

CONSTRUCTION/PERMANENT LOAN AGREEMENT
(TCAP Written Agreement)

This Construction/Permanent Loan Agreement is executed date1, by xx, a Georgia limited partnership (the “Borrower”), whose managing*sole general partner is zx (the “General Partner”), and the Georgia Housing and Finance Authority, a public corporation and instrumentality of the State of Georgia (the “Lender”).

RECITALS:

A. Lender is making a construction loan to Borrower (the “Construction Loan”) of no more than \$jj to finance the construction of a !!-unit multifamily rental housing project (the “Project”) to be known as “ww” in qq County, Georgia.

B. In making the Loan, Lender is using federal funds made available pursuant to the Act under the Tax Credit Assistance Program (“TCAP”). Lender is making the Loan subject to the requirements of the Act, HUD’s guidelines or regulations relating to the Act, and Lender’s guidelines and policies relating to funding under the Act.* In addition to Loan proceeds, Borrower will use proceeds from the sale of low-income housing tax credits, which have been allocated to the Project, to finance the construction.

C. If all Conversion Conditions are satisfied, Lender will convert the Construction Loan to a permanent loan (the “Permanent Loan”).

D. This Agreement will set forth the terms and conditions of the Loan and other agreements of the parties and will constitute the “TCAP written agreement” required under the Act and HUD’s guidance.

NOW, THEREFORE, Borrower and Lender agree as follows:

Article 1. Definitions. In addition to terms defined elsewhere in this Agreement, the following capitalized (except as noted) terms shall have the following meanings:

“Act” means the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

“Affiliate” means any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with Borrower, the Developer, or the General Partner (as the case may be), and, for purposes of this definition, “control” includes (but is not limited to) the direct or indirect beneficial ownership of more than 50% of the outstanding voting securities or voting equity of such Person or the power to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise, and for purposes of this definition “indirect control” and “indirect ownership” shall include control exercised by and ownership of a spouse, child, sibling, parent, or grandparent, but “direct or indirect control” shall not be attributed to Borrower,

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the Developer, or the General Partner due to the ownership interest of the Investor (so long as the Investor is a different Person).

“Allowable Conversion Amount” means \$jj.

“Application” means the application for the Loan and all attachments, addenda, and amendments to it, including any modifications requested by Lender during the underwriting of the Loan.

“Architect” means vv; “Architect’s Agreement” means the Agreement between the Architect and Borrower, dated date3, for architectural services in connection with the Work.

“Budget” means the Lender-approved development budget for the Project attached as **Exhibit E**.

“Business Day” means any day on which Lender is open for business. Any other reference to “day” means calendar day.

“Closing” means the date and act of closing the Construction Loan.

“Collateral” means any real property or personal property that secures the payment and performance of Borrower’s obligations under the Loan Documents.

“Completion Date” means date6.

“Completion Schedule” means the schedule attached as **Exhibit B**.

“Compliance Period” means the compliance period set forth in the LURC.

“Construction Contract” means the contract between Borrower and the General Contractor for the Work, dated date2, including the Addendum to Construction Contract required by Lender (the “Addendum”).

“Contract Documents” means the Construction Contract, the Plans and Specifications, and any other contracts, agreements, and documents described in the attached **Exhibit C** together with any changes, extensions, revisions, modifications, or guaranties of them.

“Conversion Conditions” means those conditions listed on the attached **Exhibit D** and set forth in section 3.28 of this Agreement.

“Conversion Date” has the same meaning as in the Note.

“Conversion Deadline” has the same meaning as in the Note.

“Covered Funds” means funds made available to and by Lender under the Act.

“DCA” means the Georgia Department of Community Affairs.

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“Deed” means the Deed to Secure Debt and Security Agreement from Borrower to Lender, conveying the Premises and granting a security interest in the personal property described in the Deed.

“Default Rate” has the same meaning as in the Note.

“Developer” means qw.

“Draw Request” means Borrower’s request for a disbursement of Loan proceeds pursuant to Article 4 and the form that must be used for that purpose, which shall be AIA form G702 and G703.

“Effective Date” means the date this Agreement is effective, which is date 1.

“Equity Contribution” means any amount that Lender may require Borrower to deposit with Lender pursuant to section 3.19 of this Agreement.

“Escrow Agent” means State Home Mortgage, which is located at 60 Executive Park South, N.E., Atlanta, Georgia 30329-2229.

“Event of Default” or “default” means an event that is defined as a breach or default under this Agreement.

“Foreclosure” means Lender’s exercise of the power of sale under the Deed, a judicial foreclosure of Borrower’s interest in the Premises, or a deed from Borrower to Lender or another Person in lieu of foreclosure.

“General Contractor” means qr.

*“Guaranty” means the Guaranty of Completion and Payment executed by each Guarantor, in which Guarantor guaranties completion of the Work and payment of the Loan, and “Guaranties” shall mean all of the Guaranties executed in connection with the payment of the Loan or performance or completion of the Work.

*“Guarantor” means @@, but if and when the Guaranty expires in accordance with its terms or is terminated by Lender, there shall be no “Guarantor” for purposes of this Agreement, and thereafter all references to “Guarantor” or “Guaranty” in this Agreement, including the references in Article 5, shall be ignored.

“Hazardous Substance” means any “hazardous waste” as defined by the Resource Conservation and Recovery Act of 1976; any “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980; any substance the presence of which on the Premises is prohibited by any environmental law; contamination resulting from any oil, petroleum products, and their by-products; and contamination resulting from any materials which, under any Requirement, court or administrative order or decree, or private agreement require special handling in collection, storage, treatment, or disposal.

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“HUD” means the United States Department of Housing and Urban Development or any successor agency.

“Improvements” means any existing improvements to the Land plus any improvements to be constructed in connection with the Project.

“including” means “including (but not limited to)” unless specifically stated to the contrary (this term need not be capitalized to have this meaning).

“Investor” means all limited partners of Borrower, including qe.

“Land” means the land described in the attached **Exhibit A**, on which the Project will be constructed.

“Lease” or “Leases” means any lease, rental agreement, or license for any part of the Premises.

“Lender’s Rules” means the qualified application plan for funding under the Act and all of Lender’s guidelines, rules, and manuals (including amendments) relating to funding under the Act.

“Loan” means the Construction Loan and the Permanent Loan (or, depending on the context, either of them).

“Loan Documents” means this Agreement, the Note, Deed, LURC, the Uniform Commercial Code financing statement listing Borrower as debtor and Lender as secured party, the Assignment of Leases, Rents, and Security Deposits from Borrower to Lender*, any Guaranty, and any and all other documents and instruments evidencing, securing, or otherwise relating to the Loan, as amended, modified, restated, supplemented, or replaced from time to time.

“LURC” means the Declaration of Land Use Restrictive Covenants for the Project.

“Manager” means qk.

“Note” means the Promissory Note from Borrower to Lender evidencing the Loan.

“OMB” means the federal Office of Management and Budget.

*“Permanent Lender” means any lender (other than Lender) who has agreed to provide Borrower with financing for the Premises after the Work is completed.

“Permitted Encumbrances” has the same meaning as in the Deed.

“Person” includes natural persons, corporations, partnerships, trusts, and other business forms and entities.

“Plans and Specifications” means the plans and specifications for the Work, as submitted to and approved by Lender and more particularly described in the attached **Exhibit C** and

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any subsequent changes to those plans and specifications made in accordance with this Agreement.

“Premises” means, collectively, the Improvements and the Land.

“Public Body” means the United States, the State of Georgia, and any political or regulatory subdivision, agency, department, commission, board, bureau, or other instrumentality.

“Requirement” means any federal, state, or local law, ordinance, order, rule, guidance, or regulation. “Environmental Requirement” means any Requirement or private agreement relating to Hazardous Substances or the environment. All references to any specific Requirement (such as the Act or the statutes listed in section 3.16) or Environmental Requirement shall include any regulations or federal or state guidance relating to that Requirement or Environmental Requirement and shall include any amendments to that Requirement or Environmental Requirement that may be made from time to time.

“Senior Lender” means yy and its successors and assigns and any other construction or Permanent Lender who Lender agrees will be prior in right to Lender; “Senior Loan” means the loan of \$&& from Senior Lender to Borrower; and “Senior Loan Documents” means all documents relating to the Senior Loan.

*“SLP” means the Special Limited Partner under Borrower’s Amended and Restated Limited Partnership Agreement.

“Start Date” means date8.

*“Tax Credit Documents” means Borrower’s partnership agreement with all amendments and restatements, including all attachments, exhibits, and ancillary agreements to the partnership agreement, and any other agreement or document relating to the Investor’s investment in Borrower.

