Lender may have against the Borrower or any other obligor; (viii) exercise any other remedies under the Senior Loan Documents; or (ix) take any other enforcement action against the Property or any part or portion thereof, all without any responsibility or liability to Subordinate Lender with respect to the Property, the Borrower, the General Partner or any other obligor.

(c) Subordinate Lender agrees that Senior Lender shall have absolute power and discretion, without notice to Subordinate Lender, to deal in any manner with the Senior Indebtedness, including interest, costs and expenses payable by the Borrower to Senior Lender, and any security and guaranties therefor, including, but not by way of limitation, release, surrender, extension, renewal, acceleration, compromise or substitution; provided that Senior Lender shall not increase the principal amount of the indebtedness to which the Subordinate Loan Documents are subordinate (other than increases resulting from protective advances or payment of Senior Lender's costs) without the prior written consent of Subordinate Lender, which consent shall not be unreasonably withheld or delayed.

(d) Subordinate Lender further agrees that if at any time Subordinate Lender should commence any foreclosure proceeding, or commence any action to execute on any lien obtained by way of attachment or otherwise on the Property, or take any action prohibited under Paragraph 3(a), Senior Lender shall (unless Senior Lender has consented to such action or remedy) be entitled to have the same vacated, dissolved and set aside by such proceedings at law or otherwise as Senior Lender may deem proper, and this Agreement shall be and constitute full and sufficient grounds therefor and shall entitle Senior Lender to become a party to any proceedings at law or otherwise in or by which Senior Lender may deem it proper to protect its interests hereunder.

(e) No act, omission, breach or other event under this Agreement shall defeat, invalidate or impair in any respect the absolute, unconditional and irrevocable subordination of the Subordinate Loan Documents to the Senior Loan Documents as provided in this Agreement.

4. No Marshaling of Assets. Subordinate Lender specifically waives and renounces any right which it may have under any applicable statutes, whether at law or in equity, to require Senior Lender to marshal collateral or to otherwise seek satisfaction from any particular assets or properties of the Borrower or from any third party.

5. Bankruptcy Matters.

(a) The subordination provided for in this Agreement shall apply, notwithstanding the availability of other collateral to Senior Lender or the actual date and time of execution, delivery, recordation, filing or perfection of the Senior Mortgage Documents or the Subordinate Loan Documents and, insofar as Subordinate Lender is concerned, notwithstanding the fact that the Senior Indebtedness or any claim for the Senior Indebtedness may be subordinated, avoided or disallowed, in whole or in part, as against the Borrower or any other obligor under the Bankruptcy Code or other applicable federal or state law. In the event of any Proceeding, the Senior Indebtedness shall include all interest and fees accrued on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Proceeding, even if the claim for such interest and/or fees is not allowed as against the Borrower or any other obligor pursuant to applicable law.

(b) Without the prior written consent of Senior Lender, Subordinate Lender shall not, and Subordinate Lender waives any and all right: (1) to request adequate protection (as that term is defined in the Bankruptcy Code) (and in the event any such adequate protection is awarded to Subordinate Lender, Subordinate Lender hereby assigns any adequate protection in the form of cash to Senior Lender and any adequate protection in the form of a lien on or security interest in the Property or any other Collateral is hereby subordinated to all of Senior Lender's rights, liens or security interests in or to the Property and such other Collateral), (2) to file or support any motion for dismissal or relief from the automatic stay (as defined in the Bankruptcy Code), (3) to request any post-petition interest, (4) to request any sale of Borrower's assets, or (5) to file, propose, support, accept or reject any plan of reorganization of Borrower. Subordinate Lender further agrees that, with respect to any Proceeding: (1) it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action in any Proceeding by or against the Borrower or

any other obligor without the prior written consent of Senior Lender; (2) Senior Lender may vote in any such Proceeding any and all claims of Subordinate Lender against Borrower or any other obligor, and Subordinate Lender hereby appoints Senior Lender as its agent, and grants to Senior Lender an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to Subordinate Lender in connection with any case by or against the Borrower or any other obligor in any Proceeding, including without limitation, the right to file and/or prosecute any claims, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the Bankruptcy Code; and (3) Subordinate Lender shall not challenge the validity or amount of any claim submitted in such Proceeding by Senior Lender in good faith or any valuations of the Property or any other Collateral, or any portion of the foregoing, or other Senior Indebtedness collateral submitted by Senior Lender in good faith, in such Proceeding or take any other action in such Proceeding, which is adverse to Senior Lender's enforcement of its claim or receipt of adequate protection (as that term is defined in the Bankruptcy Code).

