

Tab 2

V. Old Business - attachments

- a. Royal Palm Place Apartments – approval of bond authorizing resolution for the issuance of not-to-exceed \$16M Multifamily Rental Housing Revenue Note, Series 2017
 - i. Credit Underwriting Report
 - ii. Resolution #R-2017-05 with exhibits

Housing Finance Authority of Palm Beach County

Credit Underwriting Report

Royal Palm Place

Tax-Exempt Multifamily Mortgage Revenue Note ("MMRN" or "Note")

Section A: Report Summary

Section B: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

July 5, 2017

Royal Palm Place

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Section A

Report Summary

Recommendation

First Housing Development Corporation (FHDC or First Housing) recommends a Multifamily Mortgage Revenue Tax Exempt Note in the amount of \$16,000,000 for the construction and \$11,000,000 for the permanent financing of Royal Palm Place (Development).

DEVELOPMENT & SET-ASIDES

Development Name: Royal Palm Place

Address: 1715 Division Avenue

City: West Palm Beach Zip Code: 33407 County: Palm Beach County Size: Large

Development Category: Redevelopment Development Type: Mid-Rise (4 Stories)

Construction Type: shallow concrete foundations, concrete block

Demographic Commitment:

Primary: Family for 100% of the Units

Unit Composition:

of ELI Units: 38 ELI Units Are Restricted to 33% AMI, or less. Total # of units with PBRA? 125

of Link Units: 13 Are the Link Units Demographically Restricted? Yes # of NHTF Units:

West Palm Beach-Boca Raton HMFA; Miami-Fort Lauderdale-Pompano Beach MSA/ Palm Beach County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	23	650	33%			\$416	\$129	\$287	\$ 950	\$ 950	\$ 960	\$ 950	\$ 262,200
1	1.0	52	650	60%			\$756	\$129	\$627	\$ 950	\$ 950	\$ 960	\$ 950	\$ 592,800
2	2.0	15	844	33%			\$499	\$156	\$343	\$1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 198,000
2	2.0	35	844	60%			\$907	\$156	\$751	\$1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 462,000
		125	90,950											\$ 1,515,000

- The Housing Finance Authority of Palm Beach County (HFAPBC) application indicated a minimum set-aside of 40% of units at 60% of the area medium income (AMI). Additionally, the Palm Beach County Board of County Commissioner Executive Brief, dated May 2, 2017, indicated that 100% of the units will be set aside at 60% of AMI for 30 years.
- The Development is expected to receive Section 8 Project Based Rental Assistance (PBRA) from West Palm Beach Housing Authority (WPBHA) on all 125 units, which will require that at least one member of each household to be 62 years of age or older.

Buildings: Residential - 4 Non-Residential - 0
 Parking: Parking Spaces - 156 Accessible Spaces - 8

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
HFAPBC	100.0%	125	60%	30
SAIL/ELI	30.0%	38	33%	50
SAIL/ELI	70.0%	87	60%	50
HC	100.0%	125	60%	30

Absorption Rate 20 units per month for 7 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 94.00%
 Occupancy Comments N/A - New Construction

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
 Site Acreage: 5.37 Density: 23.28 Flood Zone Designation: B
 Zoning: Residential Planned Development (RPD) Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	Royal Palm Place, Ltd.	% Ownership
General Partner	Royal Palm Place GP, LLC	0.0070%
General Partner	Royal Palm Place Enterprise, LLC	0.0030%
Limited Partner	Boston Financial Investment Management, LP ("Boston Financial")	99.9900%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Royal Palm Place, Ltd.	
CC Guarantor 2:	Royal Palm Place GP, LLC	
CC Guarantor 3:	WPBHA at Royal Palm Place, Inc. (as the Managing General Partner of Royal Palm Place Enterprises, LLC)	
CC Guarantor 4:	Francisco Rojo	
CC Guarantor 5:	Robert F. Saland	
CC Guarantor 6:	Baobab Development, Inc. ("Baobab")	
CC Guarantor 7:	Landmark Development Corporation ("Landmark")	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Royal Palm Place, Ltd.	
OD Guarantor 2:	Royal Palm Place GP, LLC	
OD Guarantor 3:	WPBHA at Royal Palm Place, Inc.	
OD Guarantor 4:	Francisco Rojo	
OD Guarantor 5:	Robert F. Saland	
OD Guarantor 6:	Baobab	
OD Guarantor 7:	Landmark	
Note Purchaser	Freddie Mac	
Developer:	Landmark	
Principal 1	Robert F. Saland	
Principal 2	Francisco Rojo	
Co-Developer:	Baobab	
Principal 1	West Palm Beach Housing Authority	
General Contractor 1:	Lynx Construction Management, LLC ("Lynx" or "GC")	
Management Company:	Royal American Management, Inc. ("RAM")	
Syndicator:	Boston Financial	
Architect:	Corwil Architects, Inc.	
Market Study Provider:	Meridian Appraisal Group, Inc. ("Meridian")	
Appraiser:	Meridian	

PERMANENT FINANCING INFORMATION					
	1st Source	2nd Source	3rd Source	4th Source	5th Source
Lien Position	First	Second	Third	Fourth	Fifth
Lender/Grantor	CITI / Freddie Mac	FHFC / SAIL	FHFC / ELI	City of West Palm Beach ("WPB")	Palm Beach County
Amount	\$11,000,000	\$4,750,000	\$495,900	\$300,000	\$ 115,000
Underwritten Interest Rate	5.08%	1.00%	0.00%	1.00%	1.00%
All In Interest Rate	5.08%	1.00%	0.00%	1.00%	1.00%
Loan Term	15	30	30	30	30
Amortization	35	-	-	-	-
Market Rate/Market Financing LTV	97%	139%	144%	146%	147%
Restricted Market Financing LTV	83%	119%	122%	125%	126%
Loan to Cost - Cumulative	36%	52%	53%	54%	55%
Loan to Cost - SAIL Only	N/A	16%	2%	N/A	N/A
Debt Service Coverage	1.21	1.11	1.11	1.10	1.10
Operating Deficit & Debt Service Reserves	\$335,387				
# of Months covered by the Reserves	6.6				

Notes:

1. Florida Housing Finance Corporation (FHFC, Florida Housing, or Corporation) requires the amount of any superior mortgages combined with the SAIL mortgage to be less than the appraised value of the Development, except as provided in Section 420.5087(5), F.S. The said statute states the Corporation may waive this requirement for projects in rural areas or urban infill areas which have market rate rents that are less than the allowable rents pursuant to applicable state and federal guidelines, and for projects which reserve units for extremely-low-income persons. In no event shall the mortgage provided under this program combined with any other mortgage in a superior position exceed total project cost. FHFC Board approved this waiver on June 16, 2017.
2. The City and the County loans will have a lien position that will be determined prior to closing of the same.

Deferred Developer Fee	\$1,107,569
As-Is Land Value	\$1,530,000
Market Rent/Market Financing Stabilized Value	\$11,320,000
Rent Restricted Market Financing Stabilized Value	\$13,270,000
Projected Net Operating Income (NOI) - Year 1	\$836,815
Projected Net Operating Income (NOI) - 15 Year	\$1,005,886
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Note Structure	TEL Program
Housing Credit (HC) Syndication Price	\$1.09
HC Annual Allocation - Initial Award	\$1,092,000
HC Annual Allocation - Qualified in CUR	\$1,175,875
HC Annual Allocation - Equity Letter of Interest	\$1,163,005

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Notes	CITI/Freddie Mac	\$16,000,000	\$11,000,000	\$88,000
SAIL Loan	FHFC	\$4,750,000	\$4,750,000	\$38,000
ELI Loan	FHFC	\$495,900	\$495,900	\$3,967
City of WPB	City of WPB	\$300,000	\$300,000	\$2,400
SHIP Loan	Palm Beach County	\$115,000	\$115,000	\$920
Housing Credit Equity	Boston Financial	\$6,361,000	\$12,722,000	\$101,776
Deferred Developer Fee	Landmark/Baobab	\$2,468,569	\$1,107,569	\$8,861
TOTAL		\$30,490,469	\$30,490,469	\$243,924

Changes from Application:

1. The application stated that the tax credit Syndicator would be Wells Fargo, which has been changed to Boston Financial. This change is deemed acceptable by First Housing.
2. The Total Development Cost (TDC) have increased by \$1,967,222 or 6.9%, from \$28,523,247 to \$30,490,469, since the HFAPBC Application. The increase is primarily due to increase in Total Construction Costs.

Strengths:

1. The Market Study (Study) indicates that the Development site is well suited for a rental apartment multi-family development. Additionally, it indicates that the property should be well accepted within the market.
2. The Development's CMA weighted average occupancy rate is 98.6%.

3. The Development team has the experience and financial resources to build and operate the Development.

Other Considerations:

1. Based on a letter from the U.S. Department of Housing and Urban Development, dated September 30, 2016, the Development is expected to receive Section 8 PBRA from WPBHA on all 125 units for an anticipated initial term of 15 years. The PBRA requires at least one member of each household to be 62 years of age or older.
2. The development type is mid-rise with 68 units or approximately 54% of the units being located in a mid-rise building with two elevators. The remaining units will be divided between three buildings, with 45 units in a three-story garden style building containing two elevators, and 12 units in two single story garden style buildings.

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Issues and Concerns:

None

Additional Information:

1. The Borrower has applied to CITI to provide first mortgage funding for the construction and permanent financing of the Development pursuant to the Federal Home Loan Mortgage Corporation ("Freddie Mac") Multifamily Direct Purchase of Tax-Exempt Loan Program (the "TEL Program"). The Funding Loan is requested pursuant to any Federal, State or Local requirements concerning the proposed tax exempt private activity allocation and/or the Low Income Housing Tax Credit requirements. The Funding Loan will be originated by CITI on behalf of the HFAPBC. The proceeds of the Funding Loan will be used by HFAPBC to fund a mortgage loan with matching economic terms ("Project Loan") to the Borrower to finance the construction and permanent financing of the Development. The Funding Loan will be a nonrecourse obligation of HFAPBC secured solely by receipts and revenues from the Project Loan and the collateral pledged therefor (including a first

mortgage lien with respect to the property). The date the Construction Lender originates the Funding Loan is referred to herein as the "Origination Date".

Upon the satisfaction of the Conditions to Conversion which are to be described in the Loan Commitment and the Construction Phase Financing Agreement and to be delivered on the Origination Date by and among Freddie Mac, CITI and the Borrower, the Project Loan will convert to the permanent phase. Thereafter, CITI will deliver the Funding Loan to Freddie Mac for purchase pursuant to the TEL Program.

2. The Development applied for the City of West Palm Beach (öCity of WPBö) Affordable/Workforce Incentive Funding of \$300,000, with a term of 30 years, and interest only payments based on 1% rate. The loan will be reviewed for approval by the City Commission at their July 17, 2017 meeting. If approved, this loan will be subordinated to the First Mortgage, and the SAIL and ELI loans. The lien priority between the fourth and fifth mortgages will be determined prior to closing.
3. The Developer indicated in the HFAPBC Application it would provide the following features and amenities:
 - a. Royal Palm Place will have a clubroom for resident events and activities.
 - b. Unit amenities will include ceramic tile flooring, Energy Star rated refrigerator and dishwasher, laundry hook-ups, minimum 14 SEER rating on A/C units and low flow faucets, toilets and showerheads.
4. It is Landmark's intention to exit the Development after the property achieves stabilization, subject to FHDC's approval. If approved, Royal Palm Place GP, LLC will exit as the 0.007% general partner, with its interest transferred to Royal Palm Place Enterprise, LLC, or another entity affiliated with the WPBHA.
5. Consequently, First Housing included Royal Palm Place GP, LLC, Landmark, Francisco Rojo, and Robert F. Saland in the Construction Completion and Operating Deficit Guarantees, but excluded from the Recourse Obligation and Environmental Indemnity.
6. Based on the Master Development Agreement, dated April 18, 2017, among the WPBHA, Baobab, and Landmark, WPBHA will be responsible for tenant relocation plan and costs related to relocating all residents. Additionally, WPBHA will be responsible for preparing all necessary demolition at the site.

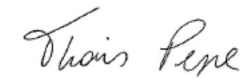
Recommendation:

First Housing recommends a Multifamily Mortgage Revenue Tax Exempt Note in the amount of \$16,000,000 for the construction and \$11,000,000 for the permanent financing of the Development.

This recommendation is only valid for six months from the date of the report.

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

Prepared by:



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Senior Credit Underwriter

Reviewed by:



Ed Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Tax Exempt Notes	CITI	\$14,500,000	\$16,000,000	\$16,000,000	3.60%	\$576,000
SAIL Loan	FHFC	\$4,750,000	\$4,750,000	\$4,750,000	1.00%	\$47,500
ELI Loan	FHFC	\$495,900	\$495,900	\$495,900	0.00%	\$0
City of WPB	City of WPB	\$0	\$0	\$300,000	1.00%	\$3,000
SHIP Loan	Palm Beach County	\$115,000	\$115,000	\$115,000	1.00%	\$1,150
Housing Credit Equity	Boston Financial	\$8,000,000	\$6,361,000	\$6,361,000	N/A	N/A
Deferred Developer Fee	Landmark/Baobab	\$662,347	\$2,846,399	\$2,468,569	N/A	N/A
Total		\$28,523,247	\$30,568,299	\$30,490,469		\$627,650

Tax-Exempt Loan:

First Housing reviewed a Term Sheet, dated February 16, 2017, indicating CITI proposes to arrange a tax exempt construction/permanent loan to the HFAPBC. The proceeds of the loan shall fund an interim construction loan converting into a permanent mortgage loan (the "Tax-exempt Loan"). The Tax-exempt Loan will have two distinct phases: Construction Phase - an initial phase during which funds will be advanced to HFAPBC and loaned to Borrower (directly or through a Fiscal Agent, at HFAPBC's discretion). Payments on the Tax-exempt Loan during the Construction Phase will be interest only. Permanent Phase - upon completion of construction and achievement of stabilized operations, no additional funds will be available to Borrower. Payments during the Permanent Phase will include principal reduction payments as well as interest. During the Construction Phase, the lender will be CITI (the "Construction Lender") and during the Permanent Phase, the lender will be Freddie Mac (the "Permanent Lender"). The Construction Phase loan amount is estimated at \$17,000,000, but not to exceed 80% of cost covered through the Construction Phase. The total construction loan is expected to be \$16,000,000, with the final amount to be determined prior to closing, provided it does not exceed \$17,000,000. The term during the Construction Phase will be for 24 months, plus two 6-month extension(s). The interest rate will be equal to the SIFMA Municipal Swap Index plus a spread of 2.50%. For underwriting purposes, a rate of 3.60% was used, based on May 5, 2017 SIFMA of 0.85%, plus an underwriting spread of 25 basis points. This rate does not include Governmental Lender, Fiscal Agent, or miscellaneous third party fees.

Prior to the Construction Phase closing, CITI as Freddie Mac Seller/Servicer, will work with Freddie Mac to provide an unfunded forward commitment ("Forward Commitment") to purchase a Tax-Exempt Loan upon Conversion to the Permanent Phase.

SAIL Loan:

The Borrower was approved for a SAIL Loan in the amount of \$4,750,000 on June 16, 2017. The SAIL Loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees and for a total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 years is for permanent financing. Annual payments of all applicable fees will be required over the life of the SAIL Loan. In addition and to the extent that development cash flow is available, annual interest payments at the rate of 1% will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

ELI Loan:

The Borrower was approved for an ELI Loan in the amount of \$495,900 on June 16, 2017. The ELI Loan is non-amortizing at 0% simple interest plus servicing and compliance fees per annum over the life of the ELI Loan with total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 years is for permanent financing. Annual payments of applicable fees are required. The principal is forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50 year Compliance Period. After 15 years, all of the ELI Set-Aside units may convert to serve residents at or below 60% AMI. The Person with a Disabling Condition Set-Aside requirement must be maintained through the entire 50 year Compliance Period.

City of WPB Loan:

The Development applied for the City of West Palm Beach Affordable/Workforce Incentive Funding of \$300,000, with a term of 30 years, and interest only payments based on 1% rate. The loan is expected to be reviewed for approval by the City Commission at their June 19, 2017 meeting. If not approved, the Developer will have to defer additional Developer Fee. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

SHIP Loan:

The underwriter reviewed a Loan Agreement, dated May 17, 2016, from Palm Beach County, whereas the County secured a State Housing Initiatives Partnership (SHIP) Loan of \$115,000 for the Development. The loan will be non-amortizing for a term of 30 years, and will bear interest at the rate of 1% per annum. The outstanding principal balance will be due in full on the Maturity

date. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

Housing Credit Equity:

First Housing has reviewed a letter of intent, dated June 3, 2016 and revised March 15, 2017, indicating Boston Financial, or an affiliate thereof, will have a 99.99% limited partnership interest in the Development. Boston Financial will pay an average of approximately \$1.094 for every dollar of Federal Low Income Housing Tax Credit to be provided for a total capital investment estimated by the Syndicator at \$12,722,000. This is equivalent of \$1.13 per each dollar of LIHTC for the first \$1,072,000 (Tranche A) and \$0.67 per each dollar of LIHTC in the amount of \$90,991 in annual credits (Tranche B). Boston Financial has committed to make available \$4,452,700 or 35% at closing of partnership, which meets the FHFC requirement that 15% of the total equity must be contributed at or prior to the closing. Additionally, the second installment in the amount of \$1,908,300 will also be paid during construction, for a total equity during construction of \$6,361,000.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer \$2,468,569 or 67.1% of total Developer Fee of \$3,680,155.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Notes	Freddie Mac	\$10,700,000	\$11,000,000	\$11,000,000	15	35	5.08%	\$672,938
SAIL Loan	FHFC	\$4,750,000	\$4,750,000	\$4,750,000	30	0	1.00%	\$47,500
ELI Loan	FHFC	\$495,900	\$495,900	\$495,900	30	0	0.00%	\$0
City of WPB	City of WPB	\$0	\$0	\$300,000	30	0	1.00%	\$3,000
SHIP Loan	Palm Beach County	\$115,000	\$115,000	\$115,000	30	0	1.00%	\$1,150
Housing Credit Equity	Boston Financial	\$12,010,799	\$12,722,000	\$12,722,000	N/A	N/A	N/A	N/A
Deferred Developer Fee	Landmark/Baobab	\$451,548	\$1,485,399	\$1,107,569	N/A	N/A	N/A	N/A
Total		\$28,523,247	\$30,568,299	\$30,490,469				\$724,588

Tax-Exempt Loan:

The Borrower has applied to CITI to provide first mortgage funding for the permanent financing of the Development pursuant to the Freddie Mac Multifamily Direct Purchase of the TEL Program. The Funding Loan is requested pursuant to any Federal, State or Local requirements concerning the proposed tax exempt private activity allocation and/or the Low Income Housing Tax Credit requirements. The Funding Loan will be originated by CITI on behalf of HFAPBC.

First Housing reviewed a Term Sheet, dated February 16, 2017, indicating CITI proposes to arrange a tax exempt construction/permanent loan to the HFAPBC. The proceeds of the loan shall fund an interim construction loan converting into a permanent mortgage loan (the "Tax-exempt Loan"). The Tax-exempt Loan will have two distinct phases: Construction Phase - an initial phase during which funds will be advanced to HFAPBC and loaned to Borrower (directly or through a Fiscal Agent, at HFAPBC's discretion). Permanent Phase - a subsequent phase when, upon completion of construction and achievement of stabilized operations, no additional funds will be available to Borrower. Payments during the Permanent Phase will include principal reduction payments as well as interest. During the Permanent Phase, the lender will be Freddie Mac (the "Permanent Lender"). Prior to Construction Phase closing, CITI as Freddie Mac Seller/Service, will work with Freddie Mac to provide an unfunded forward commitment ("Forward Commitment") to purchase a Tax-Exempt Loan upon Conversion to the Permanent Phase.

First Housing reviewed a letter of proposal from CITI, dated September 16, 2016, and the updated Term Sheet, dated February 16, 2017, indicating an estimated loan amount of up to \$11,000,000. The terms of this loan will be for 15 years, amortized over 35 years. The Forward Commitment will have a term of 24 months, 30 months, or 36 months, to be selected by Borrower upon closing of the Construction Phase Financing, which will yield a Freddie spread of respectively 2.32%, 2.40%, or 2.48%. Interest rate is estimated based on the Freddie Spread over the 10 Year Treasury,

plus 0.17% for Loan Servicing Fee. The estimated note rate (excluding Fiscal Agent Fee and Issuer Fee) was 5.08%, which is based on 10 Year Treasury, as of April 18, 2017, of 2.18%, plus the spread of 2.48%, plus 0.17% for Loan Servicing Fee, and an underwriting spread of 25 basis points.

Additionally, there will be ongoing HFA Issuer Fee of 0.15%, and Fiscal Agent Fee of \$3,750.

SAIL Loan:

The Borrower was approved for a SAIL Loan in the amount of \$4,750,000 on June 16, 2017. The SAIL Loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees and for a total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 years is for permanent financing. Annual payments of all applicable fees will be required over the life of the SAIL Loan. In addition and to the extent that development cash flow is available, annual interest payments at the rate of 1% will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The annual Compliance Monitoring Fee will be comprised of the multiple program compliance monitoring fee of \$899. The fee will be billed annually after loan closing. The Servicing Fee will be based on 25 bps of the outstanding loan amount, with a minimum monthly fee of \$207, and a maximum monthly fee of \$823, billed annually following loan closing.

ELI Loan:

The Borrower was approved for an ELI Loan in the amount of \$495,900 on June 16, 2017. The ELI Loan is non-amortizing at 0% simple interest plus servicing and compliance fees per annum over the life of the ELI Loan with total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 years is for permanent financing. Annual payments of applicable fees are required. The principal is forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50 year Compliance Period. After 15 years, all of the ELI Set-Aside units may convert to serve residents at or below 60% AMI. The Person with a Disabling Condition Set-Aside requirement must be maintained through the entire 50 year Compliance Period.

The annual Compliance Monitoring Fee will be comprised of the multiple program compliance monitoring fee of \$899. The fee will be billed annually after loan closing. The Servicing Fee will be based on 25 bps of the outstanding loan amount, with a minimum monthly fee of \$207, and a maximum monthly fee of \$823, billed annually following loan closing.

City of WPB Loan:

The Development applied for the City of West Palm Beach Affordable/Workforce Incentive Funding of \$300,000, with a term of 30 years, and interest only payments based on 1% rate. The loan is expected to be reviewed for approval by the City Commission at their June 19, 2017 meeting. If not approved, the Developer will have to defer additional Developer Fee. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

SHIP Loan:

The underwriter reviewed a Loan Agreement, dated May 17, 2016, from Palm Beach County, whereas the County secured a State Housing Initiatives Partnership (SHIP) Loan of \$115,000 for the Development. The loan will be non-amortizing for a term of 30 years, and will bear interest at the rate of 1% per annum. The outstanding principal balance will be due in full on the Maturity date. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

Housing Credit Equity:

First Housing has reviewed a letter of intent, dated June 3, 2016 and revised March 15, 2017, indicating Boston Financial, or an affiliate thereof, will have a 99.99% limited partnership interest in the Development. Boston Financial will pay an average of approximately \$1.094 for every dollar of Federal Low Income Housing Tax Credit to be provided for a total capital investment estimated by the Syndicator at \$12,722,000. This is equivalent of \$1.13 per each dollar of LIHTC for the first \$1,072,000 (Tranche A) and \$0.67 per each dollar of LIHTC in the amount of \$90,991 in annual credits (Tranche B).

The total capital contribution will be paid in five installments, as follows:

Syndication Contributions

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$4,452,700	35.00%	Later of Admission into partnership or Construction Start
2nd Installment	\$1,908,300	15.00%	Later of 50% Construction Completion or 4/1/18
3rd Installment	\$3,816,600	30.00%	Later of 100% Construction Completion or 1/01/19
4th Installment	\$1,071,713	8.42%	Latest of 100% Occupancy; Submission of 8609's; Final Closing; Tax Credit Determination; Submission of Cost Certification
5th Installment	\$1,472,687	11.58%	Later of the Stabilization Date or Receipt of 8609's
Total	\$12,722,000	100.00%	

Annual Credit Per Syndication Agreement	\$1,163,005
Calculated HC Exchange Rate	\$1.09400
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	\$6,361,000

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer \$1,107,569 or 30.1% of the total Developer Fee of \$3,680,155.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
	New Rental Units	\$18,850,000	\$18,859,484	\$15,982,488	\$127,860
Recreational Amenities	\$0	\$100,000	\$0	\$0	\$0
Site Work	\$0	\$0	\$2,087,594	\$16,701	\$245,000
Constr. Contr. Costs subject to GC Fee	\$18,850,000	\$18,959,484	\$18,070,082	\$144,561	\$545,000
General Conditions	\$0	\$0	\$854,865	\$6,839	\$0
Profit	\$0	\$1,995,516	\$1,140,651	\$9,125	\$0
Payment and Performance Bonds	\$0	\$0	\$111,500	\$892	\$0
Contract Costs not subject to GC Fee	\$0	\$0	\$777,902	\$6,223	\$0
Total Construction Contract/Costs	\$18,850,000	\$20,955,000	\$20,955,000	\$167,640	\$545,000
Hard Cost Contingency	\$942,500	\$1,047,750	\$1,047,750	\$8,382	\$120,000
Total Construction Costs:	\$19,792,500	\$22,002,750	\$22,002,750	\$176,022	\$665,000

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated February 28, 2017, in the amount of \$20,955,000. This is a Standard Form of Agreement Between the Owner, Royal Palm Place, Ltd., and the Contractor, Lynx Construction Management, LLC, where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price (öGMPö). Per this contract, substantial completion is to be achieved within 420 days from recording of the Notice of Commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. The construction contract reflects a 10% retainage holdback on all construction draws until construction is 50% complete, and no retainage thereafter.
2. Contract Costs not subject to GC Fee include \$116,649 in Permit Fees, \$82,125 in General Liability Insurance, \$345,638 in Appliances, \$188,500 in Security Inspector, and \$44,990 in Waterproofing Consultant, for a total of \$777,902.
3. The Hard Cost Contingency is within the maximum of 5% of the total construction costs.
4. The GC fee per GC Contract is approximately 11%, excluding general liability insurance, and Payment and Performance Bonds (öP&P Bondö) as they are typically outside of the contract. The GC fee stated herein is for underwriting purposes only and the final GC fee will be determined pursuant to the final cost certification process.
5. The GC Contract includes the cost of a Payment and Performance Bond to secure the construction contract.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$25,000	\$25,000	\$25,000	\$200	\$2,500
Appraisal	\$10,000	\$10,000	\$10,000	\$80	\$0
Architect's Fee - Site/Building Design	\$600,000	\$444,950	\$444,950	\$3,560	\$0
Architect's Fee - Supervision	\$0	\$40,000	\$40,000	\$320	\$0
Building Permits	\$425,000	\$425,000	\$425,000	\$3,400	\$0
Builder's Risk Insurance	\$0	\$135,000	\$135,000	\$1,080	\$0
Engineering Fees	\$0	\$164,500	\$164,500	\$1,316	\$0
Environmental Report	\$0	\$16,950	\$16,950	\$136	\$4,238
FHFC Administrative Fees	\$87,360	\$85,760	\$105,828	\$847	\$105,828
FHFC Application Fee	\$0	\$8,000	\$8,000	\$64	\$8,000
FHFC Credit Underwriting Fee	\$34,037	\$26,037	\$16,951	\$136	\$16,951
FHFC Compliance Fee	\$110,371	\$115,000	\$115,000	\$920	\$115,000
Impact Fee	\$161,965	\$111,831	\$111,831	\$895	\$0
Lender Inspection Fees / Const Admin	\$0	\$35,000	\$35,000	\$280	\$0
Insurance	\$180,000	\$45,000	\$45,000	\$360	\$0
Legal Fees - Organizational Costs	\$400,000	\$493,000	\$493,000	\$3,944	\$438,000
Market Study	\$10,000	\$10,000	\$10,000	\$80	\$10,000
Marketing and Advertising	\$75,000	\$75,000	\$75,000	\$600	\$75,000
Plan and Cost Review Analysis	\$0	\$0	\$1,995	\$16	\$0
Property Taxes	\$15,000	\$15,000	\$15,000	\$120	\$3,750
Soil Test	\$0	\$10,850	\$10,850	\$87	\$2,713
Survey	\$0	\$17,750	\$17,750	\$142	\$0
Title Insurance and Recording Fees	\$132,400	\$112,400	\$112,400	\$899	\$11,240
Utility Connection Fees	\$0	\$50,134	\$50,134	\$401	\$0
Soft Cost Contingency	\$120,000	\$168,000	\$128,000	\$1,024	\$128,000
Other: Personal Property	\$100,000	\$100,000	\$100,000	\$800	\$100,000
Total General Development Costs:	\$2,486,133	\$2,740,162	\$2,713,139	\$21,705	\$1,021,219

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Credit Underwriter has utilized actual costs for: FHFC credit underwriting, application fees, appraisal, plan and cost review, and market study.
3. The FHFC Administrative Fee is based on 9% of the estimated annual housing credit allocation of \$1,175,875, or approximately \$105,828.
4. FHFC Compliance Fees of \$115,000 is an estimate. The total Housing Credit Extended Use Period fee will be collected at final allocation.
5. The Soft Cost Contingency line item has been revised to equal less than 5% of the General Development Costs excluding the soft cost contingency.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
	Construction Loan Origination Fee	\$0	\$170,000	\$160,000	\$1,280
Construction Loan Closing Costs	\$13,000	\$15,000	\$15,000	\$120	\$0
Construction Loan Interest	\$592,000	\$770,000	\$770,000	\$6,160	\$462,000
Permanent Loan Application Fee	\$0	\$0	\$11,000	\$88	\$11,000
Permanent Loan Commitment Fee	\$519,000	\$420,000	\$194,150	\$1,553	\$194,150
Permanent Loan Origination Fee	\$0	\$0	\$110,000	\$880	\$110,000
Permanent Loan Closing Costs	\$0	\$5,000	\$10,000	\$80	\$10,000
Local HFA Note Underwriting Fee	\$0	\$0	\$13,970	\$112	\$13,970
SAIL-ELI Commitment Fee	\$0	\$0	\$52,459	\$420	\$0
SAIL-ELI Closing Costs	\$0	\$0	\$20,000	\$160	\$0
Other: SAIL/ELI Extension Fee	\$0	\$0	\$52,459	\$420	\$0
Total Financial Costs:	\$1,124,000	\$1,380,000	\$1,409,038	\$11,272	\$956,120
Dev. Costs before Acq., Dev. Fee & Reserves	\$23,402,633	\$26,122,912	\$26,124,927	\$208,999	\$2,642,339

Notes to the Financial Costs:

1. Construction and Permanent loan origination fee is based on 1% of the loan amount, based on the CITI Term Sheet, dated February 16, 2017.
2. Permanent Loan commitment fee is based on the Developer's estimate and includes a Permanent Loan Stand-by Fee of \$41,250; HFAPBC TEFRA Fee of \$7,500; an Issuer Fee of \$85,000; printing and other costs of \$25,000; a Loan Conversion Fee of \$15,000; and Fiscal Agent Fee of \$20,400.
3. SAIL/ELI Commitment Fee is based on 1% of the SAIL and ELI loan amounts.
4. SAIL/ELI Extension Fee is based on 1% of the SAIL and ELI loan amounts.
5. First Housing estimated Construction Loan Interest based on 24 months anticipated construction period, an interest rate of 3.6%, and an average outstanding balance of 56%, for a total of \$645,120. However, the underwriter used the Applicant's estimate, which is more conservative.
6. First Mortgage Loan Costs and Other Financing Fees & Interest are the Applicant's detailed estimates.

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

Notes to the Non-Land Acquisition Costs:

1. There are no non-land acquisition costs, as this is new construction.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	\$4,297,614	\$3,760,000	\$3,680,155	\$29,441	\$0
Total Other Development Costs:	\$4,297,614	\$3,760,000	\$3,680,155	\$29,441	\$0

Notes to the Other Development Costs:

1. The recommended Developer's Fee does not exceed 18% of TDC before Developer Fee, operating deficit reserves and escrows.
2. FHFC limits the TDC per unit for new construction mid-rise concrete property to no more than \$228,948. Based on the TDC limitation, the maximum allowable Developer Fee is \$4,365,534. The underwriter adjusted the maximum allowable Developer Fee to \$3,680,155, so that the TDC per unit before land and reserves is \$238,441 per unit, which is within the 5% excess limitation allowed by FHFC.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land Acquisition Cost	\$350,000	\$350,000	\$350,000	\$2,800	\$350,000
Total Acquisition Costs:	\$350,000	\$350,000	\$350,000	\$2,800	\$350,000

Notes to Land Acquisition Costs:

1. First Housing reviewed a Lease Agreement, dated December 20, 2016 by and between West Palm Beach Housing Authority (öLandlordö) and Royal Palm Place, Ltd. (öTenantö). The Lease term will be for 65 years and will commence on the date of the lease. The Lease will terminate automatically in the event the Tenant fails to close on financing by November 19, 2017. Annual Base Rent is \$10.00 per year. This is an interim ground lease, which will be substituted at closing with the ground lease described below.

2. First Housing reviewed a Master Development Agreement, dated April 18, 2017, among the West Palm Beach Housing Authority, Baobab Development, Inc., and Landmark Development Corporation, which indicates the WPBHA will enter into a ground lease at closing of financing, and will require a one-time ground lease payment of \$350,000. The lease term will be for a term of 75 years.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	\$325,000	\$335,387	\$335,387	\$2,683	\$335,387
Reserves - Start-Up/Lease-up Expenses	\$148,000	\$0	\$0	\$0	\$0
Total Reserve Accounts:	\$473,000	\$335,387	\$335,387	\$2,683	\$335,387

Notes to Reserve Accounts:

1. An Operating Deficit Reserve (ÖODRÖ) of \$335,387 is required by the Syndicator and will be funded at stabilization with equity.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$28,523,247	\$30,568,299	\$30,490,469	\$243,924	\$3,327,726

Notes to Total Development Costs:

1. The total development costs have increased by \$1,967,222 or 6.9%, from \$28,523,247 to \$30,490,469, since the HFAPBC Application. The increase is primarily due to increase in Total Construction Costs.

Operating Pro Forma – Royal Palm Place

FINANCIAL COSTS:		Year 1	Year 1 Per Unit	
OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income	\$1,515,000	\$12,120	
	Other Income			
	Ancillary Income	\$22,500	\$180	
	Gross Potential Income	\$1,537,500	\$12,300	
	Less:			
	Physical Vac. Loss Percentage: 5.00%	\$76,875	\$615	
	Collection Loss Percentage: 1.00%	\$15,375	\$123	
	Total Effective Gross Income	\$1,445,250	\$11,562	
	EXPENSES:	Fixed:		
		Real Estate Taxes	\$0	\$0
Insurance		\$81,250	\$650	
Variable:				
Management Fee Percentage: 4.00%		\$57,810	\$462	
General and Administrative		\$50,000	\$400	
Payroll Expenses		\$175,000	\$1,400	
Utilities		\$72,500	\$580	
Marketing and Advertising		\$9,375	\$75	
Maintenance and Repairs/Pest Control		\$56,250	\$450	
Grounds Maintenance and Landscaping		\$25,000	\$200	
Contract Services		\$18,750	\$150	
Security		\$25,000	\$200	
Reserve for Replacements		\$37,500	\$300	
Total Expenses		\$608,435	\$4,867	
Net Operating Income	\$836,815	\$6,695		
Debt Service Payments				
First Mortgage - CITI	\$672,938	\$5,384		
Second Mortgage - SAIL	\$47,500	\$380		
Third Mortgage - ELI	\$0	\$0		
Fourth Mortgage - City Loan	\$3,000	\$24		
Fifth Mortgage - SHIP	\$1,150	\$9		
First Mortgage Fees - CITI/Freddie Mac	\$20,156	\$161		
Second Mortgage Fees - SAIL Comp. and Serv.	\$10,775	\$86		
Third Mortgage Fees - ELI Comp. and Serv.	\$3,383	\$27		
Total Debt Service Payments	\$758,902	\$6,071		
Cash Flow after Debt Service	\$77,913	\$623		
Debt Service Coverage Ratios				
DSC - First Mortgage plus Fees	1.21x			
DSC - Second Mortgage plus Fees	1.11x			
DSC - Third Mortgage plus Fees	1.11x			
DSC - Fourth Mortgage plus Fee	1.10x			
DSC - Fifth Mortgage plus Fees	1.10x			
DSC - All Mortgages and Fees	1.10x			
Financial Ratios				
Operating Expense Ratio	42.10%			
Break-even Economic Occupancy Ratio (all debt)	89.17%			

Notes to the Operating Pro Forma and Ratios:

- Royal Palm Place is projected to achieve 2016 Maximum Allowable HC Rents published by Florida Housing on all units based upon the Appraiser's estimate of achievable rents per the comparables surveyed. Under the HFAPBC Bond Program, the Applicant committed to set aside 100% of the units (125 units) set aside at 60% of the AMI. Below is the rent roll for the Development property:

West Palm Beach-Boca Raton HMFA; Miami-Fort Lauderdale-Pompano Beach MSA/ Palm Beach County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	23	650	33%			\$416	\$129	\$287	\$ 950	\$ 950	\$ 960	\$ 950	\$ 262,200
1	1.0	52	650	60%			\$756	\$129	\$627	\$ 950	\$ 950	\$ 960	\$ 950	\$ 592,800
2	2.0	15	844	33%			\$499	\$156	\$343	\$ 1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 198,000
2	2.0	35	844	60%			\$907	\$156	\$751	\$ 1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 462,000
		125	90,950											\$ 1,515,000

2. The Vacancy and Collection loss rate of 6% is based on the appraisal's estimate.
3. Other Income is comprised of vending income, late fees, pet deposits, and forfeited security deposits. Total other income of \$15 per unit/ per month or \$22,500 annually is projected by the appraisal.
4. The General and Administrative expense line item includes all professional fees for items such as legal, accounting and marketing. The appraisal estimated at \$400 per unit/ per year for this expense.
5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and the Credit Underwriter's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
6. The property will continue to be tax-exempt, per a Memorandum, dated April 1, 2016, from Charlotte Burnett, attorney for the West Palm Beach Housing Authority, which states that the leasehold of a Public Housing Authority maintain Tax Exemption if the purpose of the lease is performance of a governmental function or serve a public purpose.
7. The Applicant has submitted an executed Property Management Agreement which reflects a management fee of 4% of gross rental collections and contains the appropriate verbiage regarding compliance with tenant income and rent restrictions.
8. The tenant is responsible for all electric utility expenses for the occupied apartments. The landlord will be responsible for trash, common area electricity, and for vacant units' electricity. First Housing estimated the Utilities line item at \$580 per unit per year based on the Appraiser's estimates.

9. Contract services include elevator maintenance and pest control, and was estimated by the appraisal at \$150 per unit per year.
10. Replacement Reserves is \$300 per unit per year.
11. Refer to Exhibit 1, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses are increasing at an annual rate of 3%.

Section B
Supporting Information & Schedules

Additional Development & Third Party Supplemental Information

Site Inspection: First Housing performed a site inspection, on September 20, 2016. The area surrounding the Development has both commercial and residential uses. Directly north of the Development site was an active construction site. Once completed, the site will contain multifamily housing developments. Directly south of the Development was a church and single family homes which were in fair to poor condition. East and West of the Development are commercial use areas. West of the Development is the Palm Beach County School Board and east of the Development is Southeast Hay Distributors.

The Development is within fifteen minutes of Walmart, McDonalds, Family Dollar, Presidente Supermarket, and many other shopping and dining locations. The Development is within five minutes of Good Samaritan Medical Center and is within ten minutes of JFK Medical Center. The Development is also 1.8 miles way from Sunset park, which has a playground and overlooks Lake Mangonia.

The Development will be directly accessible from 15th Street, which is connected to Australian Ave. Australian Ave is a main thoroughfare for the immediate area and the Development is approximately ten minutes from Interstate 95 which is a main thoroughfare for the State.

At the time of inspection, single family homes with multiple units were on the property. The intent is for these structures to be demolished and for a new multifamily building to be built. The existing structures were noted to be in fair condition from the exterior.

Appraised Value: Meridian Appraisal Group, Inc. prepared an Appraisal for the Development property, dated January 24, 2017 (Report Date). The Appraiser concluded the market value of the ground leasehold simple interest in the Development site, as is, as vacant land, based on market conditions prevailing on January 10, 2017 (land value) was \$1,530,000. The Development's hypothetical

market value of the Ground Leasehold interest in the Development as an un-restricted market rent property, as if stabilized, including \$312,500 in personal property based on market conditions prevailing on January 10, 2017, was \$11,320,000. The hypothetical market value of the Ground Leasehold interest in the Development, as restricted by the Housing Credit and Tax-Exempt Loan programs only, as if stabilized, including \$312,500 in personal property, and with market financing, based on market conditions prevailing on January 10, 2017, was \$2,590,000 and with Tax Exempt Status was \$3,280,000. Additionally, the Development's hypothetical market value of the Ground Leasehold interest in the Development as restricted by the Housing Credit, Tax-Exempt Loan and PBRA programs, as if stabilized, including \$312,500 in personal property, and with market financing, based on market conditions prevailing on January 10, 2017, was \$10,540,000, and with Real Estate Tax Exempt Status was \$13,270,000. The Appraisal Report was executed by Robert Von, President, State-Certified General Real Estate Appraiser Florida License Number RZ1604.

Market Study:

Meridian prepared a Market Study for the Development dated March 30, 2017 (report date). The Development site is of a size and configuration that is suited for rental apartments. Overall, access and exposure is considered average for multi-family purposes. All necessary utilities and services are available to the site to support the proposed Development. Based on these investigations, Meridian concluded that the Development site is suitable for apartment development.

Based on discussions with the Developer and a review of the building floor plans, Meridian concluded that the proposed improvements are adequately suited for their proposed use as apartments. The Development will offer a competitive project and will include the typical utilities and services found at the comparable properties. The amenities and unit features will be generally consistent with the affordable rental comparables. The Development's project size is consistent with the comparables.

Common amenities will include a club room for resident activities, and an outdoor seating area. Unit amenities will

include Energy Star rated refrigerator and dishwasher, laundry, minimum 14 SEER rating on A/C units, low flow faucets, toilets, and showerheads, programmable thermostat in each unit, and humidistat in each unit.

The Development will set aside 30% of the units for households earning 33% of the Area Median Income (AMI) and 70% at 60% AMI. All of the units will have PBRA.

The Development is located in Palm Beach County in what is considered the South Florida Regional Area (region) in the southern portion of Florida. The region has a total population of 6,110,137 people, 2,299,185 total households and has an average household size of 2.62 people. The unemployment rate for the region as of December 2016 was 4.8%, the statewide unemployment rate was 4.7% while the national unemployment rate was 4.5%. Multi-family permits peaked in 2005 and declined significantly through 2009. They have been on a gradual upward trend since 2009 with 2013 levels about the same as 2008 levels.

The region is served by three international airports, the Miami International Airport located in Miami/Dade County, the Palm Beach International Airport located in Palm Beach County and the Fort Lauderdale/Hollywood International Airport located in Broward County. The region is also served by three deep water ports and a very good network of major highways providing easy access to and from the metro.

The apartment market within Palm Beach County consists of a wide variety of unit types ranging from older subsidized housing, older market rent projects, newer affordable projects, and upscale projects. Occupancy rates on the county level, in the ten- and three-mile rings have improved. Rental rates in all three market areas have increased. New units have been delivered into the market in the three-mile ring and absorption is positive in all market areas. Overall, the outlook for apartments in the Development's market areas and on the county level is favorable.

The Development neighborhood has commercial services to support the residential base. Transportation linkages are good as is access to health care services and schools. Multi-family development is present in the neighborhood and the

neighborhood has achieved acceptance as a multi-family location. The Development neighborhood and surrounding area has shown steady population growth and positive growth is anticipated. The demographics project increases in the number of households. Therefore, the long term growth is positive. Assuming an economic recovery and positive household growth, real estate values overall will show increasing trends in the future.

The Primary Market Area (PMA) is where most of the demand will come from. The area determination is based on data gathered in the Small Area Data (SAD) Case Study that can be found on the FHFC website. The study indicated that most affordable projects receive about 2/3 to 3/4 of their tenants from within 10 miles. The Competitive Market Area (CMA) is defined as those projects lying in closest proximity to the Development that are competitive with the Development. In large markets, numerous competitive properties can be found in close proximity (within two to three mile rings) of the Development. In smaller markets, the CMA may expand beyond the PMA to capture sufficient projects. The Development's CMA, or sub-market, for the purpose of determining a like-kind inventory of competitive units in the Occupancy Analysis, consists of six like-kind existing properties with a total of 875 units. These properties are: Evernia Place, Pinnacle Palms, Westgate Plaza, Boynton Bay, Riverview House, and Groves of Delray. The Development's CMA weighted average occupancy rate is 98.6%. Meridian concluded, in the short-term (defined as the period it takes the subject to lease to stabilization), there is a moderate case for impact to the two closest projects, Evernia Place and Pinnacle Palms. There is a weak case for impact for these two projects in the long-term. There is a weak case for all other projects in CMA or PMA over the short-term and long-term. There are no Guarantee Fund projects in the CMA or PMA.

According to the market study, the market rent is 153% greater than the 60% AMI rent, which meets the requirement.

The affordable absorption comparables indicate a range of 2 to 55 units per month. Meridian projected an absorption rate of 20 units per month.

Environmental Report:

ECS Florida, LLC (øECSø) prepared a Phase I Environmental Site Assessment (øESAø), dated February 22, 2017. The ESA was performed in accordance with the ASTM standard E1527-13. The assessment concluded that there is no evidence of Recognized Environmental Conditions (øRECø) in connection with the site.

Based on the records search, site reconnaissance and interviews, it appears that the Development was developed with the multi-family housing and administrative buildings from at least 1939. The buildings were demolished in 2016.

A regulatory database search report was provided by EDR, Inc., which identified several off-site properties within the minimum ASTM search distances. Based on ECSø review of available public records and/or interviews with regulatory agents, due to the topographic position of the site and the direction of groundwater flow in the area, none of the listings are believed to represent a REC for the Development.

Soils Test Repot:

Ardaman & Associates, Inc. has completed a Report of Subsurface Exploration and Geotechnical Engineering Evaluation, dated March 25, 2016, and revised on January 6, 2017. The sub-surface exploration consisted of eleven (11) Standard Penetration Test Boring and four (4) auger borings, which was conducted in accordance with ASTM D-1586 and ASTM D-1452, respectively. As shown in the boring logs, the soils encountered across the site consisted generally of 6 inches to 1.5 feet of fine sand with fine roots and occasional shell and limestone fragments, underlain by very loose to loose, fine sands to depths of about 8 to 18 feet. Very loose to medium dense fine sands with varying amounts of cemented sand and shell fragments were then encountered to depths of 23 feet where loose to very dense sandy to slightly silty fractured limestone was encountered to depths of 28 to 33 feet. Loose to very dense fine sand with limestone fragments were then encountered to the termination depth of their deepest boring at 35 feet.

The report concluded that the soils underlying this site are generally satisfactory to support the proposed construction on conventional spread foundations. After the foundation soils have

been prepared in accordance with the site preparation recommendations, the site should be suitable for supporting the proposed structure on conventional shallow foundations proportioned for a maximum allowable bearing stress of 3,000 pounds per square foot (psf). Continuous foundations should be at least 30 inches wide; all foundations should bear at least 18 inches below adjacent finish grades. The building pad should extend at least 5 feet beyond the edges of the foundations. Care should be taken to have slopes of at least 3.0H to 1.0V beyond the edges of the building pads.

This underwriting report, and the conclusions reached are subject to satisfactory compliance with the recommendations presented in the soil report referred above.

Plan and Cost Analysis:

First Housing reviewed a Final Plan and Cost Review (øPCRø) for the Development, dated March 24, 2017, prepared by On Solid Ground, LLC (øOSGø)

Once completed, the proposed Development known as Royal Palm Place will consist of new construction of an affordable housing rental development containing 125 apartment units situated in two (2) 1-story, one (1) 3-stories and one (1) 4-stories walk-up and elevator garden style buildings and related sitework and amenities, to be constructed in the City of West Palm Beach, Palm Beach County, Florida. This Development will form part of the Dunbar Village Complex. Construction will consist of conventional shallow concrete foundations, concrete block walls and CMU walls superstructure, stucco finished exterior walls, asphalt roof shingles and flat TPO roof membrane, aluminum-framed impact resistant windows, and typical multi-family interior finishes, casework and MEP systems.

The civil, architectural, structural, plumbing, mechanical, and electrical drawings reviewed are adequately prepared and provide the information necessary to satisfactorily complete construction of the proposed 125-unit apartment development, once combined with normal subcontractor-supplied shop drawings and submittals. The drawings provided for OSGø review are labeled øPermit Setø and have been digitally signed by their respective engineers and architects, but have not been

approved by the City of West Palm Beach. Revisions and clarifications can be expected during permit review. OSG recommends that a copy of the City approved drawings is provided for their records once available.

The Guaranteed Maximum Price (øGMPö) of \$20,955,000 reflects a cost of \$216.46 per square foot. By subtracting Sitework, Special Construction costs and Contingency, which can vary considerably between projects, it results in a figure of \$191.01 per square foot. The cost of \$147,580 per unit also excludes the costs of Sitework, Special Construction, and Contingency. Based on the review, it is OSG's opinion that the costs of \$191.01 per square foot and \$147,580 per unit for the proposed Development fall within an acceptable price range for this type of project. OSG therefore concludes that the GMP should be considered adequate for satisfactory completion of the proposed Development.

Features, Amenities &
Resident Programs:

The Applicant committed to provide certain features and amenities which are listed in Exhibit 3 of this report. The features and amenities will be verified by the construction inspector during construction of the Development. The PCR above verified that all Features and Amenities committed are included in the plans.

ADA Accessibility
Review:

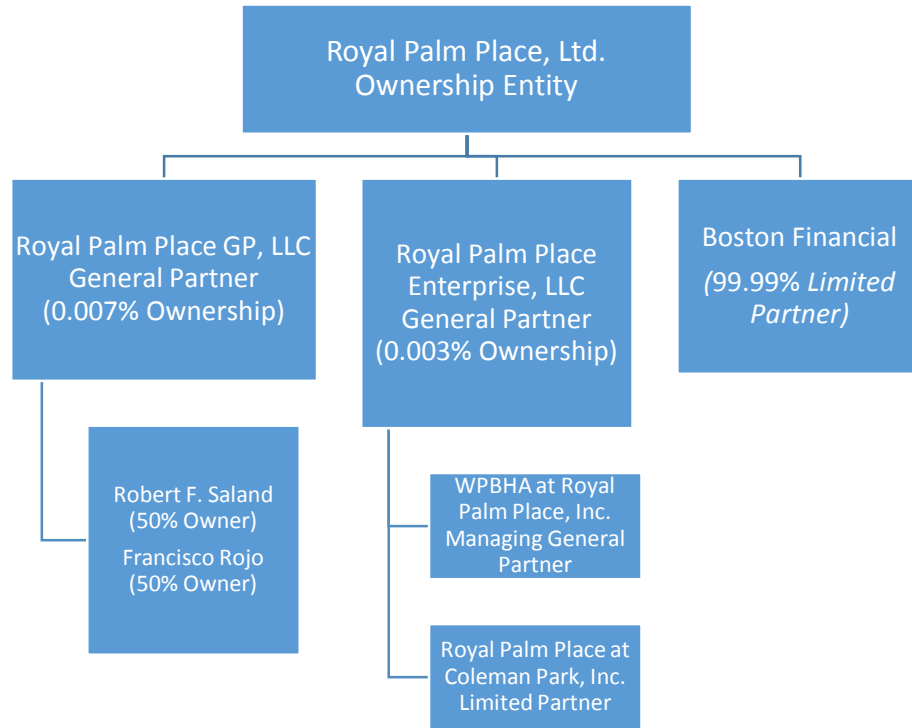
Executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128 certifying that the plans for the Development comply with these requirements have been received.

Applicant Information

Applicant: Royal Palm Place, Ltd.

Type: A Florida Limited Partnership

Ownership Structure:



Copies of the Limited Partnership Agreements and (or) Articles of Incorporation have been provided on each of the ownership structure entities.

Royal Palm Place GP, LLC, a 0.007% General Partner of the Applicant, is owned by Robert F. Saland and Francisco Rojo.

Royal Palm Place Enterprise, LLC, a 0.003% General Partner of the Applicant, is owned by two Florida Not For Profit Corporations, WPBHA at Royal Palm Place, Inc. and Royal Palm Place at Coleman Park, Inc. WPBHA at Royal Palm Place, Inc. is an instrumentality of the WPBHA.

The Developers are Landmark Development Corp. and Baobab Development, Inc. Mr. Saland and Mr. Rojo are the principals of Landmark. Baobab is an instrumentality of the WPBHA.

The Developer states Royal Palm Place, Ltd., and Royal Palm Place GP, LLC are single-purpose entities. Additionally, the Developer states that Royal Palm Place Enterprise, LLC, WPBHA at Royal Palm Place, Inc., and Royal Palm Place at Coleman Park, Inc. are all recently formed single-purpose entities.

Contact

Person(s): Francisco Rojo
Landmark Companies, Inc.
3050 Biscayne Boulevard, Suite 300
Miami, FL 33137
(305) 538-9552 x 103 Telephone
(305) 538-9553 Facsimile

Federal

Employer ID: 30-0840611

Experience: Landmark Companies, Inc. is known state-wide for the acquisition, development, rehabilitation, construction and management of multi-family properties for rent and for sale. Together, Landmark's principals have successfully acquired, developed, sponsored and managed more than 5,000 apartment units. To date, Landmark has not once faced a foreclosure and neither Landmark nor its principals have ever had to restructure a loan. Because of this excellent track record, the same core of investors and lenders work with Landmark Companies year after year.

Landmark was formed in April 2000 and has developed and/or co-developed 2,479 affordable housing units since its formation and currently has 440 units under development (excluding City Vista). Landmark Development Corp. has an experienced in-house team which coordinates with third party professional real estate and development consultants to resolve problems and to make sure that projects come in on time and on budget.

Robert F. Saland is the Founder of Landmark Development Corp. and President of Landmark Companies, Inc. Mr. Saland has overseen historical restoration of over 250 units in Miami Beach's Art Deco District and has overseen the acquisition and restoration of over 300 units in New York City.

Francisco Rojo is the Vice President of Landmark Companies, Inc. and Landmark Development Corp. Prior to joining Landmark in 1997, Mr. Rojo was employed at The Related Group of Florida. He was directly responsible

for the acquisition, financing and development of over 2,100 rental apartment units.

Credit

Evaluation: A Dun and Bradstreet Report was not available for Royal Palm Place GP, LLC, Royal Palm Place at Coleman Park, Inc., WPBHA at Royal Palm Place, Inc., Royal Palm Place Enterprise, LLC, and Baobab Development, Inc.

First Housing has reviewed a Dun & Bradstreet Business Information Report, dated May 17, 2017, for Royal Palm Place, Ltd. This report revealed no bankruptcy, no suits, no UCCs, and moderate to high risk of severe financial stress.

First Housing has reviewed a Dun & Bradstreet Business Information Report, dated May 16, 2017, for Landmark Development Corp. This report revealed no bankruptcy, no suits, eight UCCs, and moderate risk of severe financial stress.

First Housing has reviewed a Sarma/MAF Mortgage Services report for Robert F. Saland, dated May 16, 2017. This report revealed no derogatory trades, a total of 22 trades with a balance in the high 5 figures.

First Housing has reviewed a Sarma/MAF Mortgage Services report for Francisco Rojo, dated May 16, 2017. This report revealed no derogatory trades, a total of 17 trades with a balance in the low 6 figures.

Bank/Trade

References: The Developer states that Royal Palm Place, Ltd., and Royal Palm Place GP, LLC, Royal Palm Place Enterprise, LLC, WPBHA at Royal Palm Place, Inc., and Royal Palm Place at Coleman Park, Inc. are single-purpose entities, which do not have bank or trade references.

First Housing reviewed satisfactory bank and trade references for Landmark Development Corp. First Housing received satisfactory bank statements for both Robert F. Saland and Francisco Rojo.

Financial

Statements: First Housing reviewed 2015 and 2016 tax returns for Royal Palm Place, Ltd., 2015 tax returns and 2016 tax extension for Royal Palm Place GP, LLC, Landmark Development Corp., Francisco Rojo, and Robert F. Saland. First Housing received satisfactory financial statements which are summarized below. Additionally, the Developer states that Royal Palm Place Enterprise, LLC, WPBHA at Royal Palm Place, Inc., and Royal Palm Place at Coleman

Park, Inc. are all recently formed single-purpose entities. Those entities did not have financials or tax returns.

Royal Palm Place, Ltd. Unaudited Financial Statement April 30, 2017	
Total Assets	\$396,429
Total Liabilities	\$396,429
Total Equity	\$0

Royal Palm Place GP, LLC Unaudited Financial Statement April 30, 2017	
Total Assets	\$277,500
Total Liabilities	\$277,500
Total Equity	\$0

Robert F. Saland Unaudited Financial Statement February 28, 2017	
Cash & Equivalents	\$225,000
Total Assets	\$32,630,000
Total Liabilities	\$0
Total Equity	\$32,630,000

Francisco Rojo Unaudited Financial Statement February 28, 2017	
Cash & Equivalents	\$665,794
Total Assets	\$29,867,978
Total Liabilities	\$4,535,939
Total Equity	\$25,332,039

Landmark Development Corp. Unaudited Financial Statement March 31, 2017	
Cash & Equivalents	\$2,329,794
Total Assets	\$10,928,548
Total Liabilities	\$347,582
Total Equity	\$10,580,966

Baobab Development, Inc. Unaudited Financial Statement February 28, 2017	
Total Assets	\$1,328,200
Total Assets	\$656,486
Total Equity	\$671,714

WPBHA Unaudited Financial Statement March 31, 2017	
Total Assets	\$50,673,063
Total Assets	\$11,077,317
Total Equity	\$39,595,746

Royal Palm Place, Ltd., and Royal Palm Place GP, LLC provided statements indicating that they had no contingent liabilities. Additionally, the Developer states that Royal Palm Place Enterprise, LLC, WPBHA at Royal Palm Place, Inc., and Royal Palm Place at Coleman Park, Inc. are all recently formed single-purpose entities. Those entities did not have contingent liabilities.