“Taxes” means any real estate taxes and assessments, any water, sewer, or utility charges or levies, and any other governmental or private dues, charges, or levies relating to the Premises (not including any income taxes).

“Tenant” or “tenants” means a tenant, lessee, or licensee under any Lease (which term need not be capitalized to have this meaning).

“Term” means the term of the Loan.

“Title Insurer” means the title insurance company approved by Lender that insures Lender’s interests in the Premises.

“Work” means the construction of the Improvements in accordance with the Loan Documents, the Construction Contract, and the Plans and Specifications.

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*For purposes of this Agreement and the other Loan Documents, the word “construction” (or any variation, such as “construct”) shall include “rehabilitation” since the Project includes new construction plus rehabilitation of existing units.

Article 2. Borrower’s Representations and Warranties. To the best of the Borrower’s knowledge after a reasonably thorough and diligent investigation, Borrower represents and warrants to Lender that each of the statements in this Article is true and does not omit any material fact:

2.01. Organization, Status, and Authority. (a) Borrower is a duly formed and validly existing Georgia limited partnership. Borrower has the power, authority, and legal right to carry on its business and to engage in the transactions contemplated by the Loan Documents. The execution and delivery of the Loan Documents and the performance and observance of their provisions have been duly authorized by all necessary actions of its partners.

(b) The General Partner is a duly formed and validly existing corporation in good standing under Georgia law; the General Partner has the corporate power, authority, and legal right to carry on its business and to engage in the transactions contemplated by the Loan Documents; and the execution and delivery of the Loan Documents by the General Partner on behalf of Borrower (and, where applicable, on its own behalf) and the performance and observance of their provisions have been duly authorized by all necessary actions of its board of directors and shareholders.

*(b) The General Partner is a duly formed and validly existing limited liability company in good standing under Georgia law; the General Partner has the power, authority, and legal right to carry on its business and, as the sole*managing general partner of Borrower, the right and power to engage in and bind Borrower to perform the transactions contemplated by the Loan Documents; and the execution and delivery of the Loan Documents by the General Partner on behalf of Borrower (and, where applicable, on its own behalf) and the performance and observance of their provisions have been duly authorized by all necessary actions of Borrower and the General Partner’s managers and members.

*(c) qn (the “LLC Manager”) is the duly elected or appointed manager of the General Partner and, in that capacity, has the power and authority to act for the General Partner in connection with the transactions contemplated by the Loan Documents.

2.02. Financing Documents. The Person or Persons executing the Loan Documents on behalf of Borrower and the General Partner have the authority to do so. To the best of Borrower’s knowledge, after being executed and delivered, the Loan Documents will in all respects be legal, valid, binding, and enforceable in accordance with their terms. Borrower has provided Lender with a complete copy of the Senior Loan Documents (including any amendments)* and the Tax Credit Documents, none of which has been changed since the final copy was provided to Lender, and, except as permitted under section 3.27(a), Borrower will not make any subsequent amendment or modification to

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any such agreement or document without Lender's prior consent, which consent shall not be unreasonably withheld.

2.03. Plans and Specifications. Borrower has provided Lender with a complete and accurate copy of the Plans and Specifications, and they are satisfactory to Borrower. The construction, finish, and quality of materials required by the Plans and Specifications are comparable to that of similar projects in qq County, Georgia. To the extent required, all Public Bodies that exercise jurisdiction over the Work or the Premises, Senior Lender, *and Permanent Lender have approved the Plans and Specifications.

2.04. Construction Documents. Borrower and the General Contractor have executed the Construction Contract (including the Addendum), and the Construction Contract complies with the requirements relating to it that are contained in the Loan Documents. There is no default under the Construction Contract, and Borrower has not done or omitted to do any act that might prevent it from exercising any of its rights under the Construction Contract, which is in full force and effect and has not been modified or amended since a copy was last submitted to Lender, except by the Addendum.

2.05. Building Permits. Borrower has obtained or will obtain before start of the Work all necessary permits and licenses it needs to begin and continue the Work and has delivered or will deliver to Lender copies of all permits and licenses.

2.06. Title and Liens. Borrower owns fee simple title to the Premises. No Person other than Borrower, Senior Lender, and Lender has or will have any beneficial or legal interest in the Premises. Borrower has not made and will not make any contract or arrangement, the performance of which by the other party could give rise to a lien against the Premises, except the Construction Contract, the Architect's Agreement, any contract with a surveyor or engineer, and the Senior Loan Documents, all of which have been disclosed to Lender. Except for the Permitted Encumbrances and Lender's and Senior Lender's interests, there are and will be no security interests in or liens or encumbrances on the Collateral. None of the Permitted Encumbrances has or will have a material adverse effect on the construction or operation of the Project.

2.07. Conflicts. The transactions contemplated by this Agreement and the performance of Borrower's obligations under the Loan Documents will not constitute a breach of or default under any mortgage, security deed, lease, loan or credit agreement, partnership agreement, or other agreement or instrument to which Borrower is a party or by which it or the Premises are bound or affected.

2.08. Litigation. There are no actions, suits, investigations, or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower, the General Partner, *the LLC Manager, or the Premises or involving the validity, enforceability, or priority of any of the Loan Documents. Neither Borrower nor the General Partner *nor the LLC Manager is in default under any order, writ, injunction, or judgment of any court or any Public Body and by entering into the Loan Documents will not be in default under any such document.

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2.09. Compliance with Requirements. There is no violation or notice of violation of any Requirement relating to Borrower or the Premises. The Plans and Specifications, the Work, and Borrower's contemplated use of the Premises comply and will comply with all applicable Requirements (including zoning ordinances), any restrictive covenants, and regulations of appropriate supervising boards of fire underwriters and similar agencies.

2.10. Availability of Utilities. All utilities needed for the Work and to operate the Improvements as intended are available at the boundaries of the Land through public or private easements or rights-of-way. If there is any private easement for those purposes, it runs with the Land and the land that it burdens; it is a perpetual easement or its termination date is not sooner than the "Maturity Date" set forth in the Note; and it is not subject to sooner termination due to the action or omission of Borrower or any other event. Borrower has provided Lender with a correct and complete copy of any such easement.

2.11. Access. Borrower has access to the Land by an open, publicly dedicated road. All curb cuts and traffic signals shown on the Plans and Specifications or needed to access and operate the Premises exist or have been approved by all necessary Public Bodies.*Borrower has acquired perpetual easements, permitting the construction of all roads needed for performance of the Work and for access to and full use of the Premises. All curb cuts and traffic signals shown on the Plans and Specifications or needed to access and operate the Premises exist or have been approved by all necessary Public Bodies.

2.12. Financial Condition. All financial statements of Borrower, any general partner of Borrower*, and any Guarantor given to Lender are true, correct, and complete in all material respects, were prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the financial condition or financial results of Borrower, the General Partner*, and each Guarantor as of the respective dates of or for the period covered by the statements. There are no material contingent liabilities affecting Borrower that are not disclosed in the most recent financial statements submitted to Lender. No material change has occurred in the financial condition of Borrower, any general partner of Borrower*, or any Guarantor since the last financial statement submitted by such Person to Lender. Borrower, each general partner of Borrower*, and each Guarantor are solvent and able to pay their debts as they become due, and no bankruptcy, receivership, or insolvency proceedings are pending or contemplated by Borrower, any general partner of Borrower*, or any Guarantor or, to Borrower's knowledge, threatened against Borrower, any general partner of Borrower*, or any Guarantor.

2.13. Loan Application. The representations, statements, materials, and other matters contained in or submitted in connection with the Application were true and complete in all material respects as of the date of submission to Lender and did not omit any fact or circumstance necessary to make the statements contained in them not misleading. Borrower is aware of no event that would require any amendment to the Application (other than an amendment which has been filed with and approved by Lender) or that

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would make such representations, statements, and other matters or materials not true and complete in all material respects or make them misleading in any material respect.

2.14. Taxes and Assessments. There are no Taxes that are currently due and unpaid. For purposes of all Taxes, the Premises are assessed as a separate and distinct parcel from any other real property.