(c) Subordinate Lender agrees that Senior Lender does not owe any fiduciary duty to Subordinate Lender in connection with the administration of the Senior Indebtedness and the Senior Loan Documents and Subordinate Lender agrees not to assert any such claim. Subordinate Lender acknowledges that Senior Lender shall have the sole discretion to exercise or not exercise the rights set forth in this Agreement from time to time; and that such rights may be exercised solely in the interest of Senior Lender and without regard to the interest of Subordinate Lender in any action or proceeding, including in connection with any Proceeding.

6. Payment Set Aside. To the extent any payment under any of the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

7. Casualty and Condemnation Proceeds. Subordinate Lender agrees it shall have no right to participate in the adjustment of the proceeds of insurance payable as the result of any casualty to the Improvements, or to participate in any manner whatsoever in activities relating to restoration or reconstruction of the Improvements, and Senior Lender shall have the exclusive right to receive, administer and apply all such proceeds as set forth in the Senior Loan Documents, subject, nevertheless, to the requirements of a certain Intercreditor Agreement among Trustee, Bank and certain other parties thereto, executed and delivered in connection with the issuance of the Bonds. In the event Senior Lender shall release, for the purposes of restoration of all or any part of the Property, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, Subordinate Lender shall simultaneously release for such purpose all of Subordinate Lender's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. Subordinate Lender agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event such proceeds are not released for any such restoration pursuant to the Senior Loan Documents, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been indefeasibly paid in full, prior to being applied to the payment of any amounts due under the Subordinate Loan Documents. If Senior Lender holds such proceeds, awards or compensation and/or monitors the disbursement thereof, Subordinate Lender agrees that Senior Lender shall also hold and monitor the disbursement of such proceeds, awards and compensation to which Subordinate Lender is or may be entitled. Nothing contained in this Agreement shall be deemed to require Senior Lender, in any way whatsoever, to act for

or on behalf of Subordinate Lender or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Subordinate Lender.

8. Indemnification and Subrogation. If Subordinate Lender or any affiliate shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Mortgage Documents and the other Senior Loan Documents as provided herein, and Subordinate Lender or such affiliate hereby waives, until all amounts owed under the Senior Loan Documents have been indefeasibly paid in full, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise.

9. Subordination Effective. This Agreement, the subordination effected hereby, and the respective rights and priorities of the parties hereto in and to the Property, shall be effective as stated herein, notwithstanding any modification or amendment of any Senior Loan Document (other than any modification or amendment of any Senior Loan Document that increases the amount of indebtedness to which the Subordinate Indebtedness is subordinate for reasons other than protective advances or costs of Senior Lender), or the obtaining by Senior Lender or Subordinate Lender of any additional document confirming, perfecting or otherwise affecting the Senior Loan Documents, or the Subordinate Loan Documents, as the case may be.

10. Amendments of Subordinate Loan Documents and Senior Loan Documents. The Borrower and Subordinate Lender agree that they will not enter into any amendment, modification or supplement to any of the Subordinate Loan Documents without the express prior written consent of Senior Lender (which consent shall not be unreasonably withheld). No consent of Subordinate Lender shall be required for any amendment, modification or supplement to any of the Senior Loan Documents, provided that no amendment, modification or supplement to any of the Senior Loan Documents shall increase the amount of indebtedness to which the Subordinate Loan Documents are subordinate other than increases resulting from protective advances or costs of Senior Lender.