Contingent Liabilities: First Housing received a satisfactory Schedule of Contingent Liabilities for Robert F. Saland and Francisco Rojo, dated March 27, 2017. Additionally, the underwriter reviewed a satisfactory Schedule of Contingent Liabilities for Landmark, dated March 27, 2017.

Summary: Based upon its review of the Financial Statements and the Schedule of Contingent Liabilities, First Housing concludes that the above referenced co-Developers and Principals have the requisite financial strength to complete construction and to operate the Development.

Guarantor Information

- Guarantor Name: Royal Palm Place Ltd., Royal Palm Place GP, LLC, WPBHA at Royal Palm Place, Inc., Landmark, Baobab, Robert F. Saland, and Francisco Rojo, individually.
- Nature of the Guarantees: The Guarantors will sign standard Construction Completion, and Operating Deficit Guarantees. The Construction Completion Guarantee will be released upon 100% lien free completion as approved by the Servicer.
- Additionally, all the guarantors, except Royal Palm Place GP, LLC, Landmark, Francisco Rojo, and Robert F. Saland, will sign Recourse Obligation and Environmental Indemnity. It is Landmark's intention to exit the Development after the property achieves stabilization, subject to FHFC's approval. If approved, Royal Palm Place GP, LLC will exit as the 0.007% general partner, with its interest transferred to Royal Palm Place Enterprise, LLC, or another entity affiliated with the WPBHA.
- HFAPBC requires Environmental Indemnity, as well as guaranty of payment of the HFAPBC Administrative Fee.
- Financial Statements: Financial Statements for the Guarantors were summarized in the "Applicant Information" section of this credit underwriting report.
- Contingent Liabilities: Contingent Liabilities for the Guarantors were satisfactorily reviewed.
- Summary: Based upon review of the financial statements and contingent liabilities, First Housing concludes that the above referenced Guarantors have sufficient net worth for the purpose of collateralizing the Guarantees.

General Contractor Information

General Contractor: Lynx Construction Management, LLC

Type: A Florida Limited Liability Company

Contact: Christopher Moran, General Contractor (CGC1518484)

Address: 45 Almeria Avenue
Coral Gables, FL 33134

Experience: Applicant has submitted a copy of Christopher Moran's Florida General Contractor License #CGC1518484, which is valid through August 31, 2018.

Lynx was formed in 2008, and has completed projects in Texas, Tennessee, North Carolina, Georgia, South Carolina, Florida and Alabama, these include new construction, renovation, and remodeling and engineering. Lynx has served as the GC, Engineer, and Owner's project manager, on hospitality, multifamily and commercial projects. Lynx and its staff have over 30 years of construction experience as general contractors, construction managers and engineers based in South Florida and serving the entire South East. Lynx has completed many projects including housing, public, private, and historical and hospitality projects. In addition Lynx has completed hundreds of other projects including new from the ground up and renovation-remodeling.

Credit Evaluation: A Dun & Bradstreet Business Information Report was not available on May 18, 2017.

Banking References: First Housing has received bank reference authorization forms and submitted to the appropriate contacts, with no response at this time. Also, a Verification of Mortgage is not applicable, as per statement from the GC.

Trade References: First Housing has received satisfactory trade references for Lynx Construction Management, LLC.

Financial Statements: The underwriter has reviewed 2014 and 2015 tax returns for Lynx Construction Management, LLC as well as an un-audited balance sheet as summarized below:

Lynx Construction Management, LLC Unaudited Financial Statement December 31, 2016	
Cash and Equivalents	\$335,308
Total Assets	\$6,388,114
Total Liabilities	\$3,785,460
Total Equity	\$2,602,654

Summary: The General Contractor has significant experience in the construction of multifamily housing and have demonstrated a satisfactory manner of handling accounts. Additionally, the General Contractor indicated it will provide 100% Payment and Performance bond. FHDC recommends Lynx to be accepted as the general contractor for the construction of this Development.

Syndication Information

Syndicator Name: Boston Financial Investment Management, LP

Contact Person: Bob G. Courtney
Senior Vice President
Boston Financial Investment Management
312 S. Fourth Street, Suite 724
Louisville, KY 40202
502-693-4144 Telephone

Experience: Boston Financial is an affiliate of Boston Financial Banks, Inc. They are experts at Low Income Housing and New Markets Tax Credits. Boston Financial has been a leader in real estate investment management for over forty-five years. With headquarters in Boston, Massachusetts, it manages approximately \$8.5 billion in real estate investments for over 150 institutional clients from across the United States. The company began in 1969 as a private partnership established to connect individual investors to affordable housing real estate investments. Over the next 17 years, it worked to raise \$700 million from 5,800 individuals and invested in 62,000 apartments units nationwide.

Financial Statements: The underwriter has reviewed un-audited balance sheet, which is summarized below:

Boston Financial Investment Mngement, LP Unaudited Finacial Statement December 31, 2016	
Cash and Cash Equivalents	\$28,454,517
Total Assets	\$264,407,882
Total Liabilities	\$30,032,019
Equity	\$234,375,863

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

Property Management Information

Management

Company: Royal American Management, Inc.

Type: A Florida Profit Corporation

FEI: 59-1886258

Contact: Kerry Toth
President
Royal American Management, Inc.
1002 West 23rd Street, Suite 400
Panama City, FL 32405
(850) 414-2015 Telephone

Experience: With over 40 years of experience in managing multifamily housing, Royal American Management, Inc. is able to effectively balance the needs of clients, residents, and staff members while optimizing the performance of both established and newly constructed assets. RAM, an award winning Accredited Management Organization, is headquartered in Panama City, Florida with regional offices strategically located throughout the Southeast.

RAM is widely recognized not only for its large, diverse portfolio of high performing communities; it is also recognized for its warm, friendly, knowledgeable, and highly responsive staff. RAM's extensive experience with all types of affordable programs such as HUD, RD, HOME, CBDG, Hope VI, Tax- Exempt Note, and LIHTC is invaluable.

Management

Agreement: The Applicant has submitted an executed Management Agreement, dated December 28, 2016, which reflects a management fee of 4% of gross rental collections. The Management Agreement contains the appropriate verbiage regarding compliance with tenant income and rent restrictions.

Management Plan: The Applicant has submitted a Management Plan, which outlines the various policies and procedures to be implemented in managing the Development.

Summary: The management company's principals have an acceptable amount of experience in the management of affordable multifamily housing.

TAX-EXEMPT MMRN UNDERWRITING REPORT

FHDC

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
OPERATING PRO FORMA																	
INCOME:	Gross Potential Rental Income	\$1,515,000	\$1,545,300	\$1,576,206	\$1,607,730	\$1,639,885	\$1,672,682	\$1,706,136	\$1,740,259	\$1,775,064	\$1,810,565	\$1,846,777	\$1,883,712	\$1,921,386	\$1,959,814	\$1,999,010	
	Other Income																
	Ancillary Income	\$22,500	\$22,950	\$23,409	\$23,877	\$24,355	\$24,842	\$25,339	\$25,845	\$26,362	\$26,890	\$27,427	\$27,976	\$28,535	\$29,106	\$29,688	
	Gross Potential Income	\$1,537,500	\$1,568,250	\$1,599,615	\$1,631,607	\$1,664,239	\$1,697,524	\$1,731,475	\$1,766,104	\$1,801,426	\$1,837,455	\$1,874,204	\$1,911,688	\$1,949,922	\$1,988,920	\$2,028,699	
	Less:																
	Physical Vac. Loss	Percentage: 5.00%	\$76,875	\$78,413	\$79,981	\$81,580	\$83,212	\$84,876	\$86,574	\$88,305	\$90,071	\$91,873	\$93,710	\$95,584	\$97,496	\$99,446	\$101,435
	Collection Loss	Percentage: 1.00%	\$15,375	\$15,683	\$15,996	\$16,316	\$16,642	\$16,975	\$17,315	\$17,661	\$18,014	\$18,375	\$18,742	\$19,117	\$19,499	\$19,889	\$20,287
	Total Effective Gross Income	\$1,445,250	\$1,474,155	\$1,503,638	\$1,533,711	\$1,564,385	\$1,595,673	\$1,627,586	\$1,660,138	\$1,693,341	\$1,727,208	\$1,761,752	\$1,796,987	\$1,832,926	\$1,869,585	\$1,906,977	
	EXPENSES:	Fixed:															
		Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Insurance		\$81,250	\$83,688	\$86,198	\$88,784	\$91,448	\$94,191	\$97,017	\$99,927	\$102,925	\$106,013	\$109,193	\$112,469	\$115,843	\$119,318	\$122,898	
Variable:																	
Management Fee		Percentage: 4.00%	\$57,810	\$59,544	\$61,331	\$63,171	\$65,066	\$67,018	\$69,028	\$71,099	\$73,232	\$75,429	\$77,692	\$80,023	\$82,423	\$84,896	\$87,443
General and Administrative		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494	\$63,339	\$65,239	\$67,196	\$69,212	\$71,288	\$73,427	\$75,629	
Payroll Expenses		\$175,000	\$180,250	\$185,658	\$191,227	\$196,964	\$202,873	\$208,959	\$215,228	\$221,685	\$228,335	\$235,185	\$242,241	\$249,508	\$256,993	\$264,703	
Utilities		\$72,500	\$74,675	\$76,915	\$79,223	\$81,599	\$84,047	\$86,569	\$89,166	\$91,841	\$94,596	\$97,434	\$100,357	\$103,368	\$106,469	\$109,663	
Marketing and Advertising		\$9,375	\$9,656	\$9,946	\$10,244	\$10,552	\$10,868	\$11,194	\$11,530	\$11,876	\$12,232	\$12,599	\$12,977	\$13,367	\$13,768	\$14,181	
Maintenance and Repairs/Pest Control		\$56,250	\$57,938	\$59,676	\$61,466	\$63,310	\$65,209	\$67,165	\$69,180	\$71,256	\$73,393	\$75,595	\$77,863	\$80,199	\$82,605	\$85,083	
Grounds Maintenance and Landscaping	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	\$33,598	\$34,606	\$35,644	\$36,713	\$37,815		
Contract Services	\$18,750	\$19,313	\$19,892	\$20,489	\$21,103	\$21,736	\$22,388	\$23,060	\$23,752	\$24,464	\$25,198	\$25,954	\$26,733	\$27,535	\$28,361		
Security	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	\$33,598	\$34,606	\$35,644	\$36,713	\$37,815		
Reserve for Replacements	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500		
Total Expenses	\$608,435	\$625,563	\$643,205	\$661,376	\$680,092	\$699,370	\$719,226	\$739,678	\$760,743	\$782,441	\$804,789	\$827,808	\$851,517	\$875,937	\$901,090		
Net Operating Income	\$836,815	\$848,592	\$860,433	\$872,335	\$884,293	\$896,303	\$908,360	\$920,460	\$932,597	\$944,767	\$956,963	\$969,179	\$981,410	\$993,648	\$1,005,886		
Debt Service Payments																	
First Mortgage - CITI	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	
Second Mortgage - SAIL	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	
Third Mortgage - ELI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Fourth Mortgage - City Loan	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
Fifth Mortgage - SHIP	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	
First Mortgage Fees - CITI/Freddie Mac	\$20,156	\$19,976	\$19,786	\$19,587	\$19,377	\$19,156	\$18,924	\$18,680	\$18,423	\$18,153	\$17,869	\$17,570	\$17,255	\$16,924	\$16,576		
Second Mortgage Fees - SAIL Comp. and Serv.	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775		
Third Mortgage Fees - ELI Comp. and Serv.	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383		
Total Debt Service Payments	\$758,902	\$758,721	\$758,532	\$758,332	\$758,123	\$757,902	\$757,670	\$757,426	\$757,169	\$756,899	\$756,614	\$756,315	\$756,001	\$755,670	\$755,321		
Cash Flow after Debt Service	\$77,913	\$89,871	\$101,901	\$114,002	\$126,170	\$138,401	\$150,690	\$163,034	\$175,428	\$187,868	\$200,348	\$212,864	\$225,409	\$237,978	\$250,565		
Debt Service Coverage Ratios																	
DSC - First Mortgage plus Fees	1.21	1.22	1.24	1.26	1.28	1.30	1.31	1.33	1.35	1.37	1.39	1.40	1.42	1.44	1.46		
DSC - Second Mortgage plus Fees	1.11	1.13	1.15	1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.28	1.29	1.31	1.33	1.35		
DSC - Third Mortgage plus Fees	1.11	1.12	1.14	1.16	1.17	1.19	1.21	1.22	1.24	1.26	1.27	1.29	1.31	1.32	1.34		
DSC - Fourth Mortgage plus Fee	1.10	1.12	1.14	1.15	1.17	1.18	1.20	1.22	1.23	1.25	1.27	1.28	1.30	1.32	1.33		
DSC - Fifth Mortgage plus Fees	1.10	1.12	1.13	1.15	1.17	1.18	1.20	1.22	1.23	1.25	1.26	1.28	1.30	1.31	1.33		
DSC - All Mortgages and Fees	1.10	1.12	1.13	1.15	1.17	1.18	1.20	1.22	1.23	1.25	1.26	1.28	1.30	1.31	1.33		

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	\$30,490,469
Less Land Costs	\$350,000
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$2,977,726
Total Eligible Basis	\$27,162,743
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	\$35,311,566
Housing Credit Percentage	3.33%
Annual Housing Credit Allocation	\$1,175,875

Notes:

1. Other ineligible costs include; FHFC Fees, origination fees, closing costs, advertising/marketing fees, and operating reserves required by lender.
2. The Development has a 100% set-aside: therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the Development is located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied for the Qualified Basis Calculation.
4. For purposes of this recommendation, a HC percentage of 3.33% was applied for the qualified basis credit allocation based on the rate at time of Invitation into Credit Underwriting in April 2016 (3.18%) plus 15 bps.

Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	\$30,490,469
Less Mortgages	\$16,660,900
Less Grants	\$0
Equity Gap	\$13,829,569
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$1.094
HC Required to meet Equity Gap	\$12,642,552
Annual HC Required	\$1,264,255

Notes:

1. The pricing and syndication percentage was taken from the letter of intent, dated March 15, 2017, from Boston Financial.

Section III: Summary

HC Per Syndication Agreement	\$1,163,005
HC Per Qualified Basis	\$1,175,875
HC Per GAP Calculation	\$1,264,255
Annual HC Recommended	\$1,175,875
Syndication Proceeds based upon Syndication Agreement	\$12,722,000

Notes:

1. The estimated annual 4% housing credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the qualified basis calculation.

50% Test

Tax-Exempt Note Amount	\$16,000,000
Less: Debt Service Reserve Funded with Tax Exempt Note Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Note Amount	\$16,000,000
Total Depreciable Cost	\$27,162,743
Plus Land Cost	\$350,000
Aggregate Basis	\$27,512,743
Net Tax-Exempt Note to Aggregate Basis Ratio	58.15%

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

EXHIBIT 8Bö

FHFC SAIL/ELI DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

125 mid-rise units located in 4 residential buildings.

Unit Mix:

Seventy-five (75) one bedroom/one bath units; and

Fifty (50) two bedroom/two bath units;

125 Total Units

B. The Development must meet all requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act as implemented by 24 CFR 100, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act (8ADA8) of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations, and rules, as applicable.

C. The Development must provide the following General Features:

1. Termite prevention;
2. Pest control;
3. Window covering for each window and glass door inside each unit;
4. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;
5. Full-size range and oven in all units;

6. At least two full bathrooms in all 3 bedroom or larger new construction units; and
 7. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units.
- D. All new construction units that are located on an accessible route must have the following Accessibility, Adaptability, Universal Design and Visitability Features listed below:
1. Primary entrance door shall have a threshold with no more than a ½-inch rise;
 2. All door handles on primary entrance door and interior doors must have lever handles;
 3. Lever handles on all bathroom faucets and kitchen sink faucets;
 4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and
 5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.
- E. In all new construction units, provide reinforced walls for future installation of grab bars that meet or exceed 2010 ADA Standards for Accessible Design around each tub/shower unit in each dwelling unit. At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.
- F. Required Green Building Features in all Family and Elderly Demographic Developments:
1. Low or No-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);

2. Low-flow water fixtures in bathrooms ó WaterSense labeled products or the following specifications:
 - a. Toilets: 1.6 gallons/flush or less,
 - b. Faucets: 1.5 gallons/minute or less,
 - c. Showerheads: 2.2 gallons/minute or less;
3. Energy Star qualified refrigerator;
4. Energy Star qualified dishwasher;
5. Water heating minimum efficiency specifications (choose gas, electric, or gas tankless or boiler/hot water maker);
 - a. Gas:
 - i. 30 gal = .63 EF; or
 - ii. 40 gal = .61 EF; or
 - iii. 50 gal = .59 EF; or
 - iv. 60 gal = .57 EF; or
 - v. 70 gal = .55 EF; or
 - vi. 80 gal = .53 EF; or
 - b. Electric:
 - i. 30 gal = .94 EF; or
 - ii. 40 gal = .93 EF; or
 - iii. 50 gal = .92 EF; or
 - iv. 60 gal = .91 EF; or
 - v. 70 gal = .90 EF; or
 - vi. 80 gal = .89 EF; or
 - c. Tankless gas water heater: minimum .80 EF
 - d. Boiler or hot water maker:
 - i. <300,000 Btu/h: 85% Et (thermal efficiency); or
 - ii. 300,000 Btu/h or higher: 80% Et;
6. Energy Star qualified ceiling fans with lighting fixtures in the bedrooms;
7. Air Conditioning (choose in-unit or commercial);

- a. In-unit air conditioning: minimum 14 SEER; or
 - b. Packaged units are allowed in studio/efficiency units and one-bedroom units; minimum 11.7 EER: or
 - c. Central chiller AC system ó based on size:
 - i. 0-65 KBtuh: Energy Star certified; or
 - ii. >65-135 KBtuh: 11.3 EER/11.5 IPLV; or
 - iii. >135-240 KBtuh: 11.0 EER/11.5 IPLV; or
 - iv. >240 KBtuh: 10.6 EER/11.2 IPLV.
- G. The Applicant has committed to provide the following Additional Green Building Features to achieve a total point value of at least 10 points:

1. Programmable thermostat in each unit (2 points)
2. Humidistat in each unit (2 points)
3. Water Sense certified dual flush toilets in all bathrooms (2 points)
4. Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)
5. Energy Star qualified roof coating (2 points) *
6. Energy Star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *
7. Eco-friendly cabinets ó formaldehyde free and material must be certified by the Forest Stewardship Council or a certification program endorsed by the Program for the Endorsement of Forest Certification (3 points)
8. Eco-friendly flooring for entire unit ó Carpet and Rug Institute Green Label certified carpet and pad, bamboo, cork, 80 percent recycled content tile, and/or natural linoleum (3 points)
9. Energy Star rating for all windows in each unit (3 points)

10. X Florida Yards and Neighborhoods certification on all landscaping (2 points)
11. X Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Applicant may choose only one option related to Energy Star qualified roofing.

H. The Applicant must provide the following Resident Programs:

1. After School Program for Children ó This program requires the Applicant or its Management Company to provide supervised, structured, age-appropriate activities for children during after school hours, Monday through Friday. Activities must be on-site.
2. Literacy Training ó Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.
3. Employment Assistance Program ó Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must include, but not be limited to, the following:
 - Evaluation of current job skills;
 - Assistance in setting job goals;
 - Assistance in development of and regular review/update of individualized plan for each participating resident;
 - Resume assistance;
 - Interview preparation;
 - Placement and follow-up services

RESOLUTION NO. R-2017-05

A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$16,000,000 HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA MULTIFAMILY RENTAL HOUSING REVENUE NOTE (ROYAL PALM PLACE), SERIES 2017 IN ONE OR MORE SERIES (THE "GOVERNMENTAL NOTE") AND PROVIDING FOR CERTAIN DETAILS THEREOF; WITH RESPECT TO THE GOVERNMENTAL NOTE, APPOINTING A FISCAL AGENT, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FUNDING LOAN AGREEMENT WITH CITIBANK, N.A., AS INITIAL FUNDING LENDER, AND U.S. BANK NATIONAL ASSOCIATION, AS FISCAL AGENT, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PROJECT LOAN AGREEMENT WITH CITIBANK, N.A., FISCAL AGENT AND ROYAL PALM PLACE, LTD., AS BORROWER, APPROVING THE FORM OF THE SECURITY INSTRUMENT AND APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF THE ASSIGNMENT OF MORTGAGE AND LOAN DOCUMENTS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LAND USE RESTRICTION AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FEE GUARANTY AND ENVIRONMENTAL INDEMNITY AGREEMENT; ACCEPTING FINAL CREDIT UNDERWRITING REPORT; DETERMINING THE NEED FOR A NEGOTIATED PRIVATE SALE OF THE GOVERNMENTAL NOTE AND DELEGATING TO THE CHAIRPERSON OR VICE CHAIRPERSON THE AUTHORITY TO APPROVE THE TERMS OF SUCH PRIVATE PLACEMENT SUBJECT TO CERTAIN CRITERIA; AUTHORIZING THE PROPER OFFICERS TO DO ALL THINGS NECESSARY OR ADVISABLE; AND PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.

WHEREAS, the Board of County Commissioners of Palm Beach County, Florida (the "Board"), has heretofore enacted Ordinance 79-3, as amended by Ordinance No. 02-022 and by Ordinance No. 2012-028, creating the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), pursuant to the provisions of Chapter 159, Part IV, Florida Statutes, as amended and supplemented (the "Act"); and

WHEREAS, the Board has heretofore adopted a resolution declaring a need for the Authority to function in order to alleviate the shortage of housing and capital for investment in housing within Palm Beach County, Florida (the "County"); and

WHEREAS, the Authority, pursuant to the Act and the Funding Loan Agreement (the "Funding Loan Agreement") among the Authority, Citibank, N.A., as the Funding Lender (the "Funding Lender") and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), in substantially the form attached hereto as Exhibit A, has determined to issue its Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 (the "Governmental Note") in an aggregate principal amount not to exceed 16,000,000 to make the Loan (as defined below) to be used by Royal Palm Place, Ltd., a Florida limited partnership (together with its successors and

assigns, the "Borrower") to pay a portion of the costs of the acquisition, construction and equipping of a 125 unit multifamily rental housing facility to be known as Royal Palm Place, located NW Corner of 15th Street and Division Avenue, West Palm Beach, Florida 33407 (the "Project"), the form of which Governmental Note shall be as provided in the Funding Loan Agreement; and

WHEREAS, the Governmental Note will be purchased by the Funding Lender through a negotiated private placement and the proceeds received by the Authority from the Funding Lender will be loaned (the "Loan") to the Borrower to finance a portion of the costs of the Project pursuant to the terms and provisions of that certain Project Loan Agreement among the Authority, the Fiscal Agent and the Borrower (the "Project Loan Agreement") in substantially the form attached hereto as Exhibit B-1; and

WHEREAS, the Loan made pursuant to the Project Loan Agreement will be evidenced by that certain Multifamily Note from the Borrower payable to the Authority (the "Borrower Note"), which Borrower Note shall be in substantially the form attached hereto as Exhibit B-2, and will be secured by a Leasehold Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (the "Mortgage") in substantially the form attached hereto as Exhibit C from the Borrower to the Authority; and

WHEREAS, pursuant to that certain Assignment of Mortgage and Loan Documents, in substantially the form attached hereto as Exhibit D (the "Mortgage Assignment"), the Authority will assign (other than certain unassigned rights) its right in the Borrower Note and Mortgage to the Fiscal Agent; and

WHEREAS, it is the intent of the Funding Lender and the Authority that the interest payable on the Governmental Note be excludable from the gross income of the Funding Lender for federal income tax purposes (herein, "Tax-Exempt Obligations"); and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder impose certain requirements on governmental issuers, such as the Authority, in order that the debt of such issuers be issued as Tax-Exempt Obligations; and, in furtherance of such requirements, the Authority desires to authorize the execution and delivery of a Land Use Restriction Agreement expected to be dated as of the first day of the month and year in which the Governmental Note is issued, by and among the Borrower, the Fiscal Agent and the Authority in substantially the form presented at this meeting and attached hereto as Exhibit E, which agreement evidences certain restrictions placed on the use and occupancy of the Project as required under the Act and the applicable provisions of the Internal Revenue Code (the "Regulatory Agreement"); and

WHEREAS, the Authority desires to authorize the execution and delivery of a Fee Guaranty and Environmental Indemnity Agreement expected to be dated as of the first day of the month and year in which the Governmental Note is issued from the Borrower and the

individual indemnitors named therein to the Authority and Fiscal Agent in substantially the form attached hereto as Exhibit F (the "Indemnity Agreement"); and

WHEREAS, the Authority desires to accept the final Credit Underwriting Report delivered to the Authority by First Housing with respect to the Project (the "Credit Underwriting Report");and

WHEREAS, within 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, which 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 "qualifying housing development" under the Act; and

WHEREAS, adequate provision has been made in the documents attached hereto for the Loan by the Authority to the Borrower to finance the acquisition, construction and equipping of the Project, and for the operation, repair and maintenance of the Project at the expense of the Borrower and for the repayment by the Borrower of the Loan in installments sufficient to pay the principal of and the interest on the Governmental Note, and all costs and expenses relating thereto; and

WHEREAS, the Authority is not obligated to pay the Governmental Note except from the proceeds derived from the repayment of the Loan and other payments received from the Borrower or from the other security pledged therefor; and

WHEREAS, the Funding Lender has indicated its willingness to advance the Funding Loan proceeds to the Authority through a private negotiation; and

WHEREAS, a negotiated agreement for the advancement of the Funding Loan proceeds and delivery of the Governmental Note to the Funding Lender is necessary and in the best interests of the Authority for the following reasons: the Governmental Note will be a special limited obligation of the Authority payable from amounts derived from the payments by the Borrower pursuant to the Project Loan Agreement and certain other funds and collateral pledged therefor; the Borrower will be required to pay all costs of the Authority in connection with the issuance of the Governmental Note and the administration of the Project and to

operate and maintain the Project at the Borrower's own expense; the costs of issuance of the Governmental Note, which must be borne directly or indirectly by the Borrower, would most likely be greater if the Governmental Note were sold at a public sale by competitive bids than if the Governmental Note is sold at a negotiated sale; in light of the unsettled bond market and the necessity of complying with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), it is essential that the Authority and the Borrower have maximum flexibility in structuring the Governmental Note, which flexibility would not be possible in competitive bidding; there is no basis, considering prevailing market conditions, for any expectation that the terms and conditions of a sale of the Governmental Note at public sale by competitive bids would be any more favorable than at a negotiated sale; multifamily rental housing revenue bonds which have the characteristics of the Governmental Note are typically sold at negotiated sale under prevailing market conditions; and the Borrower and the Funding Lender have undertaken substantial negotiations with respect to the Governmental Note and the security therefor; and

WHEREAS, notice of a public hearing conducted by the Authority on April 14, 2017, inviting written and oral comments and discussions concerning the issuance of the Governmental Note in an aggregate face amount of not to exceed \$17,000,000 to finance the acquisition, construction and equipping of the Project was published in The Palm Beach Post, a newspaper of general circulation in the County at least 14 days prior to the date of such hearing; and

WHEREAS, on May 2, 2017, the Board approved the issuance of bonds by the Authority in an aggregate face amount of not to exceed \$17,000,000 for purposes of Section 147(f) of the Code and for purposes of the Act pursuant to Resolution No. R2017-0597; and

WHEREAS, the Authority has received from the State of Florida Division of Bond Finance 2016 private activity bond volume cap allocation in the amount of \$100,000,000 which may be used by the Authority for the issuance of qualified mortgage bonds, including the Governmental Note; and

WHEREAS, the Authority desires to authorize the execution of all documents deemed necessary and to be in acceptable form as determined by its Bond Counsel and general counsel to the Authority.

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

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 in the Project Loan Agreement, unless a different meaning clearly appears

from the context, shall have the same meanings in this Resolution as in the Funding Loan Agreement, as applicable.

SECTION 3. AUTHORIZATION OF THE GOVERNMENTAL NOTE. For the purpose of providing funds to make the Loan to the Borrower to finance a portion of the costs of the Project, there is hereby authorized by the Authority, a Tax-Exempt Obligation to be known as the "Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017," in one or more series in the aggregate principal amount of not exceeding SIXTEEN MILLION DOLLARS (16,000,000).

The proceeds of the Governmental Note, together with the moneys received by the Fiscal Agent from the Borrower or tax credit investor, shall be applied, the Governmental Note shall mature in the years and in the amounts, bear interest at such rate or rates, and be subject to redemption, and be in such form, all as provided in the Funding Loan Agreement. The Authority hereby authorizes, pursuant to the provisions of the Funding Loan Agreement, the use of the proceeds of the Governmental Note to make the Loan to the Borrower for the Borrower to pay a portion of the costs of the Project. The execution of the Funding Loan Agreement by the authorized officers of the Authority as set forth in Section 5 hereof shall constitute approval of such terms as set forth in this Section 3.

SECTION 4. SECURITY FOR THE GOVERNMENTAL NOTE. The Governmental Note will be a limited obligation of the Authority. The principal of, or redemption price and interest on, the Governmental Note will be payable solely as provided in the Funding Loan Agreement. Neither the members of the Authority nor any person executing the Governmental Note shall be liable personally on the Governmental Note by reason of the issuance thereof. The Governmental Note will not be a debt of the Authority, the County, the State of Florida (the "State") or any other political subdivision thereof, and neither the faith and credit nor the taxing power of the County, the State or any other political subdivision thereof will be pledged to the payment of the principal of, or redemption price and interest on, the Governmental Note. The Authority has no taxing power.

SECTION 5. APPROVAL OF FORMS AND EXECUTION OF LOAN DOCUMENTS, INCLUDING FUNDING LOAN AGREEMENT, PROJECT LOAN AGREEMENT, PROJECT NOTE, MORTGAGE AND MORTGAGE ASSIGNMENT. The forms of the Funding Loan Agreement, the Project Loan Agreement, the Project Note, the Mortgage and the Mortgage Assignment, relating to the Loan, presented at this meeting (and attached hereto as Exhibits A, B-1, B-2, C and D, respectively), are hereby approved and adopted by the Authority, together with such changes, modifications and deletions as may be deemed necessary and appropriate. The Chairperson (or, in the Chairperson's absence, the Vice Chairperson or any other member of the Authority in the absence of the Vice Chairperson) is hereby authorized to execute and deliver on behalf of the Authority, and the Secretary (or, in the Secretary's absence, any Assistant Secretary) of the Authority is authorized to affix the Seal of the Authority and attest to the execution of the Funding Loan Agreement, the Project Loan Agreement and the Mortgage

Assignment in the form presented at this meeting, together with such changes, modifications and deletions as the officer of the Authority executing the same may deem necessary and appropriate with the advice of Bond Counsel and general counsel to the Authority, such execution and delivery to be conclusive evidence of the approval and authorization thereof by the Authority.

SECTION 6. APPOINTMENT OF FISCAL AGENT. U.S. Bank National Association, having its designated office in Fort Lauderdale, Florida, is hereby appointed Fiscal Agent under the Funding Loan Agreement, the Regulatory Agreement and the Indemnity Agreement.

SECTION 7. APPROVAL AND EXECUTION OF THE REGULATORY AGREEMENT. The form of the Regulatory Agreement in substantially the form presented at this meeting (and attached hereto as Exhibit E) by and among the Authority, the Fiscal Agent and the Borrower, is hereby approved and adopted by the Authority, together with such changes, modifications and deletions as may be deemed necessary and appropriate. The Chairperson (or, in the Chairperson's absence, the Vice Chairperson or any other member of the Authority in the absence of the Vice Chairperson) is hereby authorized to execute and deliver on behalf of the Authority, and the Secretary (or, in the Secretary's absence, any Assistant Secretary) of the Authority is hereby authorized to affix the Seal of the Authority and attest to the execution of the Regulatory Agreement in the form presented at this meeting, together with such changes, modifications and deletions as the officer of the Authority executing the same may deem necessary and appropriate with the advice of Bond Counsel and general counsel to the Authority, such execution and delivery to be conclusive evidence of the approval and authorization thereof of the Authority.

SECTION 8. APPROVAL AND EXECUTION OF INDEMNITY AGREEMENT. The Indemnity Agreement in substantially the form presented at this meeting (and attached hereto as Exhibit F) is hereby approved and adopted by the Authority, together with such changes, modifications and deletions as may be deemed necessary and appropriate. The Chairperson (or, in the Chairperson's absence, the Vice Chairperson or any other member of the Authority in the absence of the Vice Chairperson) is hereby authorized to execute and deliver on behalf of the Authority, and the Secretary (or, in the Secretary's absence, any Assistant Secretary) of the Authority is hereby authorized to affix the Seal of the Authority and attest to the execution of the Indemnity Agreement in the form presented at this meeting together with such changes, modifications and deletions as the officer of the Authority executing the same may deem necessary and appropriate with the advice of Bond Counsel and general counsel to the Authority, such execution and delivery to be conclusive evidence of the approval and authorization thereof of the Authority.

SECTION 9. NEGOTIATED PRIVATE SALE OF GOVERNMENTAL NOTE. Based on the findings contained in the recitals to this Resolution, the Authority finds that it is necessary and in the best interest of the Authority that the Governmental Note is sold on a negotiated basis directly to the Funding Lender so long as (a) the interest rate on the

Governmental Note does not exceed 6.0%, the principal amount is not in excess of \$16,000,000, and the maturity date of the Governmental Note is not later than December 31, 2036 and (b) the Authority receives from the Funding Lender a truth-in-bonding statement required by Section 218.385, Florida Statutes.

SECTION 10. ACCEPTANCE OF CREDIT UNDERWRITING REPORT. The Credit Underwriting Report is hereby accepted, with an understanding that there are not any open or unresolved issues constituting closing conditions which must be satisfied prior to closing to the Authority's satisfaction (as evidenced by the execution and delivery of the financing documents by the authorized officers of the Authority).

SECTION 11. SEVERABILITY. In case any one or more of the provisions of this Resolution, or of the documents entered into in connection with the issuance of the Governmental Note or any other agreements to which the Authority is a party and which have been approved by the Authority shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions thereof and said Governmental Note shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained therein.

SECTION 12. FURTHER ACTIONS. The Chairperson, the Vice Chairperson, the Secretary and any Assistant Secretary of the Authority and the other members of the Authority, the Executive Director of the Authority, and the Authority's general counsel or Bond Counsel are hereby authorized and directed to do all acts and things required of them by the provisions of the Governmental Note and the other documents herein approved and also to do all acts and things required of them by the provisions of this Resolution, including, but not limited to, the execution of such other documents that may be required for the better securing of the Governmental Note, making the Governmental Note a Tax-Exempt Obligation or as a condition precedent for the issuance thereof.

SECTION 13. HEADINGS NOT PART OF THIS RESOLUTION. Any headings preceding the texts of the several sections of this Resolution shall be solely for convenience of reference and shall not form a part of this Resolution, nor shall they affect its meaning, construction or effect.

SECTION 14. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 21st day of July, 2017.

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

(S E A L)

ATTEST:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

By: _____

Morris G. (Skip) Miller, Esq.
Attorney

EXHIBIT LIST

EXHIBIT A – FUNDING LOAN AGREEMENT

EXHIBIT B -1– PROJECT LOAN AGREEMENT

EXHIBIT B-2 –PROJECT NOTE

EXHIBIT C –MORTGAGE

EXHIBIT D –MORTGAGE ASSIGNMENT

EXHIBIT E – REGULATORY AGREEMENT

EXHIBIT F – INDEMNITY AGREEMENT

FUNDING LOAN AGREEMENT

among

**CITIBANK, N.A.,
as Initial Funding Lender**

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA,
as Governmental Lender**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent**

Relating to

ROYAL PALM PLACE

Maximum Funding Loan Principal Amount: \$16,000,000

Dated as of July 1, 2017

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FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT (this "**Funding Loan Agreement**"), is made and entered into as of July 1, 2017, by and among **Citibank, N.A.**, a national banking association, in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the **Housing Finance Authority of Palm Beach County, Florida** (the "**Governmental Lender**"), a public body corporate and politic duly created, organized, and existing under the laws of the State of Florida, and **U.S. Bank National Association**, a national banking association, organized and operating under the laws of the United States of America, having a corporate trust office in Fort Lauderdale, Florida, as Fiscal Agent (the "**Fiscal Agent**"). Capitalized terms are defined in Section 1.01 of this Funding Loan Agreement.

RECITALS

A. The Legislature of the State of Florida (the "**State**") has enacted the Florida Housing Finance Authority Law, Sections 159.601 *et seq.*, Florida Statutes, as amended (the "**Act**"), pursuant to which the State has empowered each county in the State to create by ordinance a separate public body corporate and politic, to be known as a housing finance authority of the county for which it was created, for the purpose of alleviating a shortage of housing and creating capital for investment in housing in the area of operation of such housing finance authority.

B. Pursuant to the Act, the Board of County Commissioners of Palm Beach County, Florida (the "**County**"), enacted Ordinance No. 79-3 on February 6, 1979, as amended by Ordinance No. R-022 and by Ordinance No. 2012-028 (collectively, the "**Ordinance**"), creating the Housing Finance Authority of Palm Beach County, Florida to carry out and exercise all powers and public and governmental functions set forth in and contemplated by the Act.

C. The Act authorizes the Governmental Lender: (a) to make loans to any person, or to purchase loans, including federally insured mortgage loans, in order to provide financing for residential rental developments located within the Governmental Lender's area of operations, which are to be occupied by persons of low, moderate, or middle income; (b) to issue its revenue bonds pursuant to the Act, for the purpose of obtaining money to make or to purchase such loans and provide such financing, to establish necessary reserve funds, and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge, or grant security interests in such loans in order to secure the payment of the principal or redemption price of and interest on such bonds.

D. The Borrower (as hereinafter defined) has requested the Governmental Lender to make a mortgage loan to the Borrower in the maximum aggregate principal amount of \$16,000,000 (the "**Project Loan**") to provide for the financing of a multifamily rental housing

development located at NW Corner of 15th Street and Division Avenue, West Palm Beach, Florida 33407 to be known as Royal Palm Place (the "**Project**").

E. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the loan in the maximum aggregate principal amount of \$16,000,000 (the "**Funding Loan**" and together with the Project Loan, the "**Loans**") made to the Governmental Lender pursuant to this Funding Loan Agreement. The Funding Loan is evidenced by the Governmental Lender's Housing Finance Authority of Palm Beach County, Florida Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 (the "**Governmental Note**"), dated July 25, 2017, and delivered by the Governmental Lender to the Initial Funding Lender.

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

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

H. The Borrower's repayment obligations in respect of the Project Loan will be evidenced by the Multifamily Note, dated July 25, 2017 (together with all riders and modifications thereto, the "**Project Note**"), delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

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

J. The Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise ("**Freddie Mac**"), has entered into a commitment with Citibank, N.A. (the "**Freddie Mac Seller/Servicer**"), dated July __, 2017 (the "**Freddie Mac Commitment**"), whereby Freddie Mac has committed, subject to the satisfaction of the Conditions to Conversion set forth in the Construction Phase Financing Agreement on or before the Forward Commitment Maturity Date, to facilitate the financing of the Project in the

Permanent Phase by purchasing the Funding Loan from the Freddie Mac Seller/Servicer following the Conversion Date.

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

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

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

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

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

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

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

ARTICLE I DEFINITIONS

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

"Act" means Florida Housing Finance Authority Law, Sections 159.601 *et seq.*, Florida Statutes, as amended.

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

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

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

"Advance Termination Date" means the earliest to occur of (i) the date when the sum of the aggregate advances of the Funding Loan made by the Initial Funding Lender equals the Authorized Amount, (ii) the date that is three years after the Delivery Date, (iii) the Conversion Date, (iii) the date of a Determination of Taxability, or (iv) the occurrence of an Event of Default hereunder.

"Arbitrage Rebate Agreement" means the Arbitrage Rebate Agreement, dated as of July 1, 2017, among the Governmental Lender, the Fiscal Agent, and the Borrower.

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

"*Authorized Amount*" means \$16,000,000 the maximum principal amount of the Funding Loan authorized under this Funding Loan Agreement.

"*Authorized Officer*" means (a) when used with respect to the Governmental Lender, the Chairperson, Vice Chairperson, and Secretary, Assistant Secretary or Executive Director of the Governmental Lender and such additional Person or Persons, if any, duly designated by the Governmental Lender in writing to act on its behalf, (b) when used with respect to the Borrower, any general partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Fiscal Agent, any authorized signatory of the Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of the Fiscal Agent, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, and (e) when used with respect to the Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of the Funding Lender Representative.

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

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

"*Borrower*" means Royal Palm Place, Ltd., a limited partnership duly organized and existing under the laws of the State of Florida, or any of its permitted successors or assigns, as owner of the Project.

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

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

"*Certificate of the Governmental Lender*" and "*Request of the Governmental Lender*" mean, respectively, a written certificate or request signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with

any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

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

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

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

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

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

"Construction Phase Interest Rate" has the meaning set forth on Exhibit F; provided during the continuation of any Event of Default hereunder, the Construction Phase Interest Rate shall be the Default Rate.

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

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

"Conversion Date" means the date the Freddie Mac Seller/Servicer retains the Funding Loan upon the satisfaction of the Conditions to Conversion, as such Conversion Date is specified by the Freddie Mac Seller/Servicer in the Notice of Conversion, which date shall be at least ten (10) days following the date on which the Notice of Conversion is delivered.

"Cost," "Costs," or "Costs of the Project" mean, with respect to the proceeds of the Governmental Note, costs paid with respect to the Project that (i) are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations Section 1.103-8(a)(1), (ii) are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) are paid after the earlier of (A) 60 days prior to the date of a resolution of the Governmental Lender to reimburse costs of the Project with proceeds of the Loans or (B) the Delivery Date, and (iv) if the Costs of the Project were previously paid and are to be reimbursed with proceeds of the Loans such costs were (A) costs of issuance of the Governmental Note, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering, and soil testing services) incurred before commencement of acquisition or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Governmental Note (as defined in United States Treasury Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid); provided however, that if any portion of the Project is being constructed or developed by the Borrower or an affiliate (whether as a developer, a general contractor or a subcontractor), *"Cost," "Costs," or "Costs of the Project"* shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such affiliate in developing or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such affiliate (but excluding any profit component), and (c) any overhead expenses incurred by the Borrower or such affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition, construction, or development of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof) and shall not include costs incurred with respect to property eligible for bonus depreciation under Section 168(k) of the Code (e.g. site work, personal property and other property with a recovery period of 20 years or less).

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

"Costs of Issuance" means, as applicable, (i) the fees (excluding ongoing fees), costs and expenses of (a) the Governmental Lender, the Governmental Lender's counsel, and the Governmental Lender's financial advisor, if any, (b) Bond Counsel, (c) the Fiscal Agent and the Fiscal Agent's counsel, (d) the Initial Funding Lender and the Initial Funding Lender's counsel (e) the Freddie Mac Seller/Servicer and the Freddie Mac Seller/Servicer's counsel, (f) Freddie Mac and Freddie Mac's counsel, and (g) the Borrower's counsel attributable to the funding of the Loans and the Borrower's financial advisor, if any, and (ii) all other fees, costs, and expenses

directly associated with the Funding Loan and the Project Loan, including, without limitation, printing costs, costs of reproducing documents, filing, and recording fees.

"*Default Rate*" means (a) during the Construction Phase, an interest rate equal to the lower of (i) five percent (5%) per annum in excess of the Construction Phase Interest Rate shown on Exhibit F hereto, or (ii) the Maximum Interest Rate, and (b) during the Permanent Phase, an interest rate equal to the lower of (i) four percent (4%) per annum above the Permanent Phase Interest Rate or (ii) the Maximum Interest Rate.

"*Delivery Date*" means July 25, 2017, the date of funding of the initial advance of the Funding Loan and the delivery of the Governmental Note by the Governmental Lender to the Initial Funding Lender.

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

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

"*Environmental Indemnity*" means the Fee Guaranty and Environmental Indemnity Agreement, dated as of July 1, 2017, from the Guarantors, jointly and severally, in favor of the Governmental Lender and the Fiscal Agent.

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

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

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

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

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

"Fiscal Agent" means U.S. Bank National Association, a national banking association, and its successors hereunder.

"Fiscal Agent's Extraordinary Fees and Expenses" means all those fees, expenses, and disbursements earned or incurred by the Fiscal Agent as described under Section 7.06 hereof for Extraordinary Services, as set forth in a detailed invoice to the Borrower, the Servicer, and the Funding Lender Representative.

"Fiscal Agent's Ordinary Fees and Expenses" means the annual administration fee for the Fiscal Agent's ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve month period, which annual fee is equal to \$2,500 and shall be payable annually in advance on the Delivery Date and each anniversary, together with an out of

pocket fee to attend the closing and related expenses billed at cost, each as such fees may be adjusted by the Fiscal Agent with the consent of the Funding Lender Representative.

"Forward Commitment Maturity Date" means August 1, 2019, subject to extension as provided in the Construction Phase Financing Agreement.

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

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

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

"Freddie Mac Purchase Date" means the date on which Freddie Mac purchases the Funding Loan from the Freddie Mac Seller/Servicer upon satisfaction of the conditions set forth in the Construction Phase Financing Agreement and the Freddie Mac Commitment.

"Freddie Mac Seller/Servicer" means Citibank, N.A., as Freddie Mac's seller/servicer under the Freddie Mac Commitment, or any of its successors or assigns under the Freddie Mac Commitment.

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

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

"Funding Loan" means the loan in the maximum aggregate principal amount of \$16,000,000 made to the Governmental Lender pursuant to this Funding Loan Agreement by the Initial Funding Lender.

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

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

"Governmental Fee Component" means the ongoing fee of the Governmental Lender in connection with the making of the Project Loan set forth in clause (ii) of the definition of Governmental Lender Fee.

"Governmental Lender" means 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.

"Governmental Lender Fee" means (i) the financing fee in the amount equal to .20% of the maximum principal amount of the Governmental Note (\$32,000), to be paid on or before the Delivery Date, and (ii) the annual program administration fee owed to the Governmental Lender by the Borrower, accruing from the Delivery Date, payable (a) in arrears in semiannual installments on each February 1 and August 1 commencing February 1, 2018, equal to .15% of the maximum principal amount of the Governmental Note (\$12,000) as issued on the Closing Date and (b) on the date the Project Loan is paid in full in an amount equal to any accrued and unpaid Governmental Lender Fee; provided, that such Governmental Lender Fee does not include amounts due, if any, for extraordinary services and expenses of the Governmental Lender; provided, further, that if the Project Loan has been paid prior to the end of the Qualified Project Period (as defined in the Tax Regulatory Agreement), the Governmental Lender Fee shall mean the Authority Fee (as defined in the Tax Regulatory Agreement).

"Governmental Note" means the Housing Finance Authority of Palm Beach County, Florida Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 in the maximum aggregate principal amount of \$16,000,000, dated the Delivery Date, executed by the Governmental Lender and authenticated by the Fiscal Agent in favor of the Initial Funding Lender, in the form attached hereto as Exhibit A, as the same may be amended, restated, supplemented, or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute note may be amended, restated, supplemented, or otherwise modified from time to time.

"Guarantors" means Royal Palm Place Ltd., Royal Palm Place GP, LLC, WPBHA at Royal Palm Place, Inc., Francisco Rojo, Robert Saland, Landmark Development Corp., BAOBAB Development, Inc., and the West Palm Beach Housing Authority, and their permitted successors and assigns.

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

"Initial Funding Lender" means Citibank, N.A., a national banking association, as initial holder of the Governmental Note.

"Interest Payment Date" means (i) the first day of each calendar month, commencing August 1, 2017, (ii) the date of any prepayment of the Funding Loan, but only with respect to the portion of the Funding Loan subject to prepayment, and (iii) the Maturity Date.

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

"Loans" means, together, the Project Loan and the Funding Loan.

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

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

"Maturity Date" means the maturity date of the Funding Loan set forth in Section 2.01(d) hereof.

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

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

"Notes" means, together, the Project Note and the Governmental Note.

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

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

"*Permanent Phase Interest Rate*" means, during the Permanent Phase, the fixed interest rate of ___% per annum; provided that during the continuance of any Event of Default hereunder, the Permanent Phase Interest Rate shall be the Default Rate, in each case computed on the basis of a 360-day year consisting of twelve 30-day months.

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

"*Pledged Security*" shall have the meaning given to that term in Section 2.02 hereof.

"*Pre-Conversion Loan Equalization Payment*" means a prepayment of the Project Loan by the Borrower (and corresponding prepayment of the Funding Loan hereunder) prior to the Forward Commitment Maturity Date in order to equalize the principal amount of the Project Loan and the Funding Loan to the Actual Project Loan Amount.

"*Prepayment Premium*" shall mean any premium payable hereunder in connection with a prepayment of the Funding Loan, which premium shall be in an amount equal to (i) during the Construction Phase, the amount of premium, if any, payable by the Borrower under the Construction Continuing Covenant Agreement, and (ii) during the Permanent Phase, the amount of premium payable by the Borrower under the Project Note, in each case in connection with a prepayment of the Project Loan.

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

"*Proceeds Certificate*" means the certificate of the Borrower dated the Closing Date, with respect to the use of the proceeds of the Governmental Note and certain other matters.

"*Project*" means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings, and site improvements to be known as Royal Palm Place located at NW Corner of 15th Street and Division Avenue, West Palm Beach, Florida 33407, including the real estate described in the Security Instrument.

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

"*Project Loan*" means the loan made by the Governmental Lender to the Borrower pursuant to the Project Loan Agreement in the maximum aggregate principal amount of \$16,000,000, as evidenced by the Project Note.

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

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

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

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

"Qualified Investments" means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Fiscal Agent or such other institution has been rated at least "VMIG-1"/"A-1+" by Moody's or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with a bank or any insurance company or other financial institution which has a rating assigned by Moody's or S&P to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody's or S&P, and which are approved by the Funding Lender Representative; (g) shares or units in any money market mutual fund rated "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives

reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax exempt obligations; (h)(i) tax-exempt obligations rated in the highest short term rating category by Moody's or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund; or (i) any other investments approved in writing by the Funding Lender Representative. For purposes of this definition, the "highest rating" shall mean a rating of at least "VMIG-1"/"A-1+" for obligations with less than one year maturity, at least "Aaa"/"VMIG-1"/"AAA"/"A-1+" for obligations with a maturity of one year or greater but less than three years, and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

"Rating Agency" means Moody's or S&P, as applicable, or any successor rating service thereof.

"Rebate Analyst" means _____, or some other certified public accountant, financial analyst, or bond counsel, or any firm of the foregoing, or financial institution (which may include the Fiscal Agent) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Funding Loan Agreement and the Project Loan Agreement.

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

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

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

"Resolution" means the resolution adopted by the Governmental Lender on July 21, 2017, authorizing the Funding Loan, the Project Loan and the execution, and delivery of the Financing Documents to which it is a party.

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

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

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

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

"SIFMA" shall have the meaning assigned to such term in the Project Note.

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

"Servicer" means any entity appointed by the Funding Lender Representative to service the Loans and any successor in such capacity as appointed by the Funding Lender Representative pursuant to Section 3.02 of the Project Loan Agreement. During the Construction Phase, the Servicer shall be the Initial Funding Lender. During the Permanent Phase, the Servicer shall be the Freddie Mac Seller/Servicer.

"State" means the State of Florida.

"Subordination Agreement" means any subordination and intercreditor agreements entered into with respect to any subordinate financing related to the Project, as may be amended, supplemented or restated.

"Tax Certificate" means collectively, the Certificate as to Arbitrage and Certain Other Tax Matters executed by the Governmental Lender on the Delivery Date and the Borrower's Proceeds Certificate executed by the Borrower on the Delivery Date.

"Tax-Exempt Proceeds Subaccount" means the Tax-Exempt Proceeds Subaccount within the Project Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

"Tax Regulatory Agreement" means the Land Use Restriction Agreement, dated as of July 1, 2017, among the Governmental Lender, the Fiscal Agent, and the Borrower.

"Title Company" means Fidelity National Title Insurance Company.

"Transferee Representations Letter" has the meaning set forth in Section 2.08 hereof.

"Unassigned Rights" means all of the rights of the Governmental Lender and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified, to be paid its fees and expenses, as well as the fees and expenses of counsel (including Bond Counsel), assumption fees and indemnity payments, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership of the Project, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to legal fees and related expenses, its right to enforce the terms of the Tax Regulatory Agreement including the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Governmental Lender thereunder), its right to receive notices and reports under the Financing Documents, and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Documents to which the Governmental Lender is a party and such other matters where, under any Financing Document, the Governmental Lender's consent or approval is required.

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

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

ARTICLE II THE FUNDING LOAN

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

The Funding Loan shall be originated by the Initial Funding Lender on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Initial Funding Lender in installments directly to the Fiscal Agent for deposit to the Project Account upon receipt of an Advance Request and the satisfaction of the conditions to such advance set forth in the Construction Continuing Covenant Agreement and the form of requisition attached as Exhibit E hereto. Upon the advancement of the proceeds of the Funding Loan in accordance with the terms hereof, the principal amount of the Governmental Note in a principal amount equal to the amount so advanced shall be deemed to be increased automatically and without further acts on the part of the Governmental Lender or the Fiscal Agent. The initial installment of the Funding Loan shall be in the amount of \$_____ representing the initial advance of the Funding Loan (consisting of \$_____ of the Funding Loan evidenced by the Governmental Note), which amount shall be advanced by the Initial Funding Lender and deposited as follows: \$_____ into the Tax-Exempt Proceeds Subaccount of the Project Account of the Project Loan Fund in accordance with Section 2.11 and Section 4.02 of this Funding Loan Agreement. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after the Advance Termination Date. Any extension of the Advance Termination Date shall be subject to the receipt by the Fiscal Agent of (i) the prior written consent of the Initial Funding Lender

and Freddie Mac, and (ii) an opinion of Bond Counsel (which shall also be addressed to the Funding Lender Representative) to the effect that such extension will not adversely affect the tax exempt status of the Governmental Note.

(b) The Fiscal Agent shall maintain in its books a log which shall reflect the principal amount advanced by the Initial Funding Lender from time to time (i) in accordance with the provisions of Section 2.01(b) above, or (ii) during the Construction Phase, with respect to interest due on the Funding Loan and other amounts due to the Initial Funding Lender, in accordance with the immediately following sentence (the "Record of Advances"). The Initial Funding Lender shall give the Fiscal Agent notice of any advances made under Section 4.3 of the Construction Continuing Covenant Agreement, and the Fiscal Agent shall enter the amounts of such advances in the Record of Advances. The principal amount due on the Governmental Note shall be only such amount as has been advanced by the Initial Funding Lender as reflected in the Record of Advances and not otherwise prepaid pursuant to the terms of this Funding Loan Agreement. The records maintained by the Fiscal Agent in such regard will be conclusive evidence of the principal amount of the Funding Loan (absent manifest error). The Fiscal Agent shall notify the Governmental Lender, the Freddie Mac Seller/Service, Freddie Mac, and the Borrower if any advance of the proceeds of the Funding Loan is not made by the Initial Funding Lender when due hereunder.

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

(d) The Funding Loan shall mature on August 1, 2034, subject to scheduled monthly principal payments, and to optional and mandatory prepayment prior to maturity as provided in Article III hereof. The unpaid principal balance of the Funding Loan shall be paid on the dates and in the amounts set forth on the initial Funding Loan Amortization Schedule provided on the Delivery Date and attached as Schedule 1 to the Governmental Note if the Conversion Date occurs on or prior to the initial Forward Commitment Maturity Date. If the Forward Commitment Maturity Date is extended by Freddie Mac in accordance with the Freddie Mac Commitment and the Construction Phase Financing Agreement, the first principal payment date under the Funding Loan Amortization Schedule shall automatically be extended to the first day of the month immediately succeeding the Conversion Date (with the succeeding principal installments remaining consistent with the original schedule, but occurring on later dates). Additionally, in the event the outstanding principal amount of the Funding Loan on the Conversion Date is less than the starting principal amount set forth in the initial Funding Loan Amortization Schedule, a new Funding Loan Amortization Schedule will be generated on the Conversion Date at such lesser outstanding principal amount based on the parameters set forth in the Freddie Mac Commitment. In the event the initial Funding Loan Amortization Schedule

is modified in accordance with this Section 2.01(d), a replacement Funding Loan Amortization Schedule will be provided by the Freddie Mac Seller/Servicer which will be attached to the Governmental Note on the Conversion Date. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loan shall be due and payable on the Maturity Date.

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

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

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

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

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

(b) All right, title, and interest of the Governmental Lender in and to the Project Loan Agreement, the Project Note, the Security Instrument, and the other Project Loan Documents (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect, or make claim

for any of the money, income, revenues, issues, profits, and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Governmental Lender or any other Person is or may become entitled to do under said documents; and

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

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

Section 2.03 *Limited Obligations.* The Governmental Note is a limited obligations of the Governmental Lender payable solely from the Pledged Security and any other revenues, funds, and assets pledged under this Funding Loan Agreement and not from any other revenues, funds, or assets of the Governmental Lender. The Governmental Note is not a general obligation, debt, or bonded indebtedness of the Governmental Lender, the State, or any political subdivision thereof (other than of the Governmental Lender to the limited extent set forth in this Funding Loan Agreement) and the holders of the Governmental Note do not have the right to have any excises or taxes levied by the Governmental Lender, the State, or any political subdivision thereof for the payment of the principal of and any Prepayment Premium and interest on the Governmental Note. None of the Governmental Lender, the State, or any

political subdivision of the State will be obligated to pay the principal of and the interest on the Governmental Note or other costs incident thereto except from the Pledged Security pledged under this Funding Loan Agreement. No provision, covenant, or agreement contained in this Funding Loan Agreement or the Governmental Note, or any obligation herein or therein imposed upon the Governmental Lender, or the breach thereof, shall constitute or give rise to or impose a liability upon the Governmental Lender (except from the Pledged Security), or upon any of its officers, employees, or agents, or constitute a charge upon the Governmental Lender's general credit or taxing powers; provided that nothing contained herein or in the Act impairs the rights of the Fiscal Agent to enforce the covenants made for the security of the Governmental Note as provided herein and in the Act. Any recourse for a cause of action under this Funding Loan Agreement or the Governmental Note shall be payable solely from the Pledged Security. It is recognized that notwithstanding any other provision of this Funding Loan Agreement, neither the Borrower, the Fiscal Agent, nor any holder of the Governmental Note shall look to the Governmental Lender for damages suffered by the Borrower, the Fiscal Agent, or such owner as a result of the failure of the Governmental Lender to perform any covenant, undertaking, or obligation under this Funding Loan Agreement, the Project Loan Agreement, the Project Note, the Governmental Note, or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Governmental Lender in any of such documents, or for any other reason.