2.15. Environmental Warranties. Borrower has investigated the current and prior uses of the Land, has inspected the Premises, and, to Borrower's best knowledge, except as disclosed in the environmental phase I report on the Premises submitted to Lender: (a) Hazardous Substances have not at any time been generated, used, treated or stored on, or transported to or from the Premises in any quantity or manner which violates any Environmental Requirement; (b) Hazardous Substances have not at any time been released or disposed of on the Premises in any quantity or manner which violates any Environmental Requirement; (c) Borrower is in compliance with all applicable Environmental Requirements with respect to the Premises and the requirements of any permits issued under such Environmental Requirements with respect to the Premises; (d) there are no past, pending or threatened claims or proceedings under any Environmental Requirement against Borrower or the Premises; (e) there is no condition or occurrence at the Premises that could reasonably be anticipated to form the basis of any claim or proceeding under any Environmental Requirement against Borrower or the Premises or to cause the Premises to be subject to any restrictions on the ownership, occupancy, use, or transferability under any Environmental Requirement; and (f) there is not now and never has been any underground storage tank located on the Premises.

2.16. No Condemnation. No condemnation or eminent domain proceeding relating to the Premises is pending, and Borrower has no information or knowledge that any Public Body is considering such a proceeding.

2.17. No Default. No default by Borrower exists under the Loan Documents, the Senior Loan Documents,* or the Tax Credit Documents, and no event has occurred and is continuing which, with notice or passage of time or both, would constitute a default under any such document.* To Borrower's knowledge, there is no default under any Guaranty.

2.18. Commissions. There are no commissions due any Person as a result of the Loan. Borrower indemnifies Lender from any liability, claim, or expense resulting from any breach of this warranty, and this indemnification obligation shall survive the repayment of the Loan and continue in effect so long as the possibility of such liability, claim, or expense exists.

2.19. Conflicts of Interest. To the best of Borrower's knowledge, no employee, officer, agent, consultant, official of Lender, or any member of the immediate family of any such Person has any direct or indirect interest in this Agreement, Borrower, or the Premises or will receive any benefits arising from this Agreement, Borrower, or the Premises.

2.20. Debarment and Suspension. Neither Borrower, the General Partner, any other general partner of Borrower, the General Contractor, any subcontractor, or other Person

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participating in the Work nor any of their principals or owners is presently debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from participation in this transaction by any Public Body or Lender. Without Lender's prior written consent, Borrower shall not knowingly enter into any oral or written contract with a Person who is debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from participation in this transaction by any Public Body or Lender, and, at a minimum, Borrower shall check the HUD debarment list before entering into any oral or written contract for materials or services relating to the Work. Borrower shall provide Lender with written certification from the General Contractor and each such subcontractor or Person, certifying that neither it nor any of its principals (in the case of an entity) are presently debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from participation in this transaction or any program using Covered Funds by any federal department or agency. After Closing, when new Persons become involved with the Project, Borrower shall provide Lender with such a written certification for each such Person. Borrower shall be responsible for monitoring the General Contractor, subcontractors, and other Persons involved with the Work to ensure that all Requirements relating to debarment and suspension are being enforced.

2.21. Lobbying. (a) No federally appropriated funds have been paid or will be paid by or on behalf of Borrower to any Person for influencing or attempting to influence an officer or employee of any federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

(b) If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or any employee of a member of Congress in connection with this Agreement, Borrower shall complete and submit HUD Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(c) Borrower shall register with the Central Contractor Registration database or complete other registration requirements, as directed by Lender or required by the OMB.

(d) Borrower will require that the substantive language in (a) – (c) above be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

*2.22. Non-Commencement of Work. No Work or delivery of materials to the Premises has occurred before the Effective Date that would or might give rise to any statutory or common law lien against the Premises that might be prior to the Deed.

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*2.22. Commencement of Work. Some Work or delivery of materials to the Premises has occurred before the Effective Date. Borrower shall pay for any such Work or materials at or before Closing or obtain lien waivers or subordination agreements from all Persons performing any such Work or providing such materials or take any other action required by the Title Insurer, so Lender's title insurance and the binder to be delivered at Closing contain no exceptions for materialmen's or mechanic's liens. Any Work performed before the Effective Date has been performed in accordance with the Plans and Specifications, has been fully paid for, and contains no defects.

*2.23. Condition of Premises. The Improvements (if any) are not damaged or injured by any fire, explosion, accident, flood, or other hazard.

*2.24. Architect. The Architect prepared the Plans and Specifications and shall serve as the Project architect. There is no default under the agreement between Borrower and the Architect. Upon request, Borrower will provide Lender with a partial lien waiver by Architect. Upon request, Borrower at its sole cost will provide or cause the Architect to provide Lender with status reports on the Work and any other materials or information that Lender may reasonably request.

*2.25. Permanent Commitment. The loan commitment of each Permanent Lender is in effect and has not been modified. Borrower has provided Lender with a complete and accurate copy of each such commitment. To the extent any condition to any such commitment was to be satisfied before the Effective Date, Borrower has satisfied all such conditions. There is no default or breach in connection with the loan commitment of any Permanent Lender.

Article 3. Borrower's Covenants. Borrower hereby further covenants and agrees with Lender as follows:

3.01. Use of Loan Proceeds. The Project will be and remain during the entire Compliance Period a "qualified low income housing project," as such terms are defined in section 42 of the Internal Revenue Code ("section 42"), and Borrower shall use the Loan proceeds solely to pay for costs relating to the development of the Project, including costs of the Work, as approved by Lender, subject to the following limitations: (a) such proceeds may only be used to pay costs that are "capital investments," which means they may be included in "eligible basis," as defined under section 42; (b) such proceeds may not be used for swimming pools (costs that may be paid with Loan proceeds as provided in this section shall be referred to as "Permissible Costs"). Borrower shall draw and expend 75% of the Loan proceeds by February 16, 2011, and 100% of the Loan proceeds by February 16, 2012. Borrower shall use the Loan proceeds in accordance with the schedule for expenditures attached as **Exhibit F** (the "Schedule") and, unless specified otherwise in the Schedule, shall first use Loan proceeds to pay Permissible Costs before using other sources of funds available to Borrower (if any) to pay Permissible Costs. Borrower's failure to comply with the deadlines in this section for drawing and using funds or its failure to comply with the Schedule shall be a material Event of Default, which, in addition to any other remedies that Lender may have, will

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entitle Lender to cease all additional advances of Loan proceeds. If during the Compliance Period the Project ceases to be a “qualified low income housing project” or a substantial number of units in the Project cease to be “low income units,” as that term is defined in section 42, that will be a material Event of Default, and Lender shall then have all remedies accruing as a result of the default, including the right to accelerate the payment of all amounts owed under the Loan Documents.

3.02. *Commencement and Completion of Construction. *Borrower shall begin the Work as soon as practical after the Closing, but, in any event, no later than the Start Date. Borrower shall not begin any Work, however, until all of the following have been accomplished: (a) Borrower has received all building permits or other approvals required by any Public Body; (b) Borrower and the General Contractor have completed Lender’s or DCA’s federal compliance training; and (c) Borrower and the General Contractor have had a pre-construction conference with Lender or DCA. Borrower’s failure to begin the Work by the Start Date is an Event of Default and, in addition to any other remedies that Lender may have, will entitle Lender to immediately terminate this Agreement and its obligation to make the Loan to Borrower. Once the Work is begun, Borrower shall diligently and continuously perform the Work to completion in accordance with the Completion Schedule, the Plans and Specifications, Lender’s Rules, the Loan Documents, and all applicable restrictive covenants, standards, and Requirements, including applicable building codes. Borrower shall substantially complete the Work before the Completion Date* and receive final certificates of occupancy (“C.O.”) for all Improvements no later than December 31, --, and **TIME IS OF THE ESSENCE** as to the Start Date, the completion of the Work, and C.O. requirements in this section. For purposes of this Agreement and the other Loan Documents, the Work shall be deemed substantially completed when Lender, its representative, or construction consultant has determined the Work is substantially completed, and Lender has received a copy of the C.O. for all Improvements. Upon request, Borrower will promptly provide Lender with evidence of compliance with any or all of the above requirements.

3.03. Correction of Defects. The Improvements shall not have any structural defects (whether the Work was or was not in conformity with the Plans and Specifications). Borrower shall immediately advise Lender if Borrower is aware of any defect in the Work and shall promptly correct any structural defect found in the Work, any departure from the Plans and Specifications not previously approved in writing by Lender, or any departure from the applicable standards for the Work in Lender’s Rules. In its discretion (unless the cost of the Work is not being increased), Lender may require Borrower to deposit with it an amount sufficient to cover the cost to repair the defect or correct the departure, which amount shall be treated as an Equity Contribution. The advance of Loan proceeds (before or after Lender knows of such a defect or departure) shall not constitute a waiver of Lender’s right to require compliance with this covenant.