11. Notice of Defaults.

(a) Subordinate Lender shall deliver notice to Senior Lender of any default under the Subordinate Loan Documents simultaneously with delivery of such notice to Borrower. Senior Lender shall have the right, but not the obligation, to cure any default under the Subordinate Loan Documents until such time as Senior Lender delivers to Subordinate Lender written consent to an enforcement action as provided in Section 3(a) hereof. Subordinate Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a default under the Subordinate Loan Documents will be added to and become a part of the Senior Indebtedness and will be secured by the lien of the Senior Mortgage.

(b) Senior Lender will deliver to Subordinate Lender a copy of any notice sent by Senior Lender to Borrower of a default under the Senior Loan Documents within five (5) Business Days of sending such notice to Borrower. Failure of Senior Lender to send notice to Subordinate Lender will not prevent the exercise of Senior Lender's rights and remedies under the Senior Loan Documents. Subordinate Lender will have the right, but not the obligation, to cure any default under the Senior Loan Documents during such period of time, if any, as Borrower is permitted to cure a default by the terms of the Senior Loan Documents. Subordinate Lender will not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Subordinate Lender's having cured any default under the Senior Loan Documents.

12. Cross Default. The Borrower and Subordinate Lender agree that a default under the Subordinate Loan Documents or Subordinate Lender's default hereunder shall, at the election of Senior Lender, constitute a default under the Senior Loan Documents and Senior Lender shall have the right to exercise all rights or remedies under the Senior Loan Documents in the same manner as in the case of any other default under the Senior Loan Documents. If Subordinate Lender notifies Senior Lender in writing

that any default under the Subordinate Loan Documents has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a foreclosure or exercised its rights with respect to the power of sale of the Property pursuant to its rights under the Senior Loan Documents, any default under the Senior Loan Documents arising solely from such default under the Subordinate Loan Documents shall be deemed cured, and the Senior Indebtedness shall be reinstated.

13. Further Assurances. The parties hereto shall cooperate fully with each other in order to carry out promptly and fully the terms and provisions of this Agreement. Each party hereto shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this Agreement.

14. No Waiver. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

15. Equitable Remedies. Each party hereto acknowledges that, to the extent that no adequate remedy at law exists for breach of its obligations under this Agreement, in the event any party fails to comply with its obligations hereunder, the aggrieved party shall have the right to obtain specific performance of the obligations of such defaulting party, injunctive relief, or such other equitable relief as may be available, other than consequential or punitive damages.

16. Notices. Any notice to be given under this Agreement shall be in writing and shall be deemed to be given when received by the party to whom it is addressed. Notwithstanding the foregoing, if any such notice is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such notice shall be deemed received on the date delivery is attempted. Notices shall be in writing and sent by certified U.S. mail, hand delivery, or by special courier (in each case, return receipt requested). Notices to any other party hereto shall be sent to the parties at the following addresses or such other address or addresses as shall be designated by such party in a written notice to the other parties:

If to Issuer:

Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt

If to Trustee:

U.S. Bank National Association, as trustee
550 W. Cypress Creek Road, Suite 380
Ft. Lauderdale, Florida 33309
Attention: Amanda Kumar

with a copy to:

R4 Servicer, LLC
155 Federal Street, Suite 1004
Boston, Massachusetts 02110
Attention: Greg Doble

If to Bank:

JPMorgan Chase Bank, N.A.
450 S. Orange Avenue, 10th Floor
Orlando, Florida 32801
Attention: Tammy Haylock-Moore

If to Subordinate Lender:

Palm Beach County Housing Authority
3432 West 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson

If to Borrower:

New South Bay Villas, Ltd.
c/o Palm Beach County Housing Authority
3432 W. 45th Street
West Palm Beach, Florida 33407
Attention: Van Johnson

With copies to:

McCurdy Senior Housing Corporation
Quiet Waters
306 S.W. 10th Street
Belle Glade, Florida 33430
Attention: Joseph Glucksman

and:

Ken Treadwell, Esquire
2305 Seaford Drive
Wellington, Florida 33414
and:

Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, D.C. 20001
Attention: Julie McGovern, Esquire

Each Notice shall be effective the day delivered if personally delivered, the next business day if sent by overnight courier or three (3) days after being deposited in the United States Mail as aforesaid. Rejection or other refusal to accept or the inability to deliver because of changed address for which no Notice was given shall be deemed to be receipt of the Notice sent. Each of the parties hereto shall have the right from time to time and at any time during the term of this Agreement to change its respective address and the right to specify as its address any other address within the United States of America.