THE OBLIGATIONS OF THE GOVERNMENTAL LENDER WITH RESPECT TO THE FUNDING LOAN ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE GOVERNMENTAL LENDER BUT ARE LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER PAYABLE BY THE GOVERNMENTAL LENDER SOLELY FROM THE REVENUES. THE FUNDING LOAN SHALL NOT BE A DEBT OF THE STATE, THE GOVERNMENTAL LENDER, OR OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NONE OF THE STATE, THE GOVERNMENTAL LENDER, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE SHALL BE LIABLE FOR THE PAYMENT OF THE FUNDING LOAN. THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE FUNDING LOAN. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

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

Section 2.05 *Form and Execution.* The Governmental Note shall be in substantially the form attached as Exhibit A. The Governmental Note shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of the Chairperson or Vice Chairperson and Secretary or Assistant Secretary of the Governmental Lender. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the

Governmental Note. In case said officers of the Governmental Lender whose manual or facsimile signature shall appear on any of the Governmental Note shall cease to be said officer of the Governmental Lender before the delivery of the Governmental Note, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if said officer of the Governmental Lender had remained in office until delivery. The Governmental Note may be signed on behalf of the Governmental Lender by said officers as are at the time of execution of the Governmental Note proper officers of the Governmental Lender, even though at the date of the Governmental Note, said officers were not such officers. Any reproduction of the official seal of the Governmental Lender on the Governmental Note shall have the same force and effect as if the official seal of the Governmental Lender had been impressed on the Governmental Note.

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

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

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

(a) The Funding Loan shall be fully registered as to principal and interest in the manner and with any additional designation as the Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Funding Loan shall be transferable

only on the registration books of the Fiscal Agent. The Fiscal Agent shall maintain books or other records showing the name and date of registration, address, and employer identification number of the registered owner of the Funding Loan and any transfers of the Funding Loan as provided herein. The Funding Loan shall initially be registered to the Initial Funding Lender, upon the Conversion Date shall be registered to the Freddie Mac Seller/Servicer, and upon the Freddie Mac Purchase Date, shall be registered to Freddie Mac.

(b) The Funding Lender shall have the right to sell, assign, or otherwise transfer only in whole its interest in the Funding Loan or to grant a participation interest in the Funding Loan, provided, that the Funding Loan may be transferred only to an "accredited investor" as that term is defined in Rule 501 of Regulation D under the Securities Act or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act ("accredited investors" and "qualified institutional buyers" are referred to collectively as "**Qualified Transferees**"). In connection with any sale, assignment, or transfer of the Funding Loan, the Funding Lender shall give notice of such sale, assignment, or transfer to the Fiscal Agent and the Fiscal Agent shall record such sale, assignment, or transfer on its books or other records maintained for the registration of transfer of the Funding Loan.

Section 2.09 Restrictions on Transfer. The Governmental Note may be transferred in whole to any Qualified Transferee in connection with a transfer of the Funding Loan in accordance with Section 2.08 hereof and this Section 2.09. Any holder desiring to effect such transfer shall agree to indemnify the Governmental Lender and the Fiscal Agent from and against any and all liability, cost, or expense (including attorneys' fees) that may result if the transfer is not exempt or is not made in accordance with federal and state laws. Following the initial sale of the Governmental Note to the Funding Lender, the Borrower and any "related party" (as defined in Section 144(a)(3) of the Code) shall be prohibited from purchasing the Governmental Note in an amount related to the outstanding principal amount of the Project Note without the prior written consent of the Governmental Lender, which consent will be given only if the Borrower or such related party acknowledges to the Governmental Lender that the interest on the Governmental Note may not be excluded from gross income while held by the Borrower or such related party.

Section 2.10 Funding Loan Closing Conditions; Delivery of Governmental Note. Closing of the Funding Loan on the Delivery Date shall be conditioned upon, and the Governmental Lender shall only execute and deliver to the Fiscal Agent, and the Fiscal Agent shall only authenticate the Governmental Note and deliver the Governmental Note to the Initial Funding Lender, upon receipt by the Fiscal Agent of the following:

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

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

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

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

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

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

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

(h) a certified copy of the Resolution;

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

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

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

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

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

(b) Upon compliance by the Borrower with all applicable conditions in the Construction Continuing Covenant Agreement, the initial advance of proceeds of the Funding Loan shall be delivered by the Initial Funding Lender to the Fiscal Agent on behalf of the Governmental Lender on the Delivery Date and thereafter on a drawdown basis as provided for in Section 2.01(b) hereof. Upon receipt, the Fiscal Agent shall deposit such proceeds evidenced by the Governmental Note to the credit of the Tax-Exempt Proceeds Subaccount of the Project Account of the Project Loan Fund. Amounts in the Project Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.01 of the Project Loan Agreement. Upon the disbursement of all amounts to be disbursed from the Project Loan Fund, the Fiscal Agent shall close the Project Loan Fund.

(c) The Fiscal Agent shall deposit in the Borrower Equity Account any amounts delivered from time to time to the Fiscal Agent and directed by the Borrower or Servicer to be deposited therein, excluding any proceeds of the Loans. The Borrower may elect to pay Costs of Issuance and any Borrower equity required by the Initial Funding Lender by depositing the required amounts with the Title Company on the Delivery Date.

(d) Upon the making of the initial deposits described above in this Section 2.11 and the deposit to the Cost of Issuance Fund described in Section 4.13 hereof, the Governmental Lender shall originate the Project Loan pursuant to the Project Loan Agreement and the Fiscal Agent shall make the initial disbursement of amounts in the Project Loan Fund to (i) the Fiscal Agent for further disbursement in accordance with the Construction Continuing Covenant Agreement, or (ii) otherwise as provided in Section 4.02 hereof. A portion of the initial disbursement may be used to pay Costs of Issuance.

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

Notwithstanding any provision in this Funding Loan Agreement to the contrary, during any period that a Servicer is engaged with respect to the Loans, the Governmental Lender and the Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and all fees due hereunder and under the Project Loan Agreement

shall be paid by the Borrower to the Servicer. The Servicer shall remit all payments collected from the Borrower of principal of, Prepayment Premium, if any, and interest on the Funding Loan, together with other amounts due to the Funding Lender, directly to the Funding Lender (without payment through the Fiscal Agent) per the instructions of the Funding Lender Representative. The Servicer shall be entitled to retain its Servicing Fee (if any) collected from the Borrower and shall remit the Governmental Fee Component to the Governmental Lender and shall remit the Fiscal Agent's Ordinary Fees and Expenses to the Fiscal Agent, together with any other amounts due to the Governmental Lender and the Fiscal Agent collected by the Servicer from the Borrower, in each case in accordance with their respective instructions. Any payment made in accordance with the provisions of this Section shall be accompanied by sufficient information to identify the source and proper application of such payment. The Servicer shall promptly notify the Fiscal Agent, the Funding Lender Representative, and the Governmental Lender in writing of any failure of the Borrower to make any payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan when due or to pay any fees due hereunder or under the Project Loan Agreement, and the Fiscal Agent and the Governmental Lender shall not be deemed to have any notice of such failure unless it has received such notice in writing.

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

(d) So long as payments of principal of, Prepayment Premium, if any, and interest on the Governmental Note and all fees due hereunder and under the Project Loan Agreement are being made to the Initial Funding Lender or the Servicer in accordance with this Section 2.12 and no Event of Default has occurred of which the Fiscal Agent has been given, or been deemed to have, notice thereof pursuant to this Funding Loan Agreement, the Fiscal Agent shall have no obligations to collect loan payments with respect to the Funding Loan, nor shall it be obligated to collect loan payments or fee payments pursuant to the Project Loan Agreement, except at the express written direction of the Funding Lender Representative. Notwithstanding the foregoing, the Funding Lender Representative may elect to have the Fiscal Agent collect and remit loan payments and fee payments hereunder and under the Project Loan Agreement upon written notice of such election to the Fiscal Agent, the Borrower, and the Governmental Lender.

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

**ARTICLE III
PREPAYMENT OF THE FUNDING LOAN**

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

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

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

(i) in whole or in part, upon the occurrence of a mandatory prepayment of the Project Loan pursuant to a Project Note and receipt by the Fiscal Agent of a written direction by the Funding Lender Representative that the Funding Loan shall be subject to mandatory prepayment as a result thereof;

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

(iii) in part, in the event the Borrower elects to make a Pre-Conversion Loan Equalization Payment, provided however, a Pre-Conversion Loan Equalization Payment in the amount of \$5,000,000 shall be made and the proceeds of such prepayment shall be applied to the redemption of the Governmental Note unless otherwise directed in writing by the Funding Lender; or

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

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

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

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

ARTICLE IV REVENUES AND FUNDS

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

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

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

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

Section 4.02 *Project Loan Fund.*

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

(b) Disbursements. Amounts on deposit in the Project Loan Fund shall be disbursed from time to time by the Fiscal Agent in accordance with this Funding Loan Agreement and the Construction Continuing Covenant Agreement for the purpose of paying: (i) Costs of the Project; (ii) other costs of the Project from the Project Account, subject to the 5% limit under Section 142(a) of the Code (with respect solely to the Tax-Exempt Proceeds Subaccount of the Project Account); and (iii) other costs of the Project from the Borrower Equity Account of the Project Account. In addition, amounts in the Project Loan Fund shall be transferred to the Loan Prepayment Fund, the Rebate Fund, and the Borrower at the times and in the manner provided in subsection (e) of this Section 4.02.

(c) Transfers and Requisitions. The Fiscal Agent shall make disbursements from the respective accounts and subaccounts of the Project Loan Fund for purposes described in subsection (b) of this Section 4.02 only upon the receipt of Requisitions signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer (which shall be the Initial Funding Lender during the Construction Phase) signifying the consent to the Requisition by the Servicer. The Fiscal Agent shall have no right or duty to determine whether any requested disbursement from the Project Loan Fund complies with the terms, conditions, and provisions of the Construction Continuing Covenant Agreement. The countersignature of the Authorized Officer of the Servicer on a Requisition shall be deemed a certification and, insofar as the Fiscal Agent is concerned, constitute conclusive evidence, that all of the terms, conditions, and requirements of the Construction Continuing Covenant Agreement applicable

to such disbursement have been fully satisfied or waived. The Fiscal Agent shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

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

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

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

(f) Amounts on deposit in the Project Loan Fund shall be invested as provided in Section 4.08 hereof. All Investment Income on amounts on deposit in the Project Loan Fund

shall be retained in and credited to and become a part of the amounts on deposit in the Project Loan Fund, and shall constitute part of any transfers required by subsection (b) or (e) of this Section 4.02.

Section 4.03 *Application of Revenues.*

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

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

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

SECOND: to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loan on such date with respect to a mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b) hereof (other any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below).

(c) Promptly upon receipt, the Fiscal Agent shall deposit directly to the Loan Prepayment Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loan (if required pursuant to Section 5.06), such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b)(i) hereof; (ii) funds paid to the Fiscal Agent to be applied to the optional prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(a) hereof; and (iii) amounts transferred to the Loan Prepayment Fund from the Project Loan Fund pursuant to Section 4.02(e) hereof.

(d) Subject to Section 2.12 hereof, should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loan on any given Interest Payment Date, the Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the Revenue

Fund; and (2) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

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

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

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

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

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

Section 4.06 *Administration Fund.* Subject to Section 2.12 hereof, the Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Servicer (or the Borrower if no Servicer exists for the Loans) designated for deposit into such fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent and used: **FIRST**, to pay to the Fiscal Agent when due the Fiscal Agent's Ordinary Fees and Expenses; **SECOND**, to pay to the Governmental Lender when due the Governmental Lender Fee; **THIRD**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement, the Project Loan Agreement,

the Arbitrage Rebate Agreement, and the Tax Certificate, upon receipt of an invoice from the Rebate Analyst; **FOURTH**, to pay to the Fiscal Agent any Fiscal Agent's Extraordinary Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and the Servicer; **FIFTH**, to pay to the Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to the Fiscal Agent and the Servicer; **SIXTH**, to pay to the Funding Lender Representative any unpaid amounts due under the Continuing Covenant Agreement, as certified in writing by the Funding Lender Representative to the Fiscal Agent; **SEVENTH**, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loan, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loan scheduled for prepayment on such prepayment date; and **EIGHTH**, to transfer any remaining balance after application as aforesaid to the Revenue Fund.

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

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

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

Section 4.07 [Reserved].

Section 4.08 *Investment of Funds.* The money held by the Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by the Fiscal Agent, at the written direction of the Borrower (or, in the case of the Rebate Fund, as provided in Section 5.07(b)), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (i) six months from the date of investment, and (ii) the date such money is needed; provided, that if the Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. In the absence of written direction from the Borrower, the Fiscal Agent shall hold amounts on deposit in the funds and accounts established under this Funding Loan Agreement

uninvested. Such investments may be made through the investment or securities department of the Fiscal Agent. The Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Fiscal Agent shall be entitled to assume, absent receipt by the Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter.

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

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

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

Section 4.09 *[Reserved]*.

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

Section 4.11 *Amounts Remaining in Funds.* After full payment of the Funding Loan (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges, and expenses of the Governmental Lender, the Fiscal Agent, the Rebate Analyst, the Funding Lender, and the Servicer and other amounts required to be paid hereunder or under any Project Loan Document, including, but not limited to, the Continuing Covenant Agreement (as certified in writing to the Fiscal Agent by the Governmental Lender with respect to amounts due to the Governmental Lender and by the Funding Lender Representative or the Servicer on its behalf with respect to amounts owed under the Continuing Covenant Agreement and by the Rebate Analyst with respect to amounts

due to the Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to the Borrower.

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

Within 55 days of the end of each fifth Rebate Year thereafter, the Borrower shall deliver to the Fiscal Agent and the Governmental Lender a certificate that it has determined no Rebatable Arbitrage (as defined below) is due or shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148 3 of the Treasury Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Arbitrage Rebate Agreement (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), for this purpose treating the last day of the applicable Rebate Year as a (computation) date, within the meaning of Section 1.148 1(b) of the Treasury Regulations (the "**Rebatable Arbitrage**"). Pursuant to Section 2.04 of the Project Loan Agreement, the Borrower shall cause the Rebate Analyst to provide any such calculations to the Fiscal Agent and the Governmental Lender. In the event that the Borrower fails to provide such information to the Fiscal Agent and the Governmental Lender within 55 days of the end of each fifth Rebate Year thereafter, the Fiscal Agent, at the expense of the Borrower, shall select the Rebate Analyst, with the prior written approval of the Governmental Lender, and shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage as required herein.

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

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

(i) Not later than 60 days after the end of (A) the fifth Rebate Year, and (B) each applicable fifth Rebate Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Rebate Year; and

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

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

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

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

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

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel, to the effect that such failure will not adversely affect the exclusion from gross

income for federal income tax purposes of interest on the Governmental Note, a copy of which shall be provided to the Governmental Lender, the Fiscal Agent and the Funding Lender Representative, at the expense of the Borrower.

Section 4.13 Cost of Issuance Fund. \$_____ of the initial advance of proceeds of the Funding Loan evidenced by the Governmental Note shall be delivered by the Initial Funding Lender to the Fiscal Agent on the Delivery Date for deposit into the Cost of Issuance Fund. Upon receipt, the Fiscal Agent shall deposit such amounts to the credit of the Cost of Issuance Fund. The Fiscal Agent shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter in accordance with a Requisition in the form of *Exhibit D* to be given to the Fiscal Agent by the Borrower on the Delivery Date, along with appropriate invoices for such expenses. Investment Income on amounts on deposit in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred **[to the Borrower]**. Upon such final disbursement, the Fiscal Agent shall close the Cost of Issuance Fund.

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

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

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

ARTICLE V
GENERAL COVENANTS AND REPRESENTATIONS

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

Section 5.02 *Performance of Covenants.* The Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Funding Loan Agreement, in the Governmental Note and in all proceedings pertaining thereto, but at the expense of the Borrower.

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

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

- (i) the submission of any claim or the initiation of any legal process, litigation, or administrative or judicial investigation against the Governmental Lender with respect to the Loans of which the Governmental Lender has actual knowledge;
- (ii) [reserved];
- (iii) the occurrence of any default or Event of Default of which the Governmental Lender has actual knowledge;

(iv) the commencement of any proceedings or any proceedings instituted by or against the Governmental Lender in any federal, state, or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes of which the Governmental Lender has actual knowledge; or

(v) the commencement of any proceedings by or against the Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency, or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, Fiscal Agent, or similar official shall have been, or may be, appointed or requested for the Governmental Lender or any of its assets relating to the Loans of which the Governmental Lender has actual knowledge.

Section 5.04 *Inspection of Project Books.* The Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Fiscal Agent or the Funding Lender Representative may from time to time reasonably designate.

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

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

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

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

Section 5.07 *Tax Covenants.*

(a) *Governmental Lender's Covenants.* The Governmental Lender covenants that it will, but only at the expense of the Borrower:

(i) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Funding Loan or the money and investments held in the

funds and accounts in any manner which would cause the Governmental Note to be "arbitrage bonds" under Section 148 of the Code and the Regulations issued under Section 148 of the Code (the "**Regulations**") or which would otherwise cause the interest payable on the Governmental Note to be includable in gross income for federal income tax purposes;

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

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

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

(v) not take any action or permit or suffer any action within its control and of which it has knowledge to be taken if the result of the same would be to cause the Governmental Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations.

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

(b) *Fiscal Agent's Covenants.* The Fiscal Agent agrees that it will invest funds held under this Funding Loan Agreement in accordance with the covenants and terms of this Funding Loan Agreement and the Arbitrage Rebate Agreement (this covenant shall extend through the term of the Funding Loan, to all funds and accounts created under this Funding Loan Agreement, and all money on deposit to the credit of any such fund or account). The Fiscal Agent covenants to and for the benefit of the Funding Lender that, notwithstanding any

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

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

- (a) The Governmental Lender is a public body corporate and politic duly created, organized, and existing under the laws of the State of Florida.
- (b) The Governmental Lender has all necessary power and authority to issue the Governmental Note and to execute and deliver this Funding Loan Agreement, the Project Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.
- (c) The Governmental Lender has not granted any pledge, lien or encumbrance on the revenues and assets pledged for the repayment of the Funding Loan.

(d) The Financing Documents to which the Governmental Lender is a party have been validly authorized, executed and delivered by the Governmental Lender.

(e) To the actual knowledge of the Governmental Lender, the execution and delivery of the Governmental Note and this Funding Loan Agreement, the consummation of the transactions on the part of the Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Governmental Lender under the terms of any instrument or agreement.

ARTICLE VI
DEFAULT PROVISIONS AND
REMEDIES OF FISCAL AGENT AND FUNDING LENDER

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

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

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

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

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

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

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

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

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

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

the prior written consent of the Funding Lender Representative (which consent may be given in the sole discretion of the Funding Lender Representative):

- (i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, Prepayment Premium, if any, or interest on the Funding Loan and to require the Governmental Lender to carry out any covenants or agreements with or for the benefit of the Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement, or the Tax Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof;
- (ii) by pursuing any available remedies under the Project Loan Agreement, the Tax Regulatory Agreement, or any other Financing Document;
- (iii) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and
- (iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Funding Lender and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Fiscal Agent in order to have the claim of the Funding Lender against the Governmental Lender allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to the Fiscal Agent or to the Funding Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Fiscal Agent or the Funding Lender hereunder or under the Project Loan Agreement, the Tax Regulatory Agreement, the Continuing Covenant Agreement, or any other Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Fiscal Agent or the Funding Lender, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

Section 6.03 *Funding Lender Representative Control of Proceedings.* If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the

appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Funding Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender (and in connection therewith the Fiscal Agent shall transfer or assign to the Funding Lender Representative all of its interest in the Pledged Security at the request of the Funding Lender Representative). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loan without the express direction of the Funding Lender Representative.

Section 6.04 *Waiver by Governmental Lender.* Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Governmental Lender nor anyone claiming through or under it shall set up, claim, or seek to take advantage of any appraisal, valuation, stay, extension, or prepayment laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and prepayment to which it may be entitled under the laws of the State and the United States of America.

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

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

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

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

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

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

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

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

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

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

Section 6.08 Cure By Borrower. The Borrower and its partners shall have the right to cure any Event of Default by the Governmental Lender hereunder in accordance with the cure rights provided to the Governmental Lender.

Section 6.09 Termination of Proceedings. In case the Fiscal Agent (at the direction of the Funding Lender Representative) or the Funding Lender Representative shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or

abandoned for any reason, or shall have been determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower, and the Funding Lender shall be restored to their former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies, and powers of the Fiscal Agent and the Funding Lender Representative shall continue as if no such proceedings had been taken.

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

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

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

(a) The Funding Lender Representative shall have the right, with respect to the Project Loan, in its sole and absolute discretion, without directing the Fiscal Agent to effect an acceleration of the Funding Loan, to instruct the Fiscal Agent in writing to assign the Project Note, the Security Instrument, and the other Project Loan Documents to the Funding Lender Representative, in which event the Fiscal Agent shall (a) endorse and deliver the Project Note to the Funding Lender Representative and assign (in recordable form) the Security Instrument, (b) execute and deliver to the Funding Lender Representative all documents prepared by the Funding Lender Representative necessary to assign (in recordable form) all other Project Loan Documents to the Funding Lender Representative, and (c) execute all such documents prepared by the Funding Lender Representative as are necessary to legally and validly effectuate the assignments provided for in the preceding clauses (a) and (b). The Fiscal Agent's assignments to the Funding Lender Representative pursuant to this Section 6.12 shall be without recourse or warranty except that the Fiscal Agent shall represent and warrant in connection therewith (A) that the Fiscal Agent has not previously endorsed or assigned any such documents or instruments, and (B) that the Fiscal Agent has the corporate authority to endorse and assign

such documents and instruments and such endorsements and assignments have been duly authorized.

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

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

ARTICLE VII CONCERNING THE FISCAL AGENT

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

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

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

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

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

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

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

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

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

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

(b) any notice, request, direction, election, order, or demand of the Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Governmental Lender by an Authorized Officer of

the Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Governmental Lender may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of the Governmental Lender;

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

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

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

(f) [Intentionally Omitted];

(g) [Intentionally Omitted];

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

(i) whenever in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an Authorized Representative of the Governmental Lender or an officer or authorized agent of the Borrower and such

certificate shall in the absence of bad faith on the part of the Fiscal Agent be full warrant to the Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion the Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Governmental Note (except the Fiscal Agent's certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon the Fiscal Agent. The Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of the Governmental Lender or the Borrower to the Pledged Security, or as to the security of this Funding Loan Agreement, or of the Governmental Note issued hereunder, and the Fiscal Agent shall incur no liability or responsibility in respect of any of such matters;

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

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

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

(n) the Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of its administration of the trusts and other duties under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of the Funding Lender Representative pursuant to Sections 6.03 and 6.09 hereof, unless the Funding Lender Representative shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in the compliance with such request or direction.

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

The Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement and the Tax Regulatory Agreement and shall have no responsibility or liability with respect to any information, statement, or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Note.

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

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

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

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

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

Section 7.04 *[Reserved]*.

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

Section 7.06 Compensation of Fiscal Agent. The Fiscal Agent shall be entitled to its Fiscal Agent's Ordinary Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Fiscal Agent shall be entitled to Fiscal Agent's Extraordinary Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; provided the Fiscal Agent shall not incur any Fiscal Agent's Extraordinary Fees and Expenses without the consent of the Funding Lender Representative. If any property, other than cash, shall at any time be held by the Fiscal Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loan, the Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loan, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Fiscal Agent for its services and reimbursement to the Fiscal Agent for its expenses, disbursements, liabilities, and advances, shall be limited to the sources described in the Project Loan Agreement and in Sections 4.06, 4.11, and 6.05 hereof. The Governmental Lender shall have no liability for Fiscal Agent's fees, costs, or expenses. Subject to the provisions of Section 7.09 hereof, the Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Fiscal Agent's Ordinary Fees and Expenses or, if applicable, the Fiscal Agent's Extraordinary Fees and Expenses as required by the Project Loan Agreement.

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

indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section 7.06 shall survive the termination of this Funding Loan Agreement.

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

Section 7.08 *Merger of Fiscal Agent.* Any association or corporation into which the Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of the Fiscal Agent in the Loans.

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

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

Section 7.11 *Appointment of Successor Fiscal Agent.*

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

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

Section 7.12 *Concerning Any Successor Fiscal Agent.* Every successor Fiscal Agent appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Governmental Lender a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties, and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Governmental Lender, the Borrower, or the Funding Lender Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and

expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers, and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from the Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender, at the expense of the Borrower. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within thirty (30) days of such appointment, to the Funding Lender.

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

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

In the event that the Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of the Fiscal Agent, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts, and remedies granted to the Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest, and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to the Fiscal Agent with

respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights, trusts, and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.14. Such co-fiscal agent or separate fiscal agent shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Governmental Lender and the Fiscal Agent.

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

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

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

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

(c) any request in writing by the Fiscal Agent to any co-fiscal agent or separate fiscal agent to take or to refrain from taking any action hereunder shall be

sufficient warrant for the taking or the refraining from taking of such action by such co-fiscal agent or separate fiscal agent;

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

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

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

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

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

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

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

Section 7.16 *[Reserved].*

Section 7.17 *Filing of Financing Statements.* The Fiscal Agent shall, at the expense of the Borrower, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which

have been filed on or approximately on the Delivery Date in connection with the security for the Funding Loan pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Fiscal Agent shall immediately notify the Governmental Lender, the Borrower, the Funding Lender Representative, and the Servicer that the same has been done. If direction is given by the Servicer or the Funding Lender Representative, the Fiscal Agent shall file all continuation statements in accordance with such directions.

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

ARTICLE VIII

AMENDMENTS OF CERTAIN DOCUMENTS

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

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

Section 8.03 *Opinion of Bond Counsel Required.* No amendment to this Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, the Project Note, the Security Instrument, or the Tax Regulatory Agreement shall become effective unless and until (i) the Funding Lender Representative shall have consented to the same in writing in its sole discretion, (ii) the Funding Lender Representative, the Governmental Lender, and the Fiscal Agent shall have received, at the expense of the Borrower, (A) an opinion of Bond Counsel to the effect that such amendment, change, or modification will not, in and of itself, cause interest on the Governmental Note to be includable in gross income of the holders thereof for federal

income tax purposes, and (B) an opinion of counsel acceptable to the Funding Lender Representative to the effect that any such proposed amendment, change, or modification is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid, and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations, and (iii) to the extent the Borrower is not in default under the Financing Documents and such amendment would change the essential economic terms of the Project Loan or impose upon the Borrower materially greater liability under the Financing Documents, the Borrower has consented to the same, which consent shall not be unreasonably withheld, delayed or conditioned.

ARTICLE IX

SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

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

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

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

and Prepayment Premium, if any, on the Governmental Note, the payment of any amounts owed to the United States of America pursuant to Section 4.12 hereof.

After the Conversion Date (or, if the Conversion Date does not occur, the latest date on which Conversion was permitted to occur under the Construction Phase Financing Agreement) and prior to the Window Period and subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loan shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section 9.01 based on a deposit of moneys or securities with the Fiscal Agent pursuant to Section 9.01(b) if, under circumstances which do not cause interest on the Governmental Note to become includable in the holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) there shall be on deposit with the Fiscal Agent either money or noncallable and nonprepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by the Funding Lender Representative) in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loan up to and on the Maturity Date; (b) the Fiscal Agent shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to the Fiscal Agent and the Funding Lender Representative as to the adequacy of the amounts or securities so deposited to fully pay the Funding Loan; (c) the Fiscal Agent and the Funding Lender Representative shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code (x) payment of such money to the Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code, and (y) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loan; (d) the Fiscal Agent and the Funding Lender Representative shall have received an opinion of Bond Counsel to the effect that the defeasance of the Funding Loan is in accordance with the provisions of this Funding Loan Agreement and that such defeasance will not adversely affect the exclusion of interest on the Governmental Note from gross income for federal income tax purposes; and (e) the Fiscal Agent shall have received written confirmation that all fees, expenses, or reimbursement of any advances due to the Funding Lender, the Servicer, the Fiscal Agent and the Governmental Lender under the Financing Documents have been fully paid.

Section 9.02 *Discharge of Liability on Funding Loan.* Upon the deposit with the Fiscal Agent, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loan (whether upon or prior to their maturity or the prepayment date of the Funding Loan) provided that, if the Funding Loan is to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as provided in Article III, or provision satisfactory to the Fiscal Agent shall have been made for

the giving of such notice, all liability of the Governmental Lender in respect of the Funding Loan shall cease, terminate, and be completely discharged, except only that thereafter the Funding Lender shall be entitled to payment by the Governmental Lender, and the Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with the Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03 *Payment of Funding Loan After Discharge of Funding Loan Agreement.* Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the State, any money deposited with the Fiscal Agent or any paying agent in trust for the payment of the principal of, interest, or Prepayment Premium, if any, on the Governmental Note remaining unclaimed for three (3) years after the maturity or earlier payment date: (a) shall be reported, at the expense of the Borrower, by the Fiscal Agent in accordance with applicable unclaimed property laws; and (b) to the extent permitted by applicable law, shall be paid to the Borrower, whereupon all liability of the Governmental Lender and the Fiscal Agent with respect to such money shall cease, and the Funding Lender shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

**ARTICLE X
INTENTIONALLY OMITTED**

**ARTICLE XI
MISCELLANEOUS**

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

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

Section 11.03 *Construction of Conflicts; Severability.* Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Funding Loan

evidenced by the Governmental Note, the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law, or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

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

Section 11.04 Notices. Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

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

The Governmental Lender:

HOUSING FINANCE AUTHORITY OF PALM BEACH
COUNTY, FLORIDA
100 Australian Avenue, Suite 410
West Palm Beach, FL 33406
Attention: David Brandt
Email: dbrandt@pbcgov.com
Telephone: (561) 233-3652

With copies to:

GREENSPOON MARDER, P.A.
525 Okeechobee Boulevard, Suite 900
West Palm Beach, Florida 33401
Attn: Morris G. (Skip) Miller, Esq.
Email: skip.miller@gmlaw.com
Telephone: (561) 838-4556

The Fiscal Agent:

U.S. BANK NATIONAL ASSOCIATION
Corporate Trust Services
550 W. Cypress Creek Road, Suite 380
Fort Lauderdale, FL 33309
Attention: Amanda Kumar
Email: amanda.kumar@usbank.com
Telephone: (954) 938-2475

The Borrower:

ROYAL PALM PLACE, LTD.
3050 Biscayne Boulevard, Suite 300
Miami, FL 33137
Attention: Francisco Rojo
Email: francisco@landmarkco.net
Telephone: (305) 538-9552 x 103

BAOBAB DEVELOPMENT, INC.
1713 N. Dixie Hwy.
West Palm Beach, FL 33407
Attention: Laurel Robinson
Email: lrobinson@wpbha.org
Telephone: 561-655-8530 Ex. 1103

with copies to:

FOX ROTHSCHILD
500 Grant Street
Suite 2500
Pittsburgh, PA 15219
Attention: Michael Syme, Esq.
msyme@foxrothschild.com
Telephone: (412) 391-2450

STEARNS WEAVER MILLER WEISSLER ALHADEFF
& SITTERSON, P.A.
150 W. Flagler Street
Miami, FL 33130
Attention: Brian McDonough, Esq.
Email: bmcdonough@stearnsweaver.com

Telephone: (305) 789-3350

Please provide a copy of notice to:

BOSTON FINANCIAL INSTITUTIONAL TAX
CREDITS XLVI, Limited Partnership
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, MA 02110
Attn: Asset Management – Royal Palm Place
Telephone: (800) 829-9213

With a copy to:

HOLLAND & KNIGHT LLP
10 St. James Avenue
Boston, MA 02116
Attn: James E. McDermott, Esq.
Telephone: (617) 573-5848

Funding Lender Representative
(during Construction Phase):

Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, NY 10013
Attention: Transaction Management Group
Deal ID No. 23746
Facsimile: (212) 723-8209

with a copy to:

and

Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, CA 91360
Attention: Operations Manager/Asset Manager
Deal ID No. 23746
Facsimile: (805) 557-0924

and

Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, NY 10013
Attention: Account Specialist
Deal ID No. 23746
Facsimile: (212) 723-8209

Following the Conversion Date,
with a copy to:

Citibank, N.A.
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, PA 19002
Attention: Client Relations Manager
Deal ID No. 23746
Facsimile: (215) 328-0305

And a copy of any notices
of default sent to:

Citibank, N.A.
388 Greenwich Street
New York, NY 10013
Attention: General Counsel's Office
Deal ID No. 23746
Facsimile: (646) 291-5754

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

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

with a copy to:

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

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

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

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

receiving a written request from the Funding Lender Representative and the Servicer for any such information or other communication.

Section 11.05 *Funding Lender Representative.*

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

(b) The Funding Lender Representative may provide written notice to the Fiscal Agent designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction, or other instrument on behalf of the Funding Lender Representative, and such notice may be amended or rescinded by the Funding Lender Representative at any time by subsequent written notice. The Funding Lender Representative may be removed and a successor appointed by a written notice in the form of Exhibit B hereto given by the Funding Lender to the Fiscal Agent, the Governmental Lender, the Servicer, and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Fiscal Agent. The Funding Lender may appoint any Person to act as Funding Lender Representative, including, without limitation, the Servicer. If, for any reason, a Funding Lender Representative resigns by written notice provided to the Fiscal Agent, the Funding Lender, the Governmental Lender, the Servicer, and the Borrower, all references to Funding Lender Representative herein and in the other Financing Documents shall be deemed to refer to the Funding Lender until a successor Funding Lender Representative is appointed by the Funding Lender.

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

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

Section 11.06 *Payments Due on Non-Business Days.* In any case where a date of payment with respect to the Funding Loan shall be a day other than a Business Day, then such

payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 11.07 Counterparts. This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

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

[signature pages to follow]

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

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

By: _____
Name: _____
Title: _____

ATTEST:

Name: _____
Title: _____

[Governmental Lender's Signature Page to Funding Loan Agreement (Royal Palm Place)]

CITIBANK, N.A., as Initial Funding Lender

By: _____
Barry Krinsky
Authorized Signatory

[Initial Funding Lender's Signature Page to Funding Loan Agreement (Royal Palm Place)]

**U. S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent**

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

[Fiscal Agent's Signature Page to Funding Loan Agreement (Royal Palm Place)]

EXHIBIT A

FORM OF GOVERNMENTAL NOTE

BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS NOTE AGREES (A) THAT (I), IF APPLICABLE, IT HAS EXECUTED THE REQUIRED TRANSFEREE REPRESENTATIONS IN SUBSTANTIALLY THE FORM REQUIRED BY THE FUNDING LOAN AGREEMENT AND (II) THAT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT AS PROVIDED IN THE FUNDING LOAN AGREEMENT, AND (B) THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

UNITED STATES OF AMERICA
HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

Multifamily Rental Housing Revenue Note
(Royal Palm Place),
Series 2017

THE OBLIGATIONS OF THE OBLIGOR WITH RESPECT TO THE FUNDING LOAN ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE OBLIGOR BUT ARE LIMITED OBLIGATIONS OF THE OBLIGOR PAYABLE BY THE OBLIGOR SOLELY FROM THE REVENUES. THIS NOTE SHALL NOT BE A DEBT OF THE STATE, THE OBLIGOR, OR OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NONE OF THE STATE, THE OBLIGOR, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE SHALL BE LIABLE FOR THE PAYMENT OF THIS NOTE. THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE. THE OBLIGOR HAS NO TAXING POWER.

US \$16,000,000

July 25, 2017

FOR VALUE RECEIVED, the undersigned, Housing Finance Authority of Palm Beach County, Florida (the "**Obligor**"), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of Citibank, N.A., a national banking association, or its registered assigns (the "**Funding Lender**"), the maximum principal sum of [Sixteen Million] and 00/100 Dollars (US \$16,000,000), plus Prepayment Premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 (this "**Note**") is being delivered pursuant to that certain Funding Loan Agreement, dated as of July 1, 2017 (together with any and all amendments, modifications, supplements and restatements, the "**Funding Loan Agreement**"), among the Funding Lender, the Obligor, and U.S. Bank National

Association, a national banking association, as fiscal agent (the "**Fiscal Agent**"), pursuant to which the Obligor has incurred a loan in the maximum aggregate principal amount of \$16,000,000 (the "**Funding Loan**"), and this Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions, and provisions thereof. The Obligor is using the proceeds of the Funding Loan to make a loan to Royal Palm Place, Ltd. (the "**Borrower**") pursuant to the Project Loan Agreement, dated as of July 1, 2017 (the "**Project Loan Agreement**"), among the Obligor, the Borrower, and the Fiscal Agent. The outstanding principal balance of this Note at any time shall be an amount equal to the proceeds of the Funding Loan advanced by the Funding Lender according to the Funding Loan Agreement and not otherwise repaid.

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

2. **Payments of Principal and Interest.** The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing August 1, 2017, interest on this Note at (i) the Construction Phase Interest Rate during the Construction Phase, and (ii) the Permanent Phase Interest Rate during the Permanent Phase, and shall also pay interest on this Note at the foregoing rates on the date of any optional or mandatory prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Note subject to prepayment (each such date for payment an "**Interest Payment Date**"). Interest shall accrue on the principal amount of the Funding Loan which has been advanced under the Funding Loan Agreement and is outstanding as reflected on the Record of Advances.

The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Note in full on August 1, 2034 (the "**Maturity Date**"), and in monthly installments on each date set forth on the Funding Loan Amortization Schedule attached as Schedule 1 hereto in an amount equal to the corresponding amounts set forth thereon (as such Schedule 1 may be replaced by a new Funding Loan Amortization Schedule provided by the Freddie Mac Seller/Servicer on the Conversion Date as provided in Section 2.01(e) of the Funding Loan Agreement) or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

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

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

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

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

7. **Prepayment; Prepayment Premium.** This Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium (if any) shall be payable as specified in Article III of the Funding Loan Agreement.

8. **Forbearance.** Any forbearance by the Funding Lender in exercising any right or remedy under this Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Funding Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Funding Lender of any security for the obligations under this Note shall not constitute an election by the Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to the Funding Lender.

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

10. **Loan Charges.** Neither this Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Funding Loan is interpreted so that any interest or other charge provided

for herein or in any other Financing Document evidencing or securing the Funding Loan, whether considered separately or together with other charges provided for in any such other Financing Document, violates that law, and the Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

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

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

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

14. **Default Rate.** So long as (a) any monthly installment under this Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at the Default Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date or on the date of any mandatory prepayment or acceleration, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date or such other date at the Default Rate.

15. **Limited Obligation.** This Note is a limited obligation of the Obligor payable solely from the Pledged Security and any other revenues, funds, and assets pledged under the Funding Loan Agreement and not from any other revenues, funds, or assets of the Obligor. This Note is not a general obligation, debt, or bonded indebtedness of the Obligor, the State, or any political subdivision thereof (other than of the Obligor to the limited extent set forth in the Funding Loan Agreement) and the holder of this Note does not have the right to have any excises or taxes levied by the Obligor, the State, or any political subdivision thereof for the payment of the principal of and any Prepayment Premium and interest on this Note. None of the Obligor, the State, or any political subdivision of the State will be obligated to pay the principal of and the interest on this Note or other costs incident thereto except from the Pledged Security pledged under the Funding Loan Agreement. No provision, covenant, or agreement contained in this Note or the Funding Loan Agreement, or any obligation herein or therein

imposed upon the Obligor, or the breach thereof, shall constitute or give rise to or impose a liability upon the Obligor (except from the Pledged Security), or upon any of its officers, employees, or agents, or constitute a charge upon the Obligor's general credit or taxing powers; provided that nothing contained herein or in the Act impairs the rights of the Fiscal Agent to enforce the covenants made for the security of the Obligor as provided herein and in the Act. Any recourse for a cause of action under this Note or the Funding Loan Agreement shall be payable solely from the Pledged Security, and the agreement of the Obligor to perform or cause the performance of the covenants and other provisions herein referred to shall be subject at all times to the availability of revenues or other funds furnished for such purpose in accordance with the Project Loan Agreement, sufficient to pay all costs of such performance or the enforcement thereof.

[Signature page to follow]

IN WITNESS WHEREOF, the Obligor has caused this Note to be duly executed in its name by the manual signatures of the [Chairperson] and [Secretary], the seal of the Obligor having been intentionally omitted as permitted by law, and has caused this Note to be dated as of the date first written above.

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

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____

**U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent**

By: _____
Authorized Signer

SCHEDULE 1
FUNDING LOAN AMORTIZATION SCHEDULE

EXHIBIT B

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

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

Royal Palm Place, Ltd.
3050 Biscayne Boulevard, Suite 300
Miami, FL 33137

Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, FL 33406

Re: Royal Palm Place

Ladies and Gentlemen:

The undersigned is the holder (the "**Funding Lender**") of the Housing Finance Authority of Palm Beach County, Florida Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 in the maximum aggregate principal amount of \$16,000,000, dated July 25, 2017 (the "**Governmental Note**"), delivered pursuant to the Funding Loan Agreement, dated as of July 1, 2017 (the "**Funding Loan Agreement**"), among Citibank, N.A., in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the Housing Finance Authority of Palm Beach County, Florida (the "**Governmental Lender**"), and U.S. Bank National Association (the "**Fiscal Agent**"). Pursuant to Section 11.05 of the Funding Loan Agreement, you are hereby notified that, effective immediately upon receipt of this notice by the Fiscal Agent, the Funding Lender Representative appointed under Section 11.05 of the Funding Loan Agreement shall be _____ . [The person or entity previously appointed as Funding Lender Representative shall upon the effectiveness of this notice no longer have any further rights or obligations as Funding Lender Representative.]

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

NAME

SIGNATURE

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

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

[FUNDING LENDER SIGNATURE BLOCK]

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF TRANSFEREE REPRESENTATIONS 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, FL 33406
Attention: Executive Director

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

Re: Royal Palm Place

Ladies and Gentlemen:

The undersigned (the "**Funding Lender**") hereby acknowledges receipt of the Housing Finance Authority of Palm Beach County, Florida Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 in the maximum aggregate principal amount of \$16,000,000, dated July 25, 2017 (the "**Governmental Note**"), and delivered pursuant to the Funding Loan Agreement, dated as of July 1, 2017 (the "**Funding Loan Agreement**"), among Citibank, N.A., in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the Housing Finance Authority of Palm Beach County, Florida (the "**Governmental Lender**"), and U.S. Bank National Association (the "**Fiscal Agent**"). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Funding Loan Agreement.

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

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

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

3. The Funding Lender acknowledges that it is [originating/purchasing] the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof (except as set forth below), in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan (except as set forth below); provided, however, that the Funding Lender may, notwithstanding the foregoing and the terms of Paragraph 4 below, (i) grant participation interests in the Loan as provided in Section 2.08 of the Funding Loan Agreement, (ii) transfer the Funding Loan to any affiliate or other party related to the Funding Lender that is a Qualified Transferee, or (iii) sell or transfer the Funding Loan to a special purpose entity, a trust, or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold except to (x) owners or beneficial owners thereof that are Qualified Transferees, or (y) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least "A" or better [INSERT FOR INITIAL FUNDING LENDER TRANSFEREE REPRESENTATION LETTER; provided, further, however, the Funding Lender has originated and funded the Funding Loan with the expectation that the Funding Loan will be sold to [NAME OF FREDDIE MAC SELLER/SERVICER] on the Conversion Date and thereafter delivered to the Federal Home Loan Mortgage Corporation ("Freddie Mac") pursuant to the forward commitment dated July __, 2017 (the "Freddie Mac Commitment")] [INSERT FOR FREDDIE MAC SELLER/SERVICER TRANSFEREE REPRESENTATION LETTER; provided, further, however, the Funding Lender is purchasing the Funding Loan with the expectation that the Funding Loan will be sold to Freddie Mac pursuant to the Freddie Mac Commitment].

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

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

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

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

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

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

[SIGNATURE BLOCK]

By: _____
Name: _____
Title: _____

EXHIBIT D

**COSTS OF ISSUANCE REQUISITION
(Cost of Issuance Fund)**

U.S. Bank National Association, as Fiscal Agent

Re: Royal Palm Place

Fiscal Agent:

You are requested to disburse funds from the Cost of Issuance Fund pursuant to Section 4.13 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "**Requisition**"). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of July 1, 2017, by and among Citibank, N.A., in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the Housing Finance Authority of Palm Beach County, Florida, and U.S. Bank National Association, as Fiscal Agent, securing the Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 in the maximum aggregate principal amount of \$16,000,000, dated July 25, 2017 (the "**Governmental Note**").

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT TO BE DISBURSED: \$

The undersigned, on behalf of Royal Palm Place, Ltd., a limited partnership duly organized and existing under the laws of the State of Florida (the "**Borrower**"), certifies that:

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

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

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

Date of Requisition: _____

ROYAL PALM PLACE, LTD., a Florida limited
partnership

By: _____

Name: _____

Title: _____

EXHIBIT E

PROJECT LOAN FUND REQUISITION
(Project Loan Fund)

U.S. Bank National Association, as Fiscal Agent

Re: Royal Palm Place

You are requested to disburse funds from the Project Loan Fund pursuant to Section 4.02 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "**Requisition**"). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of July 1, 2017, by and among Citibank, N.A., in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the Housing Finance Authority of Palm Beach County, Florida (the "**Governmental Lender**"), and U.S. Bank National Association, as Fiscal Agent (the "**Fiscal Agent**"), securing the Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 in the maximum aggregate principal amount of \$16,000,000, dated July 25, 2017 (the "**Governmental Note**").

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT(S) TO BE DISBURSED: \$_____ from the Tax-Exempt Proceeds
Subaccount of the Project Account
\$_____ from the Borrower Equity Account

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof and authorizes Servicer (which, during the Construction Phase, is the Initial Funding Lender) to submit this Requisition to the Fiscal Agent on behalf of Borrower:

1. Purposes for which disbursement is requested are specified in the **attached Schedule**.
2. Party or parties to whom the disbursements shall be made are specified in the **attached Schedule** (may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned); provided, that no reimbursement shall be made for advances and payments made prior to August 11, 2014).
3. The undersigned certifies that:
 - a. the conditions precedent to disbursement set forth in the Construction Continuing Covenant Agreement have been satisfied;
 - b. the disbursement requested pursuant to this Requisition will be used solely to

pay a cost or costs allowable under the Funding Loan Agreement and the Construction Continuing Covenant Agreement;

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

Costs of Issuance incurred in connection with the delivery of the Governmental Note or pay debt service with respect to the Loans; and

- j. Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit and Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

[Following items may not be required for Initial Disbursement]

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

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

ROYAL PALM PLACE, LTD., a Florida limited partnership

By: _____
Name: _____
Title: _____

CITIBANK, N.A., as Initial Funding Lender

By: _____
Name: _____
Title: _____

EXHIBIT F

CONSTRUCTION PHASE INTEREST RATE

Series 2017 Governmental Note: 2.50% (250 basic points) over SIFMA

The calculation of interest on the Governmental Note shall be determined as more fully set forth in the applicable Project Note.

PROJECT LOAN AGREEMENT

among

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA,
as Governmental Lender**

**U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent**

and

**ROYAL PALM PLACE, LTD.,
as Borrower**

Relating to

**ROYAL PALM PLACE
Northwest Corner of 15th Street and Division Avenue
West Palm Beach, Florida 33407**

Maximum Project Loan Principal Amount: \$[16,000,000]

Dated as of July 1, 2017

All of the right, title and interest of the Housing Finance Authority of Palm Beach County, Florida (except for its Unassigned Rights) in and to this Project Loan Agreement are being assigned to U.S. Bank National Association, as Fiscal Agent, as security for the Funding Loan made pursuant to that certain Funding Loan Agreement dated as of July 1, 2017, by and among the Governmental Lender, the Initial Funding Lender named therein, and the Fiscal Agent.

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PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT (this "**Project Loan Agreement**") is made and entered into as of July 1, 2017 by and among 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 "**Governmental Lender**"), **U.S. Bank National Association**, a national banking association, duly organized and existing under the laws of the United States (together with any successor Fiscal Agents appointed under the Funding Loan Agreement, the "**Fiscal Agent**"), and **Royal Palm Place, Ltd.**, a limited partnership duly organized and existing under the laws of the State of Florida (together with its successors and assigns permitted hereunder, the "**Borrower**").

RECITALS

A. The Legislature of the State of Florida (the "**State**") has enacted the Florida Housing Finance Authority Law, Sections 159.601 *et seq.*, Florida Statutes, as amended (the "**Act**"), pursuant to which the State has empowered each county in the State to create by ordinance a separate public body corporate and politic, to be known as a housing finance authority of the county for which it was created, for the purpose of alleviating a shortage of housing and creating capital for investment in housing in the area of operation of such housing finance authority.

B. Pursuant to the Act, the Board of County Commissioners of Palm Beach County, Florida (the "**County**"), enacted Ordinance No. 79-3 on February 6, 1979, as amended by Ordinance No. R-022 and by Ordinance No. 2012-028 (collectively, the "**Ordinance**"), creating the Housing Finance Authority of Palm Beach County, Florida to carry out and exercise all powers and public and governmental functions set forth in and contemplated by the Act.

C. The Act authorizes the Governmental Lender: (a) to make loans to any person, or to purchase loans, including federally insured mortgage loans, in order to provide financing for residential rental developments located within the Governmental Lender's area of operations, which are to be occupied by persons of low, moderate, or middle income; (b) to issue its revenue bonds pursuant to the Act, for the purpose of obtaining money to make or to purchase such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge, or grant security interests in such loans in order to secure the payment of the principal or redemption price of and interest on such bonds.

D. Pursuant to the Act, the Ordinance, and this Project Loan Agreement, at the Borrower's request, the Governmental Lender is agreeing to make a mortgage loan to the Borrower in the maximum aggregate principal amount of not to exceed \$16,000,000 (the

"**Project Loan**") to provide for the financing of a multifamily rental housing development located at NW Corner of 15th Street and Division Avenue, West Palm Beach, Florida 33407 to be known as Royal Palm Place (the "**Project**").

E. The Governmental Lender is making the Project Loan to the Borrower with the proceeds received from the loan in the maximum aggregate principal amount of not to exceed \$16,000,000 (the "**Funding Loan**" and, together with the Project Loan, the "**Loans**") made to the Governmental Lender pursuant to the Funding Loan Agreement (the "**Funding Loan Agreement**"), by and among Citibank, N.A., in its capacity as Initial Funding Lender (the "**Initial Funding Lender**"), the Governmental Lender and the Fiscal Agent. The Funding Loan is evidenced by the Governmental Lender's Housing Finance Authority of Palm Beach County, Florida Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 (the "**Governmental Note**"), dated July 25, 2017, and delivered by the Governmental Lender to the Initial Funding Lender.

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

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

H. The Borrower's repayment obligations in respect of the Project Loan will be evidenced by the Multifamily Note (Series 2017), dated July 25, 2017 (together with all riders and modifications thereto, the "**Project Note**"), delivered to the Governmental Lender, which Project Note will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

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

J. The Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise ("**Freddie Mac**"), has entered into a commitment with Citibank, N.A. (in such capacity, the "**Freddie Mac Seller/Servicer**"), dated July __, 2017 (the

"**Freddie Mac Commitment**"), whereby Freddie Mac has committed, subject to the satisfaction of the Conditions to Conversion set forth in the Construction Phase Financing Agreement on or before the Forward Commitment Maturity Date, to facilitate the financing of the Project in the Permanent Phase by purchasing the Funding Loan from the Freddie Mac Seller/Servicer following the Conversion Date.

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

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

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

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

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

ARTICLE I DEFINITIONS

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

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

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

"Project Loan Agreement" means this Project Loan Agreement, together with any amendments hereto.

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

"Project Loan Payment Date" means (A) the first day of each calendar month, commencing August 1, 2017, or (B) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; provided, however, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date.

"Project Note Amortization Schedule" means the Project Note Amortization Schedule attached as Schedule 1 to the Project Note (as such Schedule 1 may be replaced by a new amortization schedule provided by the Freddie Mac Seller/Servicer), as provided in the Funding Loan Agreement.

"Servicing Fee" means, during the Permanent Phase, the ordinary fee payable to the Servicer in connection with the servicing of the Project Loan and the Funding Loan payable monthly in an amount equal to one twelfth of one tenth of a percent (.10%) of the outstanding principal balance of the Project Loan, computed on the basis of a 360-day year of twelve (12) thirty (30) day months.

"Taxes" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges, and levies, and any liens (including federal tax liens) which are or may be levied, imposed, or assessed upon the Project or any part

thereof, or upon any leases pertaining thereto, or upon the rents, issues, income, or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

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

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

ARTICLE II REPRESENTATIONS, WARRANTIES AND COVENANTS

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

(a) The Governmental Lender is a public body politic duly created, organized, and existing under the laws of the State.

(b) The Governmental Lender has all necessary power and authority to incur the indebtedness of the Funding Loan evidenced by the Governmental Note and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

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

(d) Each of the Financing Documents to which the Governmental Lender is a party has been duly and validly authorized, executed, and delivered by the Governmental Lender.

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

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

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

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

(i) Upon the discovery by the Governmental Lender of any noncompliance by the Borrower with this Project Loan Agreement, the Arbitrage Rebate Agreement,

the Tax Certificate, or the Tax Regulatory Agreement, the Governmental Lender will promptly notify the Fiscal Agent, the Servicer, and the Funding Lender Representative of such noncompliance and will seek to cause the Borrower to correct any such noncompliance within a reasonable period after it first discovers or becomes aware of any such noncompliance.

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

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

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

(b) The Borrower has the legal right, power, and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project, and (iii) execute and deliver, carry out its obligations under,

and close the transactions provided for in, the Financing Documents to which it is a party.

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

(d) No authorization, consent, approval, order, registration, declaration, or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of construction and equipping of the Project, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Financing Documents.

(e) None of the execution and delivery of the Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or the Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule, or regulation of any governmental agency or body having jurisdiction over the Borrower, or any of its activities or properties, or any judgment, order, writ, injunction, or decree to which the Borrower is subject, or any of the organizational or other governing documents of the Borrower, (ii) conflicts or will conflict with any agreement, instrument, or license to which the Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument, or license, (iii) contravenes or will contravene any such law, rule, or regulation or any such judgment, order, writ, injunction, or decree, or (iv) result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for any lien, charge, or encumbrance permitted under the terms of the Financing Documents.

(f) There is no action, suit, proceeding, inquiry, or investigation pending or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of the Borrower, (iii) prohibit, restrain, or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing

Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the exclusion from gross income for federal income tax purposes of interest on the Governmental Note.

(g) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and, following completion of the construction and equipping of the Project, will conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building, and environmental laws, ordinances, and regulations of governmental authorities having jurisdiction over the Project.

(h) The Borrower has filed or caused to be filed all federal, state, and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(i) The Borrower is not in default in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of the Borrower or the enforceability of the Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(j) The Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(k) If the Borrower is a partnership, all of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests except as may be permitted by the Borrower's partnership agreement or a separate purchase option agreement, which shall be subordinate to the Security Instrument. If the Borrower is a limited liability company, all of the ownership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Project Loan Agreement shall prevent the Borrower from issuing

additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(l) The representations and warranties of the Borrower contained in the Tax Certificate and Tax Regulatory Agreement are true and accurate in all material respects.

(m) The information, statements, or reports furnished in writing to the Governmental Lender, the Servicer, and the Funding Lender Representative by the Borrower in connection with this Project Loan Agreement or the consummation of the transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information, and descriptions contained in the Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information, and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(n) To the knowledge of the Borrower, no commissioner, member, officer, or employee of the Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, the Borrower, or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents.

(o) The Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement, to sell all or any portion of the Project.

(p) The Project is located wholly within the boundaries of Palm Beach County, Florida.

(q) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Governmental Note. The Borrower shall operate the Project as required by the Tax Regulatory Agreement.

(r) The Funding Loan Agreement has been submitted to the Borrower for examination, and the Borrower, by execution of this Project Loan Agreement,

acknowledges and agrees that it has reviewed and has participated in the negotiations of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of the Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.

(s) The Borrower has a leasehold interest in the land and improvements on the Project, subject only to liens permitted under the Security Instrument.

(t) The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on the Governmental Lender, the Fiscal Agent, Freddie Mac, the Funding Lender Representative, or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on the Governmental Lender, the Fiscal Agent, Freddie Mac, the Funding Lender Representative, or the Servicer in any manner.

Section 2.03 *Representations and Warranties of the Fiscal Agent.* The Fiscal Agent makes the following representations and warranties for the benefit of the Governmental Lender, the Borrower, the Funding Lender, and the Servicer:

(a) The Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States.

(b) The Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(c) The Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of the Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(d) Each of the Financing Documents to which the Fiscal Agent is a party has been duly executed and delivered by the Fiscal Agent and, assuming due authorization, execution, and delivery by the other parties thereto, constitutes a valid and binding obligation of the Fiscal Agent, enforceable against the Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement. The Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement.

(f) The Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of the Fiscal Agent described or contemplated in the Financing Documents.