3.04. Change Orders. Without Lender’s prior written consent, Borrower shall not make or permit any change order for the Construction Contract to be issued, including any change to the Plans and Specifications or the quality of the materials incorporated into the Work. If Borrower wants to make a change, it must first submit a written proposed change order to Lender along with the following: (a) the Architect’s approval; (b) the

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approval of Lender's construction consultant (if any) or Lender's inspecting engineer (if any); (c) the consent of the surety (if required); (d) the consent of the General Contractor and any subcontractor affected by the proposed change order; (e) the consent of Borrower* and each Guarantor; and (f) the consent of Senior Lender (if required under the Senior Loan Documents or any other agreement). If the change order increases the amount due under the Construction Contract, as a condition for its approval, Lender may require Borrower to deposit with it an amount sufficient to cover the additional cost, which amount shall be treated as an Equity Contribution. Lender will use reasonable efforts to respond to any request for approval of a proposed change order within 10 Business Days after receipt of the change order, all supporting information Lender may request for purposes of evaluating it, and the other materials required above; provided, however, if the Work is stopped as a result of the need for a change order and if the Work stoppage continues for more than 5 Business Days due to Lender's failure to approve the pending change order, Lender will not declare a default under section 5.01(g) for the failure to carry on the Work.

3.05. Construction Contract. Without Lender's prior written consent, Borrower shall not: (a) permit any material default under the Construction Contract; (b) waive any material obligations of the General Contractor under the Construction Contract; (c) except for approved change orders, make any amendment to the Construction Contract or terminate it; or (d) enter into any agreement other than the Construction Contract relating to the Work. Borrower shall provide in the Construction Contract that: (w) the General Contractor shall include in all subcontracts the language required under sections 3.10(d) and 3.31 of this Agreement; (x) the General Contractor shall comply with the insurance requirements of this Agreement and require all of its subcontractors to comply with applicable insurance requirements in this Agreement; (y) the General Contractor shall not make or permit any changes in Construction Contract or the Plans and Specifications without a change order submitted to and approved by Lender as required by this Agreement; and (z) upon Lender's request, the General Contractor shall provide Lender with a list of all Persons with whom the General Contractor has contracted or intends to contract for any part of the Work or furnishing of materials and a copy of the subcontract or material purchase order with any such Person.

3.06. Borrower Insurance. Borrower shall obtain the following policies of insurance (collectively, the "Required Insurance"), shall provide Lender with originals or copies, certified as true and complete by the insurance carrier or its authorized representative, and evidence of payment of premiums, and, except as provided below, shall maintain the Required Insurance in force without interruption until the Loan is paid in full:

(a) Before Closing, a commitment for a lender's title insurance policy for the Premises with coverage of at least \$jj. The form and content of the policy must be satisfactory to Lender in its sole discretion. Borrower shall cause the original to be delivered to Lender or its counsel within 20 Business Days after Closing; provided, however, Lender will extend this deadline a reasonable amount of time if a delay in delivery is beyond the reasonable control of Borrower or the Title Insurer. Upon Lender's request, Borrower shall promptly obtain at its sole cost and deliver to Lender any

endorsement to the policy that Lender deems necessary or desirable. Any other endorsement to the policy is subject to Lender's prior approval.

(b) Before Closing, a builder's risk policy on a non-reporting, completed value basis. If the anticipated completed value increases during the course of construction due to a change order or other reason, Borrower shall increase the coverage under the policy by endorsement to cover the increased value. The policy shall provide "all risk" coverage for the Improvements and shall include coverage for demolition and increased cost of construction, loss of materials, equipment, machinery, or supplies on- or off-site or in transit, and all temporary structures. The policy shall provide that all claims for loss shall be payable to Lender without contribution by Lender, pursuant to a mortgagee clause satisfactory to Lender. If Borrower intends to occupy or permit tenants to occupy any part of the Improvements before final completion of all the Work, the policy shall contain an endorsement granting permission to occupy or, if such permission cannot be obtained and coverage under the policy terminates when a part of the Improvements is occupied, Borrower will be required to meet the requirements of section 3.06(c) before such part may be occupied. Either the General Contractor or Borrower may obtain the policy required by this subsection, but, if the General Contractor obtains the insurance and if at any time before the completion of the Work, such insurance is terminated or lapses, Borrower shall immediately obtain a replacement policy satisfying the requirements of this subsection.

(c) After completion of the Work, a "Special Perils Form" (all-risk) policy of property insurance for not less than 100% of the replacement cost value of the Improvements (with no reduction for depreciation or obsolescence) with a demolition and increased cost of construction endorsement. The policy shall provide that all claims for loss shall be payable to Lender without contribution by Lender, pursuant to a mortgagee clause satisfactory to Lender in its sole discretion. The policy shall include an "agreed amount endorsement" or waiver of coinsurance. Unless Borrower is required to deliver such policy to Lender before Closing, Borrower shall deliver a copy of such policy to Lender upon completion of the Work and, subject to subsection 3.06(b), before Borrower or any tenant occupies any portion of the Premises. Any Improvements existing at the time of Closing that will not be demolished as part of the Work, however, must be insured under such a policy no later than the Effective Date and a certified copy of such policy delivered to Lender at or before Closing. A blanket policy may not be used without Lender's prior written consent and such consent may be conditioned upon modifications or endorsements to such policy.

(d) After completion of the Work, rent loss insurance for 100% of the actual gross rental income from the Premises for a period of at least 12 months.

(e) Before Closing, a commercial general liability insurance policy for at least \$3,000,000.00 per occurrence with a maximum deductible of \$5,000.00, covering liability for personal injury, bodily injury, accident, death, property damage, medical expenses, and liability assumed by contract, which policy shall be written on an occurrence basis and for primary coverage. Lender (and such other parties as Lender may direct) shall be named as an additional insured under the policy. In its discretion, Lender

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may require the above-stated minimum coverage be increased or that an umbrella policy be obtained increasing the coverage. A blanket policy may not be used without Lender's prior written consent and such consent may be conditioned upon modifications or endorsements to such policy.

(f) Before Closing, Workers' Compensation insurance, as required by Georgia statute.

(g) Before Closing, business vehicle liability insurance covering owned (if any), hired, and non-owned vehicles for at least \$2,000,000.00.

(h) Before completion of the Work, if any part of the Improvements is or will be in an area that is now or subsequently designated as "flood prone" or having special flood hazards under the regulations for the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, flood insurance for the full replacement cost of such Improvements or the maximum amount of flood insurance available under the federal flood insurance plan, whichever is less. Lender may require additional flood insurance coverage, including related rent loss insurance.

(i) As requested, employee fidelity insurance, insuring Borrower against losses, including losses from the actions of Manager or its employees.

(j) After completion of the Work, a boiler and machinery insurance policy, including coverage for the major components of the central heating, air conditioning, and ventilating systems, boilers, other pressure vessels, high pressure piping and machinery, or other similar equipment installed in the Improvements on a repair and replacement cost value basis, which policies shall also insure against physical damage to the Improvements or rent loss arising out of a covered accident.

The form, terms and provisions, amount, types of coverage, and issuer for all Required Insurance are subject to Lender's approval. From time to time, Lender may reasonably require that Borrower increase the limits of coverage for an existing policy of Required Insurance or obtain other insurance against other insurable hazards, which at the time are commonly insured against in the case of properties of similar character and location, due regard being given to the type of Improvements, their construction, location, use and occupancy. Any additional or different insurance or different or increased limits of coverage required by Lender's then current insurance manual and guidelines for new loans shall be conclusively deemed "reasonably required" within the meaning of this paragraph if Lender requests such insurance or increased coverage. Borrower shall not finance premiums for any Required Insurance under any arrangement that could, upon nonpayment, lead to premature cancellation of the insurance.

As further collateral for the payment of the Note and Borrower's obligations under the other Loan Documents, Borrower hereby assigns to Lender all policies of Required Insurance that insure against any loss or damage to the Premises, the machinery or systems installed in the Improvements, or the rents from the Premises and any proceeds from such insurance. As Lender may require, Lender shall be an additional

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insured under all liability policies required under this section and a loss payee or mortgagee on all property insurance policies pursuant to a mortgagee clause satisfactory to Lender in its sole discretion, which clause shall name Lender or its designee as the party to receive all proceeds under such policy, but Lender shall not be subject to contribution.