17. Limitations. This Agreement shall not affect or govern the rights of Issuer, Trustee and Bank as among themselves; such respective rights are addressed in the Intercreditor Agreement. Once the Letter of Credit is no longer outstanding, all references herein to "Senior Lender" shall mean the Trustee.

18. No Third Party Beneficiaries. No person or entity other than the parties hereto and their respective successors and assigns shall have any rights under this Agreement.

19. Counterparts; Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Agreement.

20. Amendment, Supplement, Modification, Waiver and Termination. No amendment, supplement, modification, waiver or termination of this Agreement shall be effective unless (i) the party against whom the enforcement of such amendment, supplement, modification, waiver or termination would be asserted, has consented in writing to such amendment, supplement, modification, waiver or termination, and (ii) the Controlling Person has consented in writing to such amendment, supplement, modification, waiver or termination. All amendments shall be made in accordance with any applicable provisions of Article VIII of the Indenture.

21. Severability. In case any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and other application thereof, shall not in any way be affected or impaired thereby.

22. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, without giving effect to its conflict of laws principles.

23. Captions. Captions and headings in this Agreement are for convenience of reference only and shall not define, expand or limit the provisions hereof.

24. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

25. Integration. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, written or oral, relating thereto.

26. Obligors Unaffected. Notwithstanding that the Borrower is a party hereto and anything to the contrary contained herein, this Agreement shall not be deemed or interpreted so as to limit, expand or otherwise modify the rights and remedies of Senior Lender under the Senior Loan Documents or Subordinate Lender under the Subordinate Loan Documents insofar as they relate to the Borrower or any other obligor, or to diminish or change the obligations of, the Borrower or any other obligor under any of the foregoing.

27. Definitions. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Indenture.

28. Ground Lease. For the avoidance of doubt, the Ground Lease shall not be considered a Subordinate Loan Document hereunder.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement as of the date and year first above written.

HOUSING FINANCE AUTHORITY OF PALM
BEACH COUNTY, FLORIDA

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, as trustee

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

PALM BEACH COUNTY HOUSING AUTHORITY

By: _____
Name:
Title:

NEW SOUTH BAY VILLAS, LTD., a Florida limited
partnership

By: New South Bay Villas, LLC, a Florida limited
liability company, its general partner

By: Palm Beach County Housing Authority, its
managing member

By: _____
Name: Van Johnson
Title: Chief Executive Officer

STATE OF FLORIDA)
) ss.
COUNTY OF PALM BEACH)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that _____, whose name as _____ of the Housing Finance Authority of Palm Beach County, Florida, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Housing Finance Authority of Palm Beach County, Florida.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF FLORIDA)
) ss.
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Amanda Kumar, whose name as Vice President of U.S. Bank National Association, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said U.S. Bank National Association.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF _____)
) ss.
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that _____, whose name as _____ of JPMorgan Chase Bank, N.A., is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said JPMorgan Chase Bank, N.A.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF FLORIDA)
) ss.
COUNTY OF PALM BEACH)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Van Johnson, whose name as Chief Executive Officer of the Palm Beach County Housing Authority, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Palm Beach County Housing Authority.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

STATE OF FLORIDA)
) ss.
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Van Johnson, whose name as Chief Executive Officer of the managing member of New South Bay Villas, LLC, a Florida limited liability company, the general partner of New South Bay Villas, Ltd., a Florida limited partnership, is signed to the foregoing instrument, and who is known to me or satisfactorily proven, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company on behalf of the limited partnership.

Given under my hand this _____ day of February, 2017.

Notary Public

My commission expires: _____

[NOTARIAL SEAL]

EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

[To be provided by Borrower]