(g) No approval, permit, consent, authorization, or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Note, (iii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party. The Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.04 *Arbitrage and Rebate Fund Calculations.* The Borrower (a) shall take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Funding Loan Agreement, and (b) has selected, at the Borrower's expense, the Rebate Analyst for the purpose of making any and all calculations required under Section 4.12 of the Funding Loan Agreement and the Arbitrage Rebate Agreement. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.12 of the Funding Loan Agreement and the Arbitrage Rebate Agreement. The Borrower shall cause the Rebate Analyst to provide any such calculations to the Fiscal Agent and the Governmental Lender at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Funding Loan Agreement and the Arbitrage Rebate Agreement, and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

Section 2.05 Tax Covenants of the Borrower. The Borrower covenants and agrees that:

(a) It will at all times comply with the terms of the Arbitrage Rebate Agreement, the Tax Certificate, and the Tax Regulatory Agreement;

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Governmental Note to be included in gross income (other than interest on the Governmental Note for a period during which the Governmental Note is held by a "substantial user" of any facility financed with the proceeds of the Governmental Note or a "related person" as such terms are used in Section 147(a) or any successor provision of the Code and applicable Treasury Regulations or any successor law or regulation) of the Funding Lender, for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Tax Regulatory Agreement);

(c) No changes will be made to the Project, no actions will be taken by the Borrower, and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Governmental Note (other than interest on the Governmental Note for a period during which the Governmental Note is held by a "substantial user" of any facility financed with the proceeds of the Governmental Note or a "related person" as such terms are used in Section 147(a) or any successor provision of the Code and applicable Treasury Regulations or any successor law or regulation);

(d) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder throughout the term of the Funding Loan and the Project Loan and will not make any use of the proceeds of the Funding Loan or the Project Loan, or of any other funds which may be deemed to be proceeds of the Governmental Note under the Code and the related regulations of the United States Treasury, which would cause the Governmental Note to be "arbitrage bonds" within the meaning of Section 148 of the Code; and

(e) If the Borrower becomes aware of any situation, event, or condition which would, to the best of its knowledge, result in the interest on the Governmental Note becoming includable in gross income of the Funding Lender for purposes of federal income tax purposes (other than interest on the Governmental Note for a period during which the Governmental Note is held by a "substantial user" of any facility financed with the proceeds of the Governmental Note or a "related person" as such terms are used in Section 147(a) or any successor provision of the Code and applicable

Treasury Regulations or any successor law or regulation), it will promptly give written notice of such circumstance, event, or condition to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, and the Servicer.

(f) The full amount of each disbursement from the Tax-Exempt Proceeds Subaccount of the Project Account of the Project Loan Fund will be applied to pay or to reimburse the Borrower for the payment of Costs of the Project and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds of the Governmental Note (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than 25% of the net proceeds of the Governmental Note will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land; and (iii) no more than 5% of the proceeds of the Governmental Note (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(g) The Borrower will cause all of the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code, the Tax Certificate, and the Tax Regulatory Agreement;

(h) All leases will comply with all applicable laws and the Tax Regulatory Agreement;

(i) In connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Project Loan Agreement, the Tax Certificate, or the Tax Regulatory Agreement;

(j) No proceeds of the Funding Loan shall be used (a) for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in Section 147(d) of the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds; or (b) to finance the costs of any property eligible for bonus depreciation under Section 168(k) of the Code (e.g. site work, personal property, and other property with a recovery period of 20 years or less).

(k) From the proceeds of the Funding Loan and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Governmental Note, will be used for Costs of Issuance of the Governmental Note, all within the meaning of Section 147(g)(1) of the Code; and

(l) No proceeds of the Funding Loan shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

In the event of a conflict between the terms and requirements of this Section 2.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

ARTICLE III THE PROJECT LOAN

Section 3.01 *Conditions to Funding the Project Loan.* On the Delivery Date and thereafter, the Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with the Fiscal Agent in accordance with Sections 2.01 and 2.11 of the Funding Loan Agreement and Section 3.03 hereof. The Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to make the Project Loan, provided that no initial disbursements of proceeds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Governmental Lender the Project Note and the Governmental Lender shall have endorsed the Project Note to the Fiscal Agent;

(b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by Funding Lender Representative, shall have been executed and delivered by the Borrower and the Governmental Lender, respectively, and delivered to the title company for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the "**Recorder's Office**");

(c) The Tax Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to the title company for recording in the Recorder's Office, and the Fiscal Agent shall have received evidence satisfactory to it of such delivery;

(d) All other Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Fiscal Agent; and

(e) The Borrower shall have delivered to the Fiscal Agent, the Governmental Lender, the Funding Lender Representative, and the Servicer a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to the Fiscal Agent, the Governmental Lender, Bond Counsel, the Funding Lender Representative, Freddie Mac, and the Servicer.

Section 3.02 *Terms of the Project Loan; Servicing.*

(a) The Project Loan shall (i) be evidenced by the Project Note; (ii) be secured by the Security Instrument; (iii) be in the maximum aggregate principal amount of \$[16,000,000] with respect to the Project Note; (iv) bear interest as provided in the Project Note; (v) provide for principal and interest payments in accordance with the Project Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Note. The outstanding principal balance of the Project Loan at any time shall be an amount equal to the proceeds of the Funding Loan advanced by the Funding Lender, minus any amounts prepaid with respect to the principal in accordance with the terms hereof and the Project Note. The outstanding principal balance of the Project Note at any time shall be an amount equal to the proceeds of the Funding Loan advanced by the Funding Lender (as designated by the Funding Lender), minus any amounts prepaid with respect to the principal in accordance with the terms hereof and such Project Note.

(b) The Funding Lender Representative may appoint a Servicer to service the Loans for all or a portion of the term of the Loans. The Initial Funding Lender shall be the Servicer of the Loans during the Construction Phase. On the Freddie Mac Purchase Date, the Freddie Mac Seller/Servicer shall become the Servicer and shall service the Loans as required by the Freddie Mac Commitment and the Guide. The Funding Lender Representative may remove a Servicer or appoint a replacement Servicer, in its discretion, by written notice provided to the Governmental Lender, the Fiscal Agent, and the Borrower. Any successor Servicer shall signify its acceptance of the duties and obligations imposed upon it by the Funding Loan Agreement and this Project Loan Agreement by executing such instrument(s) as shall be acceptable to the Funding Lender Representative, a copy of which shall be provided to the parties hereto.

(c) Notwithstanding any provision in this Project Loan Agreement to the contrary, during any period that a Servicer is engaged with respect to the Loans, the Governmental Lender and the Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and all fees due hereunder and under the Funding Loan Agreement shall be paid by the Borrower to the Servicer. The Servicer shall remit all payments collected from the Borrower of principal of, Prepayment Premium, if any, and interest on the Funding Loan, together with other

amounts due to the Funding Lender, directly to the Funding Lender (without payment through the Fiscal Agent) per the instructions of the Funding Lender Representative. The Servicer shall be entitled to retain its Servicing Fee (if any) collected from the Borrower and shall remit the Governmental Fee Component to the Governmental Lender and shall remit the Fiscal Agent's Ordinary Fees and Expenses to the Fiscal Agent, together with any other amounts due to the Governmental Lender and the Fiscal Agent collected by the Servicer from the Borrower, in each case in accordance with their respective instructions. Any payment made in accordance with the provisions of this Section shall be accompanied by sufficient information to identify the source and proper application of such payment. The Servicer shall promptly notify the Fiscal Agent, the Funding Lender Representative, and the Governmental Lender in writing of any failure of the Borrower to make any payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan when due or to pay any fees due hereunder or under the Project Loan Agreement, and the Fiscal Agent and the Governmental Lender shall not be deemed to have any notice of such failure unless it has received such notice in writing.

(d) The Governmental Lender, the Fiscal Agent, and the Borrower hereby acknowledge and agree that (i) the Funding Lender Representative has appointed the Servicer (which during the Construction Phase shall be the Initial Funding Lender) to service and administer the Project Loan, (ii) the selection or removal of any Servicer is in the sole and absolute discretion of the Funding Lender Representative; and (iii) neither the Governmental Lender nor the Fiscal Agent shall terminate or attempt to terminate any Servicer as the servicer for the Project Loan or appoint or attempt to appoint a substitute servicer for the Project Loan. The Governmental Lender, the Fiscal Agent, and the Borrower further hereby acknowledge and agree with respect to the Servicer during the Permanent Phase that: (i) the Guide is subject to amendment without the consent of the Fiscal Agent, the Governmental Lender, or the Borrower; and (ii) none of the Fiscal Agent, the Governmental Lender or the Borrower shall have any rights under, or be a third party beneficiary of, the Guide.

Section 3.03 Deposits. On the Delivery Date, \$_____ of the proceeds of the initial advance pursuant to the Funding Loan Agreement allocable to the Governmental Note shall be deposited with the Fiscal Agent into the Tax-Exempt Proceeds Subaccount of the Project Account of the Project Loan Fund in accordance with Section 2.11 and Section 4.02 of the Funding Loan Agreement. On each date of an advance of the proceeds of the Funding Loan (except for an advance to pay interest and other amounts due to the Initial Funding Lender as provided in Section 3.12 of the Construction Continuing Covenant Agreement), such proceeds shall be deposited in the Project Account of the Project Loan Fund. Subject to the conditions listed in Section 3.01 hereof, amounts on deposit in the Project Loan Fund are to be disbursed by the Fiscal Agent in accordance with the Construction Continuing Covenant Agreement, or otherwise as provided in Section 2.11(d) of the Funding Loan Agreement.

To the extent that amounts in the Cost of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of closing the Loans, the Borrower shall cause the payment of such additional costs of closing the Loans to be made on its behalf as such amounts become due.

Section 3.04 *Assignment to Fiscal Agent.* The parties hereto acknowledge, and the Borrower consents to, the assignment by the Governmental Lender to the Fiscal Agent pursuant to the Funding Loan Agreement of all of the Governmental Lender's right, title, and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Note, the Security Instrument, and the Revenues as security for the payment of the principal of, Prepayment Premium, if any, and interest on the Governmental Note and the payment of any other amounts due under the Financing Documents.

Section 3.05 *Investment of Funds.* Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by the Fiscal Agent in Qualified Investments in accordance with Section 4.08 of the Funding Loan Agreement.

Section 3.06 *Damage; Destruction and Eminent Domain.* If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and the Governmental Lender, the Borrower, the Fiscal Agent, or the Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

Section 3.07 *Enforcement of Financing Documents.* The Fiscal Agent or the Funding Lender Representative may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV LOAN PAYMENTS

Section 4.01 *Payments Under the Project Note; Independent Obligation of Borrower.*

(a) **Payment Obligations.** The Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Note, and in all instances at the times and in the amounts necessary to enable the Fiscal Agent, on behalf of the Governmental Lender, or the Servicer, to pay all amounts payable with respect to the Funding Loan, when due, whether at maturity or upon prepayment (with the Prepayment Premium, if applicable), acceleration or otherwise. To ensure such timely payment during the Permanent Phase, the

Servicer shall collect from the Borrower, and the Borrower shall provide to the Servicer the foregoing payments not less than two (2) Business Days prior to each respective Project Loan Payment Date.

The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent obligation of the Borrower, separate from its obligation to make payments under the Project Note, provided that in all events payments made by the Borrower under and pursuant to the Project Note shall be credited against the Borrower's obligations hereunder on a dollar for dollar basis. If for any reason the Project Note or any provision of the Project Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, such Project Note or such provision of such Project Note shall be deemed to be the obligation of the Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of the Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Note.

(b) **Obligations Unconditional; No Set-Off.** The obligations of the Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof, and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment, or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft, or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Governmental Lender's legal organization or status, or any default of the Governmental Lender or the Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of the Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

(c) **Payments from Borrower to Fiscal Agent or Servicer.** Each payment by the Borrower hereunder or under the Project Note shall be made in immediately available funds to the Servicer (which, during the Construction Phase, shall be the Initial Funding Lender) on each Project Loan Payment Date or such other date when such payment is due; provided,

however, that during the Permanent Phase such Project Loan Payment shall be made directly to the Fiscal Agent if there is no Servicer or if the Borrower is so directed in writing by the Funding Lender Representative. Each such payment shall be made to the Fiscal Agent or the Servicer, as applicable, by deposit to such account as the Fiscal Agent or the Servicer may designate by written notice to the Borrower. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under the Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

Section 4.02 *Additional Payments Under the Project Note and this Project Loan Agreement.*

(a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by the Borrower under the Project Note include certain money to be paid in respect of, among others, the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b) of this Section 4.02.

(b) In addition to the funding of the initial deposits required of the Borrower described in Section 3.03 hereof, the Borrower shall pay (or cause to be paid by the Servicer or the Fiscal Agent (to the extent paid from money on deposit in the Borrower Equity Account, as applicable)), in consideration of the funding of the Project Loan, the following fees, expenses, and other money payable in connection with the Loans:

(i) On the Delivery Date, from money on deposit in the Borrower Equity Account or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Initial Funding Lender, its origination fees, together with all third party and out-of-pocket expenses, of the Initial Funding Lender (including but not limited to the fees and expenses of counsel to the Initial Funding Lender) in connection with the Loans.

(ii) On the Delivery Date, from money on deposit in the Borrower Equity Account or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to Freddie Mac, all third party and out-of-pocket expenses of Freddie

Mac (including but not limited to the fees and expenses of counsel to Freddie Mac) in connection with the Loans.

(iii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Governmental Lender, an initial financing fee in an amount equal to \$32,000, together with all third party and out-of-pocket expenses of the Governmental Lender (including but not limited to the fees and expenses of Bond Counsel and general counsel to the Governmental Lender) in connection with the Loans and the issuance of the Governmental Note.

(iv) On the Delivery Date, from money on deposit in the Borrower Equity Account or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Freddie Mac Seller/Servicer, its commitment fees and application fees, together with all third party and out of pocket expenses of the Freddie Mac Seller/Servicer (including but not limited to the fees and expenses of counsel to the Freddie Mac Seller/Servicer, if any) in connection with the Loans.

(v) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Fiscal Agent, an acceptance fee in an amount equal to \$1,750, together with its initial annual administration fee of \$2,500 and all third party and out-of-pocket expenses of the Fiscal Agent (including but not limited to the fees and expenses of counsel to the Fiscal Agent) in connection with the Loans and the issuance of the Governmental Note.

(vi) To the Fiscal Agent, the Fiscal Agent's Ordinary Fees and Expenses, and the Fiscal Agent's Extraordinary Fees and Expenses when due from time to time.

(vii) To the Governmental Lender, the Governmental Fee Component when due and any extraordinary expenses not covered by the Governmental Fee Component the Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.

(viii) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement, the Arbitrage Rebate Agreement, and this Project Loan Agreement when due from time to time.

(ix) To the Funding Lender Representative, any amount due and owing the Funding Lender Representative from time to time but unpaid under the Continuing Covenant Agreement.

(x) To the Servicer, the amount of any portion of the Servicing Fee remaining unpaid and any fees, costs, and expenses of the Servicer as provided in the Continuing Covenant Agreement.

(xi) To the Servicer, the amounts required to be deposited in respect of reserves and impounds required under the Continuing Covenant Agreement and the other Project Loan Documents.

(xii) If the Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to the Fiscal Agent, within two (2) Business Days of receipt from the Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

Section 4.03 *Payments to Rebate Fund.* The Borrower shall pay when due to the Fiscal Agent at the Principal Office of the Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.12 of the Funding Loan Agreement and the Arbitrage Rebate Agreement.

Section 4.04 *Prepayment.*

(a) **Optional Prepayment of the Project Loan.** The Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Note.

(b) **Mandatory Prepayment of the Project Loan.** The Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the applicable Project Note, as provided therein. Additionally, the Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the applicable Project Note, in connection with the following:

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

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

(c) **Defeasance of the Funding Loan.** In addition, after the Conversion Date and prior to the Window Period, the Borrower may cause a defeasance of the Funding Loan resulting in a release of the Pledged Security by satisfying the conditions set forth hereunder

and in Article IX of the Funding Loan Agreement. In connection therewith, the Borrower will give written notice (a "**Defeasance Notice**") to the Funding Lender Representative, the Servicer, the Governmental Lender, and the Fiscal Agent of the date the Borrower desires to defease the Funding Loan (the "**Defeasance Date**"). The Defeasance Date may not be more than sixty (60) calendar days, nor less than thirty (30) calendar days, after the delivery of the Defeasance Notice. In connection with the delivery of the Defeasance Notice, the Borrower shall cause to be paid to the Funding Lender Representative the Defeasance Fee set forth in the Continuing Covenant Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, the Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loan shall be deemed paid in full, and the Borrower shall be entitled to the release of the Security Instrument, the Pledged Security, and other security provided by it for the Project Loan, subject to the terms and conditions hereof and the other Financing Documents.

Section 4.05 *Borrower's Obligations Upon Prepayment.* In the event of any prepayment, the Borrower will timely pay, or cause to be paid through the Servicer, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and Prepayment Premium, if any. In addition, the Borrower will timely pay all fees, costs, and expenses associated with any prepayment of the Funding Loan.

Section 4.06 *Limits on Personal Liability.*

(a) During the Construction Phase, the obligations of the Borrower under this Project Loan Agreement and the other Financing Documents shall be full-recourse liabilities of the Borrower.

(b) During the Permanent Phase, except as otherwise set forth in the Project Note and subsection 4.06(b) below, the obligations of the Borrower under this Project Loan Agreement and the other Financing Documents shall be non-recourse liabilities of the Borrower which shall be enforced only against the Project and other property of the Borrower encumbered by the Financing Documents and not personally against the Borrower or any partner of the Borrower or any successor or assign of the Borrower. However, nothing in this Section 4.06 shall limit the right of the Governmental Lender, the Fiscal Agent, the Servicer, or the Funding Lender Representative to proceed against the Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that the Servicer or the Funding Lender Representative may have to enforce the Project Note, the Security Instrument, or any other Financing Document in accordance with their terms.

(c) During the Permanent Phase, notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and the Borrower's general partners: (i) the Borrower's obligations to the Governmental Lender and the Fiscal Agent under subsections (b)(iii), (b)(v), (b)(vi), and (b)(vii) of Section 4.02 hereof; (ii) the Borrower's obligations under Sections 2.05 and 6.01 of this Project Loan Agreement; (iii) the Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04 and 4.03 of this Project Loan Agreement, the Arbitrage Rebate Agreement, and the Tax Certificate; and (iv) the Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V SPECIAL COVENANTS OF BORROWER

Section 5.01 *Performance of Obligations.* The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Section 5.02 *Compliance with Applicable Laws.* All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county, and municipal laws, ordinances, rules, and regulations now in force or that may be enacted hereafter.

Section 5.03 *Funding Loan Agreement Provisions.* The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by the Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Funding Loan Agreement, and the Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if the Borrower were a party to the Funding Loan Agreement.

Section 5.04 *Reserved.*

Section 5.05 *Borrower to Maintain Its Existence; Certification of No Default.*

(a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Financing Documents to which the Borrower is a party, the Borrower shall, within thirty (30) days after the end of each calendar year, render to the Fiscal Agent a certificate executed by an

Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which the Borrower is a party and that, to the best of the Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

Section 5.06 *Borrower to Remain Qualified in State and Appoint Agent.* The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.

Section 5.07 *Sale or Other Transfer of Project.* The Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, or otherwise upon receipt of the prior written consent of the Funding Lender Representative.

Section 5.08 *Right to Perform Borrower's Obligations.* In the event the Borrower fails to perform any of its obligations under this Project Loan Agreement, the Governmental Lender, the Fiscal Agent, the Servicer, the Borrower's limited partner, and/or the Funding Lender Representative, after giving requisite notice, if any, and subject to Section 6.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of the Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

Section 5.09 *Notice of Certain Events.* The Borrower shall promptly advise the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, and the Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.10 *Survival of Covenants.* The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01, and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to the Fiscal Agent, the resignation or removal of the Fiscal Agent.

Section 5.11 *Access to Project; Records.* Subject to reasonable notice and the rights of tenants at the Project, the Governmental Lender, the Fiscal Agent, the Servicer, and the Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours: (a) to enter the Project and any other location containing the records relating to the Borrower, the Project, the Loans, and the Borrower's compliance with the terms and conditions

of the Financing Documents; (b) to inspect and audit any and all of the Borrower's records or accounts pertaining to the Borrower, the Project, the Loans, and the Borrower's compliance with the terms and conditions of the Financing Documents; and (c) to require the Borrower, at the Borrower's sole expense, (i) to furnish such documents to the Governmental Lender, the Fiscal Agent, the Servicer, and the Funding Lender Representative, as the Governmental Lender, the Fiscal Agent, the Servicer, or the Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with, and (ii) to make copies of any records that the Governmental Lender, the Fiscal Agent, the Servicer, or the Funding Lender Representative or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Governmental Lender, the Fiscal Agent, the Servicer, and the Funding Lender Representative, such information concerning the Project, the Security Instrument, and the Financing Documents as any of them may reasonably request.

Section 5.12 *Tax Regulatory Agreement.* The covenants of the Borrower in the Tax Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the Governmental Lender and the Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the Tax Regulatory Agreement. The Borrower covenants to file of record the Tax Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the Tax Regulatory Agreement will, subject to the terms of the Tax Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Tax Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, the Governmental Lender and the Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Tax Regulatory Agreement.

Section 5.13 *Damage, Destruction and Condemnation.* If prior to full payment of the Funding Loan (or provision for payment of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Note to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.

Section 5.14 *Obligation of the Borrower To Construct the Project.* The Borrower shall proceed with reasonable dispatch (and in no event later than required under the Financing Documents) to complete the acquisition, construction, and equipping of the Project as required by the Financing Documents. If amounts on deposit in the Project Loan Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of the acquisition, construction, and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender Representative, or the Funding Lender in respect of any such additional costs or to any diminution or abatement in the repayment of the Project Loan. Neither of the Fiscal Agent nor the Governmental Lender makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Project Loan Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and neither of the Fiscal Agent nor the Governmental Lender shall be liable to the Borrower, the Funding Lender, or any other person if for any reason the Project is not completed.

Section 5.15 *Filing of Financing Statements.* The Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loan, the Funding Loan, the Pledged Security, and the Security Instrument, and the rights and powers of the Governmental Lender, the Fiscal Agent, and the Funding Lender in connection with such security interests. The Borrower shall cooperate with the Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements.

ARTICLE VI INDEMNIFICATION

Section 6.01 *Indemnification.*

(a) **Indemnified Losses.** To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless, and defend the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender, and each of their respective officers, governing commissioners, members, directors, officials, employees, attorneys, and agents (collectively, the "**Indemnified Parties**"), against any and all losses, damages (including, but not limited to, consequential and punitive damages), claims, actions, liabilities, costs, and expenses of any conceivable nature, kind, or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise (collectively, "**Losses**"), to the extent arising, directly or indirectly, out of or based upon or in any way relating to:

(i) any breach by the Borrower of its obligations under the Financing Documents or the execution, amendment, restructuring, or enforcement thereof, or in connection with transactions contemplated thereby, including the issuance, sale, transfer, or resale of a Governmental Note;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees, or licensees in connection with the Project Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, rehabilitation or equipping of, the Project or any part thereof;

(iii) any accident, injury to, or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof;

(iv) any lien (other than liens permitted under the Continuing Covenant Agreement) or charge upon payments by the Borrower to the Governmental Lender, the Fiscal Agent or the Servicer hereunder, or any Taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, Impositions, and other charges imposed on the Governmental Lender or the Fiscal Agent in respect of any portion of the Project (other than income and similar taxes on fees received or earned in connection therewith);

(v) any violation of any environmental law, rule, or regulation with respect to, or the release of any Hazardous Materials from, the Project or any part thereof;

(vi) [Reserved];

(vii) the enforcement of, or any action taken by the Governmental Lender, the Fiscal Agent, or the Funding Lender Representative related to remedies under this Project Loan Agreement, the Funding Loan Agreement, or any other Financing Document;

(viii) any untrue statement of a material fact or alleged untrue statement of a material fact by the Borrower contained in any offering statement or document for the Governmental Note or any of the Financing Documents to which the Borrower is a party, or any omission or alleged omission by the Borrower of a material fact from any offering statement or document for the Governmental Note or any of the Financing Documents to which the Borrower is a party necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(ix) any declaration of taxability of interest on the Governmental Note or allegations (or regulatory inquiry) that interest on the Governmental Note is includable in gross income for federal income tax purposes (other than interest on the Governmental Note for a period during which the Governmental Note is held by a "substantial user" of any facility financed with the proceeds of the Governmental Note or a "related person" as such terms are used in Section 147(a) or any successor provision of the Code and applicable Treasury Regulations or any successor law or regulation);

(x) any audit or inquiry by the Internal Revenue Service with respect to the Project and/or the tax-exempt status of the Governmental Note; or

(xi) the Fiscal Agent's acceptance or administration of the trust of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Governmental Note to which it is a party;

except (A) in the case of the foregoing indemnification of the Fiscal Agent, or any of its respective officers, commissioners, members, directors, officials, employees, attorneys, and agents, to the extent such Losses are caused by the gross negligence, unlawful acts, or willful misconduct of such Indemnified Party; (B) in the case of the foregoing indemnification of the Servicer or the Funding Lender or any of their respective officers, commissioners, members, directors, officials, employees, attorneys, and agents, to the extent such Losses are caused by the gross negligence or willful misconduct of such Indemnified Party; or (C) in the case of the foregoing indemnification of the Governmental Lender or any of its officers, commissioners, members, directors, officials, employees, attorneys, and agents, notwithstanding negligence, willful misconduct, or fraud on the part of the Governmental Lender or any of its officers, commissioners, members, directors, officials, employees, attorneys, and agents.

Notwithstanding the foregoing, during the Permanent Phase, nothing in this Section 6.01(a) shall impose any recourse liability on the Borrower or its partners for the payment of any principal of or interest on the Project Loan.

(b) **Procedures.** In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected or approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such

Indemnified Party may employ separate counsel at the expense of the Borrower only if, in such Indemnified Party's good faith judgment, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(c) **Borrower to Remain Obligated.** Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Security Instrument, and the Tax Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of the Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer), and (ii) any such transfer is in compliance with the requirements of the Financing Documents.

(d) **Survival.** The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement.

(e) The indemnity provided by this Section 6.01 shall be in addition to the indemnity provided by any of the Project Loan Documents.

Section 6.02 *Limitation With Respect to the Funding Lender.* Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that the Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loan, the Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that the Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to the Funding Lender (or its nominee), the Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts, and omissions of the Funding Lender (or its nominee) occurring during the period of the Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

Section 7.01 *Events of Default.* The following shall be "**Events of Default**" under this Project Loan Agreement, and the term "Event of Default" shall mean, whenever it is used in this Project Loan Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Financing Documents or any certificate, statement, data, or information furnished by the Borrower

in connection therewith or included by the Borrower in its application to the Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Project Loan Agreement, the Project Note, or the Security Instrument at the times and in the amounts required by this Project Loan Agreement, the Project Note, and the Security Instrument, as applicable, subject to any applicable cure or grace period set forth therein or in the Construction Continuing Covenant Agreement;

(c) The Borrower shall fail to observe or perform any other term, covenant, condition, or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of thirty (30) days after notice of such failure by the Governmental Lender, the Fiscal Agent, or the Funding Lender Representative to the Borrower (unless such default cannot with due diligence be cured within thirty (30) days but can be cured within a reasonable period and will not, in the Funding Lender Representative's sole discretion, adversely affect the Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within thirty (30) days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in the Funding Lender Representative's judgment, absent immediate exercise by the Funding Lender Representative of a right or remedy under this Agreement, result in harm to the Funding Lender, impairment of this Project Loan Agreement or any other Financing Document;

(d) The occurrence of a default under the Continuing Covenant Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of the Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if the Fiscal Agent is provided written notice by the Funding Lender Representative that an Event of Default has occurred under such Financing Document and the Fiscal Agent is instructed by the Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of the Funding Lender Representative constitute a default under the other Financing Documents.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind the Governmental Lender, the Fiscal Agent,

the Servicer, or the Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents.

Section 7.02 Remedies on Default. Subject to Sections 4.06 and 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender), may take any one or more of the following remedial steps:

(a) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may take such action, without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Note to be immediately due and payable).

(b) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may, without being required to give any notice (other than to the Governmental Lender or the Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(c) The Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) may take whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, the Governmental Lender and the Fiscal Agent may pursue remedies with respect to the Unassigned Rights.

Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of and interest and any Prepayment Premium on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

Notwithstanding the foregoing, if an Event of Default shall arise hereunder, the limited partner of Borrower shall have the right, but not the obligation, to cure such default on the same basis as the Borrower and the Governmental Lender and the Funding Lenders shall accept such cure as if made on behalf of Borrower.

Section 7.03 No Remedy Exclusive. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges, and other remedies available against the

Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender), at any time and from time to time, whether or not the Funding Lender has accelerated the Project Loan, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to the Funding Lender or the Fiscal Agent by this Project Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Funding Lender (or the Fiscal Agent at the direction of the Funding Lender) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Project Loan Agreement.

Section 7.04 *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Borrower shall default under any of the provisions of this Project Loan Agreement and the Governmental Lender, the Fiscal Agent, the Servicer, or the Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Project Loan Agreement or in the Project Note, the Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05 *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06 *Control of Proceedings.*

(a) If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender. In no event shall the

exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of the Funding Lender Representative.

(b) The Governmental Lender and the Fiscal Agent covenant that they will not, without the prior written consent of the Funding Lender Representative, take any of the following actions:

(i) prosecute any action with respect to a lien on the Project; or

(ii) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan; or

(iii) interfere with or attempt to influence the exercise by the Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any event of default by the Borrower under the Financing Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.

(c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, the Governmental Lender or the Fiscal Agent may:

(i) specifically enforce the tax covenants of the Borrower specified in Sections 2.04 and 2.05 hereof or seek injunctive relief against acts which may be in violation thereof;

(ii) specifically enforce the Tax Regulatory Agreement or seek injunctive relief against acts which may be in violation of the Tax Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Internal Revenue Code and state law (but in neither the case of subsection (c)(i) above or this subsection (c)(ii) may the Governmental Lender or the Fiscal Agent seek any form of monetary damages from the Borrower in connection with such enforcement).

In addition, notwithstanding Sections 7.06(a) and 7.06(b) hereof, the Governmental Lender and the Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought), and nothing herein shall be construed to limit the rights of the Governmental Lender, the Fiscal Agent, or any indemnified party related to the Governmental Lender or the Fiscal Agent under Section 6.01 (each a "Related Indemnified Party") to enforce their respective rights against the Borrower under Sections 4.02, 4.03, 6.01, and 7.04 hereof, provided that no obligation of the Borrower to the Governmental Lender, the Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in

any manner constitute a lien on, or security interest in, the Project, whether in favor of the Governmental Lender, the Fiscal Agent, or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for the Fiscal Agent's right to receive payment of reasonable fees and expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an event of default with respect to the Funding Loan, which reasonable fees and expenses of the Fiscal Agent shall be payable as provided thereunder). Accordingly, none of the Governmental Lender, the Fiscal Agent, or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against the Borrower, without recourse to the Project. In addition, any such enforcement shall not involve the filing by the Governmental Lender or the Fiscal Agent of a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation, or other similar law in effect now or in the future.

Section 7.07 *Assumption of Obligations.* At the Funding Lender's discretion, in the event that the Fiscal Agent or the Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Project Loan Agreement, the Project Note, the Tax Regulatory Agreement, and any other Financing Documents to which the Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

ARTICLE VIII MISCELLANEOUS

Section 8.01 *Notices.*

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

Any notice, request, complaint, demand, communication, or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower, or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from

such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 11.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower, or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

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

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

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

Section 8.02 *Concerning Successors and Assigns.* All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises, and agreements by or on behalf of the Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender, and the Funding Lender Representative, as applicable.

Section 8.03 *Governing Law; Waiver of Jury Trial* This Project Loan Agreement shall be construed in accordance with and governed by the internal laws of the State and, where applicable, the laws of the United States of America. The parties hereto hereby waive the right to trial by jury in any action arising under this Project Loan Agreement.

Section 8.04 *Modifications in Writing.* Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which

given. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.05 *Further Assurances and Corrective Instruments.* The Governmental Lender, the Fiscal Agent, and the Borrower agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by the Funding Lender Representative) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.

Section 8.06 *Captions.* The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

Section 8.07 *Severability.* The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.08 *Counterparts.* This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.09 *Amounts Remaining in Loan Payment Fund or Other Funds.* It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof, shall be paid in accordance with the Funding Loan Agreement.

Section 8.10 *Effective Date and Term.* This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

Section 8.11 *Cross References.* Any reference in this Project Loan Agreement to an "Article," a "Section," a "Subsection," or a "Paragraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears.

Section 8.12 *Funding Lender Representative and Servicer as Third-Party Beneficiaries.* The parties hereto agree and acknowledge that the Funding Lender Representative and the Servicer are third party beneficiaries of this Project Loan Agreement.

Section 8.13 *Reserved.*

Section 8.14 *Non-Liability of Governmental Lender.* The Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by the Fiscal Agent on behalf of the Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Governmental Lender or any member is pledged to the payment of the principal (or Prepayment Premium) or interest on the Funding Loan. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims, or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan, or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Project Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of money to repay the Funding Loan will be provided by the payments made by the Borrower pursuant to this Project Loan Agreement, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Prepayment Premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration, or otherwise), then upon notice from the Fiscal Agent, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Prepayment Premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance, or malfeasance on the part of the Fiscal Agent, the Borrower, the Governmental Lender, or any third party, subject to any right of reimbursement from the Fiscal Agent or any such third party, as the case may be, therefor.

Further, any obligation of the Governmental Lender created by or arising out of this Project Loan Agreement shall be a limited obligation of Governmental Lender payable solely out the payments made by the Borrower pursuant to this Project Loan Agreement, together with investment income on certain funds and accounts held by the Fiscal Agent under the Funding Loan Agreement.

It is recognized that notwithstanding any other provision of this Project Loan Agreement, neither the Borrower, the Fiscal Agent, nor any holder of the Project Note shall look to the Governmental Lender for damages suffered by the Borrower, the Fiscal Agent, or such owner as a result of the failure of the Governmental Lender to perform any covenant, undertaking or obligation under this Project Loan Agreement, the Funding Loan Agreement, the Project Note, the Governmental Note, or any of the other documents referred to herein, or

as a result of the incorrectness of any representation made by the Governmental Lender in any of such documents, or for any other reason.

Section 8.15 *No Liability of Officers.* No recourse under or upon any obligation, covenant, or agreement or in the Governmental Note, or under any judgment obtained against the Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent, or officer, as such, past, present, or future, of the Governmental Lender, either directly or through the Governmental Lender, or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may be due and unpaid by the Governmental Lender upon the Funding Loan. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent, or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may remain due and unpaid upon the Funding Loan, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Note.

Section 8.16 *Capacity of the Fiscal Agent.* The Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability, and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. The Fiscal Agent shall be responsible only for the duties of the Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

Section 8.17 *Reliance.* The representations, covenants, agreements, and warranties set forth in this Project Loan Agreement may be relied upon by the Governmental Lender, the Fiscal Agent, Bond Counsel, the Servicer, the Funding Lender, and the Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, the Governmental Lender, and the Fiscal Agent may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Governmental Lender and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than the Governmental Lender) that:

(a) the Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Funding Lender, or the Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by the Governmental Lender;

(b) the Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Fiscal Agent, the Funding Lender Representative, the Servicer, or the Borrower, as applicable; and

(c) none of the provisions of this Project Loan Agreement shall require the Governmental Lender or the Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses, and liabilities which may be incurred by taking any such action.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Project Loan Agreement, all as of the date first set forth above.

(SEAL)

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

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

[Governmental Lender's Signature Page to Project Loan Agreement (Royal Palm Place)]

**U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent**

By: _____

Name: Amanda Kumar

Title: Assistant Vice President

[Fiscal Agent's Signature Page to Project Loan Agreement (Royal Palm Place)]

ROYAL PALM PLACE, LTD., a Florida
limited partnership

By: Royal Palm Place GP, LLC, its
Managing General Partner

By: _____

Name: Francisco Rojo

Title: Vice President

[Borrower's Signature Page to Project Loan Agreement (Royal Palm Place)]

MULTIFAMILY NOTE

\$16,000,000

July ____, 2017

FOR VALUE RECEIVED, the undersigned (“**Borrower**”) promises to pay to the order of 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 “**Lender**”), the maximum principal sum of SIXTEEN MILLION AND NO/100 DOLLARS (\$16,000,000), with interest on the unpaid principal balance from time to time outstanding at the annual rate as set forth on Schedule A. This Note will be assigned to U.S. Bank National Association or any successor thereto (the “**Fiscal Agent**”) designated as such by that certain Funding Loan Agreement, dated as of July 1, 2017, by and among the Lender, Citibank, N.A., and the Fiscal Agent.

1. **Defined Terms.** As used in this Note, the following terms shall have the following definitions:

(a) “**Beneficiary Parties**” shall have the meaning set forth in the Security Instrument.

(b) “**Borrower Loan**” means the loan evidenced by this Note, the proceeds of which shall be disbursed in accordance with the Borrower Loan Agreement.

(c) “**Borrower Loan Agreement**” means that certain Project Loan Agreement, dated as of July 1, 2017, by and among Borrower, Fiscal Agent and Lender.

(d) “**Borrower Loan Payment Date**” means the first Business Day of each month, commencing on the First Payment Date.

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

(f) “**Closing Date**” shall mean the date of this Note.

(g) “**Conditions to Conversion**” shall have the meaning given to such term in the Construction Funding Agreement.

(h) “**Construction Funding Agreement**” shall mean that certain Construction Funding Agreement, dated as of July 1, 2017, by and between Borrower and Funding Lender.

(i) “**Conversion Date**” means the date the Borrower Loan converts from the construction phase to the permanent phase upon the satisfaction of the Conditions to

Conversion in accordance with the Construction Phase Financing Agreement (as defined in the Construction Funding Agreement).

(j) “**Default Rate**” shall have the meaning set forth in Section 8 of this Note.

(k) “**Determination of Taxability**” shall have the meaning given to such term in the Funding Loan Agreement.

(l) “**First Payment Date**” means the first Business Day of the month following the month in which the first disbursement of Borrower Loan proceeds is made in accordance with the Borrower Loan Agreement, or, if the first disbursement of Borrower Loan proceeds is made after the 20th day of a month, means the first Business Day of the second month following the month in which the first disbursement of Loan proceeds is made in accordance with the Borrower Loan Agreement.

(m) “**Funding Lender**” means Citibank, N.A., in its capacity as lender under the Funding Loan Agreement.

(n) “**Indebtedness**” means the principal of, interest on, and any other amounts due at any time under, this Note, the Security Instrument or any other Loan Document, including prepayment premiums, late charges, default interest, and advances to protect the security of the Security Instrument as described in Section 12 of the Security Instrument.

(o) “**Interest Rate**” shall have the meaning set forth in Paragraph 1 of Schedule A to this Note.

(p) “**Lender**” 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, and any subsequent holder of this Note.

(q) “**Loan Documents**” shall have the meaning given to such term in the Security Instrument.

(r) “**Loan Month**” means the period commencing on a Borrower Loan Payment Date and ending on the day preceding the next succeeding Borrower Loan Payment Date (without adjustment in either case for Business Day conventions).

(s) “**Loan Payment Date**” means the first Business Day of each month, commencing on the First Payment Date.

(t) “**Maturity Date**” means the earlier to occur of (i) July 1, 2034, or (ii) any earlier date on which the unpaid principal balance of this Note becomes due and payable, by acceleration or otherwise.

(u) “**Maximum Permanent Period Amount**” shall have the meaning set forth in the Construction Funding Agreement.

(v) “**Maximum Rate**” means the maximum interest rate that may be paid on the Borrower Loan under State law.

(w) “**Note**” means this Multifamily Note.

(x) “**Note Interest**” shall have the meaning set forth in Schedule A to this Note.

(y) “**Outside Conversion Date**” means July 1, 2019, as the same may be extended pursuant to the Construction Funding Agreement.

(z) “**Property Jurisdiction**” shall have the meaning set forth in the Security Instrument.

(aa) “**Related Documents**” shall mean, collectively, any agreement or other document (other than the Loan Documents) granting a security interest (including each agreement that is the subject of any loan document), the Borrower’s operating agreement, and any other agreement, instrument or other document (not constituting a Loan Document) relating to or executed in connection with the transactions contemplated by the Borrower Loan Agreement.

All other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Borrower Loan Agreement and the Funding Loan Agreement.

2. **Method of Payment.** All payments due under this Note shall be payable to Lender, or its successor or assigns, through the Fiscal Agent. Each such payment shall be made by wire transfer of immediately available funds in accordance with wire transfer instructions that the Lender or Fiscal Agent shall supply by Written Notice to the Borrower from time to time.

3. **Payment of Principal and Interest.** Principal and interest shall be paid as follows:

(a) Borrower shall pay all amounts due under this Note and the Borrower Loan Agreement at the times and in the amounts set forth herein and in the Borrower Loan Agreement. Borrower shall make its payments under this Note in immediately available funds.

(b) Commencing on the First Payment Date and continuing on each Borrower Loan Payment Date thereafter until the Maturity Date (but subject to the provisions of Section 22 hereof), Borrower shall pay monthly payments of interest only, at the Interest Rate set forth on Schedule A attached hereto, in successive monthly installments. Such payments shall be made to the Lender or the Servicer by 2:00 p.m., New York City time, on each Borrower Loan Payment Date.

(c) Any accrued interest remaining past due may, at Lender’s discretion, be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to “accrued interest” shall refer to accrued interest that has not become part of the unpaid principal balance.

(d) Borrower shall pay all unpaid principal of and interest on this Note on the Maturity Date and any other amounts due under subsection 3(a) hereof. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full.

(e) Any regularly scheduled monthly installment of principal and interest that is received by Fiscal Agent and remitted to the Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

(f) Borrower shall make all payments of principal and interest under this Note without relief from valuation and appraisal laws.

(g) Borrower acknowledges that the calculation of all interest payments shall be made by the Lender and shall be final and conclusive, absent manifest error.

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

5. **Security.** The Indebtedness is secured by, among other things, the Security Instrument, and reference is made to the Security Instrument for other rights of Lender as to collateral for the Indebtedness.

6. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Late Charge.** If any principal and/or interest payable under this Note is not received by Lender when such amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event, such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5.0%) of such amount (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted). Notwithstanding the foregoing, with regard to each regularly scheduled monthly installment of principal and/or interest payable pursuant to this Note, such late charge shall not become due and payable to Lender so long as the Borrower makes such payment on or prior to the tenth (10th) calendar day following the date upon which such payment is due (or the Business Day immediately following such tenth (10th) calendar day if such tenth (10th) calendar day is not a Business Day). Any accrued but unpaid late charges shall be added to and become part of the unpaid principal

balance of this Note, shall bear interest at the rate or rates specified in this Note, and shall be secured by the Security Instrument and the other applicable Loan Documents. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Borrower Loan, and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the Closing Date, of the additional expenses Lender will incur by reason of such late payment, and such late charge shall be deemed liquidated damages and not additional interest or a penalty. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8. Notwithstanding anything to the contrary in any other Loan Document, if a Servicer has been appointed, any late charges payable hereunder shall not be remitted to Lender and shall instead be paid directly to Servicer, who shall apply such late charges in accordance with the terms of the applicable servicing agreement. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, and shall not act as a waiver of any other rights that the Servicer or the Lender may have as provided herein, in the other Loan Documents, or at law or in equity.

8. **Default Rate.** So long as (a) any monthly installment under this Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate per annum (the "Default Rate") equal to the lesser of the Maximum Rate or a rate equal to the Interest Rate plus four percent (4%), in each case compounded monthly (computed in accordance with Schedule A in the same manner in which Note Interest is computed). If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Borrower Loan, that, during the time that any monthly installment under this Note is delinquent, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent or any other Event of Default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate as provided above represents a fair and reasonable estimate, taking into account all circumstances existing on the Closing Date, of the additional costs and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. **Personal Liability of Borrower.**

(a) Throughout the term of this Note (but subject to the provisions of Section 22 hereof), Borrower shall be personally liable under this Note, the Security Instrument and the other Loan Documents for (1) the repayment of the Indebtedness,

including, without limitation, all amounts due under this Note, and (2) the performance of all other obligations of Borrower under this Note and the other Loan Documents.

(b) Subject to the provisions of Section 22, hereof, Funding Lender may exercise its rights against Borrower personally without regard to whether Funding Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Funding Lender under this Note, the Security Instrument, any other Loan Document or applicable law. For purposes of this Section 9, the term “**Mortgaged Property**” shall not include any funds that (1) have been applied by Borrower as required or permitted by the Security Instrument prior to the occurrence of an Event of Default or (2) Borrower was unable to apply as required or permitted by the Security Instrument because of a bankruptcy, receivership, or similar judicial proceeding. To the fullest extent permitted by applicable law, in any action to enforce Borrower’s personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

(c) Nothing herein or in the other Loan Documents shall be deemed to be a waiver of any right which Lender or Servicer may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, or corresponding or superseding sections of the Bankruptcy Amendments and Federal Judgeship Act of 1984, to file a claim for the full amount due to Lender and Servicer hereunder and under the other Loan Documents or to require that all collateral shall continue to secure the amounts due hereunder and under the other Loan Documents.

10. **Prepayments.**

(a) Reserved.

(b) Borrower may voluntarily prepay this Note, in whole or in part, without penalty or premium. Any voluntary prepayment shall be made upon not less than ten (10) days prior written notice to Servicer.

(c) In connection with any such prepayment permitted pursuant to this Section 10(b), the Borrower shall wire transfer the amount required hereunder in immediately available funds by 2:00 p.m., New York City time, on the date of prepayment. For all purposes including the accrual of interest, any prepayment received by Lender on any day other than the last calendar day of a Loan Month shall be deemed to have been received on the day when it is received.

(d) Upon Lender’s exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, all accrued interest and all other sums due Lender.

(e) Reserved.

(f) Reserved.

(g) The Borrower shall prepay the entire outstanding principal balance of this Note, at the direction of the Lender, at a price equal to the outstanding principal balance of the Note, plus accrued interest and any other amounts payable under this Note or the Borrower Loan Agreement through the date of prepayment, upon the occurrence of any event or condition described below:

(i) [Reserved]; or

(ii) in whole, upon a Determination of Taxability.

In connection with any such prepayment, the Borrower shall wire transfer immediately available funds by no later than 2:00 p.m., New York City time, on the date fixed by the Lender, which date shall be communicated by the Lender in writing to the Borrower.

(h) The Borrower shall prepay the outstanding principal balance of this Note at the direction of the Lender, in whole or in part, at a price equal to the amount of principal being prepaid, plus accrued interest and any other amounts payable under this Note or the other Loan Documents, upon the occurrence of any event or condition described below:

(i) in whole or in part, if the Mortgaged Property shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Security Instrument following such event of damage or destruction;

(ii) in whole or in part, if title to, or the use of, all or a portion of the Mortgaged Property shall have been taken under the exercise of the power of eminent domain by any Governmental Authority which results in a prepayment of this Note under the conditions described in the Security Instrument;

(iii) in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Mortgaged Property are not applied to restoration of the Mortgaged Property in accordance with the provisions of the Security Instrument; or

(iv) in whole, on the Outside Conversion Date, if the Conditions to Conversion have not been satisfied and the Conversion Date has not occurred on or prior to the Outside Conversion Date.

In connection with any such prepayment, the Borrower shall wire transfer immediately available funds by no later than 2:00 p.m., New York City time, on the date fixed by the Lender, which date shall be communicated by the Lender in writing to the Borrower. To the extent that the Borrower receives any insurance proceeds or condemnation awards that are to be applied to the prepayment of this Note, such amounts shall be applied to the prepayment of this Note.

(i) Any permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing.

(j) Reserved.

(k) Reserved.

(l) Notwithstanding anything herein to the contrary, Lender shall have the right, in its sole discretion, to require Borrower to prepay this Note, together with all amounts due under the Loan Documents, in full or in part based on the calculation of the Permanent Period Amount in accordance with the terms and provisions of the Borrower Loan Agreement, as and to the extent required by Lender in connection with a Pre-Conversion Loan Equalization Payment in accordance with the Funding Loan Agreement.

11. **Intentionally Omitted.**

12. **Costs and Expenses.** To the fullest extent allowed by applicable law, Borrower shall pay all expenses and costs, including, without limitation, out-of-pocket expenses and reasonable fees of attorneys (including, without limitation, in-house attorneys) and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding. For purposes of this Section 12, attorneys' out of pocket expenses shall include, but are not limited to, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping and similar costs and expenses.

13. **Forbearance.** Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

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

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

16. **Obligations of the Borrower Absolute and Unconditional.** Subject to Section 9, the obligations of the Borrower to make all payments required under this Note and the other Loan Documents on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder and under the other Loan Documents shall be primary, absolute, unconditional and irrevocable, and shall be paid or performed strictly in accordance with the terms of this Note and the other Loan Documents under any and all circumstances, without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Mortgaged Property or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Mortgaged Property or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Mortgaged Property, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Lender's legal organization or status, or any default of the Lender hereunder or under any other Loan Document, and regardless of the invalidity of any action of the Lender or the invalidity of any portion of this Note or the other Loan Documents. Provided further, the obligations of Borrower under this Note and the other Loan Documents shall not be affected by:

(a) any lack of validity or enforceability of any Loan Document or any of the Related Documents;

(b) any amendment of, or any waiver or consent with respect to, any of the Loan Documents or Related Documents;

(c) the existence of any claim, set-off, defense or other rights which Borrower, its Managing General Partner or Guarantor may have at any time against

Lender (other than the defense of payment in accordance with the terms of this Note or the other Loan Documents) or any other Person, whether in connection with this Note or any other Loan Document, the Related Documents or any transaction contemplated thereby or any unrelated transaction;

(d) any breach of contract or other dispute between Borrower, its Managing General Partner or Guarantor, and Lender;

(e) any Funding Requisition or any document presented in connection therewith, proving to be forged, fraudulent, untrue, inaccurate, invalid or insufficient in any respect (except in the event of gross negligence or willful misconduct by Lender with respect to same); or

(f) any exchange, release or nonperfection of any lien or security interest in any collateral pledged or otherwise provided to secure any of the obligations contemplated herein, in any other Loan Document or in any Related Document.

The Borrower hereby waives the application to it of the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Note or the other Loan Documents or which releases or purports to release the Borrower therefrom. Nothing contained herein shall be construed as prohibiting the Borrower from pursuing any rights or remedies it may have against any Person in a separate legal proceeding.

17. **Commercial Purpose.** Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household or agricultural purposes.

18. **Counting of Days.** Except where otherwise specifically provided, any reference in this Note to a period of “days” means calendar days, not Business Days.

19. **Notices.** All notices, demands and other communications required or permitted to be given pursuant to this Note shall be in writing, addressed as set forth below, and shall include a reference to “Citi Loan Deal ID No. 23870.” Each notice shall be deemed given on the earliest to occur of (a) the date when the notice is received by the addressee; (b) the first Business Day after the notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (c) the third Business Day after the notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested.

If to the Borrower: Royal Palm Place, Ltd.
3050 Biscayne Boulevard, Suite 300
Miami, Florida 33137
Attention: Francisco Rojo
Facsimile: (305) 538-9552, Ext. 103

and with a copy to: Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, Florida 33130

Attention: Brian McDonough, Esq.
Facsimile: (305) 789-3350

and a copy to:

Boston Financial Institutional
Tax Credits XLVI Limited Partnership
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management – Royal Palm Place
Facsimile: (617) 439-4805

and a copy to:

Holland & Knight LLP
10 St. James Avenue, 11th Floor
Boston, MA 02116
Attention: James E. McDermott, Esq.
Facsimile: (617) 523-6850

If to Lender:

Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt
E-mail: dbrandt@pbcgov.com
Telephone: (561) 233-3652

with a copy to:

Greenspoon Marder, P.A.
525 Okeechobee Boulevard, Suite 900
West Palm Beach, Florida 33401
Attention: Morris G. (Skip) Miller, Esq.
E-mail: skip.miller@gmlaw.com
Telephone: (561) 838-4556

With a copy to:

U.S. Bank National Association
Corporate Trust Services
550 W. Cypress Creek Road, Suite 380
Fort Lauderdale, Florida 33309
Attention: Amanda Kumar
E-mail: amanda.kumar@usbank.com
Telephone: (954) 938-2475

If to Funding Lender: Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, New York 10013
Attention: Transaction Management Group
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (212) 723-8209

With a copy to: Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (805) 557-0924

Prior to the Conversion Date, with a copy to: Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, New York 10013
Attention: Account Specialist
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (212) 723-8209]

Following the Conversion Date, with a copy to: Citibank N.A.
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: Client Relations Manager
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (215) 328-0305

Prior to the Conversion Date, with a copy to: Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, New York 10013
Attention: Account Specialist
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (212) 723-8209

The Borrower or the Lender may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 19. Each party agrees that it will not refuse or reject delivery of any notice given in accordance with this Section 19, that it will acknowledge, in writing, the receipt of any notice upon request by the other party and that any notice rejected or refused by it shall be deemed for purposes of this Section 19 to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

20. **Payments on Non-Business Day.** If the date for the making of any payment under this Note is not a Business Day, such payment shall be due and payable on the next succeeding Business Day.

21. **Terms of Note Governing Payment Matters Control in the Event of any Conflict.** In the event the provisions of the Borrower Loan Agreement or the other Loan Documents (other than this Note) conflict with the provisions of this Note which govern the terms of repayment of the Borrower Loan or the payment of other amounts due in connection with the Borrower Loan (including, without limitation, the provisions of this Note which govern the required payments of principal, interest and other amounts due in connection with the Borrower Loan, the manner of payment, the calculation of interest, the payment of the Lender's costs and expenses, the application of payments received by the Lender, the acceleration of amounts owed by the Borrower, late charges, default rates of interest, prepayments, prepayment premiums or maximum rates of interest or similar charges), the provisions of this Note shall govern and control.

22. **At Conversion.** This Note will be amended and restated in its entirety on the Conversion Date pursuant to the Construction Phase Financing Agreement to incorporate, among other things, the repayment provisions applicable to the Borrower Loan from and after the Conversion Date (including, without limitation, the Permanent Phase Interest Rate set forth in the Funding Loan Agreement and the limitations on liability of the Borrower and its partners set forth in Sections 4.06(b) and (c) of the Borrower Loan Agreement.

23. **Determinations by Lender.** Except to the extent expressly set forth in this Note to the contrary, in any instance where the consent or approval of Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Lender under this Note, 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 Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

24. **Release; Indemnity.**

(a) *Release.* Borrower covenants and agrees that, in performing any of its rights or duties under this Note, neither the Lender, nor its agents or employees, shall be liable for any losses, claims, damages, liabilities and expenses that may be incurred by any of them as a result of such performance, except to the extent such liability for any losses, claims, damages, liabilities or expenses arises out of the willful misconduct or gross negligence of such party.

(b) *Indemnity.* Borrower hereby agrees to indemnify and hold harmless the Lender and its agents and employees from and against any and all losses, claims, damages, liabilities and expenses including, without limitation, reasonable attorneys' fees and costs and disbursements, which may be imposed or incurred by any of them in connection with this Note, except that no such party will be indemnified for any losses, claims, damages, liabilities or expenses arising out of the willful misconduct or gross negligence of such party.

25. **Governing Law.** This Note shall be governed by and enforced in accordance with the laws of the State of Florida, without giving effect to the choice of law principles of the

State of Florida that would require the application of the laws of a jurisdiction other than the State of Florida.

26. **Consent to Jurisdiction and Venue.** Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Funding Lender's right to bring any suit, action or proceeding relating to matters arising under this Note against Borrower or any of Borrower's assets in any court of any other jurisdiction.

27. **Severability.** The invalidity, illegality or unenforceability of any provision of this Note shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

28. **Remedies Cumulative.** In the event of Borrower's default under this Note, the Funding Lender may exercise all or any one or more of its rights and remedies available under this Note, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent the Funding Lender from exercising any other right or remedy available to the Funding Lender. The Funding Lender may exercise any such remedies from time to time as often as may be deemed necessary by the Funding Lender.

29. **No Agency or Partnership.** Nothing contained in this Note shall constitute Funding Lender as a joint venturer, partner or agent of Borrower, or render Funding Lender liable for any debts, obligations, acts, omissions, representations or contracts of Borrower.

30. **Entire Agreement; Amendment and Waiver.** This Note contains the complete and entire understanding of the parties with respect to the matters covered. This Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Note shall be considered as a general waiver.

31. **Further Assurances.** Borrower shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that Funding Lender may reasonably request, in order to protect any right or interest granted by this Note or to enable Funding Lender to exercise and enforce its rights and remedies under this Note.

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

33. **Servicer.** Borrower hereby acknowledges and agrees that, pursuant to the terms of Section 3.02 of the Borrower Loan Agreement: (a) from time to time, Funding Lender may

appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under this Note or the other Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives written notice from Funding Lender to the contrary, any action or right which shall or may be taken or exercised by Funding Lender may be taken or exercised by such servicer with the same force and effect.

34. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND FUNDING LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

35. **Time of the Essence.** Time is of the essence with respect to this Note.

36. **Modifications.** For this Borrower's benefit, certain modifications have been made to the Funding Lender's base form for this specific transaction. In the event of a Change-in-Control Transfer (as defined in the Security Instrument) which requires the Funding Lender's consent under Section 21(c) of the Security Instrument, some or all of the modifications to this Note may be modified or rendered void by Funding Lender at its option by notice to Borrower or such transferee.

37. **Attached Schedule.** The following Schedule is attached to this Note and is incorporated by reference herein as if more fully set forth in the text hereof:

Schedule A – Principal and Interest Payments

The terms of this Note are modified and supplemented as set forth in said Schedule. To the extent of any conflict or inconsistency between the terms of said Schedule and the text of this Note, the terms of said Schedule shall be controlling in all respects.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Multifamily Note or caused this Multifamily Note to be duly executed and delivered by its authorized representative as of the date first set forth above.