All Required Insurance shall contain the following provisions or endorsements that the insurance carrier shall: (1) agree to provide Lender with at least 45-days notice of any cancellation or termination of the insurance, including cancellation or termination for non-payment of premiums; (2) agree not to change the deductible, coverage limits, or other terms of the policy if the change would cause the policy not to comply with the requirements of this section; (3) waive any right to claim any premiums against Lender, but the carrier need not waive any requirement that premiums must be paid in order for a claim to be paid; (4) allow Lender to pay premiums to continue the policy upon notice of cancellation for nonpayment of premiums. In addition, every property insurance policy required under this section shall provide that it shall remain valid and insure Lender's interest regardless of any named insured's act, failure to act, negligence, or violation of warranties, declarations, or conditions or Lender's exercise of any of its remedies.

Borrower irrevocably authorizes Lender to communicate at any time directly with Borrower's insurance carriers and broker(s) about any Required Insurance, and Borrower agrees that any such communication shall not impose any obligation or liability on Lender or entitle Borrower to any defense or offset for Borrower's obligations under the Loan Documents. At Borrower's cost, Borrower shall cooperate with Lender in obtaining for Lender the benefits of any Required Insurance or other proceeds payable to Lender under this Agreement or in connection with the Loan or the Premises and on demand shall promptly reimburse Lender for any expenses Lender incurs in obtaining those benefits (including the payment by Borrower of the expense of an independent appraisal on behalf of Lender in case of a fire or other casualty affecting the Premises), and, if Lender is not so reimbursed, Lender may first deduct such expenses from the insurance proceeds before applying such proceeds. If Borrower by reason of such insurance receives any money for loss or damage, such amount shall be promptly delivered to Lender to be applied in accordance with this Agreement.

If Lender has permitted the Loan to close without having received certified copies of all Required Insurance policies, Borrower shall provide Lender with certified copies of all such policies within 30 days after Closing. Thereafter, on an annual basis, Borrower shall provide Lender with proof satisfactory to Lender that the Required Insurance is in effect and the premiums paid. If Lender permits (in its sole discretion) Borrower to submit certificates or binders of insurance as proof of insurance, any certificate for property insurance must be an ACORD 28 certificate and any certificate or binder for liability insurance shall name Lender as an additional insured, show compliance with the requirements of this section, and otherwise be in a form acceptable to Lender in its sole discretion.

Not less than 30 days before the expiration date of each policy of Required Insurance, Borrower shall deliver to Lender a renewal policy or policies marked

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“premium paid” or accompanied by other evidence of payment satisfactory to Lender. If Borrower fails to obtain any Required Insurance or fails to provide Lender with certified copies of insurance policies or certificates or binders of insurance (as Lender may require or permit) and evidence of premium payment or if any policy of Required Insurance is canceled or terminated by an insurer or lapses for any reason and Borrower does not promptly replace it with insurance acceptable to Lender, such failure shall constitute a default under this Agreement, and, in addition to whatever other remedies it may have, Lender shall have the right (but not the obligation) to procure such insurance with the terms and conditions as Lender, in its sole discretion, may determine. If Lender does so, Borrower shall pay on demand the premiums Lender has paid, or, if Borrower fails to make such payment, Lender may treat the failure to repay as a default under this Agreement or add the premiums paid for such insurance to the principal amount of the Loan, to be repaid upon the terms and conditions of the Note, or both. If Borrower subsequently obtains replacement insurance acceptable to Lender and if Lender waives or has waived any default resulting from Borrower’s failure to obtain such insurance as required by this Agreement and if Borrower has reimbursed Lender for premiums Lender paid and if Lender receives a rebate of premium on the insurance Lender purchased and if Borrower is not in default under any other Loan Document, Lender will pay the rebate amount to Borrower.

Notwithstanding the requirements of this section, Borrower retains sole responsibility for the adequacy and prudence of its insurance program and coverage. No determination Lender may make under this section shall be construed as an implied or express representation about the adequacy of Borrower’s insurance, and Borrower acknowledges that any such determination is solely for Lender’s benefit and not for Borrower’s.

3.07. General Contractor Insurance. The General Contractor shall obtain the policies of insurance listed below and shall cause its subcontractors to obtain the policies of insurance in subsections 3.07(a) and (b) (collectively, the “GC Insurance”). The policy premiums shall be fully paid, and the insurers, coverage amounts, expiration dates, and the form and contents of all GC Insurance policies are subject to Lender’s approval. Each such policy shall be kept in force until completion of the Work (or, in the case of a subcontractor, until the subcontractor’s portion of the Work is fully completed) and shall provide that the insurer must give Lender at least 45-days prior written notice of cancellation or termination and further provide that nothing the insured does shall invalidate or diminish the Lender’s insurance protection. Before Closing, Borrower shall provide Lender with certified copies of the policies or certificates or binders of insurance evidencing that the GC Insurance is in force, which certificates or binders must be satisfactory to Lender and, in the case of any property insurance certificate, on an ACORD 28 form.

- (a) Commercial general liability insurance for at least \$3,000,000.00 per occurrence, which policy shall be written on a per occurrence basis;
- (b) Workers’ compensation insurance, as required by Georgia statute;

(c) Business vehicle liability insurance covering owned (if any), hired, and non-owned vehicles for at least \$2,000,000.00.

(d) Unless Borrower is obtaining it, a builder's risk insurance policy meeting the requirements of section 3.06(b).

3.08. Fees and Expenses. At Closing, Borrower shall pay or reimburse Lender for the following: (a) an asset management fee to Lender equal to $1.0 \times 2.0 \times 3.0\%$ of the Loan amount less the amount of any fee paid to Lender in connection with the Application (and Borrower acknowledges that Lender is required to perform or contract for asset management functions by the Act); (b) all costs incurred or fees imposed by Lender in the underwriting and review of the Project and Application, including the front-end analysis of the Project, marketing analysis insurance review, Section 3 review, and federal compliance oversight architectural and engineering review, Lender's energy audit of the Plans and Specifications; and (c) all costs of closing the Loan, and all costs and fees that Lender incurs in connection with the Loan or the Loan Documents, including recording fees, fees and expenses of any consultant retained by Lender under this Agreement, surveys, attorney's fees, and similar items. After Closing, Borrower shall promptly pay or reimburse Lender for any costs that Lender incurs or fees that Lender charges in connection with the monitoring or administration of the Loan, including the following kinds of costs and fees: construction monitoring, Draw processing, Davis-Bacon oversight and monitoring, financial reporting, long-term asset management, Cost Certification (as defined in section 4.04), and Foreclosure-related services. If Lender requires legal services relating to the Loan after the Effective Date, Borrower shall pay or reimburse Lender for the reasonable fees for those services upon demand.

3.09. Inspections. (a) At any time, with or without notice, Lender and its agents, designees, and representatives shall have access to the Premises to inspect the Improvements, the Work, materials being used in the Work, and the Plans and Specifications being used at the construction site. Borrower shall cooperate and cause all of its employees, agents, and contractors to cooperate with Lender and its designees and representatives during such inspections. This provision shall not, however, impose upon Lender any obligation to inspect or any liability for the failure to detect or remedy any defect that was or might have been disclosed by an inspection. If Lender uses a construction consultant, the construction consultant's approvals shall not constitute acceptance of the Work or materials by Lender and shall not bind Lender, except to the extent that the facts actually are as represented at the time of approval.

(b) Lender requires that an independent Person be used for purposes of inspecting construction progress in connection with Draw Requests and advising Lender regarding the Draw Requests. Lender will also require that an independent accessibility inspector be used to ensure compliance with applicable accessibility Requirements. Borrower shall be solely responsible for the costs of such inspectors, whether such inspector is hired by Borrower or Lender.

3.10. Books, Records, and Reports; Access. (a) Borrower shall keep accurate, complete, and adequate books, records, and accounts showing the sources and uses of funds for

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development of the Project, completion of the Work, and the operation of the Premises, which shall be separate from any general accounting records of Borrower and the records of any other business venture or real estate venture of Borrower. Borrower shall keep such records until the expiration of the Term and for 3 years thereafter. Borrower shall also: (1) keep accurate records relating to the jobs created by or retained due to the Work and the Project; and (2) maintain a separate bank account for construction and, after completion of the Work, for the operation of the Premises.

(b) Upon not less than 24-hours notice from Lender, Borrower shall make all such books, records, and accounts or excerpts or information from them as Lender, its representative, or designee (collectively and individually referred to as “Lender” in this subsection) may request available to Lender for inspection or independent audit at one location within the metro Atlanta area or other location satisfactory to Lender. For purposes of this subsection, the following are identified as a “representative or designee” of Lender: HUD, the Office of the Inspector General of the United States, the General Accounting Office, and the Georgia State Accounting Office. Lender may, however, designate additional Persons or Public Bodies as a representative or designee, in Lender’s sole discretion. If Lender audits Borrower’s books and records, Borrower shall pay the cost of any such audit.

(c) Borrower shall comply with all applicable requirements of the Act relating to reporting, accountability, and transparency, and Borrower acknowledges that it is familiar with the Act and such requirements, but, if HUD, OMB, or Lender subsequently change or mandate the timing, method, content, and manner of such reporting, Borrower shall comply with all such requirements.

(d) Borrower agrees that the Office of the State Inspector General (the “OIG”) shall have access to all records, information, data, reports, plans, projections, matters, contracts, memoranda, correspondence, and any other materials of Lender and shall be deemed to be an authorized representative and agent of Lender for the purposes of examining and investigating the records of all contractors, subcontractors or consultants whose records relate to contracts and/or subcontracts with Lender for the purposes of determining whether fraud, waste, corruption and abuse has occurred. Borrower agrees to the following: (1) Borrower agrees to make available at all reasonable times during the term of the Loan plus an additional 3 years thereafter, any and all records, information, data, reports, plans, projections, matters, contracts, memoranda, correspondence, and other materials relating to the Loan for inspection by the OIG. (2) Borrower agrees to include the substance of this clause in all contracts and subcontracts related to the Loan or the Work.

(e) Borrower acknowledges that any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.) is authorized:

- (1) to examine any records of any contractor or grantee receiving Covered Funds, any of its subcontractors or subgrantees, or any State or local agency administering a contract using Covered Funds, that pertain to,

and involve transactions relating to, the contract, subcontract, grant, or subgrant; and

(2) to interview any officer or employee of the contractor, grantee, subgrantee, or agency regarding such transactions.

3.11. Financial Statements and Reports. On a timely basis, Borrower will provide Lender with all reports or information required under the Act. As soon as available, but no later than 120 days after the end of each fiscal year of Borrower, beginning with the fiscal year in which the Loan is closed, Borrower will furnish Lender with annual audited financial statements and operating statement covering the operation of the Premises as at the end of the fiscal year. All such financial statements shall compare the actual results with Borrower's operating budget for the year, shall be prepared by a firm of independent certified public accountants satisfactory to Lender, and shall be certified as correct by such accountants. Beginning with the first quarter ending after the completion of the Work, within 45 days after the end of each of the first three quarters in each fiscal year of Borrower, Borrower shall provide Lender with an unaudited balance sheet and income statement as at the end of such quarter and for the elapsed portion of the year ended with the last day of such quarter. Upon request, Borrower shall furnish Lender with copies of any documents and convenient facilities for the audit and verification of any report or financial statement Borrower has provided Lender. All financial statements (audited or unaudited) shall be prepared in accordance with generally accepted accounting principles, consistently applied, and the General Partner's *president or chief financial officer shall certify in writing that they are complete and correct in all material respects and present fairly the financial position and results of Borrower. Borrower's financial statements shall include a certification by *an officer of the General Partner that no default exists under any of the Loan Documents.

At Lender's request, Borrower will also furnish Lender the following:

(a) Within 30 days after the end of each quarter, beginning with the first full quarter after the date the Work is completed, a rent roll for the Improvements, stating for each Lease: the apartment number, the tenant's name, the beginning and ending date of the Lease, the monthly rent, the date through which Borrower has received rent, and the amount of any security deposit. Lender may request an interim rent roll or copies of Leases at any time, and Borrower shall produce the requested item or items within 10 days.

(b) Within 120 days after the end of each fiscal year, a cash flow projection for the Premises for the remainder of the Loan term, using Lender's then current underwriting assumptions.

(c) At least 45 days before the end of each fiscal year, an annual operating budget for the Premises for the coming year.

(d) Any other financial or leasing information, reports, or statements, relating to the business, operations, or condition of Borrower, including a list of any employees of Borrower or the Manager and any salary information Lender may request.

3.12. Additional Acts. (a) At or before Closing, Borrower shall: (1) execute this Agreement, the LURC (which will impose certain occupancy, rent, income, and use restrictions and compliance monitoring, as required by the Act), and all other Loan Documents; (2) provide Lender with an opinion letter of its counsel, opining as to Borrower's formation, organization, and other legal matters relevant to the Loan and the Collateral, the form and substance of which letter shall be reasonably satisfactory to Lender; (3) provide Lender with an affidavit from *an officer of the General Partner in form and substance satisfactory to Lender along with any other documents or instruments that Lender deems necessary to close the Loan and create and perfect its interest in any of the Collateral.

(b) Within a reasonable time after requested to do so, Borrower shall: (1) deliver to Lender copies of any contract, bill of sale, statement, receipt, voucher, or agreement under which Borrower claims title to any material, fixture, or article incorporated in the Improvements or located on the Premises and subject to Lender's security interest or security title; (2) execute and deliver to Lender such documents, instruments, assignments, and other writings, and do such other acts reasonably necessary to preserve and protect the Collateral, as Lender may require; (3) do all such other lawful and reasonable acts and execute all such further conveyances and assurances as may be reasonably necessary for the more effective carrying out of the intents and purposes of this Agreement, as Lender shall reasonably require from time to time; (4) erect a sign (which may be combined with the sign for another lender), indicating that Lender is providing financing for the Project, which sign shall satisfy any signage criteria imposed by HUD (including the inclusion of the equal housing opportunity logo) and the sign and its location shall be subject to Lender's prior approval*; and (5) if the surety that is providing the payment and performance bonds for the Project makes a joint payment to Borrower and Lender, endorse such payment to the order of Lender or take any other action reasonably required to enable Lender to receive such payment. With respect to clause (5), if Borrower fails to endorse such a payment within a reasonable time (not to exceed 5 days), Lender may endorse such payment in the name of Borrower, and Borrower hereby appoints Lender as its attorney-in-fact for such purpose, and Borrower may not terminate Lender's appointment under this sentence without Lender's express written consent.

3.13. Easements and Restrictions. Borrower shall not grant any easements burdening the Land or subject the Land to any restrictive covenants, except the LURC, without Lender's prior written consent, which consent will not be unreasonably withheld. If Borrower will receive any money or other consideration for granting such an easement or restriction, Lender may condition its consent upon Borrower using such money or other consideration to improve the Premises, to reduce the balance of the Loan, or to increase a reserve required under this Agreement.

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3.14. Compliance with Requirements. Borrower will promptly comply with each and every Requirement, order, or private covenant applicable to it, the Project, or the Premises. Borrower shall have an ongoing obligation to monitor the Requirements applicable to the Premises and the operation of the Premises*, including the Georgia Fair Housing Act, and comply with any changes to applicable Requirements. Borrower shall not do anything that constitutes a public or private nuisance or that makes void, voidable, cancelable, or increases the premium of any insurance for the Premises. On demand, Borrower shall furnish Lender with independent evidence of compliance with this section. So long as Borrower is not in default, Borrower shall have the right to contest the validity or applicability of any such Requirement if it first notifies Lender of its intention to do so, then does so diligently, in good faith, without prejudice to Lender, and (if required by Lender) it provides a bond or other security satisfactory to Lender to protect Lender's interest.

3.15. Environmental Requirements. Borrower shall comply with all applicable Environmental Requirements and use its best efforts to cause all tenants and other persons occupying the Premises to comply with all Environmental Requirements. Borrower shall not and shall not permit a tenant to generate, use, treat, store, release, or dispose of any Hazardous Substance on the Premises or transport or permit the transportation of any Hazardous Substance to or from the Premises in any manner that violates any Environmental Requirement. Borrower shall keep the Premises free and clear of any lien imposed pursuant to any Environmental Requirement. At its sole expense, Borrower will conduct any environmental investigation, study, sampling, and testing of the Premises and take or cause to be taken such actions as may be necessary to comply with all Environmental Requirements, including undertaking any cleanup, removal, or other remedial action necessary to remove and clean up all Hazardous Substances from the Premises, all of which shall be to the reasonable satisfaction of a professional environmental consultant selected by Lender and in accordance with all applicable Environmental Requirements and with all applicable orders and directives of all Public Bodies. At Borrower's sole expense, Borrower shall provide Lender with soil tests of the Premises as Lender may request. If there is a material change in any Requirement governing the assessment, release, or removal of Hazardous Substances, which change would lead a prudent lender to require additional testing of the Premises, Borrower shall at its sole expense take all such action (including conducting engineering tests) as Lender may request to confirm that no Hazardous Substances are or ever were stored, disposed of, or released on or from the Premises. Borrower shall also comply with the following requirements:

(a) Borrower shall notify Lender and provide Lender with any additional information and documents Lender may request: (1) upon learning of any potential or known release, or threat of release, of any Hazardous Substance on or from the Premises or if Borrower has reason to believe that it or the Premises are in violation of any Environmental Requirement; (2) upon receipt of a notice from any Public Body of any such potential or known release or threat of release; (3) upon learning that any Public Body has incurred or intends to incur any expense or loss in connection with the assessment, containment, or removal of any Hazardous Substances for which expense or loss Borrower may be liable or for which expense or loss a lien may be imposed on the

Premises; or (4) upon learning of any pending or threatened claim or proceeding against Borrower or the Premises based on any Environmental Requirement or any condition that could result in such a claim or proceeding. Upon Lender's request, Borrower at its sole expense will provide Lender with an environmental site assessment report for the Premises, prepared by an environmental consulting firm approved by Lender, indicating the presence or absence of Hazardous Substances and the potential cost of any removal or remedial action in connection with any Hazardous Substances on the Premises.