BORROWER:

ROYAL PALM PLACE, LTD.,
a Florida limited partnership

By: Royal Palm Place GP, LLC,
a Florida limited liability company,
its managing general partner

By: _____
Francisco Rojo
Vice President

PAY TO THE ORDER OF:

**U.S. BANK NATIONAL ASSOCIATION,
AS ASSIGNEE UNDER THAT CERTAIN
FUNDING LOAN AGREEMENT
DATED AS OF JULY 1, 2017**

WITHOUT RECOURSE

**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

(SEAL)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SCHEDULE A

PRINCIPAL AND INTEREST PAYMENTS

Except as provided in Paragraphs 8 and 15 of this Note, interest (“Note Interest”) shall accrue on the unpaid principal of this Note from the Closing Date until paid in full at an annual rate (the “Interest Rate”) as follows:

A. Interest Rate Prior to Conversion Date. From, and including, the Closing Date, until the Conversion Date, the following provisions shall apply:

1. **Interest Rate.** Note Interest shall accrue on the unpaid principal of this Note from, and including, the Closing Date, until the Conversion Date, at an annual rate, as follows:

(a) **Adjustable Interest Rate.** Interest shall accrue at the Adjustable Rate.

(b) **Interest Rate Adjustment.** The Adjustable Rate shall be determined by Lender on each Rate Determination Date and shall be adjusted on each Reset Date until the Conversion Date. Accrued interest on this Note shall be paid in arrears.

(c) **Maximum Rate.** Notwithstanding any other provision of this Note to the contrary, Note Interest shall not exceed the Maximum Rate, as the Maximum Rate may change in accordance with this Note.

(d) **Interest Accrual.** Note Interest shall be computed on the basis of the actual number of days in the period in respect of which payment is being made, divided by 365 (or, if any portion of that period falls in a leap year, the sum of (i) the actual number of days in that portion of the period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

2. **Definitions.** For purposes of this Schedule A, the following terms shall have the meanings set forth below:

“Accrual Period” means the period commencing on the first calendar day of each month and continuing to but excluding the first calendar day of the following month (without adjustment in either case for Business Day payment conventions).

“Adjustable Rate” means the sum of (i) the Current Index, and (ii) the Margin, which sum is then rounded to five decimal places.

“Current Index” means the Index that is determined by Lender on each Rate Determination Date.

“Index” means the seven day high grade market index of tax exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association (formerly The Bond Markets Association)(“**SIFMA**”) or any Person acting in cooperation with or under the sponsorship of

SIFMA and acceptable to the Lender. If Lender determines that use of the Index would violate any applicable law or regulation, or if the Index becomes unavailable, then Lender, in its sole and absolute discretion, will choose a new rate which is based upon comparable information and provide notice to Borrower of such choice.

“Margin” means 2.50%.

“Payment Change Date” means the first day of the next succeeding Accrual Period that follows the last Reset Date of each month until this Note is repaid in full.

“Rate Determination Date” means Wednesday of each week or, if such Wednesday is not a Business Day, the next Business Day following such Wednesday.

“Required Monthly Payment” shall have the meaning set forth in Section 3 below.

“Reset Date” means Thursday of each week in the Accrual Period.

3. **Monthly Interest Only Payments.** Consecutive monthly installments of interest only, each in the amount of the Required Monthly Payment (defined below), shall be payable on each Loan Payment Date until the Conversion Date. The Required Monthly Payment shall be an amount equal to the Note Interest that has accrued on the unpaid principal balance of the Borrower Loan during the applicable Accrual Period, and shall change on each Payment Change Date based on the applicable Adjustable Rate and unpaid principal balance. The entire unpaid principal balance and accrued but unpaid interest, if not sooner paid, shall be due and payable on the Maturity Date.

4. **Notification of Required Monthly Payment.** Before each Payment Change Date, Lender shall re-calculate the Adjustable Rate and shall notify Borrower (in the manner specified in Section 19 of this Note for giving notices) of any change in the Required Monthly Payment.

5. **Error in Calculation of Required Monthly Payment.** If Lender at any time determines, in its sole but reasonable discretion, that it has miscalculated the amount of the Required Monthly Payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Funding Lender shall give notice to Borrower of the corrected amount of the Required Monthly Payment (and the corrected Adjustable Rate, if applicable) and (a) if the corrected amount of the Required Monthly Payment represents an increase, then Borrower shall, within thirty (30) calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of the Required Monthly Payment not been miscalculated, or (b) if the corrected amount of the Required Monthly Payment represents a decrease thereof and Borrower is not otherwise in breach or default under any of the terms and provisions of this Note, the Security Instrument or any other Borrower Loan Document, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the Required Monthly Payment not been miscalculated.

B. Reserved.

C. Loss of Tax Exclusion. Borrower understands that the interest rates provided under this Note are based on the assumption that interest income paid on the Funding Loan and received by the Funding Lender will be excludable from Funding Lender's gross income under Section 103 of the Internal Revenue Code and applicable state law. In the event that Borrower receives notice from Funding Lender that a Determination of Taxability has occurred, then, notwithstanding any provision to the contrary contained herein, the interest rate on this Note and on all obligations of Borrower under the Loan Documents (other than those to which the Default Rate applies) shall be increased to a rate equal to the greater of: (i) three and one-half percent (3.50%) in excess of the SIFMA Rate or (ii) the Default Rate. If Funding Lender determines that use of the SIFMA Rate would violate any applicable law, then Funding Lender, in its sole and absolute discretion, will choose a new rate which is based upon comparable information and provide notice to Borrower of such choice.

In connection with a Determination of Taxability, Borrower shall, in addition, pay to Funding Lender, promptly upon demand, an amount equal to the difference between the amount of interest payable on this Note from the date on which such loss of tax exemption on the Funding Loan shall be applicable to the date on which the interest rate on this Note was increased and the amount of interest that would have been payable on this Note during such period had this Note borne interest during such period at such higher rate. The Borrower shall also indemnify, defend and hold Funding Lender harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all allocated time and charges of "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Funding Loan and the interest payable to Funding Lender on the Funding Loan other than a dispute arising from the Funding Lender's direct or indirect ownership interests in the limited partner or special limited partner of the Borrower prior to the Conversion Date. The obligations of the Borrower under this paragraph shall survive any termination of the Loan Documents, the release of the Security Instrument and repayment of the Borrower Loan and/or Funding Loan.

Draft #2: 07/05/2017

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Citibank, N.A.
Transaction Management Group/ Post Closing
388 Greenwich Street, 8th Floor
New York, NY 10013
Attn: Tanya Jimenez
Deal ID # 23870

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

**LEASEHOLD MULTIFAMILY MORTGAGE, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(FLORIDA)**

**THIS INSTRUMENT IS NOT SUBJECT TO FLORIDA INTANGIBLE TAX, OR
DOCUMENTARY STAMPS, PER s. 159.621, FLORIDA STATUTES.**

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LEASEHOLD MULTIFAMILY MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (FLORIDA)

This **LEASEHOLD MULTIFAMILY MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING** (this “**Instrument**”) is dated for reference purposes only as of the 1st day of July, 2017, but will not be effective and binding on the parties hereto until the Closing Date (as hereinafter defined), by **ROYAL PALM PLACE, LTD.**, a Florida limited partnership, whose address is 3050 Biscayne Boulevard, Suite 300, Miami, Florida 33137, as grantor (“**Borrower**”) to 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, with an address at 100 Australian Avenue, Suite 410, West Palm Beach, Florida 33406 (“**Lender**”). Borrower’s organizational identification number is A14000000481.

The Loan is made and the Indebtedness is evidenced by that certain Multifamily Note (the “**Note**”) in the aggregate maximum principal amount of SIXTEEN MILLION AND NO/100 DOLLARS (\$16,000,000), maturing on the earlier to occur of July 1, _____, or any earlier date on which the unpaid principal balance of the Note becomes due and payable, by acceleration or otherwise (the “**Maturity Date**”).

Immediately upon the execution and delivery of the Note, this Instrument and the other Loan Documents, it is contemplated and intended that Lender will assign its rights (except for Unassigned Rights, as defined in the Funding Loan Agreement) under the Loan to U.S. Bank National Association, as fiscal agent (the “**Fiscal Agent**”), pursuant to that certain Funding Loan Agreement, dated as of the date hereof, by and among Lender, Citibank, N.A., a national banking association (in such capacity, “**Funding Lender**”), and Fiscal Agent, and that certain Assignment of Mortgage and Loan Documents, dated as of the date hereof, from Lender to Fiscal Agent.

NOW THEREFORE:

TO SECURE TO LENDER and its successors and assigns the repayment of the Indebtedness evidenced by the Note executed by Borrower and maturing on the Maturity Date, and all renewals, extensions and modifications of the Indebtedness, including, without limitation, the payment of all sums advanced by or on behalf of Lender to protect the security of this Instrument under Section 12 and the performance of the covenants and agreements of Borrower contained in the Loan Documents, Borrower mortgages, warrants, grants, conveys and assigns to Lender, the Mortgaged Property, including the Land located in Palm Beach County, Florida and described in Exhibit A attached to this Instrument.

Borrower represents and warrants that Borrower is lawfully seized of the Mortgaged Property and has the right, power and authority to mortgage, grant, convey and assign the Mortgaged Property, and that the Mortgaged Property is unencumbered except for the Permitted Encumbrances. Borrower covenants that Borrower will warrant and defend generally the title to the Mortgaged Property against all claims and demands, subject to any Permitted Encumbrances.

This Instrument is also a financing statement and a fixture filing under the Uniform Commercial Code of the Property Jurisdiction and the information set forth on Exhibit C is included for that purpose.

Covenants. Borrower and Lender covenant and agree as follows:

1. **DEFINITIONS.** The following terms, when used in this Instrument (including when used in the above recitals), shall have the following meanings:

(a) **“Affiliate”** means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person. The term “control” for these purposes means, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

(b) **“Bankruptcy Event”** means any one or more of the following:

- (i) (A) the commencement of a voluntary case under one or more of the Insolvency Laws by the Borrower; (B) the acknowledgment in writing by the Borrower that it is unable to pay its debts generally as they mature; (C) the making of a general assignment for the benefit of creditors by the Borrower; (D) the commencement of an involuntary case under one or more Insolvency Laws against the Borrower; or (E) the appointment of a receiver, liquidator, custodian, sequestrator, trustee or other similar officer who exercises control over the Borrower or any substantial part of the assets of the Borrower provided that any proceeding or case under (D) or (E) above is not dismissed within 90 days after filing;
- (ii) Any Guarantor or any Affiliate of a Guarantor files an involuntary petition against Borrower under one or more of the Insolvency Laws; or
- (iii) Both (A) an involuntary petition under any one or more of the Insolvency Laws is filed against Borrower or Borrower directly or indirectly becomes the subject of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction, or in equity, and (B) Borrower or any Affiliate of Borrower has acted in concert or conspired with such creditors of Borrower (other than Lender) to cause the filing thereof with the intent to interfere with enforcement rights of Lender after the occurrence of an Event of Default.

(c) **“Beneficiary Parties”** means Lender, any Servicer, and their respective successors and assigns, together with any lawful owner, holder or pledgee of the Note.

(d) **“Borrower”** means all persons or entities identified as “Borrower” in the first paragraph of this Instrument, together with their successors and assigns.

(e) **“Borrower’s Organizational Documents”** means, collectively: (i) the certificate of limited partnership of Borrower filed with the Office of the Secretary of State of Florida on September 11, 2014, as the same may be amended and/or restated from time to time; and (ii) the Amended and Restated Agreement of Limited Partnership of Borrower, dated as of July ___, 2017, as the same may be amended and/or restated from time to time.

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

(g) **“Closing Date”** has the meaning ascribed thereto in the Loan Agreement.

(h) **“Collateral Agreement”** means any separate agreement between Borrower, Lender, Funding Lender and/or Servicer for the purpose of establishing tax, repair or replacement reserve or escrow accounts for the Mortgaged Property or granting Lender a security interest in any such accounts (including, without limitation, the Construction Funding Agreement), or any other agreement or agreements between Borrower, Lender, Funding Lender and/or Servicer which provide for the establishment of any other fund, reserve or account.

(i) **“Collateral Assignments”** means, collectively, (i) the Assignment of Construction Contract, dated as of the date hereof, by Borrower to Funding Lender and any consents relating thereto, (ii) the Assignment of Architect’s Agreement and Plans and Specifications, dated as of the date hereof, by Borrower to Funding Lender and any consents relating thereto, (iii) the Assignment of Project Documents, dated as of the date hereof, by Borrower to Funding Lender, (iv) the Assignment of Management Agreement, dated as of the date hereof, by Borrower and the Manager (as defined therein) to Funding Lender, (v) the Assignment of Equity Investor Capital Contributions, Pledge and Security Agreement, dated as of the date hereof, by Borrower to Funding Lender, (vi) the Assignment of Equity Interests, Pledge and Security Agreement, dated as of the date hereof, by the Managing General Partner of the Borrower to Funding Lender, and (vii) the Assignment and Subordination of Developer Fees, Pledge and Security Agreement, dated as of the date hereof, by the Assignor (as defined therein) and Borrower to Funding Lender.

(j) **“Conditions to Conversion”** has the meaning ascribed thereto in the Construction Funding Agreement.

(k) **“Construction Funding Agreement”** means that certain Construction Funding Agreement, dated as of the date hereof, between the Funding Lender and Borrower, setting forth certain provisions relating to disbursement of the Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

(l) **“Controlling Interest”** means (i) greater than 50% of the ownership interests in an entity, or (ii) a percentage ownership interest in an entity of 50% or less if the

owner(s) of that interest actually direct(s) the business and affairs of the entity without requirement of consent of any other party.

(m) “**Conversion Date**” has the meaning ascribed thereto in the Loan Agreement.

(n) “**Environmental Agreement**” means that certain Agreement of Environmental Indemnification, dated as of the date hereof, by Borrower, Francisco Rojo and Robert Saland for the benefit of Beneficiary Parties.

(o) “**Environmental Permit**” means any permit, license, or other authorization issued under any Hazardous Materials Law with respect to any activities or businesses conducted on or in relation to the Mortgaged Property.

(p) “**Event of Default**” means the occurrence of any event listed in Section 22.

(q) “**Fiscal Agent**” means U.S. Bank National Association.

(r) “**Fixtures**” means all property which is so attached to the Land or the Improvements as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

(s) “**Funding Loan Agreement**” means that certain Funding Loan Agreement, dated as of the date hereof, by and among the Lender, Fiscal Agent and Funding Lender.

(t) “**Governmental Authority**” means any board, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

(u) “**Guarantor**” means, individually and collectively, Francisco Rojo and Robert Saland and/or any other person or entity which may hereafter become a guarantor of any of Borrower’s obligations under the Loan.

(v) “**Hazardous Materials**” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable

materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; radon; Mold; toxic or mycotoxin spores; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance (whether or not naturally occurring) now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “solid waste”, “pesticide”, “contaminant,” or “pollutant”, or otherwise classified as hazardous or toxic by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

(w) **“Hazardous Materials Laws”** means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, rule of common law (including, without limitation, nuisance and trespass), consent order, administrative rulings and court judgments and decrees or other government directive in effect now or in the future and including all amendments, that relate to Hazardous Materials or to the protection or conservation of the environment or human health and apply to Borrower or to the Mortgaged Property, including, without limitation, those relating to industrial hygiene, or the use, analysis, generation, manufacture, storage, discharge, release, disposal, transportation, treatment, investigation, or remediation of Hazardous Materials. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et seq., the Superfund Amendments and Reauthorization Act, the Solid Waste Disposal Act, the Clean Water Act, the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq. and their state analogs.

(x) **“Impositions”** and **“Imposition Deposits”** shall have the meanings ascribed thereto in Section 7(a).

(y) **“Improvements”** means the buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements and additions.

(z) **“Indebtedness”** means collectively, the principal of, interest on, and all other amounts due at any time under, the Note, this Instrument or any other Loan Document, including prepayment premiums, late charges, default interest, and advances as provided in Section 12 to protect the security of this Instrument, and any fees or expenses paid by Lender on behalf of Borrower to Lender or any other party for the Loan or other amounts relating to the Loan Documents which are paid by Lender;

(aa) **“Initial Owners”** means, with respect to Borrower or any other entity, the persons or entities who on the Closing Date, directly or indirectly, own in the aggregate 100% of the ownership interests in Borrower or that entity.

(bb) “**Insolvency Laws**” means the United States Bankruptcy Code, 11 U.S.C. § 101, et seq., together with any other federal or state law affecting debtor and creditor rights or relating to the bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding, as amended from time to time, to the extent applicable to the Borrower.

(cc) “**Land**” means the land described in Exhibit A.

(dd) “**Leases**” means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals.

(ee) “**Lender**” means the entity identified as “Lender” in the first paragraph of this Instrument, or any subsequent holder of the Note.

(ff) “**Loan**” means the loan made by Lender to Borrower in an amount not to exceed the original principal amount of the Note, which loan is evidenced by the Note and secured by, among other things, this Instrument.

(gg) “**Loan Agreement**” means that certain Project Loan Agreement, dated as of the date hereof, by and among Borrower, Fiscal Agent, and Lender relating to the Loan, as the same may be amended, modified or supplemented from time to time.

(hh) “**Loan Documents**” means collectively, the Loan Agreement, the Construction Funding Agreement, the Note, the Funding Loan Agreement, this Instrument, the Environmental Agreement, all guaranties, all indemnity agreements, all Collateral Agreements, all Collateral Assignments, all O&M Programs, the MMP, and any other documents now or in the future executed by Borrower, any guarantor or any other person in connection with the Loan, as such documents may be amended from time to time.

(ii) “**Material Property Agreements**” means any agreement which, in Lender’s sole discretion, acting in good faith, materially affects the Mortgaged Property, the use thereof or otherwise materially affects the rights of Borrower or Beneficiary Parties in, to, and with respect to the Mortgaged Property or the proceeds therefrom, including, without limitation, each of the following: (a) any agreement regarding the payment in lieu of taxes (“**PILOT**”), (b) all covenants, conditions and restrictions, including, without limitation, any declaration subjecting the Mortgaged Property to an association of owners or other community governance, (c) any agreement regarding the abatement or exemption of real estate taxes, (d) any easement pursuant to which the Mortgaged Property is granted access to a public right of way, (e) any material lease of all or any portion of the Mortgaged Property, (f) any operating agreements relating to the Land or the Improvements, and (g) any regulatory agreements, declarations, land use restriction agreements or similar instruments affecting the Mortgaged Property including the operation or use thereof.

(jj) “**Maturity Date**” has the meaning ascribed thereto in the recitals to this Instrument.

(kk) “**MMP**” means an operations and maintenance plan, moisture management program and/or microbial operations and maintenance program approved by Lender to control water intrusion and prevent the development of Mold or moisture at the Mortgaged Property throughout the term of this Instrument. If required by Lender, the MMP shall contain a provision for (i) staff training, (ii) information to be provided to tenants, (iii) documentation of the plan, (iv) the appropriate protocol for incident response and remediation and (v) routine, scheduled inspections of common space and unit interiors.

(ll) “**Mold**” means mold, fungus, microbial contamination or pathogenic organisms, the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority, requires special handling under any Hazardous Materials Law, or is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “solid waste,” “pesticide,” “contaminant,” or “pollutant” or otherwise classified as hazardous or toxic by or within the meaning of any Hazardous Materials Law, or is regulated in any way by or within the meaning of any Hazardous Materials Law.

(mm) “**Mortgaged Property**” means all of Borrower’s present and future right, title and interest in and to all of the following:

- (i) the Land;
- (ii) the Improvements;
- (iii) the Fixtures;
- (iv) the Personalty;
- (v) all current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;
- (vi) all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Borrower obtained the insurance pursuant to Lender’s requirements;
- (vii) all awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the

power of eminent domain or otherwise and including any conveyance in lieu thereof;

- (viii) all contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations;
- (ix) all Rents and Leases;
- (x) all earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, whether the foregoing are now due, past due, or to become due, all undisbursed proceeds of the loan secured by this Instrument, deposits forfeited by tenants, and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;
- (xi) all refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated);
- (xii) all tenant security deposits which have not been forfeited by any tenant under any Lease and any bond or other security in lieu of such deposits;
- (xiii) all names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property;
- (xiv) all documents, writings, books, files, records and other documents arising from or relating to any of the foregoing, whether now existing or hereafter created; and
- (xv) all proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds, and all other cash and non-cash proceeds and products of any of the foregoing.

(nn) “**Note**” means that certain \$16,000,000 Multifamily Note, dated as of the Closing Date, executed and delivered by the Borrower, payable to Lender and assigned by Lender to Fiscal Agent, including all schedules, riders, allonges and addenda, as the same may be amended, modified, or supplemented from time to time.

(oo) “**O&M Program**” has the meaning ascribed thereto in Section 18(d).

(pp) **“Partnership Agreement”** means the Borrower’s Amended and Restated Agreement of Limited Partnership, dated on or about July 1, 2017, as the same may be amended and/or restated from time to time.

(qq) **“Permitted Encumbrances”** means any easements, encumbrances or restrictions listed on the schedule of exceptions in the title insurance policy issued to Lender as of the date of recordation of this Instrument insuring Lender’s interest in the Mortgaged Property, together with the Regulatory Agreement and the mortgages securing the Subordinate Debt.

(rr) **“Permitted Transfer”** has the meaning ascribed thereto in Section 21(b).

(ss) **“Person”** shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

(tt) **“Personalty”** means all:

- (i) accounts (including deposit accounts) of Borrower related to the Mortgaged Property;
- (ii) Imposition Deposits;
- (iii) equipment, goods, supplies and inventory owned by Borrower that are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements (other than Fixtures), including furniture, furnishings, machinery, building materials, tools, books, records (whether in written or electronic form), computer equipment (hardware and software);
- (iv) other tangible personal property owned by Borrower which are used now or in the future in connection with the ownership, management or operation of the Land or Improvements or are located on the Land or in the Improvements (other than Fixtures), including ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances;
- (v) any operating agreements relating to the Land or the Improvements;
- (vi) any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements;

- (vii) documents, instruments, chattel paper, claims, deposits, deposit accounts, payment intangibles, other intangible property, general intangibles, and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land and including subsidy or similar payments received from any sources, including a governmental authority; and
- (viii) any rights of Borrower in or under letters of credit.

(uu) **“Project”** means that certain 125-unit multifamily housing project located on the Land and known or to be known as Royal Palm Place, located in West Palm Beach, Palm Beach County, Florida.

(vv) **“Property Jurisdiction”** means the State of Florida.

(ww) **“Regulatory Agreement”** means the Land Use Restriction Agreement, dated as of the date hereof, by and among the Lender, Fiscal Agent and the Borrower, regulating or restricting the use or manner of operation of the Mortgaged Property and containing requirements that specified percentages of the dwelling units in the Mortgaged Property be occupied by tenants whose incomes are below specified levels.

(xx) **“Rents”** means all rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, including subsidy payments received from any sources (including, but not limited to payments under any Housing Assistance Payments Contract or similar agreements), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and deposits forfeited by tenants.

(yy) **“Servicer”** means the servicing party that is designated by Lender to service the Loan, together with its successors in such capacity.

(zz) **“Subordinate Debt”** shall mean, collectively, (i) the subordinate loan in the original principal amount of \$4,750,000 made by Florida Housing Finance Corporation to the Borrower, pursuant to the Subordinate Loan Documents, (ii) the subordinate loan in the original principal amount of \$495,000 made by Florida Housing Finance Corporation to the Borrower, pursuant to the Subordinate Loan Documents, (iii) the subordinate loan in the original principal amount of \$300,000 made by the City of West Palm Beach, Florida to the Borrower, pursuant to the Subordinate Loan Documents and (iv) the subordinate loan in the original principal amount of \$115,000 made by Palm Beach County, Florida to the Borrower, pursuant to the Subordinate Loan Documents.

(aaa) **“Subordinate Lender”** shall mean, collectively, the Florida Housing Finance Corporation, the City of West Palm Beach, Florida and Palm Beach County, Florida.

(bbb) **“Subordinate Loan Documents”** shall mean, collectively, all instruments, agreements and other documents evidencing, securing or otherwise relating to the

Subordinate Debt or executed and delivered by Borrower and/or Subordinate Lender in connection with the Subordinate Debt.

(ccc) “**Taxes**” means, collectively, all taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a lien, on the Land or the Improvements.

(ddd) “**Transfer**” means (i) a sale, assignment, transfer, or other disposition (whether voluntary, involuntary or by operation of law); (ii) the grant, creation, or attachment of a lien, encumbrance, or security interest (whether voluntary, involuntary or by operation of law); (iii) the issuance or other creation of a direct or indirect ownership interest; or (iv) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity.

(eee) “**United States Bankruptcy Code**” means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., as amended from time to time.

2. **UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.**

(a) This Instrument is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subjected to a security interest under the Uniform Commercial Code, whether such Mortgaged Property is owned now or acquired in the future, and all products and cash and non-cash proceeds thereof (collectively, “UCC Collateral”), and Borrower hereby grants to Lender a security interest in the UCC Collateral. Borrower hereby authorizes Lender to prepare and file any and all financing statements, continuation statements and financing statement amendments, in such form as Lender may require to perfect or continue the perfection of this security interest without execution by Borrower. Borrower shall pay all filing costs and all costs and expenses of any record searches for financing statements and/or amendments that Lender may require. Without the prior written consent of Lender, Borrower shall not create or permit to exist any other lien or security interest in any of the UCC Collateral. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Instrument or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender’s other remedies. This Instrument constitutes a financing statement with respect to any part of the Mortgaged Property which is or may become a Fixture.

(b) Unless Borrower gives at least thirty (30) days’ prior written notice to Lender and subject to Section 21 hereof, Borrower shall not: (i) change its name, identity, or structure of organization; (ii) change its state of organization through dissolution, merger, transfer of assets or otherwise; (iii) change its principal place of business (or chief executive office if more than one place of business); or (iv) add to or change any location at which any of the Mortgaged Property is stored, held or located. Such notice shall be accompanied by new financing statements and/or financing statement amendments in the same form as the financing statements delivered to Lender on the date hereof. Without limiting the foregoing, Borrower

hereby authorizes and irrevocably appoints Lender and each of its officers attorneys-in-fact for Borrower to execute, deliver, and file, as applicable, such financing statements, continuation statements or amendments deemed necessary by Lender in its sole discretion for and on behalf of Borrower, without execution by Borrower. Borrower shall also execute and deliver to Lender modifications or supplements of this Instrument as Lender may require in connection with any change described in this Section.

3. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all Rents. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all Rents and to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Borrower. Promptly upon request by Lender, Borrower agrees to execute and deliver such further assignments of Rents as Lender may from time to time require. Borrower and Lender intend this assignment of Rents 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 Rents, and for no other purpose, Rents shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents shall be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on Rents in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) Borrower authorizes Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender. However, until the occurrence of an Event of Default, Lender hereby grants to Borrower a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender and to apply all Rents to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, including Imposition Deposits, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, Taxes and insurance premiums (to the extent not included in Imposition Deposits), tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Borrower free and clear of, and released from, Lender's rights with respect to Rents under this Instrument. Upon the occurrence and during the continuance of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Borrower's license to collect Rents shall automatically terminate and Lender shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid (such license shall be reinstated upon Borrower's cure of the Event of Default to the satisfaction of Lender). Borrower shall pay to Lender upon demand all Rents to which Lender is entitled. At any time on or after the occurrence of an Event of Default, Lender may give, and Borrower hereby irrevocably authorizes Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Lender, no tenant shall be obligated to inquire further as to the right of Lender to collect, and no tenant shall be

obligated to pay to Borrower any amounts which are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Borrower shall not interfere with and shall cooperate with Lender's collection of such Rents.

(c) Borrower represents and warrants to Lender that Borrower has not executed any prior assignment of Rents (other than an assignment of Rents securing indebtedness that will be paid off and discharged with the proceeds of the Loan or in connection with the Subordinate Debt), that Borrower has not performed, and Borrower covenants and agrees that it will not perform, any acts and has not executed, and shall not execute, any instrument which would prevent Lender from exercising its rights under this Section 3, and that at the time of execution of this Instrument there has been no anticipation or prepayment of any Rents for more than two months prior to the due dates of such Rents (other than a security deposit not in excess of one month's rent). Borrower shall not collect or accept payment of any Rents more than two months prior to the due dates of such Rents (other than a security deposit not in excess of one month's rent).

(d) If an Event of Default has occurred and is continuing, Lender may, but shall in no event be required to, regardless of the adequacy of Lender's security or the solvency of Borrower and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Lender in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this Instrument, or for such other purposes as Lender in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Lender's security, without regard to Borrower's solvency and without the necessity of giving prior notice (oral or written) to Borrower, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte if permitted by applicable law. Lender or the receiver, as the case may be, shall be entitled to receive a reasonable fee for managing the Mortgaged Property. Immediately upon appointment of a receiver or immediately upon Lender's entering upon and taking possession and control of the Mortgaged Property, Borrower shall surrender possession of the Mortgaged Property to Lender or the receiver, as the case may be, and shall deliver to Lender or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents. In the event Lender takes possession and control of the Mortgaged Property, Lender may exclude Borrower and its representatives from the Mortgaged Property. Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred under this Section 3 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged

Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

(e) If Lender enters the Mortgaged Property, Lender shall be liable to account only to Borrower and only for those Rents actually received. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Lender under this Section 3, and Borrower hereby releases and discharges Lender from any such liability to the fullest extent permitted by law, except for the gross negligence or willful misconduct of Lender or its agents.

(f) If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes shall become an additional part of the Indebtedness as provided in Section 12.

(g) Any entering upon and taking of control of the Mortgaged Property by Lender or the receiver, as the case may be, and any application of Rents as provided in this Instrument shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Instrument.

4. ASSIGNMENT OF LEASES; LEASES AFFECTING THE MORTGAGED PROPERTY.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all of Borrower's right, title and interest in, to and under the Leases, including Borrower'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 Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Borrower's right, title and interest in, to and under the Leases. Borrower and Lender 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 "Mortgaged Property" as that term is defined in Section 1. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases shall be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on the Leases in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) Unless an Event of Default has occurred and is continuing, Borrower shall have all rights, power and authority granted to Borrower under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. During the continuance of an Event of Default, the permission given to Borrower pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall automatically terminate. Borrower shall comply with and observe Borrower's obligations under all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) Borrower acknowledges and agrees that the exercise by Lender, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and the Improvements. The acceptance by Lender of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Lender to take any action under this Instrument or to expend any money or to incur any expenses. Lender 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 Mortgaged Property, except to the extent arising from the gross negligence or willful misconduct of Lender. Prior to Lender's actual entry into and taking possession of the Mortgaged Property, Lender 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 Mortgaged Property; or (iii) be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Borrower shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and shall be that of Borrower, prior to such actual entry and taking of possession.

(d) Upon delivery of notice by Lender to Borrower of Lender's exercise of Lender's rights under this Section 4 at any time during the continuance of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Lender immediately shall have all rights, powers and authority granted to Borrower 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) Borrower shall, promptly upon Lender's request, deliver to Lender an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall (i) be on forms approved by Lender, (ii) be for initial terms of at least six (6) months and not more than two (2) years, (iii) not include options to purchase, (iv) be legally valid, binding, and enforceable obligations of the tenants, (v) contain language expressly stating that such Lease is subordinate to the lien of this Instrument and (vi) comply with all applicable laws.

(f) Except for laundry facilities and cable television services for tenants on market terms and conditions, Borrower shall not lease any portion of the Mortgaged Property for non-residential use except with the prior written consent of Lender and Lender's prior written approval of the Lease agreement. Borrower 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 Instrument) without the prior written consent of Lender. Borrower shall, without request by Lender, deliver an executed copy of each non-residential Lease to Lender promptly after such Lease is signed. All non-residential Leases, including renewals or extensions of existing Leases, shall specifically provide that (i) such Leases are subordinate to the lien of this Instrument; (ii) the tenant shall attorn to Lender and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a foreclosure sale or by Lender in any manner; (iii) the tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a foreclosure sale may from time

to time request; (iv) the Lease shall not be terminated by foreclosure or any other transfer of the Mortgaged Property; (v) after a foreclosure sale of the Mortgaged Property, Lender or any other purchaser at such foreclosure sale may, at Lender's or such purchaser's option, accept or terminate such Lease; and (vi) the tenant shall, upon receipt after the occurrence of an Event of Default of a written request from Lender, pay all Rents payable under the Lease to Lender.

5. **PAYMENT OF INDEBTEDNESS; PERFORMANCE UNDER LOAN DOCUMENTS; PREPAYMENT PREMIUM.** Borrower shall pay the Indebtedness when due in accordance with the terms of the Note and the other Loan Documents and shall perform, observe and comply with all other provisions of the Note and the other Loan Documents. If applicable, Borrower shall pay a prepayment premium in connection with certain prepayments of the Indebtedness, including a payment made after Lender's exercise of any right of acceleration of the Indebtedness, as provided in the Note.

6. **EXCULPATION.** The personal liability of Borrower for payment of the Note and for performance of the other obligations to be performed by Borrower under this Instrument is limited in the manner, and to the extent, provided in the Note.

7. **DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES.**

(a) At any time that the Loan shall be "out-of-balance" as provided in Section 3.3 of the Construction Funding Agreement or an Event of Default shall have occurred and be continuing, upon demand by Lender, Borrower shall deposit with Lender on the day monthly installments of principal or interest, or both, are due under the Note (or on another day designated in writing by Lender), until the Indebtedness is paid in full, an additional amount sufficient to accumulate with Lender the entire sum required to pay, when due (i) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Mortgaged Property, (ii) the premiums for fire and other hazard insurance, rental loss insurance and such other insurance as Lender may require under Section 19, (iii) Taxes, and (iv) amounts for other charges and expenses which Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of liens on the Mortgaged Property, or otherwise to protect Lender's interests, all as reasonably estimated from time to time by Lender, plus one-twelfth of such estimate, if required by Lender. The amounts deposited under the preceding sentence are collectively referred to in this Instrument as the "**Imposition Deposits**". The obligations of Borrower for which the Imposition Deposits are required are collectively referred to in this Instrument as "**Impositions**". The amount of the Imposition Deposits shall be sufficient to enable Lender to pay each Imposition before the last date upon which such payment may be made without any penalty or interest charge being added. Lender shall maintain records indicating how much of the monthly Imposition Deposits and how much of the aggregate Imposition Deposits held by Lender are held for the purpose of paying Taxes, insurance premiums and each other Imposition.

(b) Imposition Deposits shall be held in an interest bearing account in an institution (which may be Lender, if Lender is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency. Lender shall not be obligated to open additional accounts or deposit Imposition Deposits in additional institutions when the amount of the Imposition Deposits exceeds the maximum amount of the federal deposit insurance or guaranty.

Lender shall apply the Imposition Deposits to pay Impositions so long as no Event of Default has occurred and is continuing. Any interest, earnings or profits on the Imposition Deposits, less customary bank fees, shall be paid to Borrower or credited to the account to which they relate at least once per year.. As additional security for all of Borrower's obligations under this Instrument and the other Loan Documents, Borrower hereby pledges and grants to Lender a security interest in the Imposition Deposits and all proceeds of and all interest and dividends on the Imposition Deposits. Any amounts deposited with Lender under this Section 7 shall not be trust funds, nor shall they operate to reduce the Indebtedness, unless applied by Lender for that purpose under Section 7(e).

(c) If Lender receives a bill or invoice for an Imposition, Lender shall pay the Imposition from the Imposition Deposits held by Lender. Lender shall have no obligation to pay any Imposition to the extent it exceeds Imposition Deposits then held by Lender. Lender may pay an Imposition according to any bill, statement or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement or estimate or into the validity of the Imposition.

(d) If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition exceeds the amount deemed necessary by Lender, plus one twelfth of such estimate if required by Lender, the excess shall be credited against future installments of Imposition Deposits. If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition is less than the amount estimated by Lender to be necessary, plus one twelfth of such estimate if required by Lender, Borrower shall pay to Lender the amount of the deficiency within 15 days after notice from Lender.

(e) If an Event of Default has occurred and is continuing, Lender may apply any Imposition Deposits, in any amounts and in any order as Lender determines, in Lender's discretion, to pay any Impositions or as a credit against the Indebtedness. Upon payment in full of the Indebtedness, Lender shall refund to Borrower any Imposition Deposits held by Lender.

(f) If Lender does not collect an Imposition Deposit pursuant to a separate written waiver by Lender, then on or before the date each such Imposition is due, or on the date this Instrument requires each such Imposition to be paid, Borrower shall, if required by Lender, provide Lender with proof of payment of each such Imposition for which Lender does not require collection of Imposition Deposits. Lender may, at any time and in Lender's discretion, revoke its deferral or waiver and require Borrower to deposit with Lender any or all of the Imposition Deposits listed in this Section 7.

8. COLLATERAL AGREEMENTS. Borrower shall deposit with Lender such amounts as may be required by the Loan Agreement and any Collateral Agreement and shall perform all other obligations of Borrower under the Loan Agreement and each Collateral Agreement.

9. APPLICATION OF PAYMENTS. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, then Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Neither Lender's acceptance of an amount that is less than all amounts then due and payable nor

Lender's application of such payment in the manner authorized shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Indebtedness, Borrower's obligations under this Instrument and the Note shall remain unchanged.

10. COMPLIANCE WITH LAWS. Borrower shall comply with all laws, ordinances, regulations and requirements of any Governmental Authority and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, regulations, requirements and covenants pertaining to health and safety, construction of improvements on the Mortgaged Property, fair housing, disability accommodation, zoning and land use, and Leases. Borrower also shall comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits. Borrower shall at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 10. Borrower shall take appropriate measures to prevent, and shall not engage in or knowingly permit, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Mortgaged Property, or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property. Borrower represents and warrants to Lender that no portion of the Mortgaged Property has been or will be purchased with the proceeds of any illegal activity.

11. USE OF PROPERTY. Unless required by applicable law, Borrower shall not (a) allow changes in the use for which all or any part of the Mortgaged Property is being used at the time this Instrument was executed, except for any change in use approved by Lender, (b) convert any individual dwelling units or common areas to commercial use, (c) initiate a change in the zoning classification of the Mortgaged Property or acquiesce in a change in the zoning classification of the Mortgaged Property, (d) establish any condominium or cooperative regime with respect to the Mortgaged Property; (e) combine all or any part of the Mortgaged Property with all or any part of a tax parcel which is not part of the Mortgaged Property, or (f) subdivide or otherwise split any tax parcel constituting all or any part of the Mortgaged Property without the prior consent of Lender.

12. PROTECTION OF LENDER'S SECURITY; INSTRUMENT SECURES FUTURE ADVANCES.

(a) If Borrower fails to perform any of its obligations under this Instrument or any other Loan Document after the expiration of any applicable notice and cure period, or if any action or proceeding (including a Bankruptcy Event) is commenced which purports to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Lender at Lender's option may make such appearances, file such documents, disburse such sums and take such actions as Lender deems necessary to perform such obligations of Borrower and to protect Lender's interest, including (i) payment of fees, expenses and reasonable fees of attorneys, accountants, inspectors and consultants, (ii) entry upon the Mortgaged Property to make repairs or secure the Mortgaged Property, (iii) procurement of the insurance required by Section 19 (specifically including, without limitation,

flood insurance if required by Section 19), and (iv) payment of amounts which Borrower has failed to pay under Sections 15 and 17.

(b) Any amounts disbursed by Lender under this Section 12, or under any other provision of this Instrument that treats such disbursement as being made under this Section 12, shall be secured by this Instrument, shall be added to, and become part of, the principal component of the Indebtedness, shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the “Default Rate”, as defined in the Note.

(c) If the Lender shall elect to pay any sum due with reference to the Project or the Mortgaged Property, the Lender may do so in reliance on any bill, statement or assessment procured from the appropriate Governmental Authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by this Instrument and/or the other Loan Documents, the Lender shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same.

(d) Nothing in this Section 12 shall require Lender to incur any expense or take any action.

13. **INSPECTION.**

(a) Lender and its agents, representatives, and designees may make or cause to be made entries upon and inspections of the Mortgaged Property (including environmental inspections and tests to the extent permitted under Section 18) during normal business hours, or at any other reasonable time, upon reasonable notice to Borrower if the inspection is to include occupied residential units (which notice shall be in writing). Notice to Borrower shall not be required in the case of an emergency, as determined in Lender’s discretion, or when an Event of Default has occurred and is continuing.

(b) If Lender determines that Mold has developed as a result of a water intrusion event or leak, Lender, at Lender’s discretion, may require that a professional inspector inspect the Mortgaged Property as frequently as Lender determines is necessary until any issue with Mold and its cause(s) are resolved to Lender’s satisfaction. Such inspection shall be limited to a visual and olfactory inspection of the area that has experienced the Mold, water intrusion event or leak. Borrower shall be responsible for the cost of such professional inspection and any remediation deemed to be necessary as a result of the professional inspection. After any issue with Mold, water intrusion or leaks is remedied to Lender’s satisfaction, Lender shall not require a professional inspection any more frequently than once every three years unless Lender is otherwise aware of Mold as a result of a subsequent water intrusion event or leak.

(c) If Lender determines not to conduct an annual inspection of the Mortgaged Property, and in lieu thereof Lender requests a certification, Borrower shall be prepared to provide and must actually provide to Lender a factually correct certification each year that the annual inspection is waived to the following effect: that Borrower represents and warrants that Borrower has not received any written complaint, notice, letter or other written communication from tenants, management agent or governmental authorities regarding odors,

indoor air quality, Mold or any activity, condition, event or omission that causes or facilitates the growth of Mold on or in any part of the Mortgaged Property, or if Borrower has received any such written complaint, notice, letter or other written communication, that Borrower has investigated and determined that no Mold activity, condition or event exists or alternatively has fully and properly remediated such activity, condition, event or omission in compliance with the MMP for the Mortgaged Property. If Borrower is unwilling or unable to provide such certification, Lender may require a professional inspection of the Mortgaged Property at Borrower's expense.

14. **BOOKS AND RECORDS; FINANCIAL REPORTING.**

(a) Borrower shall keep and maintain at all times at the Mortgaged Property or the management agent's offices, and upon Lender's request shall make available at the Mortgaged Property, complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property, and copies of all written contracts, Leases, and other instruments which affect the Mortgaged Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection at any reasonable time by Lender upon reasonable advance written notice.

(b) Borrower shall furnish to Lender all of the following:

- (i) (A) except as provided in clause (B) below, within 45 days after the end of each fiscal quarter of Borrower, a statement of income and expenses for Borrower's operation of the Mortgaged Property on a year-to-date basis as of the end of each fiscal quarter, (B) within 120 days after the end of each fiscal year of Borrower, (1) a statement of income and expenses for Borrower's operation of the Mortgaged Property for such fiscal year, (2) a statement of changes in financial position (or equivalent) of Borrower relating to the Mortgaged Property for such fiscal year, and (3) when requested by Lender, a balance sheet showing all assets and liabilities of Borrower relating to the Mortgaged Property as of the end of such fiscal year; and (C) any of the foregoing at any other time upon Lender's request;
- (ii) (A) except as provided in clause (B) below, within 45 days after the end of each fiscal quarter of Borrower, and (B) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Lender's request, a rent schedule for the Mortgaged Property showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by Lender;
- (iii) within 120 days after the end of each fiscal year of Borrower, and at any other time within ten (10) days of Lender's request, an accounting of all security deposits held pursuant to all Leases,

including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to access information regarding such accounts;

- (iv) within 120 days after the end of each fiscal year of Borrower, and at any other time within ten (10) days of Lender's request, a statement that identifies all owners of any interest in Borrower and any Controlling Entity and the interest held by each, if Borrower or a Controlling Entity is a corporation, all officers and directors of Borrower and Borrower and such Controlling Entity, and if Borrower or a Controlling Entity is a limited liability company, all managers who are not members, and if Borrower is a limited partnership, all general partners;
- (v) within ten (10) days of Lender's request, monthly or quarterly income and expense statements for the applicable calendar month or quarter on a year-to-date basis for Borrower's operation of the Mortgaged Property;
- (vi) within ten (10) days of Lender's request, a rent roll for the Mortgaged Property and a monthly property management report for the Mortgaged Property, showing the number of inquiries made and rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender;
- (vii) within ten (10) days of Lender's request, a balance sheet, a statement of income and expenses for Borrower and a statement of changes in financial position (or equivalent) of Borrower for Borrower's most recent fiscal year;
- (viii) annually, if applicable, within sixty (60) days of the date required for submission by the agency in the Property Jurisdiction responsible for monitoring the low income housing tax credit program, a low income housing tax credit compliance report in form and substance acceptable to Lender; and
- (ix) if required by Lender, within 30 days of the end of each calendar month, a monthly statement of income and expenses for such calendar month on year-to-date basis for Borrower's operation of the Mortgaged Property.

(c) Each of the statements, schedules and reports required by Section 14(b) shall be certified to be complete and accurate by an individual having authority to bind Borrower and shall be in such form and contain such detail as Lender may require. Lender also may

require that any statements, schedules or reports be audited at Borrower's expense, by independent certified public accountants acceptable to Lender.

(d) If Borrower fails to provide in a timely manner the statements, schedules and reports required by Section 14(b), upon not less than ten (10) days' prior written notice, Lender shall have the right to have Borrower's books and records audited, at Borrower's expense, by independent certified public accountants selected by Lender in order to obtain such statements, schedules and reports, and all related costs and expenses of Lender shall become immediately due and payable and shall become an additional part of the Indebtedness as provided in Section 12.

(e) If an Event of Default has occurred and is continuing, Borrower shall deliver to Lender upon written demand all books and records relating to the Mortgaged Property or its operation.

(f) Borrower authorizes Lender to obtain a credit report on Borrower at any time.

15. TAXES; OPERATING EXPENSES.

(a) Subject to the provisions of Section 15(c) and Section 15(d), Borrower shall pay, or cause to be paid, all Taxes when due and before the imposition of any interest, fine, penalty or cost for nonpayment.

(b) Subject to the provisions of Section 15(c), Borrower shall pay (i) the expenses of operating, managing, maintaining and repairing the Mortgaged Property (including insurance premiums, utilities, repairs and replacements) before the last date upon which each such payment may be made without any penalty or interest charge being added, and (ii) insurance premiums at least thirty (30) days prior to the expiration date of each policy of insurance, unless applicable law specifies some lesser period.

(c) If Lender is collecting Imposition Deposits, and to the extent that Lender holds sufficient Imposition Deposits for the purpose of paying a specific Imposition, then Borrower shall not be obligated to pay such Imposition, so long as no Event of Default exists and Borrower has timely delivered to Lender any bills or premium notices that it has received. If an Event of Default exists, Lender may exercise any rights Lender may have with respect to Imposition Deposits without regard to whether Impositions are then due and payable. Lender shall have no liability to Borrower for failing to pay any Impositions to the extent that any Event of Default has occurred and is continuing, insufficient Imposition Deposits are held by Lender at the time an Imposition becomes due and payable or Borrower has failed to provide Lender with bills and premium notices as provided above.

(d) Borrower, at its own expense, may contest by appropriate legal proceedings, conducted diligently and in good faith, the amount or validity of any Imposition other than insurance premiums, if (i) Borrower notifies Lender of the commencement or expected commencement of such proceedings, (ii) the Mortgaged Property is not in danger of being sold or forfeited, (iii) Borrower deposits with Lender reserves sufficient to pay the contested Imposition, if requested by Lender, and (iv) Borrower furnishes whatever additional

security is required in the proceedings or is requested by Lender, which may include the delivery to Lender of the reserves established by Borrower to pay the contested Imposition.

(e) Borrower shall promptly deliver to Lender copies of all notices of, and invoices for, Impositions, and if Borrower pays any Imposition directly, Borrower shall promptly furnish to Lender on or before the date this Instrument requires such Impositions to be paid, copies of receipts evidencing that such payments were made.

(f) All payments made by Borrower to Lender pursuant to this Instrument or any of the Loan Documents shall be free and clear of any and all tax liabilities whatsoever (other than United States federal income taxation payable by Lender) and, to the extent Lender is required to pay any such tax liabilities, Borrower shall reimburse Lender in respect of any such payment of taxes and, immediately upon request from Lender, shall deliver to Lender copies of receipts evidencing the payment of such taxes.

16. LIENS; ENCUMBRANCES. Borrower acknowledges that, to the extent provided in Section 21, the grant, creation or existence of any mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance (a "Lien") on the Mortgaged Property (other than the lien of this Instrument and the Permitted Encumbrances) or on certain ownership interests in Borrower, whether voluntary, involuntary or by operation of law, and whether or not such Lien has priority over the lien of this Instrument, is a "Transfer" which constitutes an Event of Default and subjects Borrower to personal liability under the Note. Borrower shall maintain the lien created by this Instrument as a first mortgage lien upon the Mortgaged Property, subject to no other Liens or encumbrances other than Permitted Encumbrances.

17. PRESERVATION, MANAGEMENT AND MAINTENANCE OF MORTGAGED PROPERTY.

(a) Borrower shall not intentionally commit waste by any act of omission or commission or permit impairment or deterioration of the Mortgaged Property.

(b) Borrower shall not abandon the Mortgaged Property.

(c) Borrower shall restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, whether or not insurance proceeds or condemnation awards are available to cover any costs of such restoration or repair.

(d) Borrower shall keep the Mortgaged Property in good repair (normal wear and tear excepted), including the replacement of Personalty and Fixtures with items of equal or better function and quality.

(e) Borrower shall provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Lender at all times, under a contract approved by Lender, in writing, which contract must be terminable upon not more than thirty (30) days' notice without the necessity of establishing cause and without payment of a penalty or termination fee by Borrower or its successors. There shall be no change in the property manager or any contract for the management of the Mortgaged Property without

Lender's prior written approval. Lender shall have the right to require that Borrower and any new property manager enter into an Assignment of Management Agreement on a form approved by Lender. If required by Lender (whether before or after an Event of Default), Borrower will cause any Affiliate of Borrower to whom fees are payable for the management of the Mortgaged Property to enter into an agreement with Lender, in a form approved by Lender, providing for subordination of those fees and such other provisions as Lender may require. "**Affiliate of Borrower**" means any Person controlled by, under common control with, or which controls Borrower (the term "control" for these purposes means the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

(f) Borrower shall give notice to Lender of and, unless otherwise directed in writing by Lender, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument. Borrower shall not (and shall not permit any tenant or other person to) remove, demolish or alter the Mortgaged Property or any part of the Mortgaged Property, including any removal, demolition or alteration occurring in connection with a rehabilitation of all or part of the Mortgaged Property, except (i) in connection with the replacement of tangible Personalty and (ii) repairs and replacements in connection with making an individual unit ready for a new occupant.

(g) Unless otherwise waived by Lender in writing, Borrower must have or must establish and must adhere to the MMP. If Borrower is required to have an MMP, Borrower must keep all MMP documentation at the Mortgaged Property or at the management agent's office and available for Lender or its agents to review during any annual assessment or inspection of the Mortgaged Property that is required by Lender.

18. ENVIRONMENTAL HAZARDS.

(a) Except for matters described in Section 18(b), Borrower shall not cause or permit any of the following:

- (i) the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials on or under the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;
- (ii) the transportation of any Hazardous Materials to, from, or across the Mortgaged Property;
- (iii) any occurrence or condition on the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws;

- (iv) any violation of or noncompliance with the material terms of any Environmental Permit with respect to the Mortgaged Property or any property of Borrower that is adjacent to the Mortgaged Property;
- (v) the imposition of any environmental lien against the Mortgaged Property; or
- (vi) any violation or noncompliance with the material terms of any O&M Program.

The matters described in clauses (i) through (vi) above, except as otherwise provided in Section 18(b), are referred to collectively in this Section 18 as “Prohibited Activities or Conditions”.

(b) Prohibited Activities or Conditions shall not include lawful conditions permitted by an O&M Program or the safe and lawful use and storage of quantities of (i) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, renovation, operation, maintenance or use of comparable multifamily properties, (ii) cleaning materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Mortgaged Property; and (iii) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Mortgaged Property’s parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws.

(c) Borrower shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date of this Instrument) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Borrower shall not lease or allow the sublease or use of all or any portion of the Mortgaged Property to any tenant or subtenant for nonresidential use by any user that, in the ordinary course of its business, would cause or permit any Prohibited Activity or Condition.

(d) If and as required by Lender, Borrower shall also establish a written operations and maintenance program with respect to certain Hazardous Materials. Each such operations and maintenance program and any additional or revised operations and maintenance programs established for the Mortgaged Property pursuant to this Instrument must be approved by Lender and shall be referred to herein as an “**O&M Program.**” Borrower shall comply in a timely manner with, and cause all employees, agents, and contractors of Borrower and any other persons present on the Mortgaged Property to comply with each O&M Program. Borrower shall pay all costs of performance of Borrower’s obligations under any O&M Program, and any Beneficiary Party’s reasonable out-of-pocket costs incurred by such Beneficiary Party in connection with the monitoring and review of each O&M Program and Borrower’s performance shall be paid by Borrower upon demand by such Beneficiary Party. Any such out-of-pocket costs of such Beneficiary Party which Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12.

(e) Without limitation of the foregoing, (i) Borrower hereby agrees to implement and maintain during the entire term of the Loan the O&M Program(s) required by Lender, and (ii) if asbestos-containing materials are found to exist at the Mortgaged Property, the O&M Program with respect thereto shall be undertaken consistent with the Guidelines for Controlling Asbestos-Containing Materials in Buildings (USEPA, 1985) and other relevant guidelines and applicable Hazardous Materials Laws.

(f) With respect to any O&M Program, Lender may require (i) periodic notices or reports to Lender in form, substance and at such intervals as Lender may specify; (ii) amendments to such O&M Program to address changing circumstances, laws or other matters, including, without limitation, variations in response to reports provided by environmental consultants; and (iii) execution of an Operations and Maintenance Agreement relating to such O&M Program satisfactory to Lender.

(g) Borrower represents and warrants to Beneficiary Parties that, except as otherwise disclosed in the Environmental Reports (as defined in the Environmental Agreement):

- (i) Borrower has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;
- (ii) to the best of Borrower's knowledge, no Prohibited Activities or Conditions exist or have existed;
- (iii) the Mortgaged Property does not now contain any underground storage tanks, and, to the best of Borrower's knowledge, the Mortgaged Property and has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Mortgaged Property that has been disclosed in Exhibit A to the Environmental Agreement, that tank complies with all requirements of Hazardous Materials Laws;
- (iv) Borrower has complied with and will continue to comply with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Borrower has obtained all Environmental Permits required for the operation of the Mortgaged Property in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;
- (v) to the best of Borrower's knowledge, no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit or Hazardous Materials Law;
- (vi) there are no actions, suits, claims or proceedings pending or, to the best of Borrower's knowledge, threatened, that involve the

Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition;

- (vii) Borrower has not received any written complaint, order, notice of violation or other communication from any Governmental Authority with regard to air emissions, water discharges, noise emissions or Hazardous Materials, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;
- (viii) no prior Remedial Work (as defined below) has been undertaken, and no Remedial Work is ongoing, with respect to the Mortgaged Property during Borrower's ownership thereof or, to the best of Borrower's knowledge, at any time prior to Borrower's ownership thereof; and
- (ix) Borrower has disclosed in the Environmental Agreement all material facts known to Borrower or contained in Borrower's records the nondisclosure of which could cause any representation or warranty made herein or any statement made in the Environmental Agreement to be false or materially misleading.

The representations and warranties in this Section 18 shall be continuing representations and warranties that shall be deemed to be made by Borrower throughout the term of the Loan, until the Indebtedness has been paid in full or otherwise discharged.

(h) Borrower shall promptly notify Lender in writing upon the occurrence of any of the following events:

- (i) Borrower's discovery of any Prohibited Activity or Condition;
- (ii) Borrower's receipt of or knowledge of any written complaint, order, notice of violation or other communication from any tenant, management agent, Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;
- (iii) Borrower's receipt of or knowledge of any personal injury claim, proceeding or cause of action directly or indirectly arising as a result of the presence of asbestos or other hazardous materials on or from the Mortgaged Property;
- (iv) Borrower's discovery that any representation or warranty in this Section 18 has become untrue after the date of this Instrument; and

(v) Borrower's breach of any of its obligations under this Section 18.

Any such notice given by Borrower shall not relieve Borrower of, or result in a waiver of, any obligation under this Instrument, the Note, or any other Loan Document.

(i) Borrower shall pay promptly the reasonable costs of any environmental inspections, tests or audits ("Environmental Inspections") required by Lender or any Beneficiary Party in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Lender's consent to any Transfer under Section 21, or required by Lender following a determination by Lender that Prohibited Activities or Conditions may exist. Any such costs incurred by Lender (including, without limitation, fees and expenses of attorneys, expert witnesses, engineers, technical consultants and investigatory fees, whether incurred in connection with any judicial or administrative process or otherwise) that Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12. The results of all Environmental Inspections made by Lender shall at all times remain the property of Lender and Lender shall have no obligation to disclose or otherwise make available to Borrower or any other party such results or any other information obtained by Lender in connection with such Environmental Inspections. Lender hereby reserves the right, and Borrower hereby expressly authorizes Lender, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by Lender with respect to the Mortgaged Property. Borrower consents to Lender notifying any party (either as part of a notice of sale or otherwise) of the results of any of Lender's Environmental Inspections. Borrower acknowledges that Lender cannot control or otherwise assure the truthfulness or accuracy of the results of any of its Environmental Inspections and that the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount which a party may bid at such sale. Borrower agrees that Lender shall have no liability whatsoever as a result of delivering the results of any of its Environmental Inspections to any third party, and Borrower hereby releases and forever discharges Lender from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any of Lender's Environmental Inspections.