(b) Borrower shall indemnify and defend (with attorneys satisfactory to Lender), and hold harmless Lender and its officers, employees, and agents (collectively, referred to as "Lender" in this subsection) from and against any loss, damage, liability, penalty, fine, or expense (including reasonable attorneys' fees and costs and expenses reasonably incurred in investigating, preparing, or defending against any litigation or claim, action, suit, proceeding, or demand of any kind or character), arising from the contamination of the Premises by any Hazardous Substances or any violation or purported violation of any Environmental Requirement or Requirements relating to the Premises or Lender's exercise of its rights under this subsection, including any loss, expense, damage, liability, or charge arising in whole or in part from Lender's negligence or alleged negligence, but not including: (1) any matters or circumstances resulting from or arising out of any intentionally wrongful act or omission of Lender or its agents; or (2) any matters or circumstances not caused by Borrower or its agents, employees, tenants, or contractors (but only if such matters or circumstances first occur after Borrower no longer owns the Premises). If Lender institutes an action or proceeding to enforce any provision of this section 3.15 (including an action for declaratory relief or for damages), Lender shall be entitled to recover from Borrower its reasonable attorneys' fees and disbursements incurred in connection with such action or proceeding if Lender is the prevailing party. Borrower shall reimburse Lender for any amounts paid or incurred by Lender that are covered by this indemnification provision within 30 days after Lender's written demand for reimbursement. Any amount not paid within 30 days shall bear interest at the Default Rate. The parties intend that this indemnification obligation is separate and independent from any other obligation in this Agreement or the other Loan Documents and that this obligation and the warranties and representations in section 2.15 shall survive the expiration or termination of this Agreement, the payment of the Loan, the release of the Security Deed, and any Foreclosure and shall inure to the benefit of Lender and its successors and assigns and to the benefit of any owner of all or part of the Premises who takes pursuant to any Foreclosure. Lender may (but is not obligated to) participate in, as a party if it so elects, any action or proceeding involving an environmental claim. Without Lender's prior written consent, Borrower shall not enter into any settlement, consent, or compromise with respect to any environmental claim.

(c) If Borrower fails to take any action required of it under this section 3.15, Lender may (but is not obligated to) take the action. If Lender does so, Borrower grants Lender and its agents, employees, and contractors access to the Premises and shall reimburse Lender for all amounts paid in connection with any such action, including reasonable attorneys' fees, fines, or other penalties. Any amount not paid within 30 days of Lender's demand shall bear interest at the Default Rate.

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(d) Borrower waives any right or claim of right to cause a marshaling of its assets or to cause Lender to proceed against any Collateral before proceeding under this section 3.15. Borrower expressly waives and relinquishes all present or future rights, remedies, or circumstances that might constitute a legal or equitable discharge of Borrower or which might otherwise impair the validity or enforceability of this section or any provision in it.

3.16. Federal Requirements. Borrower will comply with all Requirements under federal law (now existing or imposed in the future) relating to or resulting from the use of Covered Funds, including the Requirements listed in the following subsections and shall cause the General Contractor and all subcontractors to comply with the listed Requirements:

(a) All nondiscrimination Requirements, including Title VI of the Civil Rights Act of 1964, 42 U.S.C. §2000d et seq. and implementing regulations at 24 CFR Part 1, the Age Discrimination Act of 1975, 42 U.S.C. §6101 et seq. and implementing regulations at 24 CFR Part 146, the Fair Housing Act, 42 U.S.C. §3601 et seq. and implementing regulations at 24 CFR Part 100, and Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794, and implementing regulations at 24 CFR Part 8.

(b) Executive Orders 11625, 12432, and 12138, which require (among other things) Borrower to establish a minority outreach program to insure the inclusion to the maximum extent possible of minorities, women, and entities owned by minorities and women (“MBE/WBE’s”) in the carrying out of any activity pursuant to this Agreement and in the operation and management of the Premises. Borrower agrees to conduct such outreach activities in accordance with a plan approved by Lender. Borrower shall maintain records, documentation, and data as required by Lender, including evidence of: (1) the racial, ethnic, or gender character of each business entity providing services; (2) the amount of the contract; and (3) that MBE/WBE’s have equal opportunity to compete for and obtain business. When economically feasible, Borrower shall divide total requirements into small tasks and quantities to permit the maximum participation by MBE/WBE’s and will require the same of any subrecipients, prime contractors, and owners of housing assisted with Loan proceeds.

(c) The Copeland “Anti-Kickback” Act, the prevailing wage provisions of the Davis-Bacon Act, and Sections 103 and 107 of the Contract Work Hours and Safety Standards Act.

(d) The National Environmental Policy Act of 1969, 42 U.S.C. 4321 et seq. and implementing regulations at 24 CFR Part 58, and related laws and section 288 of the HOME Act, 42 U.S.C. §12838.

(e) The Lead-Based Paint Poisoning Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992 and implementing regulations at 24 CFR Part 35.

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(f) The Drug-Free Workplace Act of 1988, 41 U.S.C. §701 et seq. and implementing regulations at 24 CFR Part 21.

(g) Anti-Lobbying Restrictions, 31 U.S.C. §1352 and implementing regulations at 24 CFR Part 87.

(h) Regulations and circulars of the OMB applying to the Act, including 2 CFR §2424.

(i) To the extent not mentioned above, all other requirements relating to fair housing, non-discrimination, labor standards, and the environment as set forth in Lender's Rules and federal regulations or guidance on the Act.

(j) An employee of any non-Federal employer receiving funds made available under the Act ("covered funds") may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Recovery Act Transparency and Accountability Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee reasonably believes is evidence of:

- (1) gross mismanagement of an agency contract or grant relating to covered funds;
- (2) a gross waste of covered funds;
- (3) a substantial and specific danger to public health or safety related to the implementation or use of covered funds;
- (4) an abuse of authority related to the implementation or use of covered funds; or
- (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued relating to covered funds.

(k) The requirements of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701U (referred to elsewhere in this Agreement as "Section 3"), as outlined in the DCA HOME Manual.

(l) Lender's approval of the Plans and Specifications or any contract or program relating to the Premises shall not be deemed a warranty or representation by Lender that Borrower, the Premises, or the tendered material is in compliance with applicable Requirements. Borrower shall have a continuing independent obligation to

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review and monitor all relevant Requirements, both present and future, to determine whether Borrower and the Premises are in compliance with all applicable Requirements.

3.17. Conveyance of the Premises. Borrower shall not mortgage, assign, convey, sell, option, refinance, ground lease, or otherwise dispose of, transfer, or encumber all or any part of the Premises, any interest in the Premises, or the income stream from the Premises without Lender's prior written consent, which shall not be unreasonably withheld. Any agreement in violation of the above requirements or a transfer of all or part of the Premises involuntarily or by operation of law shall constitute an Event of Default.

3.18. Leasing. No Lease shall have a term in excess of 13 months, and Borrower shall not enter into a Lease, unless the tenant is going to actually occupy the leased premises. Borrower shall at all times promptly and faithfully perform, or cause to be performed, all of the landlord's covenants, conditions, and agreements contained in all Leases. All units in the Project shall be leased pursuant to a written lease.* If any of the Improvements are located within a 100-year floodplain, before executing any Lease, Borrower shall notify the prospective tenant of the hazards resulting from the floodplain, and the form of such notice shall be subject to Lender's prior approval.