(j) If any investigation, site monitoring, containment, clean-up, restoration or other remedial work ("Remedial Work") is necessary to comply with or cure a violation of any Hazardous Materials Law or order of any Governmental Authority that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, or is otherwise required by Lender as a consequence of any Prohibited Activity or Condition or to prevent the occurrence of a Prohibited Activity or Condition, Borrower shall, by the earlier of (i) the applicable deadline required by such Hazardous Materials Law or (ii) thirty (30) days after notice from Lender demanding such action, begin performing the Remedial Work, and thereafter diligently prosecute it to completion, and shall in any event complete the work by the time required by such Hazardous Materials Law. Borrower shall promptly provide Lender with a cost estimate from an environmental consultant acceptable to Lender to complete any required Remedial Work. If required by Lender, Borrower shall promptly establish with Lender a reserve fund in the amount of such estimate. If in Lender's opinion the amount reserved at any time during the Remedial

Work is insufficient to cover the work remaining to complete the Remediation or achieve compliance, Borrower shall increase the amount reserved in compliance with Lender's written request. All amounts so held in reserve, until disbursed, are hereby pledged to Lender as security for payment of Borrower's obligations under this Instrument. If Borrower fails to begin on a timely basis or diligently prosecute any required Remedial Work, Lender may, at its option, and after notice to Borrower, cause the Remedial Work to be completed, in which case Borrower shall reimburse Lender on demand for the cost of doing so. Any reimbursement due from Borrower to Lender shall become part of the Indebtedness as provided in Section 12.

(k) Borrower shall comply with all Hazardous Materials Laws applicable to the Mortgaged Property. Without limiting the generality of the previous sentence, Borrower shall (i) obtain and maintain all Environmental Permits required by Hazardous Materials Laws and comply with all conditions of such Environmental Permits; (ii) cooperate with any inquiry by any Governmental Authority; and (iii) comply with any governmental or judicial order that arises from any alleged Prohibited Activity or Condition.

(l) BORROWER SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND BENEFICIARY PARTIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, EMPLOYEES, AGENTS, ATTORNEYS, TRUSTEES, HEIRS AND LEGAL REPRESENTATIVES (COLLECTIVELY, THE "INDEMNITEES") FROM AND AGAINST ALL LOSSES, PROCEEDINGS, CLAIMS, DAMAGES, PENALTIES AND REASONABLE COSTS (WHETHER INITIATED OR SOUGHT BY GOVERNMENTAL AUTHORITIES OR PRIVATE PARTIES), INCLUDING, WITHOUT LIMITATION, REASONABLE FEES AND OUT-OF-POCKET EXPENSES OF ATTORNEYS AND EXPERT WITNESSES, ENGINEERING FEES, ENVIRONMENTAL CONSULTANT FEES, INVESTIGATORY FEES, AND REMEDIATION COSTS (INCLUDING, WITHOUT LIMITATION, ANY FINANCIAL ASSURANCES REQUIRED TO BE POSTED FOR COMPLETION OF REMEDIAL WORK AND REASONABLE COSTS ASSOCIATED WITH ADMINISTRATIVE OVERSIGHT), AND ANY OTHER LIABILITIES OF WHATEVER KIND AND WHATEVER NATURE, WHETHER INCURRED IN CONNECTION WITH ANY JUDICIAL OR ADMINISTRATIVE PROCESS OR OTHERWISE, ARISING DIRECTLY OR INDIRECTLY FROM ANY OF THE FOLLOWING:

- (i) ANY BREACH OF ANY REPRESENTATION OR WARRANTY OF BORROWER IN THIS SECTION 18;
- (ii) ANY FAILURE BY BORROWER TO PERFORM ANY OF ITS OBLIGATIONS UNDER THIS SECTION 18;
- (iii) THE EXISTENCE OR ALLEGED EXISTENCE OF ANY PROHIBITED ACTIVITY OR CONDITION;
- (iv) THE PRESENCE OR ALLEGED PRESENCE OF HAZARDOUS MATERIALS ON OR UNDER THE MORTGAGED PROPERTY OR IN ANY OF THE IMPROVEMENTS OR ON OR UNDER ANY PROPERTY OF BORROWER THAT IS ADJACENT TO THE MORTGAGED PROPERTY;

- (v) THE ACTUAL OR ALLEGED VIOLATION OF ANY HAZARDOUS MATERIALS LAW;
- (vi) ANY LOSS OR DAMAGE RESULTING FROM A LOSS OF PRIORITY OF THIS INSTRUMENT OR ANY OTHER LOAN DOCUMENT DUE TO AN IMPOSITION OF AN ENVIRONMENTAL LIEN AGAINST THE MORTGAGED PROPERTY; AND
- (vii) ANY PERSONAL INJURY CLAIM, PROCEEDING OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY ARISING AS A RESULT OF THE PRESENCE OF ASBESTOS OR OTHER HAZARDOUS MATERIALS ON OR FROM THE MORTGAGED PROPERTY.

(m) COUNSEL SELECTED BY BORROWER TO DEFEND INDEMNITEES SHALL BE SUBJECT TO THE APPROVAL OF THOSE INDEMNITEES. IN ANY CIRCUMSTANCES IN WHICH THE INDEMNITY UNDER THIS SECTION 18 APPLIES, ANY BENEFICIARY PARTY MAY EMPLOY ITS OWN LEGAL COUNSEL AND CONSULTANTS TO PROSECUTE, DEFEND OR NEGOTIATE ANY CLAIM OR LEGAL OR ADMINISTRATIVE PROCEEDING AT BORROWER'S EXPENSE, AND SUCH BENEFICIARY PARTY, WITH THE PRIOR WRITTEN CONSENT OF BORROWER (WHICH SHALL NOT BE UNREASONABLY WITHHELD, DELAYED OR CONDITIONED) MAY SETTLE OR COMPROMISE ANY ACTION OR LEGAL OR ADMINISTRATIVE PROCEEDING. BORROWER SHALL REIMBURSE SUCH BENEFICIARY PARTY UPON DEMAND FOR ALL COSTS AND EXPENSES INCURRED BY SUCH BENEFICIARY PARTY, INCLUDING, WITHOUT LIMITATION, ALL COSTS OF SETTLEMENTS ENTERED INTO IN GOOD FAITH, AND THE REASONABLE FEES AND OUT OF POCKET EXPENSES OF SUCH ATTORNEYS AND CONSULTANTS.

(n) BORROWER SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF THOSE INDEMNITEES WHO ARE NAMED AS PARTIES TO A CLAIM OR LEGAL OR ADMINISTRATIVE PROCEEDING (A "CLAIM"), SETTLE OR COMPROMISE THE CLAIM IF THE SETTLEMENT (1) RESULTS IN THE ENTRY OF ANY JUDGMENT THAT DOES NOT INCLUDE AS AN UNCONDITIONAL TERM THE DELIVERY BY THE CLAIMANT OR PLAINTIFF TO BENEFICIARY PARTIES OF A WRITTEN RELEASE OF THOSE INDEMNITEES, SATISFACTORY IN FORM AND SUBSTANCE TO LENDER; OR (2) MAY MATERIALLY AND ADVERSELY AFFECT BENEFICIARY PARTIES, AS DETERMINED BY LENDER IN ITS DISCRETION.

(o) BORROWER'S OBLIGATION TO INDEMNIFY THE INDEMNITEES SHALL NOT BE LIMITED OR IMPAIRED BY ANY OF THE FOLLOWING, OR BY ANY FAILURE OF BORROWER OR ANY GUARANTOR TO RECEIVE NOTICE OF OR CONSIDERATION FOR ANY OF THE FOLLOWING:

- (i) ANY AMENDMENT OR MODIFICATION OF ANY LOAN DOCUMENT;

- (ii) ANY EXTENSIONS OF TIME FOR PERFORMANCE REQUIRED BY ANY LOAN DOCUMENT;
- (iii) ANY PROVISION IN ANY LOAN DOCUMENT LIMITING BENEFICIARY PARTIES' RECOURSE TO PROPERTY SECURING THE INDEBTEDNESS, OR LIMITING THE PERSONAL LIABILITY OF BORROWER OR ANY OTHER PARTY FOR PAYMENT OF ALL OR ANY PART OF THE INDEBTEDNESS;
- (iv) THE ACCURACY OR INACCURACY OF ANY REPRESENTATIONS AND WARRANTIES MADE BY BORROWER UNDER THIS INSTRUMENT OR ANY OTHER LOAN DOCUMENT;
- (v) THE RELEASE OF BORROWER OR ANY OTHER PERSON, BY BENEFICIARY PARTIES OR BY OPERATION OF LAW, FROM PERFORMANCE OF ANY OBLIGATION UNDER ANY LOAN DOCUMENT;
- (vi) THE RELEASE OR SUBSTITUTION IN WHOLE OR IN PART OF ANY SECURITY FOR THE INDEBTEDNESS; AND
- (vii) FAILURE BY BENEFICIARY PARTIES TO PROPERLY PERFECT ANY LIEN OR SECURITY INTEREST GIVEN AS SECURITY FOR THE INDEBTEDNESS.

(p) BORROWER SHALL, AT ITS OWN COST AND EXPENSE, DO ALL OF THE FOLLOWING:

- (i) PAY OR SATISFY ANY JUDGMENT OR DECREE THAT MAY BE ENTERED AGAINST ANY INDEMNITEE OR INDEMNITEES IN ANY LEGAL OR ADMINISTRATIVE PROCEEDING INCIDENT TO ANY MATTERS AGAINST WHICH INDEMNITEES ARE ENTITLED TO BE INDEMNIFIED UNDER THIS SECTION 18;
- (ii) REIMBURSE INDEMNITEES FOR ANY AND ALL EXPENSES PAID OR INCURRED IN CONNECTION WITH ANY MATTERS AGAINST WHICH INDEMNITEES ARE ENTITLED TO BE INDEMNIFIED UNDER THIS SECTION 18; AND
- (iii) REIMBURSE INDEMNITEES FOR ANY AND ALL EXPENSES, INCLUDING, WITHOUT LIMITATION, FEES AND OUT OF POCKET EXPENSES OF ATTORNEYS AND EXPERT WITNESSES, PAID OR INCURRED IN CONNECTION WITH THE ENFORCEMENT BY

INDEMNITEES OF THEIR RIGHTS UNDER THIS SECTION 18, OR IN MONITORING AND PARTICIPATING IN ANY LEGAL OR ADMINISTRATIVE PROCEEDING.

(q) THE PROVISIONS OF THIS SECTION 18 SHALL BE IN ADDITION TO ANY AND ALL OTHER INDEMNIFICATIONS, OBLIGATIONS AND LIABILITIES THAT BORROWER MAY HAVE UNDER APPLICABLE LAW OR UNDER ANY OTHER LOAN DOCUMENT, AND EACH INDEMNITEE SHALL BE ENTITLED TO INDEMNIFICATION UNDER THIS SECTION 18 WITHOUT REGARD TO WHETHER ANY OTHER BENEFICIARY PARTY OR THAT INDEMNITEE HAS EXERCISED ANY RIGHTS AGAINST THE MORTGAGED PROPERTY OR ANY OTHER SECURITY, PURSUED ANY RIGHTS AGAINST ANY GUARANTOR, OR PURSUED ANY OTHER RIGHTS AVAILABLE UNDER THE LOAN DOCUMENTS OR APPLICABLE LAW. IF BORROWER CONSISTS OF MORE THAN ONE PERSON OR ENTITY, THE OBLIGATION OF THOSE PERSONS OR ENTITIES TO INDEMNIFY THE INDEMNITEES UNDER THIS SECTION 18 SHALL BE JOINT AND SEVERAL. THE OBLIGATION OF BORROWER TO INDEMNIFY THE INDEMNITEES UNDER THIS SECTION 18 SHALL SURVIVE ANY REPAYMENT OR DISCHARGE OF THE INDEBTEDNESS, ANY FORECLOSURE PROCEEDING, ANY FORECLOSURE SALE, ANY DELIVERY OF ANY DEED IN LIEU OF FORECLOSURE, AND ANY RELEASE OF RECORD OF THE LIEN OF THIS INSTRUMENT.

(r) Notwithstanding anything herein to the contrary, (i) Borrower shall have no obligation hereunder to indemnify any Indemnatee for any liability under this Section 18 to the extent that the Prohibited Activity or Condition giving rise to such liability resulted solely from the gross negligence or willful misconduct of such Indemnatee, and, (ii) Borrower's liability under this Section 18 shall not extend to cover the violation of any Hazardous Materials Laws or Prohibited Conditions that first arise, commence or occur as a result of actions of Lender, its successors, assigns or designees, after the satisfaction, discharge, release, assignment, termination or cancellation of this Instrument following the payment in full of the Note and all other sums payable under the Loan Documents or after the actual dispossession from the entire Mortgaged Property of Borrower and all entities which control, are controlled by, or are under common control with Borrower following foreclosure of this Instrument or acquisition of the Mortgaged Property by a deed in lieu of foreclosure.

19. PROPERTY AND LIABILITY INSURANCE.

(a) Borrower shall keep the Improvements insured at all times against such hazards as Lender may from time to time require, which insurance shall include but not be limited to coverage against loss by fire and allied perils, general boiler and machinery coverage, business income coverage and extra expense insurance, coverage against acts of terrorism, mold and earthquake coverage (if it is industry standard at commercially reasonable prices). Borrower acknowledges and agrees that Lender's insurance requirements may change from time to time throughout the term of the Indebtedness. If Lender so requires, such insurance shall also include sinkhole insurance, mine subsidence insurance, earthquake insurance, and, if the Mortgaged Property does not conform to applicable zoning or land use laws, building ordinance or law coverage. If any portion of the Improvements is at any time located in an area identified by the

Federal Emergency Management Agency (or any successor to that agency) as an area now or hereafter having special flood hazards, and if flood insurance is available in that area, Borrower shall insure such Improvements against loss by flood in an amount equal to the maximum amount available under the National Flood Insurance Program or any successor thereto.

(b) All premiums on insurance policies required under Section 19(a) shall be paid in the manner provided in Section 7, unless Lender has designated in writing another method of payment. All such policies shall also be in a form approved by Lender. Lender shall have the right to hold the original policies or duplicate original policies of all insurance required under Section 19(a). All policies of property damage insurance shall include a non-contributing, non-reporting mortgage clause in favor of, and in a form approved by, Lender. Borrower shall promptly deliver to Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums. At least ten (10) days prior to the expiration date of a policy, Borrower shall deliver to Lender a copy or a duplicate original of a renewal policy, in form satisfactory to Lender.

(c) All insurance policies and renewals of insurance policies required by this Section 19 shall be in such amounts and for such periods as Lender may from time to time require consistent with Lender's then current practices and standards, and shall be issued by insurance companies satisfactory to Lender.

(d) During any period of construction and/or rehabilitation, and at all times prior to occupancy of the Project by any tenants following the completion of the construction and/or rehabilitation of the Project in accordance with the Loan Agreement, the following provisions shall apply, in addition to the other provisions of this Section 19 and without limiting the generality of the other provisions of this Section 19:

(i) Borrower shall provide (or cause to be provided), maintain and keep in force, the following insurance coverage:

(A) Builder's "all risk" insurance or the equivalent coverage, including theft, to insure all buildings, machinery, equipment, materials, supplies, temporary structures and all other property of any nature on-site, off-site and while in transit which is to be used in fabrication, erection, installation and construction and/or rehabilitation of the Project, and to remain in effect until the entire Project has been completed and accepted by Borrower and is first occupied by any tenants (provided that in any event, such coverage shall remain in effect until such time as Borrower has provided Lender with evidence of property insurance covering the Improvements and meeting the requirements of this Section 19). Such insurance shall be provided on a replacement cost value basis and shall include foundations, other underground property, tenant improvements and personal property. If tenant improvements and personal property are not included in the above coverage, they may be insured separately by Borrower provided coverage is acceptable to Lender. Builders "all risk" insurance shall (i) be on a nonreporting, completed value form, (ii) cover soft costs, debris removal expense (including removal of pollutants),

resulting loss and damage to property due to faulty or defective workmanship or materials and error in design or specification, loss while the property is in the care, custody and control of others to whom the property may be entrusted, (iii) provide that Borrower can complete and occupy the Mortgaged Property without further written consent from the insurer, and (iv) cover loss of income resulting from delay in occupancy and use of the Mortgaged Property due to loss. During the initial construction and/or rehabilitation of the Project and until such time as the Project is first occupied by any tenants, the Borrower shall not be required to maintain property insurance as required by this Section 19 for so long as Builder's "all risk" insurance or equivalent coverage is maintained in accordance with this paragraph.

(B) If any portion of the Mortgaged Property is or becomes located in an area identified by the United States Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 and Flood Disaster Protection Act of 1973, as amended, Borrower shall also keep the improvements and the equipment located thereon insured against loss by flood in an amount at least equal to the principal amount of the Loan or the maximum limits of coverage available with respect to the Mortgaged Property, whichever is less. All such insurance shall also cover continuing expenses not directly involved in the direct cost of construction, rehabilitation or renovation, including interest on money borrowed to finance construction, rehabilitation or renovation, continuing interest on the Loan, advertising, promotion, real estate taxes and other assessments, the cost of renegotiating leases, and other expenses incurred as the result of property loss or destruction by the insured peril. Such coverage shall not contain any monthly limitation.

(ii) If Lender fails to receive proof and evidence of the insurance required hereunder, Lender shall have the right, but not the obligation, to obtain or cause to be obtained current coverage and to make a Disbursement, as defined by the Loan Agreement (or, in its sole discretion, advance funds) to pay the premiums for it. If Lender makes an advance for such purpose, Borrower shall repay such advance immediately on demand and such advance shall be considered to be a demand loan to Borrower bearing interest at the Default Rate (as defined by the Note) and secured by the Mortgaged Property.

(e) Borrower shall maintain at all times commercial general liability insurance, workers' compensation insurance and such other liability, errors and omissions and fidelity insurance coverages as Lender may from time to time require, consistent with Lender's then current practices and standards.

(f) Borrower shall comply with all insurance requirements and shall not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage that this Instrument requires Borrower to maintain.

(g) In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to Lender. Borrower hereby authorizes and appoints Lender as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claims under policies of property damage insurance to appear in and prosecute any action arising from such property damage insurance policies, to collect and receive the proceeds of property damage insurance in the event that Borrower fails to do so to the satisfaction of Lender, and to deduct from such proceeds Lender's expenses incurred in the collection of such proceeds. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 19 shall require Lender to incur any expense or take any action. Lender may, at Lender's option, (i) hold the balance of such proceeds to be used to reimburse Borrower for the cost of restoring and repairing the Mortgaged Property to the equivalent of its original condition or to a condition approved by Lender (the "**Restoration**"), or (ii) apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due, subject to Section 19(h) below. To the extent Lender determines to apply insurance proceeds to Restoration, Lender shall apply the proceeds in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily properties.

(h) Notwithstanding any provision to the contrary in this Section 19, as long as no Event of Default, or any event which, with the giving of Notice or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing, in the event of a casualty resulting in damage to the Mortgaged Property which will cost \$100,000 or less to repair, the Borrower shall have the sole right to make proof of loss, adjust and compromise the claim and collect and receive any proceeds directly without the approval or prior consent of the Lender so long as the insurance proceeds are used solely for the Restoration of the Mortgaged Property.

(i) Lender shall not exercise its option to apply insurance proceeds to the payment of the Indebtedness if all of the following conditions are met: (i) no Event of Default (or any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default) has occurred and is continuing; (ii) Lender determines, in its discretion, that there will be sufficient funds to complete the Restoration; (and complete construction of the Project in accordance with the Loan Agreement and the Plans and Specifications, as defined therein, if such construction has not been completed at such time); (iii) Lender determines, in its discretion, that the net operating income generated by the Mortgaged Property after completion of the Restoration will be sufficient to meet all operating costs and other expenses, Imposition Deposits, deposits to reserves and loan repayment obligations relating to the Mortgaged Property); (iv) Lender determines, in its discretion, that the Restoration will be completed before the earlier of (A) six (6) months before the Outside Conversion Date, as defined by the Construction Funding Agreement, or (B) sixteen months after the date of the loss or casualty; and (v) upon Lender's request, Borrower provides Lender evidence of the availability during and after the Restoration of the insurance required to be maintained pursuant to this Instrument.

(j) If the Mortgaged Property is sold at a foreclosure sale or Lender acquires title to the Mortgaged Property, Lender shall automatically succeed to all rights of Borrower in and to any insurance policies and unearned insurance premiums and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

(k) Unless Lender otherwise agrees in writing, any application of any insurance proceeds to the Indebtedness shall not extend or postpone the due date of any monthly installments referred to in the Note, Section 7 of this Instrument or any Collateral Agreement, or change the amount of such installments, except as provided in the Note.

(l) Borrower agrees to execute such further evidence of assignment of any insurance proceeds as Lender may require.

(m) Borrower further agrees that to the extent that Borrower obtains any form of property damage insurance for the Mortgaged Property or any portion thereof that insures perils not required to be insured against by Lender, such policy of property damage insurance shall include a standard mortgagee clause and shall name Lender as loss payee and, within ten (10) days following Borrower's purchase of such additional insurance, Borrower shall cause to be delivered to Lender a certified original certificate and evidence of coverage in form satisfactory to Lender. Any insurance proceeds payable to Borrower under such policy shall be additional security for the Indebtedness and Lender shall have the same rights to such policy and proceeds as it has with respect to insurance policies required by Lender pursuant to this Section 19 (except that Lender shall not require that the premium for such additional insurance be included among the Imposition Deposits).

20. CONDEMNATION.

(a) Borrower shall promptly notify Lender in writing of any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect (a "Condemnation") and shall deliver to the Lender copies of any and all papers served in connection with such Condemnation. Borrower shall appear in and prosecute or defend any action or proceeding relating to any Condemnation unless otherwise directed by Lender in writing. Borrower authorizes and appoints Lender as attorney-in-fact for Borrower to commence, appear in and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any Condemnation and to settle or compromise any claim in connection with any Condemnation. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 20 shall require Lender to incur any expense or take any action. Borrower hereby transfers and assigns to Lender all right, title and interest of Borrower in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

(b) Subject to the provisions of Section 20(c) below, Lender may apply such awards or proceeds, after the deduction of Lender's expenses incurred in the collection of such amounts (including, without limitation, fees and out-of-pocket expenses of attorneys and expert witnesses, investigatory fees, whether incurred in connection with any judicial or administrative process or otherwise), at Lender's option, to the restoration or repair of the Mortgaged Property or to the payment of the Indebtedness in accordance with the provisions of the Note as to application of payments to the Indebtedness, with the balance, if any, to Borrower. Unless Lender otherwise agrees in writing, any application of any awards or proceeds to the Indebtedness shall not extend or postpone the due date of payments due under the Note,

Section 7 of this Instrument or any Collateral Agreement or any other Loan Document, or change the amount of such payments, except as otherwise provided in the Note. Borrower agrees to execute such further evidence of assignment of any awards or proceeds as Lender may require.

(c) Lender shall not exercise its option to apply condemnation awards to the payment of the Indebtedness if all of the following conditions are met: (i) no Event of Default (or any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default) has occurred and is continuing; (ii) Lender determines, in its discretion, that there will be sufficient funds to complete the Restoration; (iii) Lender determines, in its discretion, that the rental income from the Mortgaged Property after completion of the Restoration will be sufficient to meet all operating costs and other expenses, Imposition Deposits, deposits to reserves and loan repayment obligations relating to the Mortgaged Property; (iv) Lender determines, in its discretion, that any applicable Restoration will be completed before the earlier of (A) six (6) months before the Outside Conversion Date set forth in the Note or (B) sixteen (16) months after the date of the loss or casualty; and (v) upon Lender's request, Borrower provides Lender evidence of the availability during and after any required Restoration of the insurance required to be maintained pursuant to this Instrument. Notwithstanding any provision to the contrary in this Section 20, as long as no Event of Default, or any event which, with the giving of Notice or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing, in the event of a condemnation resulting in damage to the Mortgaged Property which will cost \$100,000 or less to repair, the Borrower shall have the sole right to make proof of loss adjust and compromise the claim and collect and receive any proceeds directly without the approval or prior consent of the Lender so long as the insurance proceeds are used solely for the Restoration of the Mortgaged Property.

21. TRANSFERS OF THE MORTGAGED PROPERTY OR INTERESTS IN BORROWER.

(a) The occurrence of any of the following events shall constitute an Event of Default under this Instrument:

- (i) other than the lien of this Instrument and the Permitted Encumbrances, a Transfer of all or any part of the Mortgaged Property or any interest in the Mortgaged Property;
- (ii) a Transfer of a Controlling Interest in Borrower;
- (iii) a Transfer of a Controlling Interest in any entity which owns, directly or indirectly through one or more intermediate entities, a Controlling Interest in Borrower;
- (iv) a Transfer of all or any part of a Guarantor's ownership interests in Borrower, or in any other entity which owns, directly or indirectly through one or more intermediate entities, an ownership interest in Borrower (other than a Transfer of an aggregate beneficial ownership interest in Borrower of 49% or less of such Guarantor's original ownership interest in Borrower and which does not

otherwise result in a Transfer of the Guarantor's Controlling Interest in such intermediate entities or in Borrower);

- (v) if Guarantor is an entity, (A) a Transfer of a Controlling Interest in Guarantor, or (B) a Transfer of a Controlling Interest in any entity which owns, directly or indirectly through one or more intermediate entities, a Controlling Interest in Guarantor;
- (vi) if Borrower or Guarantor is a trust, the termination or revocation of such trust; unless the trust is terminated as a result of the death of an individual trustor, in which event Lender must be notified and such Borrower or Guarantor must be replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged);
- (vii) if Guarantor is a natural person, the death of all individuals; unless the Lender is notified and such individual is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged), unless at such time as the death of such individual, Francisco Rojo or Robert Saland remains as a Guarantor;
- (viii) the merger, dissolution, liquidation, or consolidation of (i) Borrower, (ii) any Guarantor that is a legal entity, or (iii) any legal entity holding, directly or indirectly, a Controlling Interest in Borrower or in any Guarantor that is an entity;
- (ix) a conversion of Borrower from one type of legal entity into another type of legal entity (including the conversion of a general partnership into a limited partnership and the conversion of a limited partnership into a limited liability company), whether or not there is a Transfer; if such conversion results in a change in any assets, liabilities, legal rights or obligations of Borrower (or of any Guarantor, or any general partner of Borrower, as applicable), by operation of law or otherwise;
- (x) a Transfer of the economic benefits or right to cash flows attributable to the ownership interests in Borrower and/or, if Guarantor is an entity, Guarantor, separate from the Transfer of the underlying ownership interests, unless the Transfer of the underlying ownership interests would otherwise not be prohibited by this Instrument; and

- (xi) the filing, recording, or consent to filing or recording of any plat or map subdividing, replatting or otherwise affecting the Mortgaged Property or any other replat or subdivision of the Mortgaged Property, whether or not any such action affects the priority of the lien of this Instrument.

Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default in order to exercise any of its remedies with respect to an Event of Default under this Section 21.

(b) The occurrence of any of the following events shall not constitute an Event of Default under this Instrument, notwithstanding any provision of Section 21(a) to the contrary (each, a “Permitted Transfer”):

- (i) a Transfer to which Lender has consented;
- (ii) except as provided in Section 21(a)(vi) and (vii), a Transfer that occurs by devise, descent, pursuant to the provisions of a trust, or by operation of law upon the death of a natural person;
- (iii) the grant of a leasehold interest in an individual dwelling unit for a term of two years or less not containing an option to purchase;
- (iv) a Transfer of obsolete or worn out Personalty or Fixtures that are contemporaneously replaced by items of equal or better function and quality, which are free of liens, encumbrances and security interests other than those created by or permitted pursuant to the Loan Documents or consented to by Lender;
- (v) the grant of an easement, servitude, or restrictive covenant if, before the grant, Lender determines that the easement, servitude, or restrictive covenant will not materially affect the operation or value of the Mortgaged Property or Lender’s interest in the Mortgaged Property, and Borrower pays to Lender, upon demand, all costs and expenses incurred by Lender in connection with reviewing Borrower’s request; provided, however, utility easements of a type usually permitted or required to operate a multifamily project in the Property Jurisdiction (such as, by way of example, gas, sewer and electricity supplier easements and easements to provide cable service) shall be deemed to be Permitted Transfers without the need for Lender’s prior review or determination so long as (A) such easement does not obligate Borrower to incur any additional costs, (B) such easement does not grant the grantee of the easement the option to acquire any other estate in the Mortgaged Property, and (C) Lender is not obligated to subordinate the lien of this Security Instrument to the proposed easement;

- (vi) the creation of a mechanic's, materialman's, or judgment lien against the Mortgaged Property which is released of record or otherwise remedied to Lender's satisfaction within 45 days after Borrower has actual or constructive notice of the existence of such lien;
- (vii) the conveyance of the Mortgaged Property at a judicial or non-judicial foreclosure sale under this Instrument; and
- (viii) transfers of ownership interests in the Borrower's managing general partner, Royal Palm Place GP, LLC, by and between Francisco Rojo and Robert Saland.

(c) Lender shall consent to a Transfer that would otherwise violate this Section 21 if, prior to the Transfer, Borrower has satisfied each of the following requirements:

- (i) the submission to Lender of all information required by Lender to make the determination required by this Section 21(c);
- (ii) the absence of any Event of Default;
- (iii) the transferee meets all of the eligibility, credit, management, and other standards (including any standards with respect to previous relationships between Lender and the transferee and the organization of the transferee) customarily applied by Lender at the time of the proposed Transfer to the approval of borrowers in connection with the origination or purchase of similar mortgage finance structures on similar multifamily properties, unless partially waived by Lender in exchange for such additional conditions as Lender may require;
- (iv) the Mortgaged Property, at the time of the proposed Transfer, meets all standards as to its physical condition that are customarily applied by Lender at the time of the proposed Transfer to the approval of properties in connection with the origination or purchase of similar mortgage finance structures on similar multifamily properties, unless partially waived by Lender in exchange for such additional conditions as Lender may require;
- (v) if transferor or any other person has obligations under any Loan Document, the execution by the transferee or one or more individuals or entities acceptable to Lender of an assumption agreement that is acceptable to Lender and that, among other things, requires the transferee to perform all obligations of transferor or such person set forth in such Loan Document, and may require that the transferee comply with any provisions of this Instrument or any other Loan Document which previously may have been waived by Lender;

- (vi) if a guaranty has been executed and delivered by the transferor in connection with the Note, this Instrument or any of the other Loan Documents, Borrower causes one or more individuals or entities acceptable to Lender to execute and deliver to Lender a substitute guaranty in a form acceptable to Lender;
- (vii) Lender's receipt of all of the following:
 - (1) a non-refundable review fee in the amount of \$3,000 and a transfer fee equal to 1 percent of the outstanding Indebtedness immediately prior to the Transfer; and
 - (2) Borrower's reimbursement of all of Lender's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, to the extent such expenses exceed \$3,000; and
- (viii) Borrower has agreed to Lender's conditions to approve such Transfer, which may include, but are not limited to (A) providing additional collateral, guaranties, or other credit support to mitigate any risks concerning the proposed transferee or the performance or condition of the Mortgaged Property, and (B) amending the Loan Documents to (i) delete any specially negotiated terms or provisions previously granted for the exclusive benefit of transferor and (ii) restore to original provisions of the standard Lender's form multifamily loan documents, to the extent such provisions were previously modified.

(d) For purposes of this Section, the following terms shall have the meanings set forth below:

- (i) A Transfer of a "**Controlling Interest**" shall mean:
 - (1) with respect to any entity, the following:
 - (i) if such entity is a general partnership or a joint venture, a Transfer of any general partnership interest or joint venture interest which would cause the Initial Owners to own less than 51% of all general partnership or joint venture interests in such entity;
 - (ii) if such entity is a limited partnership, (A) a Transfer of any general partnership interest, or (B) a Transfer of any partnership interests which would cause the Initial Owners to own less than 51% of all limited partnership interests in such entity;
 - (iii) if such entity is a limited liability company or a limited liability partnership, (A) a Transfer of any membership or other ownership interest which would cause the Initial Owners to

own less than 51% of all membership or other ownership interests in such entity, (B) a Transfer of any membership, or other interest of a manager, in such entity that results in a change of manager, or (C) a change of the non-member manager;

(iv) if such entity is a corporation (other than a Publicly-Held Corporation) with only one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than 51% of voting stock in such corporation;

(v) if such entity is a corporation (other than a Publicly-Held Corporation) with more than one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than a sufficient number of shares of voting stock having the power to elect the majority of directors of such corporation; and

(vi) if such entity is a trust (other than a Publicly-Held Trust), the removal, appointment or substitution of a trustee of such trust other than (A) in the case of a land trust, or (B) if the trustee of such trust after such removal, appointment, or substitution is a trustee identified in the trust agreement approved by Lender; and/or

(2) any agreement (including provisions contained in the organizational and/or governing documents of Borrower or Guarantor) or Transfer not specified in clause (A), the effect of which, either immediately or after the passage of time or occurrence of a specified event or condition, including the failure of a specified event or condition to occur or be satisfied, would (i) cause a change in or replacement of the Person that controls the management and operations of the Borrower or Guarantor or (ii) limit or otherwise modify the extent of such Person's control over the management and operations of Borrower or Guarantor.

(ii) **“Publicly-Held Corporation”** shall mean a corporation the outstanding voting stock of which is registered under Section 12(b) or 12(g) of the Securities and Exchange Act of 1934, as amended.

(iii) **“Publicly-Held Trust”** shall mean a real estate investment trust the outstanding voting shares or beneficial interests of which are registered under Section 12 (b) or 12 (g) of the Securities Exchange Act of 1934, as amended.

(e) Lender shall be provided with written notice of all Transfers under this Section 21, whether or not such Transfers are permitted under Section 21(b) or approved by Lender under Section 21(c), no later than 10 days prior to the date of the Transfer.

22. **EVENTS OF DEFAULT.** The occurrence of any one or more of the following shall constitute an Event of Default under this Instrument:

(a) (i) any failure by Borrower to pay or deposit any payment of principal, interest, principal reserve fund deposit, any payment with a specified due date, or any other scheduled payment or deposit required by the Note, this Instrument or any other Loan Document when such payment or deposit is due or (ii) any failure by Borrower to pay or deposit any unscheduled payment or deposit, or other payment or deposit without a specified due date, required by the Note, this Instrument or any other Loan Document, within five (5) days after written notice from Lender;

(b) any failure by Borrower to maintain the insurance coverage required by Section 19;

(c) any failure by Borrower to comply with the provisions of Section 32;

(d) fraud or material misrepresentation or material omission by Borrower or Guarantor, any of their respective officers, directors, trustees, general partners, managing members, managers, agents or representatives in connection with (i) the application for the Loan, (ii) any financial statement, rent roll, or other report or information provided to Lender during the term of the Indebtedness, or (iii) any request for Lender's consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement;

(e) any of Borrower's representations and warranties in this Instrument is false or misleading in any material respect when made;

(f) any Event of Default under Section 21;

(g) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Lender's judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property;

(h) any failure by Borrower to perform or comply with any of its obligations under this Instrument (other than those specified in this Section 22), as and when required, which continues for a period of thirty (30) days after written notice of such failure by Lender to Borrower; provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period, not to exceed ninety (90) days. However, no such notice or grace period shall apply to the extent such failure could, in Lender's judgment, absent immediate exercise by Lender of a right or remedy under this Instrument, result in harm to Lender, impairment of the Note or this Instrument or any other security given under any other Loan Document;

(i) any failure by Borrower or any Guarantor to perform any of its obligations as and when required under any Loan Document other than this Instrument which continues beyond the applicable cure period, if any, specified in that Loan Document;

(j) any exercise by the holder of any debt instrument secured by a mortgage, deed of trust or deed to secure debt on the Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable;

(k) the occurrence of a Bankruptcy Event;

(l) any Event of Default (as defined in any of the Loan Documents), which continues beyond the expiration of any applicable cure period;

(m) any breach of, or event of default as defined in, any other document or agreement relating to the Loan or the provision of low income housing tax credits to the Mortgaged Property to which Borrower is a party, which continues beyond the expiration of any applicable cure period thereunder;

(n) any failure by Borrower or the Project to qualify for low income housing tax credits pursuant to the provisions of Section 42 of the Internal Revenue Code;

(o) any failure by the Borrower to satisfy the Conditions to Conversion on or before the Conversion Date (as such date may be extended in accordance with the Loan Agreement);

(p) any amendment, modification, waiver or termination of any of the provisions of Borrower's Organizational Documents without the prior written consent of Lender, other than (i) modifications necessary to reflect the occurrence of a Permitted Transfer or (ii) modifications that do not: (A) impose any additional or greater obligations on Borrower or any of the partners, managers or members of Borrower, (B) reduce or relieve Borrower or any of the partners, managers or members of Borrower of any of their obligations, (C) modify the timing, amounts, number, conditions or other terms of the installments or other payment obligations of the partners or members of Borrower or (D) impair the collateral for the Loan; provided, however, that Borrower shall promptly provide to Lender a copy of any modifications to Borrower's Organizational Documents that do not require Lender's consent;

(q) (i) any material breach of any Material Property Agreement by Borrower or its officers, directors, employees, agents or tenants that continues beyond any applicable notice and cure period; (ii) any failure by Borrower or its officers, directors, employees or agents or any other party to deliver concurrently (in case of notices given) or promptly (in case of notices received) copies of any and all notices received or given thereby to Lender with respect to any Material Property Agreement;

(r) if Borrower or any Guarantor is a trust, the termination or revocation of any such trust; unless the trust is terminated as a result of the death of an individual trustor, in which event Lender must be notified and such Borrower or Guarantor must be replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c)

hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged); or

(s) if any Guarantor is a natural person, the death of such individual; unless the Lender is notified and such individual is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged).

23. **REMEDIES CUMULATIVE.** Each right and remedy provided in this Instrument is distinct from all other rights or remedies under this Instrument or any other Loan Document or afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.

24. **FORBEARANCE.**

(a) Lender may (but shall not be obligated to) agree with Borrower, from time to time, and without giving notice to, or obtaining the consent of, or having any effect upon the obligations of, any guarantor or other third party obligor, to take any of the following actions: extend the time for payment of all or any part of the Indebtedness; reduce the payments due under this Instrument, the Note, or any other Loan Document; release anyone liable for the payment of any amounts under this Instrument, the Note, or any other Loan Document; accept a renewal of the Note; modify the terms and time of payment of the Indebtedness; join in any extension or subordination agreement; release any Mortgaged Property; take or release other or additional security; modify the rate of interest or period of amortization of the Note or change the amount of the monthly installments payable under the Note; and otherwise modify this Instrument, the Note, or any other Loan Document.

(b) Any forbearance by Lender in exercising any right or remedy under the Note, this Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy, or the subsequent exercise of any right or remedy. The acceptance by Lender of payment of all or any part of the Indebtedness after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments on account of the Indebtedness or to exercise any remedies for any failure to make prompt payment. Enforcement by Lender of any security for the Indebtedness shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right available to Lender. Lender's receipt of any awards or proceeds under Sections 19 and 20 shall not operate to cure or waive any Event of Default.

25. **WAIVER OF STATUTE OF LIMITATIONS.** BORROWER HEREBY WAIVES THE RIGHT TO ASSERT ANY STATUTE OF LIMITATIONS AS A BAR TO THE ENFORCEMENT OF THE LIEN OF THIS INSTRUMENT OR TO ANY ACTION BROUGHT TO ENFORCE ANY LOAN DOCUMENT.

26. **WAIVER OF MARSHALLING.** Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be

subjected to the remedies provided in this Instrument, the Note, any other Loan Document or applicable law. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Instrument waives any and all right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Instrument.

27. **FURTHER ASSURANCES.** Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements or amendments, transfers and assurances as Lender may require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Instrument and the Loan Documents. In furtherance thereof, on the request of Lender, Borrower shall re-execute or ratify any of the Loan Documents or execute any other documents or take such other actions as may be necessary to effect the assignment, pledge or other transfer of the Loan to any party that may purchase, insure, credit enhance or otherwise finance all or any part of the Loan, including Freddie Mac.

28. **ESTOPPEL CERTIFICATE.** Within 10 days after a request from Lender, Borrower shall deliver to Lender a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement, (i) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Note; (iii) the date to which interest under the Note has been paid; (iv) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Instrument or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail); (v) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and (vi) any additional facts requested by Lender.

29. **GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.**

(a) This Instrument, and any Loan Document which does not itself expressly identify the law that is to apply to it, shall be governed by the laws of the State of Florida.

(b) Borrower agrees that any controversy arising under or in relation to the Note, this Instrument, or any other Loan Document may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have jurisdiction over all controversies that shall arise under or in relation to the Note, any security for the Indebtedness, or any other Loan Document. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Section 29 is intended to limit Lender's right to bring any suit, action or

proceeding relating to matters under this Instrument in any court of any other jurisdiction where any of the Mortgaged Property is located.

30. **NOTICE.**

(a) All notices, demands and other communications (“notice”) under or concerning this Instrument shall be in writing, addressed as set forth below, and shall include a reference to “Citi Loan Deal ID No. 23870.” Each notice shall be deemed given on the earliest to occur of (i) the date when the notice is received by the addressee; (ii) the first Business Day after the notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (iii) the third Business Day after the notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested.

If to the Borrower: Royal Palm Place, Ltd.
3050 Biscayne Boulevard, Suite 300
Miami, Florida 33137
Attention: Francisco Rojo
Facsimile: (305) 538-9552, Ext. 103

and with a copy to: Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, Florida 33130
Attention: Brian McDonough, Esq.
Facsimile: (305) 789-3350

and a copy to: Boston Financial Institutional
Tax Credits XLVI Limited Partnership
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management – Royal Palm Place
Facsimile: (617) 439-4805

and a copy to: Holland & Knight LLP
10 St. James Avenue, 11th Floor
Boston, MA 02116
Attention: James E. McDermott, Esq.
Facsimile: (617) 523-6850

If to Lender: Housing Finance Authority of Palm Beach County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt
E-mail: dbrandt@pbcgov.com
Telephone: (561) 233-3652

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

With a copy to: U.S. Bank National Association
Corporate Trust Services
550 W. Cypress Creek Road, Suite 380
Fort Lauderdale, Florida 33309
Attention: Amanda Kumar
E-mail: amanda.kumar@usbank.com
Telephone: (954) 938-2475

If to Funding Lender: Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, New York 10013
Attention: Transaction Management Group
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (212) 723-8209

With a copy to: Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (805) 557-0924

Prior to the Conversion Date, with a copy to: Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, New York 10013
Attention: Account Specialist
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (212) 723-8209

Following the Conversion Date, with a copy to: Citibank N.A.
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: Client Relations Manager
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (215) 328-0305

Prior to the Conversion Date, with a copy to: Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, New York 10013

Attention: Account Specialist
Re: Royal Palm Place Deal ID No. 23870
Facsimile: (212) 723-8209

(b) Any party to this Instrument may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 30. Each party agrees that it will not refuse or reject delivery of any notice given in accordance with this Section 30, that it will acknowledge, in writing, the receipt of any notice upon request by the other party and that any notice rejected or refused by it shall be deemed for purposes of this Section 30 to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

(c) Any notice under the Note and any other Loan Document that does not specify how notices are to be given shall be given in accordance with this Section 30.

31. **CHANGE IN SERVICER.** If there is a change of the Servicer, Borrower will be given notice of the change.

32. **SINGLE ASSET BORROWER.** Until the Indebtedness is paid in full, Borrower (a) shall not acquire any real or personal property other than the Mortgaged Property and personal property related to the operation and maintenance of the Mortgaged Property; (b) shall not operate any business other than the management and operation of the Mortgaged Property; and (c) shall not maintain its assets in a way difficult to segregate and identify.

33. **SUCCESSORS AND ASSIGNS BOUND.** This Instrument shall bind, and the rights granted by this Instrument shall inure to, the successors and assigns of Lender and the permitted successors and assigns of Borrower.

34. **JOINT AND SEVERAL LIABILITY.** If more than one person or entity signs this Instrument as Borrower, the obligations of such persons and entities shall be joint and several.

35. **RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY.**

(a) The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Lender and Borrower.

(b) No creditor of any party to this Instrument and no other person (other than a holder of the Note and Servicer) shall be a third party beneficiary of this Instrument or any other Loan Document. Without limiting the generality of the preceding sentence, (i) any arrangement (a "Servicing Arrangement") between Lender and any Servicer for loss sharing or interim advancement of funds shall constitute a contractual obligation of such Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness, (ii) Borrower shall not be a third party beneficiary of any Servicing Arrangement, and (iii) no payment by Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

36. **SEVERABILITY; AMENDMENTS.** The invalidity or unenforceability of any provision of this Instrument shall not affect the validity or enforceability of any other provision, and all other provisions shall remain in full force and effect. This Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Instrument. This Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought; provided, however, that in the event of a Transfer, any or some or all of the Modifications to Instrument set forth in Exhibit B (if any) may be modified or rendered void by Lender at Lender's option by notice to Borrower or such transferee.

37. **CONSTRUCTION.** The captions and headings of the sections of this Instrument are for convenience only and shall be disregarded in construing this Instrument. Any reference in this Instrument to an "Exhibit" or a "Section" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Instrument or to a Section of this Instrument. All Exhibits attached to or referred to in this Instrument are incorporated by reference into this Instrument. Any reference in this Instrument to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time. Use of the singular in this Instrument includes the plural and use of the plural includes the singular. As used in this Instrument, the term "including" means "including, but not limited to."

38. **SERVICER.**

(a) Borrower further acknowledges that Lender may from time to time and in accordance with the terms of the Loan Agreement, appoint a Servicer or a replacement servicer to collect payments, escrows and deposits, to give and receive notices under the Note, this Instrument, or the other Loan Documents, and to otherwise service the Loan. Borrower hereby acknowledges and agrees that, unless Borrower receives written notice from Lender to the contrary, any action or right which shall or may be taken or exercised by Lender may be taken or exercised by Servicer with the same force and effect, including, without limitation, the collection of payments, the giving of notice, the holding of escrows, inspection of the Mortgaged Property, inspections of books and records, the request for documents or information, and the granting of consents and approvals. Borrower further agrees that, unless Lender instructs Borrower to the contrary in writing, (i) any notices, books or records, or other documents or information to be delivered under this Instrument, the Note, or any other Loan Document shall also be simultaneously delivered to the Servicer at the address provided for notices to Servicer pursuant to Section 30 hereof, (ii) any payments to be made under the Note or for escrows under Section 7 of this Instrument or under any of the other Loan Documents shall be made to Servicer. In the event Borrower receives conflicting notices regarding the identity of the Servicer or any other subject, any such notice from Lender shall govern.

(b) Borrower further acknowledges and agrees that, for the purpose of determining whether a security interest is created or perfected under the Uniform Commercial Code of the Property Jurisdiction, any escrows or other funds held by Servicer pursuant to the Loan Documents shall be deemed to be held by Lender.

39. **DISCLOSURE OF INFORMATION.** Lender may furnish information regarding Borrower or the Mortgaged Property to third parties with an existing or prospective

interest in the servicing, enforcement, evaluation, performance, purchase or securitization of the Indebtedness, including but not limited to trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Without limiting the generality of the foregoing, without notice to or the consent of Borrower, Lender may disclose to any title insurance company which insures any interest of Lender under this Instrument (whether as primary insurer, coinsurer or reinsurer) any information, data or material in its possession relating to Borrower, the Loan, the Improvements or the Mortgaged Property. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including but not limited to any right of privacy.

40. **NO CHANGE IN FACTS OR CIRCUMSTANCES.** Borrower warrants that all information in Borrower's application for the Loan and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with Borrower's application for the Loan are complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

41. **SUBROGATION.** If, and to the extent that, the proceeds of the Loan are used to pay, satisfy or discharge any obligation of Borrower for the payment of money that is secured by a pre-existing mortgage, deed of trust or other lien encumbering the Mortgaged Property (a "Prior Lien"), such loan proceeds shall be deemed to have been advanced by Lender at Borrower's request, and Lender shall automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

42. **FINANCING STATEMENT.** As provided in Section 2, this Instrument constitutes a financing statement with respect to any part of the Mortgaged Property which is or may become a Fixture and for the purposes of such financing statement (a) the Debtor shall be Borrower and the Secured Party shall be Lender; (b) the addresses of Borrower as Debtor and Lender as Secured Party are as specified above in the first paragraph of this Instrument; (c) the name of the record leasehold owner is Borrower; (d) the types or items of collateral consist of any part of the Mortgaged Property which is or may become a Fixture; and (e) the organizational identification number of Borrower (if any) as Debtor is set forth on Exhibit C.

43. **ACCELERATION; REMEDIES.** At any time during the existence of an Event of Default, Lender, at Lender's option, may declare the Indebtedness to be immediately due and payable without further demand, and may foreclose this Instrument by judicial proceeding and may invoke any other remedies permitted by Florida law or provided in this Instrument or in any other Borrower Loan Document. Lender shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees, costs of documentary evidence, abstracts and title reports. Borrower waives any and all rights to file or pursue permissive counterclaims in connection with any legal action brought by Lender under this Instrument, the Note or any other Borrower Loan Document.

44. **RELEASE.** Upon payment of the Indebtedness, Lender shall release this Instrument. Borrower shall pay Lender's reasonable costs incurred in releasing this Instrument.

45. **FUTURE ADVANCES.** Lender may from time to time, in Lender's discretion, make optional future or additional advances (collectively, "**Future Advances**") to Borrower, except that at no time shall the unpaid principal balance of all indebtedness secured by the lien of this Instrument, including Future Advances, be greater than an amount equal to two hundred percent (200%) of the original principal amount of this Note as set forth on the first page of this Instrument plus accrued interest and amounts disbursed by Lender under Section 12 or any other provision of this Instrument that treats a disbursement by Lender as being made under Section 12. All Future Advances shall be made, if at all, within twenty (20) years after the date of this Instrument, or within such lesser period that may in the future be provided by law as a prerequisite for the sufficiency of actual or record notice of Future Advances as against the rights of creditors or subsequent purchasers for value. Borrower shall, immediately upon request by Lender, execute and deliver to Lender a promissory note evidencing each Future Advance together with a notice of such Future Advance in recordable form. All promissory notes evidencing Future Advances shall be secured, pari passu, by the lien of this Instrument, and each reference in this Instrument to the Note shall be deemed to be a reference to all promissory notes evidencing Future Advances.

46. **WAIVER OF TRIAL BY JURY.** BORROWER AND LENDER (BY ACCEPTANCE HEREOF) EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS INSTRUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

47. **ATTACHED EXHIBITS.** The following Exhibits are attached to this Instrument and are incorporated by reference herein as if more fully set forth in the text hereof:

- Exhibit A Description of the Land
- Exhibit B Modifications to Instrument (Tax Credits)
- Exhibit C Financing Statement Information
- Exhibit D Modifications to Instrument (Ground Lease)
- Exhibit E Description of Ground Lease

The terms of this Instrument are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Instrument, the terms of said Exhibits shall be controlling in all respects.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Instrument or caused this Instrument to be duly executed and delivered by its authorized representative as of the date first set forth above. The undersigned intends that this instrument shall be deemed to be signed and delivered as a sealed instrument.

WITNESSED BY:

BORROWER:

ROYAL PALM PLACE, LTD.,
a Florida limited partnership

Name: _____

By: Royal Palm Place GP, LLC, a Florida limited liability company, its Managing General Partner

Name: _____

By: _____
Francisco Rojo
Vice President

STATE OF FLORIDA)
)ss. _____
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of July, 2017, by Francisco Rojo, Vice President of ROYAL PALM PLACE GP, LLC, managing general partner of ROYAL PALM PLACE, LTD., a Florida limited partnership, on behalf of the company and as an act of the limited partnership.

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 A

DESCRIPTION OF THE LAND

[To be provided]

EXHIBIT B

MODIFICATIONS TO INSTRUMENT Tax Credits

The following modifications are made to the text of the Instrument that precedes this Exhibit:

1. Section 21(b) of the Instrument is amended by adding the following at the end of such Section:

“(ix) Provided that (i) Royal Palm Place, Ltd., a Florida limited partnership, owns the Mortgaged Property and remains the borrower under the Note, (ii) Royal Palm Place GP, LLC, a Florida limited liability company (“**Managing General Partner**”), is the managing general partner in Borrower and (iii) Boston Financial Institutional Tax Credits XLVI Limited Partnership, a Massachusetts limited partnership, or its permitted transferee (the “**Equity Investor**”), has not less than a 99.98% limited partnership interest in Borrower:

(A) the removal by Equity Investor of either or both of the Managing General Partner or of Royal Palm Place Enterprise, LLC, a Florida limited liability company, the co-general partner of Borrower (“**Co-General Partner**,” and, together with the Managing General Partners, collectively, the “**General Partner**”), as general partner of Borrower and their replacement as general partner by Boston Financial Investment Management, LP (“**Equity Investor Sponsor**”), or by a wholly owned affiliate of Equity Investor Sponsor, which removal shall be in accordance with the terms of the Partnership Agreement of Borrower, provided that (i) the entity replacing the Managing General Partner or Co-General Partner, as applicable, must be a single purpose entity, and (ii) after such replacement, Equity Investor Sponsor or the Initial Owners of Equity Investor Sponsor must own, directly or indirectly, not less than 51% of the general partnership interest or managing membership interest, as applicable, in the entity which replaced the Managing General Partner or Co-General Partner; or

(B) (i) a Transfer of limited partnership interests of Equity Investor in Borrower to (A) a wholly-owned affiliate of Equity Investor or a wholly-owned affiliate of Equity Investor Sponsor, or (B) an entity whose management is controlled by Equity Investor, by a wholly-owned affiliate of Equity Investor or by Equity Investor Sponsor, or (ii) so long as Equity Investor Sponsor or a wholly-owned affiliate of Equity Investor Sponsor retains a Controlling Interest in the Equity Investor, the transfer of interest in Equity Investor; or

(C) the pledge by the General Partner of their interests to Equity Investor pursuant to the terms of the Partnership Agreement; or

(D) on or before the Conversion Date, the withdrawal of Managing General Partner, as the Managing General Partner of Borrower, in accordance with the terms of the Partnership Agreement of Borrower, provided that Co-General Partner remains as the sole general partner of Borrower.

Borrower must provide Funding Lender with (i) advance written notice of the identity of any entity replacing the Managing General Partner or a Co-General Partner pursuant to this Section 21(b), and (ii) upon request by Funding Lender from time to time, Borrower will provide Funding Lender with the names of all owners of interests in Borrower, whether such interests are owned directly or indirectly (other than the indirect owners of the Equity Investor).”

3. Section 21(c) of the Instrument is amended to add the following new subsection:

“(ix) In the event either the Managing General Partner or Go-General Partner is removed as general partner of Borrower, in accordance with the terms of the Partnership Agreement of Borrower, and is replaced by another entity (that is not either the Equity Investor or an affiliate of the Equity Investor) selected by the Equity Investor (to the extent that a Transfer of an interest by in the Borrower as described in Section 21(a)(ii) above is accomplished thereby), the 1 percent transfer fee shall not be due; provided that the transferor and transferee shall be required to comply all the other requirements of this Section 21(c).”

4. Section 30(a) of the Instrument is amended to add the following at the end of such Paragraph:

“Lender agrees that, so long as Equity Investor has a continuing ownership interest in Borrower, effective notice to Borrower under the Loan Documents shall require delivery of a copy of such notice to Equity Investor. Such notice shall be given in the manner provided in this Section 30(a), at Equity Investor’s address set forth below:

Boston Financial Institutional
Tax Credits XLVI Limited Partnership
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management – Royal Palm Place
Facsimile: (617) 439-4805)

with a copy to:

Holland & Knight LLP
10 St. James Avenue, 11th Floor

Boston, MA 02116
Attention: James E. McDermott, Esq.
Facsimile: (617) 523-6850

Lender agrees that, notwithstanding its rights to invoke the remedies permitted by Section 43 of the Instrument, upon the breach of any covenant or agreement by Borrower in the Instrument (including, but not limited to, the covenants to pay when due sums secured by the Instrument) or any other Loan Document, Lender shall not, so long as Equity Investor has a continuing ownership interest in Borrower, conduct a foreclosure sale of the Mortgaged Property or receive a deed-in-lieu of foreclosure, until such time as Equity Investor has first been given 30 days written notice of such default and has failed, within such 30-day period to cure such default; provided, however, that Lender shall be entitled, during such 30-day period, to continue to accelerate the Note and to pursue its remedies.”

5. The following new Sections are added to the Instrument after the last numbered Section:

“48. EXTENDED LOW-INCOME HOUSING COMMITMENT. Funding Lender agrees that the lien of this Instrument shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the “**Extended Use Agreement**”) recorded against the Mortgaged Property; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Instrument or upon a transfer of the Mortgaged Property by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

49. ANNUAL LIHTC REPORTING REQUIREMENTS. Borrower must submit to Funding Lender each year at the time of annual submission of Borrower’s financial analysis of operations, a copy of the following sections of Borrower’s federal tax return: Internal Revenue Forms 1065, 8586, 8609 and Form 8609, Schedule A, which must reflect the total low-income housing tax credits (“**LIHTCs**”) allocated to the Mortgaged Property and the LIHTCs claimed for the Mortgaged Property in the preceding year.

50. CROSS-DEFAULT. Borrower acknowledges and agrees that (a) any failure by Borrower or the Project to qualify for low income housing tax credits pursuant to the provisions of Section 42 of the Internal Revenue Code and (b) any default, event of default, or breach (however such terms may be defined) after the expiration of any applicable notice and/or cure periods under the Extended Use Agreement shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorney’s fees incurred by Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default or event of default, under the Extended Use Agreement shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument.

51. ANNUAL COMPLIANCE. Borrower shall submit to Funding Lender on an annual basis, evidence that the Mortgaged Property is in ongoing compliance with all income, occupancy and rent restrictions under the Extended Use Agreement relating to the Mortgaged Property. Such submissions shall be made contemporaneously with Borrower's reports required to be made to the regulator under the Extended Use Agreement.

52. VARIABLE RATE NOTE. During the period preceding the Conversion Date, The Note is subject to interest rate adjustments from time to time in accordance with its terms, which terms are incorporated herein by this reference.

53. REGULATORY AGREEMENT. Notwithstanding anything in this Instrument to the contrary, the Lender hereby acknowledges and consents to the lien of the Regulatory Agreement and agrees that, irrespective of the order of recordation or date of effectiveness, the lien of this Instrument shall be subordinate to the Regulatory Agreement. Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) after the expiration of any applicable notice and/or cure periods under the Regulatory Agreement shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorney's fees incurred by the Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default or event of default, under the Regulatory Agreement shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument.

54. SECTION 8 HAP CONTRACT.

(a) Pursuant to that certain PBV Agreement to Enter into Housing Assistance Payments Contract, dated _____ (the "**AHAP**"), which AHAP has been collaterally assigned by Borrower to Lender pursuant to that certain Assignment of PBV Agreement to Enter into Housing Assistance Payments Contract (the "**Assignment of AHAP**") dated as of the date hereof, Borrower intends to enter into a Housing Assistance Payments Contract (the "**HAP Contract**") with the United States Department of Housing and Urban Development ("**HUD**"), for the Mortgaged Property, which HAP Contract will be collaterally assigned by Borrower to Lender pursuant to that certain Assignment of Housing Assistance Payments Contract (the "**Assignment of HAP Contract**").

(b) Borrower represents that Borrower has at all times been and presently is in full compliance with the AHAP and that Borrower has not in the past defaulted and is presently not in default under the AHAP.

(c) Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) under the AHAP, the HAP Contract, the Assignment of AHAP or the Assignment of HAP Contract shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorneys' fees incurred by Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default, event of default or breach under the AHAP, the HAP Contract, the Assignment of AHAP or the HAP Contract or under the

Assignment of HAP Contract, shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument.

55. AFFORDABILITY RESTRICTIONS.

(a) Borrower shall not use the Mortgaged Property for any purpose other than Affordable Housing until the later of (i) the expiration of the term of the Affordability Restriction or (ii) 15 years from the date of this Instrument.

(b) Borrower's tenant selection procedure shall be conducted in accordance with all applicable state and federal laws including but not limited to fair housing laws, rules and regulations. If any Affordable Unit in the Mortgaged Property is occupied by a Qualifying Tenant(s) at the time of initial occupancy, and such Qualifying Tenant's income should subsequently exceed 140 percent of the applicable income limit, Borrower shall, after such determination of income, rent the next available residential unit of comparable or smaller size in the Mortgaged Property to another Qualified Tenant.

(c) A family, who, at the commencement of occupancy of a unit in the Mortgaged Property, was of low or moderate income, shall be treated as continuing to meet the low and moderate income requirement.

(d) For purposes of this Section:

"Affordable Housing" means a multifamily housing project in which 20 percent or more of the residential units are both rent-restricted and occupied by families whose incomes are 50 percent or less of the area median income as determined by HUD, with adjustments for household size, or in which 40 percent (25 percent in New York City) or more of the residential units are both rent-restricted and occupied by families whose incomes are 60 percent or less of the area median income as determined by the HUD Commissioner with adjustments for household size. A residential unit is rent-restricted if the Gross Rent with respect to such unit does not exceed 30 percent of the Imputed Income Limitation (as defined herein) applicable to such unit.

"Affordability Restriction" means a contractual agreement or covenant prohibiting the use of the Mortgaged Property for any purpose other than Affordable Housing.

"Affordable Units" means those units which are designated by Borrower for occupancy by Qualifying Tenants.

"Gross Rent" means the rental charge for an Affordable Unit in the Mortgaged Property including any utility allowance determined by HUD in accordance with Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) ("**Section 8**"). Gross Rent does not include any subsidy payment under Section 8 or any comparable rental assistance program (with respect to such unit or the tenant(s) thereof), nor does it include any fee for a basis of the low income status of the tenant(s) of the unit by any governmental program of assistance (or by an organization described in Section 501(c)(3) and exempt from tax under Section 501(a) of the Code (26 U.S.C. 501(a)) if such

program (or organization) provides assistance for rent and the amount of assistance provided for rent is not separable from the amount of assistance provided for supportive services. Gross Rent does not include any rental payment to the owner of a unit if the owner pays an equivalent amount to the Farmers Home Administration under Section 515 of the Housing Act of 1949 (42 U.S.C. 1485).

“**Imputed Income Limitation**” has the meaning as defined in Section 42(g)(2)(C) of the Code (26 U.S.C. 42(g)(2)(C)).

“**Qualifying Tenant**” means persons or family whose income at time of initial occupancy does not exceed 50 percent or 60 percent as applicable, of the area median income, as determined by HUD with adjustments for family size.

56. FAIR HOUSING; EQUAL OPPORTUNITY. Borrower shall: (a) comply with the provisions of Title VIII of the Civil Rights Act of 1968, as amended, and any regulations or administrative procedures issued pursuant thereto. These laws and regulations prohibit discrimination in the rental or financing of housing on the basis of race, color, national origin, religion (creed), or sex. Borrower agrees to administer the Property and related activities in a manner to affirmatively further fair housing. Borrower also agrees to comply with similar state and local fair housing laws and ordinances; and (b) comply with the provisions of Executive Order 11063 on Equal Opportunity in Housing and all regulations issued pursuant thereto. This order and related regulations prohibit discrimination on the basis of race, color, religion (creed), national origin, or sex in housing and related facilities provided through Federal financial assistance.”

All capitalized terms used in this Exhibit not specifically defined herein shall have the meanings set forth in the text of the Instrument that precedes this Exhibit.

BORROWER’S INITIALS: _____

EXHIBIT C

FINANCING STATEMENT INFORMATION

1. Name and Address of Debtor: Royal Palm Place, Ltd.
3050 Biscayne Boulevard, Suite 300
Miami, Florida 33137

2. Debtor's State of Organization and Organizational I.D.#:

State of Formation: Florida

Type of Entity: Limited partnership

Organizational I.D.#: A14000000481

3. Name and Address of Secured Party: Housing Finance Authority of Palm Beach
County, Florida
100 Australian Avenue, Suite 410
West Palm Beach, Florida 33406
Attention: David Brandt
E-mail: dbrandt@pbcgov.com
Telephone: (561) 233-3652

4. Name and Address of Total Assignee of Secured Party: U.S. Bank National Association
Corporate Trust Services
550 W. Cypress Creek Road, Suite 380
Fort Lauderdale, Florida 33309
Attention: Amanda Kumar
E-mail: amanda.kumar@usbank.com
Telephone: (954) 938-2475

5. The Collateral is: Fixtures (as that term is described in the
Uniform Commercial Code of Florida
attached to the Land described in Exhibit A
attached to this Instrument.

EXHIBIT D

MODIFICATIONS TO INSTRUMENT (Ground Lease)

The following modifications are made to the text of the Instrument that precedes this Exhibit:

1. The granting clause on page 1 is deleted in its entirety and the following new granting clause is inserted in its place:

“Granting Clause. Borrower, in consideration of the Indebtedness and the trust created by this Instrument, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the Mortgaged Property, including the Leasehold Estate in the Land located in West Palm Beach, Palm Beach County, Florida and described in Exhibit A attached to this Instrument, to have and to hold the Mortgaged Property unto Trustee, Trustee’s successor in trust and Trustee’s assigns forever.”

2. The definition of Mortgaged Property in Section 1 is amended by deleting paragraph (i) and inserting the following new paragraph in its place: “(i) the Ground Lease and the Leasehold Estate;”

3. The definition of Mortgaged Property in Section 1 is amended by deleting the word “Land” from paragraph (viii) and inserting the words “Leasehold Estate” in its place.

4. Section 1 is amended by adding the following new definitions:

“Event of Ground Lessor Bankruptcy” means either of the following actions taken by or with respect to Ground Lessor: (i) Ground Lessor pursuant to or within the meaning of the United States Bankruptcy Code (x) commences a voluntary case, or (y) consents to the entry of an order for relief against it in an involuntary case; or (ii) a court of competent jurisdiction enters an order or decree under the United States Bankruptcy Code that is for relief against Ground Lessor in an involuntary case.

“Ground Lease” means the lease described in Exhibit E pursuant to which Borrower leases the Land, as such lease may from time to time be amended, modified, supplemented, renewed and extended.

“Ground Lessee Default” means (i) a default by Borrower in making any payment of rent, additional rent or other sum of money payable by Borrower to Ground Lessor under the Ground Lease on the date such payment is due and payable, or (ii) a default by Borrower in performing or observing any of the terms, covenants or conditions of the Ground Lease (other than the payments referred to in clause (i)) required to be performed or observed by Ground Lessee.

“Ground Lessor” means the lessor from time to time under the Ground Lease.

“Ground Lessor Default” means a default by Ground Lessor in performing or observing any of the terms, covenants or conditions of the Ground Lease required to be performed or observed by Ground Lessor.

“Ground Rent” means the base or minimum rent payable in fixed monthly or other periodic installments under the Ground Lease.

“Leased Premises” means the Land and any other real property leased by Borrower pursuant to the Ground Lease.

“Leasehold Estate” means Borrower’s interest in the Land and any other real property leased by Borrower pursuant to the Ground Lease, including (i) all rights of Borrower to renew or extend the term of the Ground Lease, (ii) all amounts deposited by Borrower with Ground Lessor under the Ground Lease, (iii) Borrower’s right or privilege to terminate, cancel, surrender, modify or amend the Ground Lease, and (iv) all other options, privileges and rights granted and demised to Borrower under the Ground Lease and all appurtenances with respect to the Ground Lease.

5. Section 22(d) is amended in its entirety to read as follows:

“(d) fraud or material misrepresentation or material omission by Borrower or Guarantor, any of their respective officers, directors, trustees, general partners, managing members, managers, agents or representatives in connection with (i) the application for the Loan, (ii) any financial statement, rent roll, or other report or information provided to Lender during the term of the Indebtedness, (iii) any request for Lender’s consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement or (iv) any of the representations and warranties contained in Section 57;”

6. Section 22 is amended by inserting the following new provision as additional subsection (t):

“any failure by Borrower to comply with the provisions of Sections 57, 58, 59, 61, 62(b), 63(a) or 64;”

7. The following new Sections are added at the end of the Instrument after the last numbered Section:

“57. REPRESENTATIONS AND WARRANTIES REGARDING GROUND LEASE. Borrower warrants and represents to Lender that, as of the date of this Instrument: (i) the Ground Lease is in full force and effect in accordance with its terms; (ii) Borrower has not waived, canceled or surrendered any of its rights under the Ground Lease; (iii) Borrower is the sole owner of, and has good and marketable title to, the Leasehold Estate; (iv) the Leasehold Estate, the Leased Premises and the Mortgaged Property are free and clear of all liens, encumbrances and other matters affecting title, other than the lien of this Instrument and the Permitted Encumbrances; (v) there is no existing Ground Lessee Default and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Ground Lessee Default; and (vi) to the best of Borrower’s knowledge, there is no existing Ground Lessor Default and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Ground Lessor Default.

58. NOTICES UNDER GROUND LEASE. Borrower shall deliver to Lender, within ten (10) days after Borrower's receipt, a true and correct copy of each notice, demand, complaint or request from Ground Lessor under, or with respect to, the Ground Lease.

59. BORROWER'S OBLIGATIONS TO COMPLY WITH GROUND LEASE. Borrower shall (i) pay the Ground Rent and all other sums of money due and payable at any time and from time to time under the Ground Lease as and when such sums become due and payable, but in any event before the expiration of any grace period provided in the Ground Lease for the payment of any such sum, and (ii) at all times fully perform, observe and comply with all other terms, covenants and conditions of the Ground Lease to be performed, observed or complied with by Borrower as lessee under the Ground Lease. If the Ground Lease does not provide for a grace period for the payment of a sum of money, Borrower shall make the payment on or before the date on which the payment becomes due and payable. Borrower shall deliver evidence of the payment to Lender within ten (10) days after receipt of a written request from Lender for evidence of the payment.

60. LENDER'S RIGHT TO CURE GROUND LESSEE DEFAULTS. At any time after Lender receives notice of a Ground Lessee Default, (i) Lender may (but shall not be obligated to do so), make any payment, perform any obligation and take any other action Borrower would have the right to pay, perform or take under the Ground Lease which Lender deems necessary or desirable to cure the Ground Lessee Default, and (ii) Lender and its authorized agents shall have the right at any time or from time to time to enter the Land and Improvements, or any part thereof, to such extent and as often as Lender, in its discretion, deems necessary or desirable in order to cure the Ground Lessee Default, subject to the rights of the tenants and occupants of the Mortgaged Property. Lender may exercise its rights under this Section immediately after receipt of notice of a Ground Lessee Default and without regard to any grace period provided to Borrower in the Ground Lease to cure the Ground Lessee Default. For purposes of exercising its rights under this Section, Lender shall be fully protected for any action taken or omitted to be taken by Lender, in good faith, in reliance on any written notice from Ground Lessor stating that a Ground Lessee Default has occurred and is continuing even though Borrower may question or deny the existence or nature of the Ground Lessee Default. All expenditures made by Lender pursuant to this Section to cure a Ground Lessee Default shall become an additional part of the Indebtedness as provided in Section 12.

61. COVENANTS TO PROTECT LEASEHOLD ESTATE. Borrower shall not, without the written consent of Lender (which may be given or withheld by Lender in its discretion), (i) surrender the Leasehold Estate to Ground Lessor or terminate or cancel the Ground Lease, (ii) amend, modify or change the Ground Lease, either orally or in writing, or waive any of Borrower's rights under the Ground Lease, (iii) subordinate the Ground Lease or the Leasehold Estate to any mortgage, deed of trust or other lien on Ground Lessor's fee title to the Leased Premises, or (iv) except as otherwise provided in Section [63(b)], reject or assume the Ground Lease or assign the Leasehold Estate pursuant to Section 365(h) of the United States Bankruptcy Code. Borrower absolutely and unconditionally transfers and assigns to Lender all of Borrower's rights to surrender, terminate, cancel, modify and change the Ground Lease, and any such surrender, termination, cancellation, modification or change made without the prior written consent of Lender shall be void and have no legal effect.

62. GROUND LESSEE'S BANKRUPTCY.

(a) Borrower assigns to Lender, as additional security for the Indebtedness, Borrower's right to reject the Ground Lease under Section 365 of the United States Bankruptcy Code after the occurrence of a Bankruptcy Event, subject to Section [63(b)].

(b) If, after the occurrence of a Bankruptcy Event, Borrower decides to reject the Ground Lease, Borrower shall give Lender written notice, at least ten (10) days in advance, of the date on which Borrower intends to apply to the Bankruptcy Court for authority and permission to reject the Ground Lease. Lender shall have the right, but not the obligation, within ten (10) days after receipt of Borrower's notice, to deliver to Borrower a notice ("Lender's Assumption Notice") in which (i) Lender demands that Borrower assume the Ground Lease and assign the Ground Lease to Lender, or its designee, in accordance with the United States Bankruptcy Code, and (ii) Lender agrees to cure or provide adequate assurance of prompt cure of all Ground Lessee Defaults reasonably susceptible of being cured by Lender and of future performance under the Ground Lease. If Lender timely delivers Lender's Assumption Notice to Borrower, Borrower shall not reject the Ground Lease and shall, within fifteen (15) days after receipt of Lender's notice, comply with the demand contained in clause (i) of Lender's notice. If Lender does not timely deliver Lender's Assumption Notice to Borrower, Borrower shall have the right to reject the Ground Lease.

63. GROUND LESSOR'S BANKRUPTCY.

(a) If, after the occurrence of an Event of Ground Lessor Bankruptcy, Ground Lessor rejects the Ground Lease pursuant to Section 365(h) of the United States Bankruptcy Code (i) Borrower, immediately after obtaining notice of the rejection, shall deliver a copy of the notice to Lender, (ii) Borrower shall not, without Lender's prior written consent (which may be given or withheld in Lender's discretion), elect to treat the Ground Lease as terminated pursuant to Section 365(h) or any other applicable provision of the United States Bankruptcy Code, and (iii) this Instrument and the lien created by this Instrument shall extend to and encumber Borrower's retained rights under the Ground Lease that are appurtenant to the Leased Premises for the balance of the term of the Ground Lease and for any renewal or extension of those rights under the Ground Lease. Borrower transfers and assigns to Lender, as additional security for the Indebtedness, Borrower's rights, after Ground Lessor's rejection of the Ground Lease, to treat the Ground Lease as terminated, and any termination of the Ground Lease made by Borrower without Lender's prior written consent shall be void and have no legal effect.

(b) Borrower transfers and assigns to Lender, as additional security for the Indebtedness, all of Borrower's rights to damages caused by Ground Lessor's rejection of the Ground Lease after the occurrence of an Event of Ground Lessor Bankruptcy and all of Borrower's rights to offset such damages against rent payable under the Ground Lease. As long as no Event of Default has occurred and is continuing, Lender agrees that it will not enforce its rights under the preceding sentence, but will permit Borrower to exercise such rights with Lender's prior written consent. Any amounts received by Lender as damages arising out of Ground Lessor's rejection of the Ground Lease shall be applied in the manner set forth in Section 9.

64. OPTION TO RENEW OR EXTEND GROUND LEASE. Borrower shall give Lender written notice of Borrower's intention to exercise each option to renew or extend the term of the Ground Lease at least ninety (90) days, but not more than one hundred fifty (150) days, before the last day on which the option may be timely exercised. If Borrower intends to renew or extend the term of the Ground Lease, it shall deliver to Lender, together with the notice of such decision, a copy of the notice of renewal or extension it delivers to Ground Lessor. If Borrower does not intend to renew or extend the term of the Ground Lease or, if Borrower fails to deliver its written notice of exercise of its option to renew or extend the term of the Ground Lease at least ninety (90) days before the last day on which the option may be timely exercised, Lender shall have the right, but shall not be obligated, to renew or extend the term of the Ground Lease for and on behalf of Borrower.

65. NO MERGER OF ESTATES. If Borrower acquires the fee estate of Ground Lessor under the Ground Lease (the "Fee Estate") (i) there shall be no merger between the Fee Estate and the Leasehold Estate unless all persons, including Lender, having an interest in the Ground Lease consent in writing to the merger, and (ii) simultaneously with Borrower's acquisition of the Fee Estate, the lien of this Instrument shall automatically, without the necessity of any further conveyance, be spread to cover the Fee Estate and as so spread shall be prior to the lien of any mortgage, deed of trust or other lien placed on the Fee Estate after the date of this Instrument. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Lender's attorneys' fees and out-of-pocket disbursements, shall execute and deliver all documents and instruments necessary to subject the Fee Estate to the lien of this Instrument, and shall provide to Lender a title insurance policy insuring the lien of this Instrument as a first lien on the Fee Estate and the Leasehold Estate. If Lender acquires the Fee Estate and the Leasehold Estate (whether pursuant to the provisions of the Ground Lease, by foreclosure of this Instrument, or otherwise), the Fee Estate and the Leasehold Estate shall not merge as a result of such acquisition and shall remain separate and distinct for all purposes after such acquisition unless and until Lender shall elect to merge the Fee Estate and the Leasehold Estate.

66. NEW LEASE. If (i) the Ground Lease is canceled or terminated for any reason before the natural expiration of its term, and (ii) Lender (or its designee) obtains from Ground Lessor a new lease in accordance with the term of the Ground Lease, Borrower shall have no right, title or interest in and to the new lease or the leasehold estate created by the new lease.

67. APPOINTMENT OF LENDER AS BORROWER'S ATTORNEY-IN-FACT. Borrower makes, constitutes and appoints Lender as Borrower's attorney-in-fact, in Borrower's name, place and stead, with full power of substitution, to take all actions and to sign all documents and instruments which Lender, in its discretion, considers to be necessary or desirable to (i) prevent or cure a Ground Lessee Default pursuant to Section 60, (ii) perform or carry out any of Borrower's covenants under Section 59, (iii) renew or extend the term of the Ground Lease pursuant to Section 64, (iv) appoint arbitrators and conduct arbitration proceedings pursuant to the Ground Lease, and (v) request and obtain estoppel certificates from Ground Lessor pursuant to the Ground Lease. Borrower gives and grants to Lender, as Borrower's attorney-in-fact, full power and authority to do and perform every act and sign every document and instrument necessary and proper to be done in the exercise of the foregoing power as fully as Borrower might or could do, and Borrower hereby ratifies and confirms all acts that Lender, as

Borrower's attorney-in-fact, shall lawfully do or cause to be done by virtue of this power of attorney. This power of attorney, being coupled with an interest, shall be irrevocable as long as any of the Indebtedness remains unpaid."

All capitalized terms used in this Exhibit not specifically defined herein shall have the meanings set forth in the text of the Instrument that precedes this Exhibit.

BORROWER'S INITIALS: _____

EXHIBIT E
DESCRIPTION OF GROUND LEASE]

[to be inserted]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction Management Group/Post Closing
388 Greenwich Street, 8th Floor
New York, NY 10013
Attn: Tanya Jimenez
Deal ID # 23870

ASSIGNMENT OF MORTGAGE AND LOAN DOCUMENTS

KNOW ALL PERSONS BY THESE PRESENTS:

The **HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY**, a public body corporate and politic duly created, organized and existing under the laws of the State of Florida (“**Assignor**”), pursuant to that certain Funding Loan Agreement among Assignor, **CITIBANK, N.A.**, a national banking association (“**Funding Lender**”) and **U.S. BANK NATIONAL ASSOCIATION**, as fiscal agent (“**Assignee**”), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does by these presents assign, without recourse, to Assignee all of Assignor’s right, title and interest in and to, subject to the Unassigned Rights of the Assignor (as defined in that certain Funding Loan Agreement, dated as of the date hereof, by and between Assignor, Funding Lender and Assignee), the instruments (“**Assigned Instruments**”) described on Schedule 1 attached hereto.

TOGETHER with the Multifamily Note described in the Assigned Instruments, and the money due and to become due thereon, with the interest thereon, TO HAVE AND TO HOLD the same unto the said Assignee forever, subject only to all the provisions contained therein, AND the said Assignor hereby constitutes and appoints the Assignee as the Assignor’s true and lawful attorney, irrevocable in law or in equity, in the Assignor’s name, place and stead, but at Assignee’s cost and expense, to have, use and take all lawful ways and means for the recovery of all of the said money and interest; and in case of payment, to discharge the same as fully as the Assignor might or could if these presents were not made.

1. **Overriding Limitations.** In no event shall Assignor:

(i) prosecute its action to a lien on the Project, as defined in that certain Project Loan Agreement by and between Royal Palm Place, Ltd., a Florida limited liability partnership (“**Borrower**”), Assignee and Assignor (the “**Borrower Loan Agreement**”); or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Borrower Loan or involve the filing by Assignor of a petition

seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by Assignee or Servicer of any of their rights under the Borrower Loan Documents upon the occurrence of an event of default by Borrower under the Borrower Loan Documents; or

(iv) take any action to accelerate the Borrower Loan.

2. **Definitions.** All capitalized terms that are used and are not defined herein shall have the respective meanings ascribed to them in the Borrower Loan Agreement. In all references herein to any parties, persons, entities or corporations the use of any particular gender on the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

Dated as of the 1st day of July, 2017 (the foregoing date is for reference purposes only and this Assignment shall not be effective until the Closing Date, as defined by the Note).

[signature page follows]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Assignment of Mortgage and Loan Documents or caused this Assignment of Mortgage and Loan Documents to be duly executed and delivered by its authorized representative as of the date first set forth above.

WITNESSED BY:

ASSIGNOR:

**HOUSING FINANCE AUTHORITY OF
PALM BEACH COUNTY**, a public body
corporate and politic duly created, organized
and existing under the laws of the State of
Florida

(SEAL)

By: _____

Name: _____

Title: _____

STATE OF FLORIDA)
)ss. _____
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of July, 2017, by _____, _____ of Housing Finance Authority of Palm Beach County, a public body corporate and politic of the State of Florida, who is personally known to me, who has produced _____ as identification and who did/did not take an oath.

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)

**SCHEDULE 1
TO
ASSIGNMENT OF MORTGAGE
AND LOAN DOCUMENTS**

ASSIGNEE:

U.S. Bank National Association
Corporate Trust Services
550 W. Cypress Creek Road, Suite 380
Fort Lauderdale, Florida 33309
Attention: Amanda Kumar

ASSIGNED INSTRUMENTS:

1. Multifamily Note by Royal Palm Place, Ltd, a Florida limited partnership (“**Borrower**”), to Assignor, dated as of the Closing Date in the original principal amount of up to \$16,000,000.
2. Leasehold Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Borrower for the benefit of Assignor securing the principal amount of up to \$16,000,000, which is being recorded immediately prior hereto in the County Clerk’s Office of Palm Beach County, Florida, and encumbers the real property (and improvements thereon) that is more particularly described on **Exhibit A**.
3. Project Loan Agreement, by and among Assignor, Assignee and Borrower, dated as of the date hereof.

EXHIBIT A
LEGAL DESCRIPTION

[To be provided]

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 Fiscal Agent**

and

**ROYAL PALM PLACE, LTD., a Florida limited partnership,
as the Borrower**

Relating to

16,000,000

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA
MULTIFAMILY RENTAL HOUSING REVENUE NOTE
(ROYAL PALM PLACE), SERIES 2017**

DATED AS OF JULY 1, 2017

LAND USE RESTRICTION AGREEMENT

THIS LAND USE RESTRICTION AGREEMENT (the "Agreement"), dated as of July 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 fiscal agent (together with its permitted successors and assigns, the "Fiscal Agent"), pursuant to that certain Funding Loan Agreement by and among Citibank, N.A. as the initial funding lender, the Authority and the Fiscal Agent entered into as of July 1, 2017 (the "Funding Loan Agreement"), authorizing and securing the Housing Finance Authority of Palm Beach County, Florida Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 (the "Note") and **ROYAL PALM PLACE, 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 Note and loan the proceeds therefrom to the Borrower (the "Loan") pursuant to the terms and provisions of the Project Loan Agreement (as hereinafter defined) to finance a portion of the costs of the acquisition, construction and equipping of the Project (as hereinafter defined); and

WHEREAS, it is intended that the interest on the Note 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 Fiscal Agent 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 Fiscal Agent 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 Funding Loan Agreement. 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 Note, payable in arrears on each February 1 and August 1, commencing February 1, 2018, 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 Note 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.

"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 Fiscal Agent pursuant to Section 5(e) hereof.

"Closing Date" shall mean the date of initial issuance of the Note, namely, July 25, 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 Note 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 Note) 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 Note" 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.

"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.

"Note" shall mean the Housing Finance Authority of Palm Beach County, Florida, Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017.

"Outstanding" shall mean, with respect to the Note, the amount that is outstanding under the Funding Loan Agreement.

"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 Note. 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 125-unit multifamily rental housing development known as "Royal Palm Place" to be owned by the Borrower upon the issuance of the Note, located at the NW corner of 15th Street and Division Avenue, West Palm Beach, Palm Beach County, Florida,

the acquisition, construction and equipping of which Project are to be financed, in part, with the proceeds of the Note.

"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 Note.

"Project Loan Agreement" shall mean that certain Project Loan Agreement by and among the Authority, the Borrower and the Fiscal Agent dated as of July 1, 2017, and relating to the Loan.

"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 Fiscal Agent and is of nationally recognized standing with respect to the issuance of debt by states and their political subdivisions.

"Qualified Project Costs" means the actual costs incurred to acquire, construct and equip the Project which (i) are or were incurred after August 11, 2014, (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 Fiscal Agent) 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 Fiscal Agent); (b) the first day on which no Note 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.

"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, construction and equipping 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 Note.

(b) The Borrower reasonably expects that the total cost of acquisition, construction and equipping of the Project will be at least \$_____.

(c) The Borrower will commence the acquisition, construction and equipping 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, construction and equipping of the Project and to expend the full amount of the proceeds of the Loan by not later than three years 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 Fiscal Agent 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 Funding Loan Agreement shall satisfy this paragraph.

(g) Upon the completion of the Project, the Borrower shall submit to the Authority and the Fiscal Agent 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 Note 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 equipped 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 a single person or a family.

(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 Note 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 Note (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 Persons 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 Note 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 Agreement Low-Income Tenants shall be Eligible Persons and 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 Fiscal Agent. The lease must comply with all applicable Section 8 requirements if the Project is 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 income	42%	48%	54%	60%	64.8%	69.6%	74.4%	79.2%

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 is 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 Fiscal Agent (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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 March 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 Fiscal Agent 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 Note.

(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 Note 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 Note used to finance costs of issuance to exceed two percent (2%) of the sale proceeds of the Note 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 Note 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 Note 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 Note, shall not, without the written consent of the Authority, request any advance (a) which would cause the amount of net proceeds of the Note used to finance costs of issuance to exceed two percent (2%) of the sale proceeds on the Note 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 Note as costs which are not Qualified Project Costs to the extent paid for with the Note, 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 Fiscal Agent. The Borrower hereby covenants and agrees that it shall indemnify and hold harmless the Authority and the Fiscal Agent 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 Note; (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 Fiscal Agent 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 Fiscal Agent shall not apply to actions arising from the gross negligence or willful misconduct of the Authority or the Fiscal Agent.

Section 10: Term.

(a) Subject to the rights of the Authority and the Fiscal Agent 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 Note (or any debt obligation of the Authority refunding the Note), 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 Project Loan Agreement and the Funding Loan Agreement, 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 Fiscal Agent, 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 Note (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 Funding Loan Agreement or the Project 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 Note 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 Note is redeemed and paid in full and all obligations under the Project 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 Fiscal Agent that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Note.

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 Fiscal Agent or the Authority learns of such failure, the Fiscal Agent 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 Fiscal Agent, 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 Note. 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 Note interested in the legality and validity of the Note and in the exemption from federal income taxation of the interest on the Note. In performing their duties and obligations hereunder, the Authority and the Fiscal Agent 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: Fiscal Agent to Monitor Compliance. The Fiscal Agent, 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 Fiscal Agent 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 Fiscal Agent, 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 Fiscal Agent 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 Fiscal Agent 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 Financing 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) other than liens securing the Loans, 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 Project Loan Agreement and other Financing Documents, and the performance of the covenants and other obligations under this Agreement (without regard to whether any Note is 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 Project 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 Note 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 Project Loan Agreement and any other document, agreement or instrument evidencing or securing the Borrower's obligations under the Project 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 Fiscal Agent's title insurance policies insuring the Authority's or the Fiscal Agent'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 or a withdrawal of a general partner, 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 Fiscal Agent; (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); (vi) the placing of a subordinate mortgage lien, assignment of leases and rents, or security interests on or pertaining to the Project if made expressly subject and subordinate to this Agreement and the Financing Documents, or (vii) any transfer to the Fiscal Agent 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. The restrictions and requirements contained in this Section 16 shall be in addition to and not in lieu of any restrictions and requirements relating to a transfer of the Project contained in the Project Loan Agreement and the Other Financing Documents.

Section 17: Burden and Benefit. The Authority, the Fiscal Agent 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 Fiscal Agent 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 Note 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 Fiscal Agent 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 (and its partners) 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 Fiscal Agent 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; Consent to Jurisdiction; Venue; Waiver of Jury Trial. This Agreement shall be governed by the laws of the State. The parties hereto hereby waive the right to trial by jury in any action arising under this Agreement, any of the other Financing Documents or otherwise in connection herewith.

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 Funding Loan Agreement.

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 Fiscal Agent: U.S. Bank National Association
500 W. Cypress Creek Road, Suite 560
Fort Lauderdale, Florida 33309
Attention: Corporate Trust

Borrower: Royal Palm Place, Ltd.
3050 Biscayne Boulevard, Suite 300
Miami, Florida 33137
Attention: Francisco Rojo

With a copy to: City of West Palm Beach Housing Authority
1713 North Dixie Highway
West Palm Beach, Florida 33407
Attention: Laurel Robinson, Executive Director

Please provide a copy of notice to: Boston Financial Institutional Tax Credits XLVI, Limited
Partnership
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, MA 02110
Attn: Asset Management – Royal Palm Place
Telephone: (800) 829-9213

with a copy to: Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116
Attn: James E. McDermott, Esq.
Telephone: (617) 573-5848

Please provide a copy of notice to: BOSTON FINANCIAL INSTITUTIONAL TAX CREDITS XLVI, Limited Partnership
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, MA 02110
Attn: Asset Management – Royal Palm Place
Telephone: (800) 829-9213

With a copy to: HOLLAND & KNIGHT LLP
10 St. James Avenue
Boston, MA 02116
Attn: James E. McDermott, Esq.
Telephone: (617) 573-5848

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 Fiscal Agent. The Borrower agrees to pay the reasonable fees and expenses of the Fiscal Agent, if the Fiscal Agent is required by the provisions of Section 5 or Section 14 hereof to monitor compliance hereunder.

Section 26: Freddie Mac Rider. On and subsequent to the Conversion Date, the provisions of this Agreement are subject to the provisions of the Freddie Mac Rider attached hereto and made a part hereof.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Authority, the Fiscal Agent 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: _____

By: _____
Name: _____
Title: _____

[HFA of Palm Beach County (Royal Palm Place) LURA signature page]

WITNESSES:

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Print Name: _____

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

By: _____
Print Name: _____

[Fiscal Agent (Royal Palm Place) LURA signature page]

WITNESSES:

ROYAL PALM PLACE, LTD., a Florida
limited partnership

By: _____
Print Name: _____

By: Royal Palm Place GP, LLC, its
Managing General Partner

By: _____
Print Name: _____

By: _____
Name: Francisco Rojo
Title: Vice President

[Borrower (Royal Palm Place) 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 _____ and _____ of the Housing Finance Authority of Palm Beach County, Florida (the "Authority") appeared before me this day in person and acknowledged that they, 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 their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of _____, 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 _____, 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 Francisco Rojo, known to me to be the same person whose name is subscribed to the foregoing instrument as the Vice President of Royal Palm Place GP, LLC, a Florida limited liability company, the Managing General Partner of Royal Palm Place, 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 _____, 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 (Royal Palm Place) LURA notary page]

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1 (LEASEHOLD PARCEL):

Parcel C of DUNBAR VILLAGE REPLAT, according to the Plat thereof, as recorded in Plat Book 122, Page 25, of the Public Records of Palm Beach County, Florida.

AND

PARCEL 2 (EASEMENT PARCEL):

Together with those certain non-exclusive easements for ingress, egress, transport and utilities for the benefit of Parcel 1 as set forth in that certain Easement by and between The West Palm Beach Housing Authority, a public body corporate and public, and Silver Palm Place Associates, Ltd., a Florida limited partnership, dated November 17, 2015, recorded November 25, 2015, in Official Records Book 27952, Page 207, as amended by First Amendment to Easement Agreement recorded in the Public Records of Palm Beach County, Florida, over, under and across the following described property:

A portion of DUNBAR VILLAGE, according to the Plat thereof as recorded in Plat Book 18, Page 77, of the Public Records of Palm Beach County, Florida, more particularly described as follows:

Commencing at the Southwest corner of said DUNBAR VILLAGE; thence North 09° 15' 40" East along the West line thereof, a distance of 486.95 feet to the Point of Beginning; thence continue North 09° 15' 40" East along the West line of said DUNBAR VILLAGE, a distance of 50.48 feet; thence South 88° 37' 00" East a distance of 593.15 feet to a point of intersection with the East line of said DUNBAR VILLAGE, thence South 04° 48' 42" East, along the East line of said DUNBAR VILLAGE a distance of 50.29 feet; thence North 88° 37' 00" West, a distance of 605.50 feet to the Point of Beginning.

Said lands situate in Section 16, Township 43 South, Range 43 East, Palm Beach County, Florida.

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 Royal Palm Place, in the City of West Palm Beach, 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 Fiscal Agent 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 and equipping ROYAL PALM PLACE, 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 July 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 "Fiscal Agent") and Royal Palm Place, Ltd. (the "Borrower") in connection with the financing by the Authority of the Royal Palm Place (the "Development") in the City of West Palm Beach, Palm Beach County, Florida located on real property described on Exhibit "A" of the Agreement, through the issuance of the Authority's 16,000,000 Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017, (the "Note").

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 Note) 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 Fiscal Agent 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 Note 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 Note in the amount of \$_____ were issued on _____, 2017.
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 Note 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 Fiscal Agent**

By: _____
Print Name: _____

By: _____
Name: _____
Title: _____

By: _____
Print Name: _____

[Remainder of page intentionally left blank]

WITNESSES:

ROYAL PALM PLACE, LTD., a Florida
limited partnership

By: _____
Print Name: _____

By: Royal Palm Place GP, LLC, its Managing
General Partner

By: _____
Print Name: _____

By: _____
Name: Francisco Rojo
Title: Vice President

WITNESSES:

ROYAL PALM PLACE, LTD.
a Florida limited partnership

By: _____
Print Name: _____

By: _____
Name: _____
Title: _____

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 Royal Palm Place, 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 July 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 "Fiscal Agent") and Royal Palm Place, Ltd. (the "Borrower") in connection with the financing by the Authority of Royal Palm Place (the "Development") located at the NW corner of 15th Street and Division Avenue in the City of West Palm Beach, Palm Beach County, Florida, on real property described on Exhibit "A" of the Agreement, through the issuance of the Authority's 16,000,000 Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 (the "Note").

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 Note have been applied to pay or reimburse the Borrower for the payment of Project Costs.

ROYAL PALM PLACE, LTD., a Florida
limited partnership

By: _____
Print Name: _____

By: Royal Palm Place GP, LLC, Co-General
Partner

By: _____
Print Name: _____

By: _____
Name: Francisco Rojo
Title: Vice President

By: Royal Palm Place Enterprise, LLC, Co-
General Partner

By: _____
Name: _____
Title: _____

Schedule A

Project Costs and Sources Allocation

[Attached spreadsheet reflecting allocation of sources of funds and allocation to Project Costs]

**FEE GUARANTY AND ENVIRONMENTAL
INDEMNITY AGREEMENT**

THIS FEE GUARANTY AND ENVIRONMENTAL INDEMNITY AGREEMENT (herein the "Agreement") is made and entered into as of July 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 "Fiscal Agent"), ROYAL PALM PLACE, LTD., a Florida limited partnership (together with its permitted successors and assigns, the "Owner"), ROYAL PALM PLACE GP, LLC, a Florida limited liability company, as general partner of the Owner (the "General Partner"), WPBHA AT ROYAL PALM PLACE, INC., a Florida non-profit corporation, LANDMARK DEVELOPMENT CORP., a Florida corporation ("Landmark"), BAOBAB DEVELOPMENT, INC., a Florida non-profit corporation, FRANCISCO ROJO, ROBERT F. SALAND, and THE WEST PALM BEACH HOUSING AUTHORITY, and (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 Funding Loan Agreement dated as of July 1, 2017 (the "Funding Loan Agreement") by and among Citibank, N.A. as the initial Funding Lender, the Issuer and Fiscal Agent; the Issuer has issued its \$16,000,000 Multifamily Rental Housing Revenue Note (Royal Palm Place), Series 2017 (the "Note"); and

WHEREAS, pursuant to the terms and provisions of that certain Project Loan Agreement dated as of July 1, 2017 (the "Project Loan Agreement") by and among the Issuer, the Owner and the Fiscal Agent, the Issuer will use the proceeds received from the Note 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 Note, the Issuer requires the Indemnitors to enter into this Agreement for the benefit of the Issuer and the Fiscal Agent;

WHEREAS, for as long as the Note 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 Fiscal Agent and the Owner (the "Land Use Restriction Agreement"), whichever is the longest, the Owner is obligated to pay the Issuer the Governmental Lender Fee (as defined in the Funding Loan Agreement) and to the Fiscal Agent, the Fiscal Agent's Ordinary

Fees and Expenses (as defined in the Funding Loan Agreement) initially on the date the Note is issued, and thereafter on each February 1 and August 1, commencing on February 1, 2018; and

WHEREAS, any capitalized term used herein and not otherwise defined shall have the meaning ascribed to such term in the Funding Loan Agreement or Project Loan Agreement, as applicable.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Indemnification.

A. Notwithstanding any other provision in the Funding Loan Agreement or Project Loan Agreement to the contrary, the Indemnitors hereby agree, on a joint and several basis, to indemnify and hold harmless the Issuer and the Fiscal Agent, 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 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 Fiscal Agent 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 Project Loan Agreement and the Land Use Restriction 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.

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 Fiscal Agent of the Funding Loan Agreement or the Project Loan Agreement, and shall be independent of the obligations of the Owner to the Issuer and the Fiscal Agent in connection with the Funding Loan Agreement or the Project Loan Agreement. The rights of the Issuer and the Fiscal Agent under this Agreement shall be in addition to any other rights and remedies of the Issuer and the Fiscal Agent under the Funding Loan Agreement, the Project 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 Fiscal Agent, plus 2.00%.

F. In the event of any inconsistencies or conflicts between the terms of this Section 1 and the terms of the Funding Loan Agreement or the Project 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 Note under the Project Loan Agreement. The rights of the Issuer and the Fiscal Agent under this Agreement shall be in addition to, and not in lieu of, any rights or remedies of the Issuer or the Fiscal Agent under the Financing 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 Land Use Restriction Agreement, the Funding Loan Agreement or the Project Loan Agreement made with the consent of the Owner in accordance with the terms thereof; provided that such amendment or modification does not increase the total obligation guaranteed without the consent of Guarantor. 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 Land Use Restriction Agreement, the Funding Loan Agreement or the Project Loan Agreement, (ii) any sale, assignment or transfer of the Note or any of the Funding Loan Agreement or the Project Loan Agreement or any sale or transfer of all or part of the Project or other security relating to the Note, (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 Funding Loan Agreement or the Project Loan Agreement by operation of law, the Issuer's or the Fiscal Agent's voluntary act, or otherwise, (iv) the Issuer's or the Fiscal Agent'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 Land Use Restriction Agreement, the Funding Loan Agreement or the Project Loan Agreement, or (v) any delay or omission by the Issuer or the Fiscal Agent in its choice of remedies under the Land Use Restriction Agreement, the Funding Loan Agreement or the Project 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 Fiscal Agent 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, provided that any amounts received by or available to an

Indemnified Party under any policy of environmental liability insurance will be set off against the liability of Indemnitors, 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 to all Indemnitors if given to the Owner in accordance with the terms of the Funding Loan Agreement.

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 Project Loan Agreement or any other resolution or document to the contrary, the Indemnitors agree to pay the Governmental Lender Fee, Fiscal Agent's Ordinary Fees and Expenses and all fees and reasonable out of pocket expenses incurred by the Issuer, its counsel, financial advisors and Bond Counsel and the Fiscal Agent and its counsel in connection with the transactions contemplated under the Financing Documents, including, but not limited to any fees payable to the Issuer or the Fiscal Agent pursuant to the Land Use Restriction Agreement. This Section 2 shall survive the payment of the Note and/or the disposition of the Project.

Section 3. Termination. This Agreement shall terminate on the later of the date (i) the Note is no longer outstanding, (ii) that the Land Use Restriction Agreement terminates pursuant to Section 10(a) thereof, (iii) the Security Instrument 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. Release from this Agreement. Landmark, Robert Saland and Francisco Rojo shall be released from all future liability under this Agreement upon receipt by the Governmental Lender of evidence reasonably satisfactory to the Governmental Lender that (i)

the Project has achieved stabilization, and (ii) Florida Housing Finance Corporation (“Florida Housing”) has similarly released Landmark, Robert Saland and Francisco Rojo from guarantees executed by such guarantors in favor of Florida Housing with respect to the Project. The release set forth in this Section 4 does not apply to any liabilities arising prior to the date of the release. The Chairperson, Vice Chairperson or Executive Director are hereby authorized to provide written confirmation of such release upon request of a guarantor to be released.

Section 5. 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 6. Governing Law; Waiver of Jury Trial. 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. The parties hereto hereby waive the right to trial by jury in any action arising under this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Guaranty and Environmental Indemnity Agreement to be executed as of the 1st day of July, 2017.

(SEAL)

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

ATTEST:

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Name: Amanda Kumar
Title: Vice President

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

ROYAL PALM PLACE, LTD., a Florida
limited partnership

By: Royal Palm Place GP, LLC, its Managing
General Partner

By: _____

Name: Francisco Rojo

Title: Vice President

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

ROYAL PALM PLACE GP, LLC,
a Florida limited liability company

By: _____
Name: _____
Title: _____

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

WPBHA AT ROYAL PALM PLACE, a Florida
non-profit corporation

By: _____

Name: Laurel Robinson

Title: President

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

BAOBAB DEVELOPMENT, INC., a Florida non-profit corporation

By: _____

Name: Laurel Robinson

Title: President

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

LANDMARK DEVELOPMENT CORP., a Florida
Corporation

By: _____

Name: Francisco Rojo

Title: Vice President

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

FRANCISCO ROJO, individually

ROBERT F. SALAND, individually

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

**WEST PALM BEACH HOUSING
AUTHORITY, a public body corporate and politic**

By: _____
Name: _____
Title: _____

[Signature page for Fee Guaranty and Environmental Indemnity for Royal Palm Place]

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PALM BEACH, STATE OF FLORIDA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1 (LEASEHOLD PARCEL):

Parcel C of DUNBAR VILLAGE REPLAT, according to the Plat thereof, as recorded in Plat Book 122, Page 25, of the Public Records of Palm Beach County, Florida.

AND

PARCEL 2 (EASEMENT PARCEL):

Together with those certain non-exclusive easements for ingress, egress, transport and utilities for the benefit of Parcel 1 as set forth in that certain Easement by and between The West Palm Beach Housing Authority, a public body corporate and public, and Silver Palm Place Associates, Ltd., a Florida limited partnership, dated November 17, 2015, recorded November 25, 2015, in Official Records Book 27952, Page 207, as amended by First Amendment to Easement Agreement recorded in the Public Records of Palm Beach County, Florida, over, under and across the following described property:

A portion of DUNBAR VILLAGE, according to the Plat thereof as recorded in Plat Book 18, Page 77, of the Public Records of Palm Beach County, Florida, more particularly described as follows:

Commencing at the Southwest corner of said DUNBAR VILLAGE; thence North 09° 15' 40" East along the West line thereof, a distance of 486.95 feet to the Point of Beginning; thence continue North 09° 15' 40" East along the West line of said DUNBAR VILLAGE, a distance of 50.48 feet; thence South 88° 37' 00" East a distance of 593.15 feet to a point of intersection with the East line of said DUNBAR VILLAGE, thence South 04° 48' 42" East, along the East line of said DUNBAR VILLAGE a distance of 50.29 feet; thence North 88° 37' 00" West, a distance of 605.50 feet to the Point of Beginning.

Said lands situate in Section 16, Township 43 South, Range 43 East, Palm Beach County, Florida.

Tab 3

VI. New Business - attachments

- a. Appointment of authorized representatives
 - i. US Bank custodian form
 - ii. State of Florida SBA LGIP participant form
- b. Consider proposed fiscal year 2017/2018 budget
 - i. Proposed General Fund Budget and Net Position allocations
- c. Discussion of GC memo on multifamily bond and revolving loan policies
 - i. General counsel memo
 - ii. PBC SBE Ordinance
 - iii. PBC Local Preference Ordinance

	FY 2016/2017 Initial Budget	FY 2016/2017 Projected Annual	FY 2017/2018 Proposed Budget
Operating revenues:			
Multifamily on-going fees	\$ 270,500	\$ 282,516	\$ 314,647
Multifamily one-time fees	\$ -	\$ 142,154	\$ -
Single Family Loan Origination Fees	\$ 150,000	\$ 125,000	\$ 100,000
Other	\$ -	\$ 11,244	\$ -
Total Receipts	\$ 420,500	\$ 560,914	\$ 414,647
Operating expenditures:			
Reimbursement to PBC	\$ 300,626	\$ 298,771	\$ 304,908
Accounting fees	\$ 37,600	\$ 36,000	\$ 39,200
Auditing fees	\$ 64,344	\$ 64,344	\$ 67,102
Legal	\$ 45,000	\$ 15,000	\$ 45,000
Other	\$ 43,500	\$ 27,000	\$ 45,000
Total Disbursements	\$ 491,070	\$ 441,115	\$ 501,210
Income/(Loss) from operations	\$ (70,570)	\$ 119,799	\$ (86,563)
Non-operating Revenues/(Expense):			
Interest Income:			
from short-term investment	\$ 62,000	\$ 105,000	\$ 125,000
from single family MBS	\$ 75,000	\$ 60,000	\$ 50,000
DPA second mortgage funding	\$ (360,000)	\$ (350,000)	\$ (350,000)
Total Non-Operating Revenues	\$ (223,000)	\$ (185,000)	\$ (175,000)
Increase/(Decrease) in Net Position:	\$ (293,570)	\$ (65,201)	\$ (261,563)
Beginning Net Position:	\$ 11,539,608	\$ 11,539,608	\$ 11,474,407
Allocation of Net Position:			
Revolving Loan Program Fund	\$ (4,600,000)	\$ (6,250,000)	\$ (6,250,000)
DPA Second Mortgage Fund	\$ (2,500,000)	\$ (2,800,000)	\$ (2,800,000)
Single Family Loan Purchase Fund	\$ (1,400,000)	\$ (1,400,000)	\$ (1,650,000)
Single Family MBS Investments	\$ (1,589,149)	\$ (1,000,000)	\$ (750,000)
Unallocated Net Position:	\$ 1,450,459	\$ 89,608	\$ 24,407

Palm Beach County, Florida
Capital and Operating Expense

6/29/2017

Unit	Dept	Unit	Appr Unit	Object	Object Description	PV Actual	CY App Budget	CY Mod Budget	CY Actual	OFMB CY Est	Dept CY Est	OFMB BY Est	Supplemental	Dept Budget
0001	1280	Housing Finance Authority	1201		Salaries & Wages Regular	206,186	210,744	210,744	118,045	204,611	204,611	210,749	0	210,749
0001	143	1280	1431280PA	1301	Sal & Wages Non-Frs Employees	0	1	1	0	0	0	0	0	1
0001	143	1280	1431280PA	1401	Salaries & Wages Overtime	0	1	1	0	0	0	0	0	1
0001	143	1280	1431280PA	1501	Wages-Special-No Frs Contrib	0	1	1	0	0	0	0	0	1
0001	143	1280	1431280PA	1504	Wages-Union Sick-No Frs Contrib	0	1	1	0	0	0	0	0	1
0001	143	1280	1431280PA	2105	Fica-Taxes	10,987	11,415	11,415	5,975	11,832	11,832	11,951	0	11,951
0001	143	1280	1431280PA	2106	Fica Medicare	2,943	3,048	3,048	1,694	2,967	2,967	3,056	0	3,056
0001	143	1280	1431280PA	2201	Retirement Contributions-Frs	15,133	15,852	15,852	8,877	15,387	15,387	16,670	0	16,670
0001	143	1280	1431280PA	2301	Insurance-Life & Health	24,743	26,520	26,520	15,011	26,520	26,520	28,400	0	28,400
0001	143	1280	1431280PA	2401	Workers' Compensation	437	534	534	0	0	534	0	0	503
					Personal Services	260,429	268,117	268,117	149,692	261,317	261,851	270,826	0	271,333
0001	143	1280	1431280OA	3413	Iss Enterprise Services	0	5,272	5,272	0	0	0	5,272	0	0
0001	143	1280	1431280OA	4001	Travel And Per Diem	0	3,125	3,125	0	0	0	3,125	0	3,125
0001	143	1280	1431280OA	4104	Comm/Commercial-Toll	0	250	250	0	0	0	250	0	250
0001	143	1280	1431280OA	4205	Postage	116	250	250	61	0	100	250	0	250
0001	143	1280	1431280OA	4412	Rent-Storage/Warehouse Space *	84	250	250	27	0	250	250	0	250
0001	143	1280	1431280OA	4502	Casualty Self Ins Premiums	1,494	1,260	1,260	0	0	1,260	0	0	2,471
0001	143	1280	1431280OA	4620	Rep/Maint-Equipment	0	200	200	0	0	0	200	0	200
0001	143	1280	1431280OA	4674	Rep/Maint-Dp Equip & Software	140	0	0	0	0	0	0	0	0
0001	143	1280	1431280OA	4941	Registration Fees	0	250	250	0	0	0	250	0	250
0001	143	1280	1431280OA	4979	BOCC- Indirect costs	19,304	20,785	20,785	20,785	0	20,785	20,785	0	26,183
0001	143	1280	1431280OA	5101	Office Supplies	927	596	596	596	0	300	596	0	596
0001	143	1280	1431280OA	5111	Office Furniture And Equipment	1,359	1,500	1,500	0	0	0	1,500	0	0
0001	143	1280	1431280OA	5412	Dues & Memberships	0	250	250	0	0	0	250	0	0
					Operating Expenses	23,425	33,988	33,988	21,469	25,317	22,695	32,728	0	33,575
					Housing Finance Authority	283,853	302,105	302,105	171,061	261,317	264,546	303,554	0	304,908
0001	General Fund					283,853	302,105	302,105	171,061	261,317	264,546	303,554	0	304,908

H:\HCD\HCD\Budget\FY2017-2018\Expense Report.rpt

Memorandum

To: Housing Finance Authority of Palm Beach County

From: Morris G. (Skip) Miller

Date: June 30, 2017

Re: Opportunities for Small Local Businesses to do business with the Authority

At the June 9, 2017, HFA board meeting, we were asked to reach out to Jolinda Herring with Bryant Miller Olive, one of the Authority's co-bond counsel, for her ideas on creating opportunities for small local businesses to do business with the Authority and to increase small local business participation in projects financed by conduit bonds issued by the Authority.

Ms. Herring and I spoke a few days ago. Her primary suggestion was to revise the Authority's applications for multi-family housing revenue bonds and non profit developer loans so that the applications request information regarding the applicant's proposed use of small local businesses. We also discussed whether the Authority could refuse to issue bonds for a project that did not use small local businesses for any of the work, and her response was that it could be one of a number of factors to be considered.

With respect to the Authority's non profit developer loan program, she and I both felt that the Authority could require small local business participation; the question would be what exactly to require and what it would take for a business to be recognized as a small local business by the Authority.

For example, Palm Beach County has an SBE (small business enterprise) ordinance that provides a process for certifying qualifying small businesses domiciled in Palm Beach County. When the County is soliciting contracts for commodities or professional services, they may provide a preference for bidders or proposers that either are certified SBE's or commit to use certified SBE's as part of their contract. However, for any given category, there are many businesses that are small and local, but which choose not to be certified by the County. The County also has a local preference ordinance which allows the County to provide a preference to local businesses (no certification required and no limitation on size) in the procurement of good or services, and which allows the County to provide an additional preference to Glades businesses in the procurement of good or services to be utilized in the Glades or for a construction project located in the Glades.

It should be noted that neither the County's SBE ordinance nor its local preference ordinance apply to the purchase of goods and services by companies financing projects through conduit bonds issued by the County.

The Board discussed the possibility of a workshop to discuss whether to put such a program in place, and if so, what the requirements would be. That would be the logical next step if the Board chooses to move forward.

I have attached copies of the County's SBE ordinance and local preference ordinance for your review.

Feel free to contact me if you have any questions.

- PALM BEACH COUNTY CODE
Chapter 2 - ADMINISTRATION
ARTICLE III. - FINANCIAL AFFAIRS
DIVISION 2. - PURCHASES

Part C. Small Business Enterprise Program

Part C. Small Business Enterprise Program

[Sec. 2-80.20. Policy and purpose.](#)

[Sec. 2-80.21. Definitions.](#)

[Sec. 2-80.22. Scope.](#)

[Sec. 2-80.23. Goals.](#)

[Sec. 2-80.24. Contract compliance requirements.](#)

[Sec. 2-80.25. Ranking of responsive bidders.](#)

[Sec. 2-80.26. Suspension/debarment.](#)

[Sec. 2-80.27. Prompt payment.](#)

[Sec. 2-80.28. Procurement procedures.](#)

[Sec. 2-80.29. Professional services.](#)

[Sec. 2-80.30. Small business certification.](#)

[Sec. 2-80.31. M/WBE certification.](#)

[Sec. 2-80.32. Small business assistance advisory committee.](#)

[Sec. 2-80.33. Monitoring of minority/women business enterprise participation.](#)

[Sec. 2-80.34. Phase in of small business program and phase out of m/wbe program.](#)

[Secs. 2-80.35—2-80.40. Reserved.](#)

Sec. 2-80.20. Policy and purpose.

It is the policy of the board of county commissioners of Palm Beach County, Florida that all business be afforded an opportunity for full participation in the free enterprise system. In order to implement the policy, the board of county commissioners is committed to ensuring full and equitable participation by small business enterprises in the provision of goods and services to Palm Beach County.

(Ord. No. 2013-004, § I, 3-12-13)

Sec. 2-80.21. Definitions.

Acting as a conduit means, in part, not acting as a regular dealer by making sales of material, goods or supplies from items bought, kept in stock and regularly sold to the public, as opposed to only government agencies, in the usual course of business. Brokers, manufacturer's representatives, sales representatives and non-stocking distributors are considered as conduits that do not perform a commercially useful business function.

Affiliation means that the entity applying for SBE certification controls, has the power to control, or is controlled by another entity or entities, or an identity of interest exists between the entity applying for SBE

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Part C. Small Business Enterprise Program

certification and another entity or entities. In determining whether an affiliation exists, it is necessary to consider factors including, but not limited to, common ownership, common management, common use of facilities, equipment, and employees, contractual obligations and family interest in the business. Affiliated entities must be considered together in terms of gross receipts in determining whether a business entity meets SBE eligibility criteria.

Board means the board of county commissioners of Palm Beach County, Florida.

Business category means construction; professional services procured pursuant to the Competitive Consultant Negotiations Act (CCNA); other professional services, and commodities. For purposes of SBE eligibility criteria, a business entity shall be considered for eligibility in the business category in which it performs the largest portion of its work.

Certification means the process by which the office of small business assistance determines a business meets the criteria for a small, minority or woman business enterprise.

Certified small business enterprise (SBE) means a business which has been certified by the office of small business assistance (SBA).

Code means the Palm Beach County Code.

Commercially useful business function means adding value to the goods and services supplied under a contract. A small business is considered to perform a commercially useful business function when it is responsible for execution of a distinct element of work of a contract or transaction and carrying out its responsibilities by actually performing, managing and supervising the work performed. Businesses who merely act as a conduit do not perform a commercially useful business function and will not be eligible for certification as a SBE. In determining whether a business performs a commercially useful business function, consideration will include, but not be limited to, whether the business adds a value to the product or service provided; whether the business has a distributorship agreement with the manufacturer of goods supplied; whether the business takes possession of the product or service provided; whether the business warrants the product or service provided; whether the business maintains sufficient storage space to keep the product in inventory; whether the business maintains sufficient inventory to meet the requirements of its contracts; whether the business provides the product or service to the public or other business other than a governmental agency.

Committee means the small business advisory committee.

County means Palm Beach County.

Days means business days, unless specified otherwise.

Domiciled in the county means the business holds a valid Palm Beach County business tax receipt and has a permanent place of business in the county. In order to establish a permanent place of business in the county, the business must:

- (1) Demonstrate that business has been conducted at the county location, and sufficient full-time employees are maintained in the county to perform the contracted work;
- (2) The county business tax receipt bears the county address, and the county location is in an area zoned for the conduct of such business;
- (3) The county location must be verifiable through documentation such as property tax bill or lease agreement; and
- (4) The county location should be identifiable through signage, telephone listing, and/or website or social media. On-site visits may be conducted at any time to determine continued adherence to the domicile requirements and other requirements of the code. Additional backup

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Part C. Small Business Enterprise Program

documentation may be requested on a case-by-case basis. A county telephone number or post office box in the county shall not be sufficient without further documentation, to establish domicile in Palm Beach County.

Front shall mean a business which purports to be a small business but which is actually owned and/or controlled in a manner which does not comply with the county's requirements of certification.

Goals means annual small business goals expressed as percentages of total dollar volume for participation of small businesses in the county's procurement of goods, services and construction.

Gross receipts means the total annual sales for the applicant as stated on its federal income tax return, or for a new business that has not yet filed a federal income tax return, on its audited financial statements before deductions for returned items, allowances and discounts.

Home business means a small business that operates from the business owner's home. Home businesses usually have a very small number of employees that are often members of the business owner's family. A home business is not affiliated with, nor a subsidiary of another company located outside of the home. Home businesses meeting this definition are eligible for certification as a small business, provided they meet all other certification criteria. Home offices of an employee working for a company located in another county do not establish domicile in Palm Beach County.

Independent business is a business that operates free of control or reliance on another business. Recognition of the business as a separate legal entity for tax or corporate purposes is not necessarily sufficient for recognition as an independent business. In determining whether a potential small business is an independent business, the county shall consider all relevant factors, including but not limited to, the date the business was established, the adequacy of its resources for the type of work specified, relationships with affiliates and subsidiaries, and the degree to which financial, equipment leasing and other relationships with other businesses vary from established industry practices. If there has been a recent change in ownership of the business, a review of whether the acquisition of the business was done pursuant to an arm's length transaction will also be considered in determining independence of the business.

Independent contractor means a person who contracts to do work for another person according to his or her own processes and methods and is not subject to the control of the other person except for what is specified in the agreement for a specific job.

Joint venture means an association of two (2) or more persons or businesses registered with the State of Florida to carry out a single business enterprise for profit for which purpose they combine their property, capital, efforts, skills and knowledge.

Leased employee means the employee of a leasing company of professional employee organization who works for a business organization. The business organization maintains management of the worked performed by the employee. The leasing company handles administrative responsibilities such as, but not limited to payroll, compliance with state and federal regulations and unemployment insurance.

Minority person means an individual who is a citizen or lawful permanent resident of the United States who is:

- (1) A "Black American," a person having origins in any of the black racial groups of Africa.
- (2) A "Hispanic American," a person of Spanish or Portuguese culture with origins in Mexico, Central or South America, or the Caribbean, regardless of race.
- (3) An "Asian American," a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands.

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Part C. Small Business Enterprise Program

- (4) A "Native American," a person who is a member of, or is eligible to be a member of, a federally recognized Indian tribe. A "federally recognized Indian tribe" means an Indian tribe, band, nation, rancheria, pueblo, colony or other organized group or community, including any Alaska native village, which was recognized by the secretary of the interior on October 1, 1985, as having special rights and is recognized as eligible for the services provided by the United States to Indians because of their status as Indians, and any tribe that has a pending application for federal recognition on October 1, 1985, as having special rights and is recognized as eligible for the services provided by the United States to Indians because of their status as Indians, and any tribe that has a pending application for federal recognition on October 1, 1985.

M/WBE means a minority-owned business enterprise or a women-owned business enterprise or a combination minority and women-owned business enterprise. A M/WBE is any small business concern which is organized to engage in commercial transactions, which is domiciled in Palm Beach County, and which is at least fifty-one (51) percent owned by minority persons and/or women who are members of an insular group that is of a particular racial, ethnic or national origin makeup or gender, which has been subjected historically to disparate treatment due to identification in and with that group resulting in an under-representation of commercial enterprises under the group's control, and whose management and daily operations are controlled by such persons.

Manufacturer means a firm or business entity that produces an item from raw materials or who substantially alters the form of a product in order to make it suitable for a particular use.

Owned, for the purpose of determining whether a business is a minority or women business enterprise, shall mean that the minorities or women, as the context requires, shall possess an ownership interest of at least fifty-one (51) percent.

Prime contractor means any person who has a contract with the county to provide specific construction services, sales, supplies, materials, professional services, labor and/or equipment.

Professional services means any narrow discipline wherein a known practitioner has through education and experience developed expert advisory and programming skills as a vocation; any service performed primarily by vocational personnel which requires the analysis or certification of a professional before the services are acceptable to the user of the service; or any other advisory study, or programming activity where the director of purchasing determines that the level of skills and/or creativity of the potential or known practitioner(s) warrants a competitive proposal or submittal process.

Project goal means SBE goals expressed as percentages of total dollar volume for participation of small businesses, on individual county contracts.

SBE means small business enterprise certified by Palm Beach County.

Sheltered market program means a program under which certain contracting opportunities are made available only to certified SBEs.

Small business means a business domiciled in Palm Beach County and certified by the county which is an independently owned and operated, for profit, business concern organized to engage in commercial transactions and whose gross income, together with its affiliates do not exceed the following:

- (1) For a provider of construction the annual gross income does not exceed nine million dollars (\$9,000,000.00) (averaged over the previous three (3) years, or if in business, less than three (3) years, averaged during duration of business).
- (2) For a provider of commodities the annual gross income does not exceed five million dollars (\$5,000,000.00) (averaged over the previous three (3) years, or if in business, less than three (3) years, averaged during duration of business).

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- (3) For a provider of professional services procured pursuant to the CCNA statute the annual gross income does not exceed five million dollars (\$5,000,000.00) (averaged over the previous three (3) years or if in business less than three (3) years, averaged during duration of business).
- (4) For a provider of other professional services, the annual gross income does not exceed four million dollars (\$4,000,000.00) (averaged over the previous three (3) years, or if in business less than three (3) years, averaged during the duration of the business).

A small business must be majority owned and controlled by an individual who is a citizen or a lawful permanent resident of the United States.

Small and minority/women business directory means a compilation of certified small businesses and M/WBEs which is maintained electronically by the office of small business assistance and made available to contractor(s) or vendor(s) for use in identifying subcontractors, material suppliers, etc.

Subsidiary means a company whose controlling interest is owned by another company. A subsidiary cannot be considered an independent business.

Supplier means a business that supplies goods or materials. A supplier may be distinguished from a contractor or subcontractor who commonly adds specialized input to deliverables.

All terms not specifically defined herein, but defined in the county's purchasing ordinance, chapter 2, article III, division 2, part A of the County Code, as may be amended, shall carry the definition therein described.

(Ord. No. 02-064, § 1, 9-10-02; Ord. No. 04-071, § 1, 12-21-04; Ord. No. 05-048, §§ 1, 2, 11-15-05; Ord. No. 08-014, § I, 5-20-08; Ord. No. 2009-024, § I, 8-18-09; Ord. No. 2013-004, § II, 3-12-13)

Sec. 2-80.22. Scope.

This part shall apply to the solicitation of all goods, services and construction by the county which are governed by the county purchasing ordinance (sections [2-51](#)—2-57 of the County Code, as may be amended). Whenever possible, the county shall utilize a solicitation process which encourages SBE participation even on those items which are exempted from the requirements of the purchasing ordinance.

(Ord. No. 02-064, § 2, 9-10-02)

Sec. 2-80.23. Goals.

- (a) *Annual goals:* The annual SBE goal for county procurement of construction, professional services and commodities shall be a minimum of fifteen (15) percent. The annual goal shall be applied to each individual county procurement of goods, services or construction unless otherwise approved by the county administrator.
- (b) *Evaluation of goal attainment:* The goal shall be applied to the full monetary value of the contract and be reflected in the full monetary portion spent on subcontracts for supplies, consulting or construction services to be awarded to those SBEs meeting contract specifications.

In case of a certified SBE submitting a bid as a prime contractor, the SBE will be credited with meeting the percentage of the goal that the SBE will be performing with its own forces plus the percentage of subcontracts awarded to certified SBEs.

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A joint venture consisting of a small business and non-small business functioning together as a prime contractor will be credited with small business participation on the basis of the percentage of participation in the work, risk and profit by the small business.

Bidders will receive credit for goal attainment only for subcontractors who are certified and licensed, if required, in the specific area of expertise for which credit is sought at the time of bid opening.

Bidders utilizing SBE suppliers will receive credit for goal attainment at sixty (60) percent of the contract for supplies.

- (c) In the event annual goals are not achieved, the county may implement programs, including, but not limited to a sheltered market program for contracts under two hundred fifty thousand dollars (\$250,000.00), to achieve goal attainment. Any programs, other than sheltered markets, must be approved by the board prior to implementation.

(Ord. No. 02-064, § 3, 9-10-02; Ord. No. 08-014, § II, 5-20-08)

Sec. 2-80.24. Contract compliance requirements.

The office of small business assistance will establish procedures for monitoring and evaluating program performance and compliance, subject to the county administrator's approval. In addition to the remedies of suspension or debarment as provided in [section 2-80.26](#) of the Code, any contractor or firm that falsely represents to the county, pursuant to a county contract, that it is an SBE, or that it will utilize the services or commodities of an SBE and subsequently does not do so without the prior written approval of the county, may be in breach of contract. Upon determination that a breach of contract has occurred, the county shall have all available remedies for breach of contract. In addition, all amounts paid to the contractor or firm under the contract intended for expenditure with SBEs will be forfeited and recoverable by the county. The county, at its sole discretion, may waive the breach and available remedies; however any such waiver shall not constitute a waiver of rights for breach of any provision of the contract.

(Ord. No. 02-064, § 4, 9-10-02; Ord. No. 08-014, § III, 5-20-08)

Sec. 2-80.25. Ranking of responsive bidders.

When evaluating competitive bids/quotes of up to one million dollars (\$1,000,000.00) in which the apparent low bidder is determined to be nonresponsive to SBE requirements, the contract shall be awarded to the low bidder responsive to SBE requirements, or in the event there are no bidders responsive to the SBE requirements, to the bidder with the greatest SBE participation in excess of seven (7) percent participation, as long as the bid does not exceed the low bid amount by ten (10) percent.

In cases where the low bid exceeds one million dollars (\$1,000,000.00), the contract shall be awarded to the low bidder responsive to the SBE requirements, or in the event there are no bidders responsive to the SBE requirements, to the bidder with the greatest SBE participation in excess of seven (7) percent participation, provided that such bid does not exceed the low bid otherwise responsive to the bid requirements by more than one hundred thousand dollars (\$100,000.00) plus three (3) percent of the total bid in excess of one million dollars (\$1,000,000.00).

This section applies only when price is the determining factor.

(Ord. No. 02-064, § 5, 9-10-02; Ord. No. 08-014, § IV, 5-20-08)

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Sec. 2-80.26. Suspension/debarment.

The county reserves the right to suspend or debar any vendor who has previously failed to perform properly and who has done so by commission or omission of an act of such serious and compelling nature that the act indicates a serious lack of business integrity or honesty. Such acts include, but are not limited to:

- (1) The violation of any applicable law, regulation or contract provision relating to the performance of obligations incurred pursuant to an agreement with a recipient under a county contract.
- (2) Making or procuring to make any false statement or use of deceit.
- (3) Making false representations as a small business for purposes of qualifying for certification as such a business under a program that is designed to assist SBEs in the receipt of contracts with the county for the provision of goods or services.
- (4) Representing a SBE as performing a commercially useful function when such business is merely acting as a conduit in order to participate in the county's SBE program or receive a preference or benefit under the SBE program.
- (5) Repeatedly failing to meet SBE goals when submitting bids when there is documented availability of SBEs as shown by other bidders on the same projects meeting the stated goals.
- (6) Failing to comply with the SBE requirements of an awarded contract. The director of the office of small business assistance may refer a business or firm to the director of purchasing for consideration of suspension or debarment. The procedures for suspension or debarment are provided for in the purchasing ordinance.

(Ord. No. 02-064, § 6, 9-10-02; Ord. No. 05-048, § 3, 11-15-05; Ord. No. 08-014, § V, 5-20-08)

Sec. 2-80.27. Prompt payment.

Pursuant to the provisions of F.S. § 218.735(6), as may be amended, when a prime contractor receives payment from the county for labor, services or materials furnished by subcontractors or suppliers hired by the prime contractor, the prime contractor shall remit payment due to those subcontractors and suppliers within ten (10) days after the prime contractor's receipt of payment. When a subcontractor receives payment from a prime contractor for labor, services or materials furnished by sub-subcontractors and suppliers hired by the subcontractor, the subcontractor shall remit payment due to those sub-subcontractors and suppliers within seven (7) days after the subcontractor's receipt of payment from the prime contractor.

Every contract let by the county for the performance of work shall contain a provision requiring the prime contractor to certify in writing that all subcontractors, subconsultants and suppliers have been paid for work and materials from previous progress payments received, less any retainage, by the prime contractor prior to receipt of any further progress payments. During the contract and upon completion of the contract, the County may request documentation to certify payment to subcontractors, subconsultants or suppliers. Nothing herein shall prohibit a prime contractor or subcontractor from disputing, pursuant to the terms of a relevant contract, all or any portion of a payment alleged to be due to another party. In the event of such dispute, the prime contractor or subcontractor may withhold the disputed portion of any such payment if the prime contractor or subcontractor notifies the party whose payment is disputed, in writing, of the amount in dispute and the actions required to cure the dispute. The prime contractor or subcontractor must pay all undisputed amounts due within the time limits imposed by this section. All

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payments not made within the time periods herein specified shall bear interest at the rate of one (1) percent per month, or the rate specified by the contract, whichever is greater.

This provision in no way creates any contractual relationship between any subcontractor, subconsultant or supplier and the county or any liability on the county for the prime contractor's failure to make timely payment to the subcontractor, subconsultant or supplier.

(Ord. No. 02-064, § 7, 9-10-02; Ord. No. 08-014, § VI, 5-20-08)

Sec. 2-80.28. Procurement procedures.

The purchasing department shall establish specific purchasing procedures to increase SBE participation, including, but not limited to, purchases under the mandatory bid or proposal amount set forth in the purchasing code and purchases made by decentralized purchase orders (DPOs) under one thousand dollars (\$1,000.00). The purchasing procedures shall include a provision that every effort will be made by buyers to contact all registered certified SBE within a particular commodity area for purchases under the mandatory bid or proposal amount set forth in the purchasing code. The purchasing procedures shall also include a process so as to allow as many vendors as possible to compete in providing goods and services to Palm Beach County. The purchasing procedures shall also include a provision requiring awards of purchases under the mandatory bid or proposal amount set forth in the purchasing code to be made to the lowest responsive, responsible bidder unless a certified small business is within ten (10) percent of the lowest non-small business bid, in which case the award shall be made to the certified small business bidder submitting the lowest responsive, responsible bid. For purchases of goods and services over the mandatory bid or proposal amount set forth in the purchasing code goals will be established pursuant to the provisions of [section 2-80.23](#). This section shall not apply to procurement of construction.

(Ord. No. 02-064, § 8, 9-10-02; Ord. No. 05-048, § 4, 11-15-05; Ord. No. 08-014, § VII, 5-20-08)

Sec. 2-80.29. Professional services.

The county will provide contracting opportunities for SBEs and M/WBEs in the area of professional services pursuant to F.S. § 287.055, as amended, known as the "Consultant's Competitive Negotiation Act." The county will impose small business requirements on the solicitation of all other professional services not covered by the Consultant's Competitive Negotiation Act.

A summary of small business program procedures will be included in each solicitation. A point system will be utilized to determine the recipient of the contract award.

Businesses submitting proposals to provide professional services to the county will be eligible to receive points, not to exceed ten (10) percent of the total number of possible points awarded, for SBE participation. The distribution of points shall be stated in the request for proposal or otherwise made available to proposers or potential proposers upon request. Maximum points shall be awarded when the proposer is a certified SBE.

The provisions within this section pertaining to professional services are not intended to be used to the exclusion of other provisions of this part in the procurement of professional services.

(Ord. No. 02-064, § 9, 9-10-02)

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Sec. 2-80.30. Small business certification.

- (a) *Eligibility standards.* An eligible small business is an independent, for-profit business concern that performs a commercially useful business function, whose gross income is within the standards as defined in [section 2-80.21](#) above and who has been in business for at least one (1) year or whose owner has a certificate of small business competency issued by the Small Business Development Center, Palm Beach State College or other office of small business assistance approved courses. A small business must be domiciled in Palm Beach County in order to be eligible to participate.
- (b) *Application procedures.* All applicants wishing to be considered as certified businesses for the benefits of this program must apply for small business certification by completing the application and affidavit which can be obtained through the office of small business assistance and pay the applicable fee for certification, modification of certification or recertification. Applicants must submit the documentation listed below as appropriate to their business and all of its affiliates. The office of small business assistance may request any other documentation necessary to determine eligibility. Documents not in English must be accompanied by a certified translation. In instances where the applicant business has not been in existence three (3) years, it shall provide the documentation for the years the business has been in existence.
- (1) *Corporations:*
- a. List of the corporation's current full-time and part-time employees, including leased employees and/or independent contractors by length of service;
 - b. Proof of business location and operation in Palm Beach County;
 - c. Articles of incorporation, including date approved by the state, and any subsequent amendments;
 - d. By-laws;
 - e. Prior three (3) years' financial statement prepared by an independent CPA or accountant;
 - f. Prior three (3) years' federal corporate tax returns, including all schedules, as signed and filed;
 - g. Copies of last three (3) months' corporate payroll and/or payments to independent contractors;
 - h. Any necessary licenses to perform the work for which certification is sought;
 - i. Palm Beach County business tax receipt;
 - j. A list of all affiliates;
 - k. Resume of principals and management personnel showing education, training and employment dates;
 - l. Stock transfer agreements;
 - m. Copies of the corporation's distribution of profits for the previous year;
 - n. Copies of third party agreements, such as rental and lease agreements, management agreements, and purchase agreements;
 - o. Proof of stock purchase and capital investments.

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(2) *Partnerships:*

- a. List of the partnership's current full-time and part-time employees, including leased employees and/or independent contractors by length of service;
- b. Proof of business location and operation in Palm Beach County;
- c. Partnership agreement;
- d. Prior three (3) years' financial statements prepared by an independent CPA or accountant;
- e. Prior three (3) years' federal tax returns, including all schedules, as signed and filed;
- f. Any necessary licenses to perform the work for which certification is sought;
- g. Copies of last three (3) months' corporate payroll and/or payments to independent contractors;
- h. Palm Beach County business tax receipt;
- i. A list of all affiliates;
- j. Resumes of all partners and management personnel showing education, training and employment dates;
- k. Buy-out rights agreements;
- l. Profit sharing agreement;
- m. Proof of capital investment;
- n. Copies of the partnership distribution of profits for the previous year;
- o. Copies of third party agreements, such as rental and lease agreements, management agreements, or purchase agreements.

(3) *Sole proprietors:*

- a. Any necessary licenses to perform the work for which certification is sought;
- b. Verification of fictitious name registration;
- c. Prior three (3) years' federal tax returns, including all schedules, as signed and filed;
- d. List of current full-time and part-time employees including leased employees and/or independent contractors by length of service;
- e. Proof of business location and operation in Palm Beach County;
- f. Palm Beach County business tax receipt;
- g. A list of all affiliates;
- h. Resumes of owner and management personnel showing education, training, and employment dates;
- i. Copies of third party agreements such as rental and lease agreements, management agreements or purchase agreements.
- j. Copies of last three (3) months' payroll and/or payments to independent contractors.

- (c) *Application review procedures.* Once an applicant has submitted the application and all supporting documentation, certification review will commence and the following procedures will apply:

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- (1) The small business certification application and all supporting documents will be logged in as appropriate. The application will be reviewed for completeness and accuracy. The office of small business assistance will inform the applicant of any missing documentation. Any applicant failing to submit the requested documentation within thirty (30) days of the notice shall be deemed to have abandoned its application.
- (2) References will be called and information verified by third parties, when appropriate. The office of small business assistance will review the goods or services provided by the applicant to determine the appropriate National Institute of Government Procurement (NIGP) classification codes. Businesses will only be certified in the areas where they provide a commercially useful business function. In those instances when the NIGP codes are broader than the goods or services provided by the applicant, the office of small business assistance will appropriately limit the certification to those goods or services for which the application performs a commercially useful business function.
- (3) When deemed appropriate by the office of small business assistance, a personal interview or site visit will be scheduled with the principal(s) to discuss the documentation submitted and determine if the applicant meets the established criteria.
- (4) Applicants approved for certification will be notified immediately by mail.
- (d) *Denial of certification.* Applicants denied certification shall be notified by certified mail and informed of their right to appeal the denial. An applicant denied certification may not reapply for certification for one (1) year from the date of denial of the certification.
- (e) *Appeal of certification denial.* Any firm that believes it has been wrongly denied certification as a small business may file an appeal in writing, signed and dated, with the office of small business assistance. The appeal shall be filed no later than twenty (20) days from the date of the notice of denial of certification. The request for appeal shall state the specific reasons why the firm believes the denial of certification is erroneous.
- (f) *Hearing on appeal of certification denial.* If an appeal is filed, an administrative review will be conducted by the director of the office of small business assistance. The review will be conducted within forty-five (45) days of the filing of the request for appeal. The director of the office of small business assistance shall take one (1) of the following actions on the request for appeal:
 - (1) Uphold the appeal. If a determination is made that certification was denied, contrary to the provisions of the code, the director may uphold the appeal. If the appeal is upheld, a certification certificate shall be issued.
 - (2) Deny the appeal. If the appeal is denied, the applicant has the right to request the appeal be referred to a special master in accordance with subsection [2-80.30\(j\)](#) below.
 - (3) Refer the appeal directly to a special master with no determination made by the director of the office of small business, in accordance with subsection [2-80.30\(j\)](#) below.
- (g) *Continued certification.* A business must remain continuously eligible for certification throughout its certification period. Certification under a previous code does not guarantee that the small business continues to be eligible for the entire certification period if there is a modification of eligibility criteria. The office of small business assistance may conduct site visits or review documents to ensure continued compliance at any time during the certification period. Certified businesses are also required to notify the office of small business within thirty (30) days of any change in ownership, operation, control, activities or domicile.

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- (h) *Recertification.* Certified SBEs are required to submit an affidavit of their continued eligibility as a SBE every three (3) years along with an application for recertification. The office of small business assistance may conduct site visits or review documents to ensure continued compliance as a small business. If there has been a change in operation, ownership, control, activities, domicile or gross receipts, the SBE must identify such change on their application for recertification. Supporting documentation may be required for continued certification. A company that fails to submit its application for recertification and affidavit of continued eligibility or fails to submit documentation requested by the office of small business assistance or allow a site visit, will no longer be deemed certified for purposes of participation in the small business program.

The criteria for recertification shall be the same as for certification. An applicant may request an appeal of denial of recertification within twenty (20) days of the notice of denial. The hearing shall be conducted in the manner described in [section 2-80.30\(j\)](#). An applicant denied recertification may not reapply for certification for one (1) year from the denial of recertification.

- (i) *Decertification.* If during the period of certification, the county has reason to believe that the SBE received certification improperly, or that there has been a substantial change in circumstances in the operation, ownership, control, activities, domicile, or gross receipts that continued certification would be contrary to the county's small business policy, then the office of small business assistance may conduct an investigation of the allegations.

The office of small business assistance may decertify the SBE if the investigation indicates that:

- (1) The small business cannot be contacted at the last known address in Palm Beach County;
- (2) The small business is no longer in business;
- (3) The small business is no longer licensed to do the type of business for which it was certified;
- (4) The small business obtained its original certification and/or recertification through false representation or deceit;
- (5) The small business has been disbarred or suspended as a vendor by the county purchasing department. At the expiration of any suspension, the firm may reapply for certification;
- (6) Site visits have revealed no business being conducted at the county location; or
- (7) The small business does not meet the current eligibility standards for certification as a small business. Certification under a previous code does not guarantee that the small business continues to be eligible for their entire certification period.
- (8) The small business does not perform a commercially useful business function.
- (9) The small business refuses to allow an on-site inspection.
- (10) The small business has failed to notify the office of small business of any change in the ownership, location, structure or any other aspect of the small business which would affect its small business certification.

The office of small business assistance shall notify the small business by certified mail that it has been decertified. The small business may request an appeal hearing of the decertification within twenty (20) days of receipt of the notice. The resolution of the appeal shall be conducted in the manner described in subsection [2-80.30\(i\)](#). Nothing in this section shall prevent the office of small business assistance from commencing an investigation regarding the legitimacy of a small business certification. A business decertified pursuant to this section may not re-apply for certification for one (1) year from the date of decertification.

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(j) *Hearing before a special master.*

- (1) Upon receipt of a denial of appeal for certification, recertification, or decertification, an applicant may request a hearing before a special master. The request for a hearing shall be in writing to the director of the office of small business assistance, and shall be made within five (5) business days of issuance of the director of the office of small business' determination. The request for a hearing shall be accompanied by an appeal bond of one thousand dollars (\$1,000.00) which shall be remitted in the form of a money order, a certified check, a cashier's check or a bank check payable to the county.
- (2) At no time shall the applicant or any other person contact a special master regarding any issue pertaining to, or involving the appeal. Contact between the county and the special master shall be limited to scheduling and other administrative issues; including the provision and copying of public records pertinent to the appeal.
- (3) The office of small business assistance shall establish rules and regulations by separate policy and procedure detailing the selection of special masters, the appeals process, and the conduct governing appeal hearings. Such rules shall provide that the special master may not consider any evidence which was not available at the time of the application or recommendation for decertification or recommendation for denial of certification or recertification. Such rules shall also provide that the special master shall render a written decision within ten (10) working days of the hearing.
- (4) Special masters shall have the jurisdiction and authority to hear and decide appeals. The special master shall make a recommendation as to whether the appeal should be upheld as denied.
 - a. If the special master upholds the appeal, the special master shall recommend the director of the office of small business assistance issue a certification certificate. In these instances, the office of small business assistance shall return the appeal bond to the applicant.
 - b. If the special master denies the appeal, the special master shall recommend that certification be withheld. In these instances, the applicant's bond shall be forfeited.
 - c. The director of the office of small business assistance may accept the special master's recommendation or, if the director of the office of small business assistance determines the special master's recommendation is not in the county's best interest, the original recommendation of the office may be referred to the board for approval. At that time, the board may accept or reject the recommendation of the special master.
 - d. If a special master is unable to provide a fair hearing for any reason, the special master shall not accept the appeal and shall immediately notify the director of the office of small business assistance. The director of the office of small business assistance shall reassign the appeal to a special master who does not have a conflict.

(Ord. No. 02-064, § 10, 9-10-02; Ord. No. 04-071, §§ 2, 3, 12-21-04; Ord. No. 05-048, § 5, 11-15-05; Ord. No. 08-014, §§ VIII—XVII, 5-20-08; Ord. No. 2009-024, §§ II—VII, 8-18-09; Ord. No. 2013-004, § II, 3-12-13)

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Sec. 2-80.31. M/WBE certification.

- (a) *Purpose of M/WBE certification.* No preferences will be extended to certified M/WBEs, unless otherwise provided by law. However, businesses eligible for certification as a M/WBE are encouraged to become certified and maintain their certification in order to assist in the tracking of M/WBE availability and awards of contracts to M/WBEs. This information is vital to determining whether race and gender neutral programs assist M/WBE firms or whether race and gender preferences are necessary in order to address any discrimination in the market.
- (b) *Eligibility standards.* An eligible MBE or WBE is a small for profit business concern domiciled in the county which is both owned and controlled by minorities or by women and whose gross receipts are within the standards as defined in [section 2-80.21](#) above. Further, the business must meet all other criteria of a small business as provided above. Minorities and/or women must own at least fifty-one (51) percent of the business and the management and daily business operations are controlled by the minorities and/or women who own it. The ownership and control by minorities and/or women shall be real, substantial and continuing, and shall continue beyond the pro forma ownership of the firm as reflected in its ownership documents. The minority and/or women owners shall enjoy the customary incident of ownership and shall share in the risks and profits commensurate with their ownership interest, as demonstrated by an examination of the substance rather than form or arrangements.
- (1) *Ownership.* In determining ownership of the business, the contribution of capital or expertise by the minority and/or women owners to acquire their interest in the firm shall be real and substantial. Examples of insufficient contributions include, but are not limited to, a promise to contribute capital, a note payable to the firm or its owners who are not minorities or women, or the mere participation as an employee, rather than as a manager/owner.
- (2) *Control.* The minority and/or woman owner(s) must have operational and managerial control of the business.
- a. The primary consideration determining operational control and the extent to which the minority person and/or woman actually operates the business will rest upon the peculiarities of the industry of which the business is a part. Accordingly, in order to clarify the level of operational involvement of the minority person or woman in the business to be deemed as an M/WBE, the following examples are put forth and are not to be all-inclusive.
1. The minority person and/or woman should have experience in the industry for which certification is sought.
 2. The minority person and/or woman should be able to demonstrate that basic decisions pertaining to the daily operation of the business are independently made.
 3. The minority person and/or woman should have some technical competence in the industry for which certification is sought. The minority person and/or woman should have a working knowledge of the technical requirements of the business needed to operate in the industry.
- b. Managerial control means that the minority and/or woman has the demonstrable ability to make independent and unilateral business decisions needed to guide the future and destiny of the business. For a minority and/or woman to demonstrate the extent of his/her control, the following examples are put forth and are not intended to be all-inclusive:

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1. Corporate bylaws or partnership agreements or other agreements should be free of restrictive language which dilutes the minority's or women's control, thus preventing him/her from making those decisions which affect the destiny of the business.
2. The minority person and/or woman should be able to clearly show, through production of documents, the areas of control such as, but not limited to:
 - i. Authority and responsibility to sign payroll checks and letters of credit.
 - ii. Authority for negotiations and signature responsibility for insurance and/or bonds.
 - iii. Authority for negotiations and/or signature services.

If the owners of the firm who are not minorities or women are disproportionately responsible for the operation of the firm, then the firm is not to be considered an M/WBE within the meaning of this program. Where the actual management of the firm is contracted out to individuals other than the owner, those persons will be considered as controlling the business.

- (c) *Application procedures.* All applicants wishing to be considered as certified businesses must apply for M/WBE certification by completing an M/WBE disclosure affidavit which can be obtained through the office of small business assistance. Applicants must submit the documentation listed in [section 2-80.30\(b\)](#), as appropriate to their business and all of its affiliates. The office of small business assistance may request any other documentation necessary to determine eligibility. Documents not in English must be accompanied by a certified translation. In addition, applicants must submit documentation of the minority or woman status.
- (d) *Application review and appeal procedures:* The procedures for application review, recertification, decertification and appeals provided in [section 2-80.30\(d\)–\(j\)](#) shall apply equally for M/WBE certification.

(Ord. No. 02-064, § 11, 9-10-02; Ord. No. 05-048, § 6, 11-15-05; Ord. No. 08-014, § XVIII, 5-20-08; Ord. No. 2009-024, § VIII, 8-18-09; Ord. No. 2013-004, § III, 3-12-13)

Sec. 2-80.32. Small business assistance advisory committee.

There is hereby created and established an advisory committee to be known as the small business assistance (SBA) advisory committee.

- (1) *Membership:* The SBA advisory committee shall consist of the following members:
- a. One (1) black business owner certified as a small business by the county;
 - b. One (1) Hispanic business owner certified as a small business by the county;
 - c. One (1) women business owner certified as a small business by the county;
 - d. One (1) white male business owner certified as a small business by the county;
 - e. One (1) business owner domiciled in the county;
 - f. One (1) representative of a business incubator program;
 - g. One (1) representative of a Hispanic business organization;
 - h. One (1) representative of the National Association of Women in Construction;
 - i. One (1) representative of a women's business organization;

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- j. One (1) certified minority contractor;
- k. One (1) representative of the Associated General Contractors Association;
- l. One (1) representative of the Small Business Development Center;
- m. One (1) representative of a financial institution that assists small businesses;
- n. One (1) representative of a Black Chamber of Commerce of Palm Beach County;
- o. One (1) representative of a professional services organization.

Members shall be appointed at large by the board of county commissioners and shall serve for staggered terms of three (3) years. Members may only serve for (3) three consecutive three-year terms. Vacancies shall be filled in the same manner as the original appointments for the remainder of the vacant term. Each member shall serve without compensation and may be removed without cause by the board of county commissioners at any time. Travel reimbursement is limited to expenses incurred only for travel outside the county necessary to fulfill board member responsibilities when sufficient funds are budgeted and available, and upon approval of the county administrator or deputy county administrator.

- (2) *Duties and functions.* The committee shall have the following duties and functions:
- a. Review and evaluate the effectiveness of small business programs within county government;
 - b. Monitor and evaluate the effectiveness of the county's small business policies and procedures, resolutions and ordinances, including their implementation by the various county departments;
 - c. Study and evaluate the necessity for further county regulations and procedures regarding small business participation;
 - d. Receive and, where necessary, analyze information concerning the presence of discrimination in the bidding and contracting process and recommend to the board of county commissioners further steps to alleviate such discrimination;
 - e. Prepare, adopt and present an annual report to the board of county commissioners;
 - f. Research and review other jurisdictions' small business programs;
 - g. Act as a conduit between the county and the community, industry; organizations, trade associations, chambers of commerce and small and minority/women businesses;
 - h. Plan and participate in education and training for small businesses; and
 - i. Research and recommend to the board of county commissioners race- and gender-neutral mechanisms which will assist small businesses.
 - j. Monitor and report on level of minority/women business enterprise participation.
 - k. Monitor legislative initiatives and other issues and activities which impact small and M/WBE businesses and advise the board of county commissioners concerning same.
- (3) *Meetings and organizations.* The committee shall meet on a regular basis. A majority of members appointed shall constitute a quorum. In the presence of a quorum, committee business shall be conducted by a vote of a majority present. The meetings shall be governed by the Robert's Rules of Order. Reasonable public notice of all committee meetings shall be provided, and all such meetings shall be open to the public at all times.

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- (4) *Assistance to the committee.* The committee may request information from any department or agency of the county, local, regional, state, or federal government for information or advice in the performance of its work.
- (5) *Chair and vice-chair.* A chair and vice-chair shall be elected by a majority of the committee and shall serve for a term of one (1) year. The duties of the chair shall be to:
- a. Call committee meetings and set the agenda for the same;
 - b. Preside at committee meetings;
 - c. Establish subcommittees, appoint subcommittee chairs, and charge subcommittees with specific tasks;
 - d. Perform other functions as the committee may assign by rule or order.

The vice-chair shall perform the duties of the chair in the chair's absence, and such other duties as the chair may assign.

If a vacancy occurs in the office of the chair, the vice-chair shall become the chair for the unexpired term. If a vacancy occurs in the office of the vice-chair, the committee will elect another member to fill the unexpired term of the vice-chair.

- (6) *Advisory only.* The actions, decisions and recommendations of the committee shall not be final or binding on the board of county commissioners but shall be advisory only.
- (7) *Attendance.* Members shall be automatically removed for lack of attendance. Lack of attendance is defined as failure to attend three (3) consecutive meetings or failure to attend more than two-thirds (2/3) of the meetings scheduled during a calendar year. Participation for less than three-fourths ($\frac{3}{4}$) of a meeting shall constitute lack of attendance. Members removed under this section shall not continue to serve until a new appointment is made and removal shall create a vacancy.
- (8) *Conflict of interest.* Committee members shall be governed by the applicable provisions of the Palm Beach County Ethics Resolution R-94-693, as may be amended.

(Ord. No. 02-064, § 12, 9-10-02; Ord. No. 04-071, § 4, 12-21-04; Ord. No. 08-014, § XIX, 5-20-08; Ord. No. 2013-004, § IV, 3-12-13)

Sec. 2-80.33. Monitoring of minority/women business enterprise participation.

The small business program is hereby created after the successful operation of a M/WBE program for over a decade. To ensure that the county does not become a passive participant in discrimination against businesses owned by minorities and women, the office of small business assistance will prepare an annual report on the level of M/WBE participation in county contracting and procurement. The board of county commissioners shall consider the reports on M/WBE participation and determine what measures, if any, are necessary to address any change in M/WBE participation, if any. Tracking of participation by M/WBEs will take into consideration businesses who maintain certification, firms certified at the time of the sunset of the M/WBE Program and other reliable means of identification of M/WBEs.

(Ord. No. 02-064, § 14, 9-10-02)

- PALM BEACH COUNTY CODE
Chapter 2 - ADMINISTRATION
ARTICLE III. - FINANCIAL AFFAIRS
DIVISION 2. - PURCHASES

Part C. Small Business Enterprise Program

Sec. 2-80.34. Phase in of small business program and phase out of m/wbe program.

From October 1, 2002 through March 31, 2003, the small business program and M/WBE program, as described in sections 2-71 through 2-80.13, of the County Code, will operate concurrently. The intent of this concurrent operation is to allow for a smooth transition from one program to the other. During this transition period, the board of county commissioners specifically delegates to the county administrator the ability to determine which aspect(s) of each program will apply to each individual procurement of goods, services and construction and further delegates to the county administrator the authority to determine the schedule for phase in and phase out of the various program components. In determining such schedule, the county administrator shall consider the readiness of program documents, the number of certified firms and such other factors as may be appropriate.

(Ord. No. 02-064, § 15, 9-10-02)

Secs. 2-80.35—2-80.40. Reserved.

Editor's note—

Ord. No. 08-009, § XX, adopted May 20, 2008, amended the Code by repealing former § 2-80.35 in its entirety. Former § 2-80.35 pertained to referral for suspension or debarment, and derived from Ord. No. 05-048, adopted November 15, 2005.

Part D. - Local Preference Code

Sec. 2-80.41. - Title.

This part shall be entitled the Palm Beach County Local Preference Code.

(Ord. No. 02-065, § 1, 9-10-02; Ord. No. [2015-002](#), § 1, 1-13-15)

Sec. 2-80.42. - Definitions.

- (a) "Glades business" means a bidder or quoter which has a permanent place of business within the Glades and which holds a business tax receipt issued by Palm Beach County that authorizes the bidder or quoter to provide the solicited construction or non-construction related goods or services, and which is issued prior to the issuance of the invitation for bids/request for quotes for which a preference is sought. If the business is a joint venture/partnership, it is sufficient for qualification as a Glades business if at least one (1) of the joint venturers/partners meets the requirements set forth in this subsection.
- (b) "Glades subcontractor" means a subcontractor participating in a bid or quote for construction or non-construction related goods or services, which has a permanent place of business within the Glades and which holds a business tax receipt issued by Palm Beach County that authorizes the Glades subcontractor to provide the construction or non-construction related goods or services and which is issued prior to the issuance of the invitation for bids/request for quotes for which a preference is sought. If the subcontractor is a joint venture/partnership, it is sufficient for qualification as a Glades subcontractor if at least one (1) of the joint venturers/partners meets the requirements set forth in this subsection.
- (c) "Local business" means a bidder or quoter which has a permanent place of business within Palm Beach County and which holds a business tax receipt issued by Palm Beach County that authorizes the bidder or quoter to provide the solicited construction or non-construction related goods or services to be purchased and which is issued prior to the issuance of the invitation for bids/request for quotes for which a preference is sought. If the business is a joint venture/partnership, it is sufficient for qualification as a local business if at least one (1) of the joint venturers/partners meets the test set forth in this subsection.
- (d) "Non-local business" means a bidder or quoter which is not a local business.
- (e) "Permanent place of business" means headquarters which are located within Palm Beach County or within the Glades for Glades businesses, or a permanent office or other site located within Palm Beach County or within the Glades for Glades businesses, from which a bidder or quoter will produce a substantial portion of the goods or perform a substantial portion of the services to be purchased and which was in existence prior to the issuance of the invitation for bids/request for quotes. A post office box or location at a postal service center shall not constitute a permanent place of business.

All other terms and definitions used herein shall have the same meaning as set forth in the Palm Beach County Purchasing Code ("Purchasing Code"), as it may be amended.

(Ord. No. 02-065, § 2, 9-10-02; Ord. No. 2009-025, §§ 2—4, 8-18-09; Ord. No. 2010-011, § 2, 4-20-10; Ord. No. [2015-002](#), § 2, 1-13-15)

Sec. 2-80.43. - Applicability of local preference.

Unless otherwise stated below, the provisions of this part shall apply to the solicitation of construction and non-construction related goods and services by the County which are governed by the Purchasing

Code (Sections 2-51 through 2-58 of the County Code as may be amended). Additionally, the County should utilize a solicitation process which encourages the use of local vendors for those items which are exempt from the requirements of the Purchasing Code and those which are designated as an alternate source selection as provided for therein.

(Ord. No. [2015-002](#), § 3, 1-13-15)

Editor's note— Prior to the reenactment of § 2-80.43 by Ord. No. [2015-002](#), § 3, adopted Jan. 13, 2015, said section was repealed by Ord. No. 2010-011, § 3, adopted April 20, 2010. The former § 2-80.43 pertained to reciprocal preference for local businesses and derived from Ord. No. 02-065, § 3, adopted Sept. 10, 2002, and Ord. No. 2009-025, § 3, adopted Aug. 18, 2009.

Sec. 2-80.44. - Preference for local businesses.

In the event the lowest responsive, responsible bidder or quoter in the procurement of construction or non-construction related goods and services is a non-local business, the bid or quote of the next lowest responsive, responsible bidder or quoter who is a local business may be adjusted downward by five (5) percent, solely for the purpose of determining award. This five (5) percent downward adjustment to the bid or quote is made solely for the purpose of ranking. In no event shall the application of this adjustment change the actual bid or quote amount.

The determination as to whether a bidder or quoter is a local business shall be made by County staff based upon documentation submitted by the bidder or quoter at the time of bid or quote submission and pursuant to this Local Preference Code and to any rules and regulations promulgated by the Purchasing Department. County staff may require a bidder or quoter to provide additional information at any time prior to the award of the contract.

(Ord. No. 02-065, § 4, 9-10-02; Ord. No. 2009-025, § 4, 8-18-09; Ord. No. 2010-011, § 4, 4-20-10; Ord. No. [2015-002](#), § 4, 1-13-15)

Sec. 2-80.44.1. - Preference for Glades businesses.

For any good or service to be utilized in the Glades and for any construction project located in the Glades, the preference described in this Section shall apply and take precedence over the Preference For Local Businesses in Section 2-80.44 herein. In the event the lowest responsive, responsible bidder or quoter in the procurement of any good or service to be utilized in the Glades, or for any construction project located in the Glades, is a non-Glades business, the bid or quote of the next lowest responsive, responsible bidder or quoter who is a Glades business may be adjusted downward by five (5) percent, solely for the purpose of determining award. This five (5) percent downward adjustment to the bid or quote for a Glades bidder or quoter is made solely for the purpose of ranking. In no event shall the application of this adjustment change the actual bid or quote amount. A local business which is not a Glades business, but which utilizes Glades subcontractors may be eligible for the preference set forth in Section 2-80.44.2 herein.

The determination as to whether a bidder or quoter is a Glades business shall be made by County staff based upon documentation submitted by the bidder or quoter at the time of bid or quote submission and pursuant to the Local Preference Code and to any rules and regulations promulgated by the Purchasing Department. County staff may require a bidder or quoter to provide additional information at any time prior to the award of the contract.

(Ord. No. 2009-025, § 5, 8-18-09; Ord. No. 2010-011, § 5, 4-20-10; Ord. No. [2015-002](#), § 5, 1-13-15)

Sec. 2-80.44.2. - Preference for use of Glades subcontractors by local businesses.

For any construction project located in the Glades, the preference described in this Section shall apply and take precedence over the Preference for Local Businesses in Section 2-80.44 herein. A bidder or quoter in the procurement of construction of public works projects who is a local business, but not a Glades business and who utilizes Glades subcontractors for a minimum of fifteen (15) percent of the work may receive a local preference of three (3) percent, solely for the purpose of determining award. The bid or quote of local businesses utilizing Glades subcontractors for a minimum of fifteen (15) percent of the work may be adjusted downward by three (3) percent for purposes of ranking bidders. In no event shall the application of this adjustment change the actual bid or quote amount.

A bidder or quoter in the procurement of construction of public works projects who is a local business and who utilizes Glades subcontractors for a minimum of thirty (30) percent of the work may receive a local preference of four (4) percent, solely for the purpose of determining award. The bid or quote of local businesses utilizing Glades subcontractors for a minimum of thirty (30) percent of the work may be adjusted downward by four (4) percent for purposes of ranking bidders. In no event shall the application of this adjustment change the actual bid or quote amount.

For the purposes of determining Glades subcontractor participation under this Section, the total of Glades subcontractor participation described below will apply:

- (a) the local business may count towards its preference only that portion of the total dollar value of a contract performed by a Glades subcontractor;
- (b) the local business may count towards its preference the entire expenditures for materials and equipment purchased by a Glades subcontractor provided that the Glades subcontractor has the responsibility for the installation of the purchased materials and equipment;
- (c) the local business may count towards its preference the entire expenditure to a Glades subcontractor who is a manufacturer (i.e., a supplier that produces goods from raw materials or substantially alters the goods before resale);
- (d) the local business may count towards its preference sixty (60) percent of its expenditures to Glades subcontractors that supply the material but do not manufacture or substantially alter the material; and
- (e) the local business may count towards its preference second and third tier Glades subcontractors, provided that the local business identifies the Glades subcontractors as second and third tier subcontractors in its bid or quote.

The determination as to whether a subcontractor is a Glades subcontractor shall be made by County staff based upon documentation submitted by the local bidder or quoter at the time of bid or quote submission and pursuant to this Local Preference Code and any rules and regulations promulgated by the Purchasing Department. County staff may require a bidder or quoter to provide additional information at any time prior to the award of the contract.

(Ord. No. 2009-025, § 6, 8-18-09; Ord. No. 2010-011, § 6, 4-20-10; Ord. No. [2015-002](#), § 6, 1-13-15)

Sec. 2-80.45. - Reciprocity.

Should Miami-Dade, Broward, Martin, or Hendry counties extend their local preferences to Palm Beach County businesses, the preference for local businesses set forth herein may be made available to those businesses whose permanent place of business are within said counties. However, the bid or quote received from the lowest responsive, responsible local business within Palm Beach County shall not be supplanted by a Miami-Dade, Broward, Martin, or Hendry County business utilizing the Palm Beach County local preference.

(Ord. No. 2010-011, § 9, 4-20-10; Ord. No. [2015-002](#), § 7, 1-13-15)

Editor's note— Ord. No. 2010-011, § 7, adopted April 20, 2010, repealed the former § 2-80.45, which pertained to interlocal agreements and derived from Ord. No. 02-065, § 5, adopted Sept. 10, 2002. Section 9 of Ord. No. 2010-011 was added as a new § 2-80.45 at the discretion of the editor.

Sec. 2-80.46. - Waiver.

The application of this part to any particular purchase may be waived by the Board of County Commissioners where such waiver would be in the best interests of the County.

(Ord. No. 02-065, § 6, 9-10-02)

Sec. 2-80.47. - Limitations.

- (a) The provisions of this Local Preference Code shall not apply where prohibited by federal, state or Florida law or where prohibited under the conditions of any grant.
- (b) Unless prohibited by federal, state or local law or where prohibited under the conditions of any grant, the location of a business shall be addressed through the evaluation criteria set forth in the Request for Proposal or the Request for Submittal solicitations.
- (c) The provisions of this Local Preference Code shall in no way limit the right of the Board of County Commissioners to compare the qualifications, character, responsibility and fitness of any person or entity submitting bids or quotes or to make an award it deems to be in the best interest of the County.
- (d) The provisions of this Local Preference Code shall not be applied where its application would result in an award which exceeds the otherwise lowest responsive, responsible bid by one hundred thousand dollars (\$100,000.00).
- (e) A local business or a Glades business or a local business utilizing Glades subcontractors receiving a preference under the Palm Beach County Small Business Enterprise Ordinance for a particular purchase shall not be eligible to receive a local preference as established under this Local Preference Code for that same purchase. In case of any inconsistency between the provisions of the Local Preference Code and the Small Business Enterprise Ordinance, the Small Business Enterprise Ordinance shall take precedence.

(Ord. No. 02-065, § 7, 9-10-02; Ord. No. 2009-025, § 7, 8-18-09; Ord. No. 2010-011, § 10, 4-20-10; Ord. No. [2015-002](#), § 8, 1-13-15)

Sec. 2-80.48. - Rules and regulations.

The County Administrator or his/her designee shall develop and promulgate rules and regulations which shall govern the application and administration of this part.

(Ord. No. 02-065, § 8, 9-10-02)

Tab 4

VII. Other Matters - attachments

- a. Executive Director memorandum
- b. Other housing related items



**Housing Finance Authority
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To: Housing Finance Authority

From: Executive Director

RE: July 21, 2017 meeting – Matters of Executive Director

Chairperson nomination:

The approval of the nomination of Patrick Franklin as the new chairperson is on the Board of County Commission consent agenda for their August 15 meeting. All new officer's terms will become effective as of that date.

Status report on single family programs:

The 2017 IRS/Treasury Department derived income and purchase price limits were provided by bond counsel on June 30. The new limits apply to the mortgage credit certificate program as well as the "Own a Home Opportunity" single family loan program with the Lee HFA where the Authority provides an up to \$10k down payment assistance second mortgage. The "Own a Home Opportunity Grant" program loan is not subject to IRS/Treasury regulations. The new income limits for non-targeted census tracts (all but about a dozen) are \$71,900 for a 1 or 2-person household, and \$82,685 for a 3 or more person household. The purchase price limit is \$317,647. Even though the HUD median income for PBC for a family of four increased from \$65,400 in 2016 to \$67,900 for 2017, for single family home ownership programs the income limits are down by approximately 6% and the purchase price limit by 2% from 2016 which has been the trend since 2014 due to a new IRS/Treasury revenue procedure that year for calculating income and purchase price limits.

Status report on revolving loans

The Authority has reserved \$6.25M of surplus for its Revolving Loan Fund program. Presently Authority has reserved funds for and given preliminary or final approval for the following short term revolving loans.

Borrower:	Reservation or loan dated:	Maturity:	Reservation amount
Outstanding:			
PBC CLT – Davis Landings proj.	5/23/16	5/23/18	3,400,000
In process:			
WPBHA	11/18/16	36 months	250,000
HFASPBC	2/10/17	36 months	500,000
PBC CLT – Kirk Rd. single family homes proj.	5/10/17	24 months	1,000,000
Totals:			\$ 5,150,000

West Palm Beach Housing Authority: The Authority approved a \$250K master line of credit (“LOC”) with the WPBHA last fall. The purpose of the LOC is to provide funds the acquisition, construction, renovation and equipping of single or multifamily residential housing. The initial project to be funded is the rehabilitation of an existing property owned by Friendship Missionary Baptist Church at 708 3rd Street in the City of West Palm Beach and leased to their not-for-profit Friendship Court, LLC, into four apartments that will be rented to young adults aging out of foster care. WPBHA’s developer entity Baobab Development Inc. has entered into an agreement with Friendship Court for the rehabilitation work. WPBHA will in turn advance the draws under the LOC to Baobab to pay for the costs all of which are to be reimbursed pursuant to a HOME grant from the City of West Palm Beach, and which is the source of repayment of draws under the LOC. The project is expected to begin this October and be completed by June of 2018. A closing of the master LOC and the initial project loan documents is anticipated to occur before the end of July.

Habitat for Humanity of South Palm Beach County: The Authority approved a \$500K lot acquisition loan with HFH at the May 12, 2017 meeting. Proceeds of the 36-month loan are to be used by HFH for the purchase of residential building lots initially in the Boca Raton area or anywhere within their service area north to the City of Lake Worth and west to unincorporated PBC. The loan is expected to close before the end of July.

Community Land Trust of Palm Beach County: The Authority gave conceptual approval at the May 12, 2017 meeting to a loan with the CLT for the proposed construction of up to 8 homes on lots previously donated by PBC on Kirk Road. Development of all eight homes was subject to the CLT being awarded approximately \$800K of HOME CHDO funds from PBC. The Department of Housing and Economic Sustainability (formerly DES) staff recommendation to the BoCC is for an award of \$654,767 which is on the July 11 agenda. The CLT has advised that this should be sufficient to move ahead with 6 homes.



The Latest (1/5)

Probe targets affordable-housing projects in Dade

By David Smiley, Nicholas Nehamas and Jay Weaver, The Miami Herald
Published June 19 2017, 10:34am EDT

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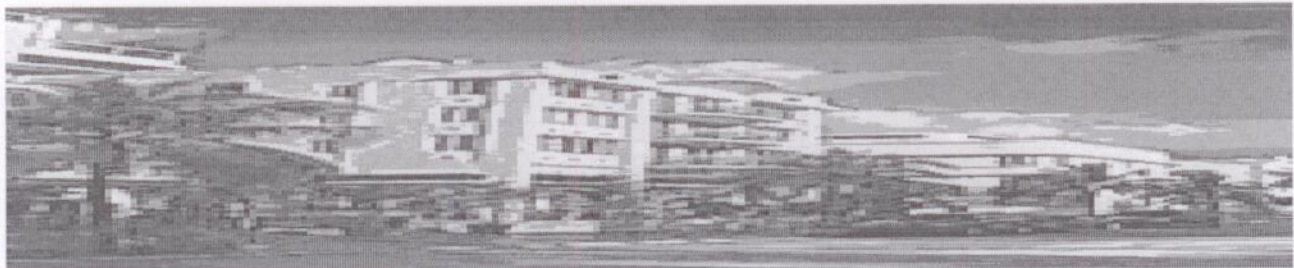
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Federal prosecutors have asked Miami-Dade County to provide records of all affordable housing projects funded through a \$137 million bond program that helps finance rental apartments for low-income people, according to a wide-ranging subpoena obtained Friday by the Miami Herald.

Authorities are focusing on how major affordable housing developers used public money to pay for the construction of more than 30 projects throughout the county, from Aventura to Homestead, and to determine whether there was any theft of government money, according to sources familiar with probe.



Among the developers whose county-funded projects are listed on the subpoena: Carlisle Development Group, Biscayne Housing Group, Pinnacle Housing Group, Related Urban Development Group, the Cornerstone Group and Carfour Supportive Housing.

A spokesman for Miami-Dade said the county is responding to the grand jury subpoena request from the U.S. attorney's office, which set a June 29 deadline to turn over the records on bond-funded developments. He also said Mayor Carlos Gimenez, all 13 county commissioners and other senior officials were notified about the request.

"We're under the impression that this is a very broad investigation into several developers" who received bonds for their projects, county spokesman Michael Hernández said Friday. "We think the bond funds were distributed appropriately."

More than a dozen developers are responsible for projects on the subpoena list, including several smaller community development corporations. The Miami Herald reported Thursday that federal investigators have singled out one development by the affordable housing arm of the Related Group, a housing project in Miami called Edificio Piñeiro, according to sources familiar with the investigation.

Several developers behind projects named in the subpoena have already been dealt with by prosecutors amid a long-running investigation into South Florida's affordable housing industry.

Over the previous two years, executives with Carlisle and Biscayne pleaded guilty to bilking millions of dollars from a federal tax-credit program that finances the construction of low-income apartments in South Florida and other costly regions. Earlier this year, a Pinnacle-affiliated contractor also was charged with stealing federal tax credits for four projects and settled the criminal case with a \$5.2 million payment to the U.S. government.

The subpoena does not explain what investigators are looking for, or include any allegations. But sources familiar with the investigation say prosecutors are investigating whether any of the remaining South Florida developers misrepresented construction costs through wholly owned contractors and subcontractors, and reaped profits that should have been returned to the county to spend on other affordable housing projects.

The Related Group -- South Florida's biggest condo developer and parent company of Related Urban Development Group -- told the Miami Herald it is aware of the federal investigation and has cooperated with lead prosecutor Michael Sherwin. Related's vice chairman, Adolfo Henriques, said the developer delivered the project under initially estimated costs. He stressed that "all of the fees paid to Related Urban Development Group and its affiliates were completely appropriate."

According to the subpoena, Related received bond allocations for two affordable housing projects in Miami: \$5.5 million for Edificio Piñeiro, 1176 SW 20th Ave., and \$3.16 million for Porto Allegre, 126 SW Eighth St.

The Cornerstone Group, based in Hollywood, also received bond funds for two low-income projects: \$2 million for Villa Capri, 14500 SW 280th St., in the Homestead area, and about \$10.6 million for the Waterford Apartments, at West Dixie Highway and 195th Street, in the Aventura area.

Carrfour, a nonprofit developer specializing in affordable housing for the homeless, received close to \$15 million in bond money for Verde Gardens, a 145-unit project for the homeless and formerly homeless at the Homestead Air Force Base.

A Cornerstone spokesperson said the company has not been contacted by the U.S. Attorney's Office and was unaware of the probe. A Carrfour spokesman declined to comment.

As previously reported by the Herald, the county's \$137 million bond fund for affordable housing -- drawn from its 2004 general obligation bond -- is a major source of interest to prosecutors and federal agents. The money was divided evenly among the county's 13 commissioners, each of whom received \$10.6 million.

For example, the money for Edificio Piñeiro, a 34-unit senior apartment complex, was provided by Commissioner Bruno Barreiro. The funds for Waterford Apartments were supplied by Commissioner Sally Heyman. All allocations were made after approval by a majority of the Board of County Commissioners.

Developers who receive the funds are paid on a reimbursement basis, unless they seek and receive approval for advance funds. Jose Galan, division director of the county's Internal Services Department, which oversees the release of bond funds for housing, said any unused bond money is to be returned to the county.

Tribune Content Agency

Comments