3.19. Insufficiency of Loan Proceeds. (a) If at any time before the Conversion Date the remaining undisbursed portions of the Loan*, equity contributions to Borrower required pursuant to existing agreement that are to be disbursed for hard costs of construction at or before completion of the Work ("Construction Equity"), and the Senior Loan are insufficient in Lender's reasonable judgment to fully complete the Work in accordance with the Completion Schedule and the Plans and Specifications and to pay all interest accrued or to accrue before the Conversion Date and to pay all other amounts to be paid under the Budget, Loan Documents, and the Senior Loan Documents on or before the Conversion Date, then Borrower shall, within 15 days after written notice from Lender, deposit with Lender sufficient cash to remedy such condition and to pay any and all liens for services and materials alleged to be due and payable in connection with the Improvements, unless the Senior Lender has already required Borrower to deposit with it an equal or greater amount and Borrower has done so. Such Equity Contribution shall be additional security for the Loan and, at Lender's option and subject to the rights of Senior Lender, it may be disbursed before any further advances of the Loan proceeds are made. Lender need not make any further disbursements of the Loan until Borrower has deposited with it any required Equity Contribution, and Borrower's failure to make an Equity Contribution as required by this section shall constitute a material Event of Default with no grace or cure period.

(b) In addition, if at any time Lender has advanced the full amount in the Budget for any item or any category of items or such budgeted amount is insufficient to pay the full costs of such item or category of items, Borrower will promptly pay out of its own funds all such excess costs as and when incurred, unless such excess costs are covered by any contingency funds included in the Budget and Lender approves in advance in writing the use of the contingency funds for such purpose or unless Lender consents to the funding of such amounts from any savings realized or projected to be

realized with respect to any other category of items under the Budget, which consent will not be unreasonably withheld or delayed.

3.20. Notice of Adverse Action. Borrower and the General Partner will promptly advise Lender in writing of the commencement of any judicial or administrative action against or investigation involving Borrower or the General Partner or affecting the Premises or involving any of the Loan Documents and provide Lender with a copy of all documents it has received relating to any such litigation, action, or investigation, regardless of the amount involved, and will promptly advise Lender of all complaints, notices of Requirement violations, and charges from any Public Body relating to the Premises and provide Lender with a copy of any such complaint, notice, or charge.

3.21. Liens. Without Lender's prior consent, Borrower shall not grant or permit any lien on or security interest in the Collateral other than: (a) a lien for ad valorem taxes not yet due and payable on the Premises; (b) inchoate mechanic's and materialmen's lien rights; (c) the Permitted Encumbrances; and (d) any lien or security interest or title of Senior Lender. If any other lien or claim of lien is placed or filed against the Premises, Borrower shall promptly notify Lender and within 15 days of its receipt of notice of such lien remove it or cause it to be removed or bonded off or place in escrow with Lender sufficient funds to pay the claim of lien. Borrower shall, however, have the right to contest any such claim of lien if it first notifies Lender of its intention to do so and then does so diligently, in good faith, and without prejudice to Lender, and (if required by Lender) it provides a bond or other security satisfactory to Lender to protect Lender's interest. If Borrower intends to contest any such claim of lien, Borrower shall give Lender advance notice in writing of its intention to do so, which notice shall include the date on which Borrower intends to start such proceedings, which date shall be no later than 30 days after the date of the notice to Lender, and shall provide Lender with copies of the documents instituting the proceedings within 10 days of the date the proceedings are instituted and any other documents relating to the proceedings as Lender may request.

3.22. Defense of Title. Borrower shall promptly notify Lender of any title problem or alleged title problem affecting the Premises or other Collateral. Borrower shall reimburse Lender for any expenses that Lender incurs in defending Lender's title and interest in the Premises and the other Collateral. Borrower hereby authorizes Lender, at Borrower's expense, to take all necessary and proper steps for the defense of the title or interest, including the employment of counsel, the prosecution or defense of litigation, and the compromise or discharge of claims made against the title or interest, and, at Borrower's expense, Borrower agrees to cooperate fully with Lender in connection with any such proceeding. Borrower shall perform and comply with all covenants, conditions, obligations, and prohibitions required of Borrower in connection with any other document or instrument affecting title to the Premises.

3.23. Casualties and Condemnation. (a) Borrower shall give Lender prompt written notice of any material damage to the Premises or the institution of any proceedings for eminent domain or for the condemnation of all or part of the Premises (along with a deed in lieu of condemnation, collectively referred to as "condemnation"). As additional collateral, but subject to the rights of Senior Lender, Borrower hereby assigns to Lender

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all insurance proceeds on the Premises and all causes of action, claims, compensation, awards, and recoveries for any damage to all or any part of the Premises or for any loss or diminution in value of the Premises resulting from a casualty or condemnation (collectively, the "Proceeds"). Borrower shall execute and deliver such instruments as may be requested by Lender, from time to time, to confirm the foregoing assignment to Lender of the Proceeds. Subject to the rights of Senior Lender, Borrower hereby appoints Lender as its attorney-in-fact (which power of attorney is irrevocable, shall be deemed coupled with an interest, and shall survive the voluntary or involuntary dissolution of Borrower), with full power of substitution to settle for, collect, and receive any such Proceeds from the parties paying them. Subject to the rights of Senior Lender, all Proceeds shall be paid to Lender, and, if Borrower receives any Proceeds, it will promptly remit them to Lender without demand or request from Lender. Lender may participate in any suits or proceedings relating to any Proceeds and may join with Borrower in adjusting any loss covered by insurance relating to the Premises, and Borrower shall from time to time deliver to Lender any instruments required to permit such participation.

(b) Lender shall first apply any Proceeds it receives to the payment of all of its reasonable out-of-pocket costs and expenses (including attorney's fees) incurred in obtaining those sums (with the remainder referred to as the "Net Proceeds"). Subject to the prior rights of Senior Lender and the conditions set forth below, Lender will then apply the Net Proceeds for rebuilding, restoration, or repair (collectively in this section 3.23, "repair") of the Premises with any remainder being applied by Lender for payment of any amount owed under the Loan Documents in whatever order Lender determines in its absolute discretion.

Notwithstanding the foregoing, however, Lender need not make any Net Proceeds available to Borrower to repair the Premises if: (1) an Event of Default has occurred and is continuing; or (2) in the sole and reasonable judgment of Lender, the Net Proceeds are less than the projected cost of the repair, unless Borrower has deposited with Lender or Senior Lender an amount equal to the difference between the Net Proceeds and the projected cost (the "Deposit") within 30 days of the time the difference is first determined. If either such condition exists, Lender may at its option immediately terminate this Agreement and declare the entire outstanding principal balance of the Loan and all accrued and unpaid interest and any other amount owed under the Loan Documents to be immediately due and payable. In such case, if Borrower fails to pay such debt in full within 15 days of receipt of such notice from Lender, subject to the rights of Senior Lender, Lender may apply all or part of the Net Proceeds to the amounts owed under the Loan Documents in whatever order Lender determines in its absolute discretion with any remainder being paid to Borrower and any deficiency being paid by Borrower to Lender. Any reduction in Borrower's debt resulting from Lender's application of the Net Proceeds shall take effect only when Lender actually receives and applies the Net Proceeds, and, in any event, Borrower shall not be excused from paying the unpaid portion of any debt owed under the Loan Documents.

(c) If the Improvements are partially or totally damaged or destroyed by fire or any other cause or if a condemnation only relates to part of the Premises and pursuant

to section 3.23(b) the Net Proceeds are to be used for repair, Borrower shall proceed with the repair of the Improvements as soon as is reasonably practical and diligently pursue the work to completion, at Borrower's cost and expense and regardless of whether the Net Proceeds are sufficient for the purpose. In the case of a casualty, Borrower shall repair the Improvements as nearly as possible to their value, condition, and character immediately before such casualty. In the case of a partial condemnation, Borrower shall repair the remaining part of the Premises to an architectural whole, as best it can under the circumstances. In either case, all work shall be in accordance with plans and specifications subject to Lender's prior approval, which approval will not be unreasonably withheld or delayed. If the Net Proceeds are made available to Borrower for repair, Lender will disburse them to Borrower in accordance with draw procedures similar to those contained in Article 4. Before the final completion of the repair, Lender will not disburse more than 90% of the cost of the work performed from time to time, and Lender will disburse the Deposit and funds other than Net Proceeds before disbursement of Net Proceeds. At all times, the undisbursed balance of Net Proceeds remaining in the hands of Lender, together with the Deposit, must be sufficient in the reasonable judgment of Lender to pay for the cost of completion of the repair, free and clear of all liens or claims for lien. Upon an Event of Default, Lender may cease disbursing Net Proceeds, the Deposit, or any other amount it is holding for purposes of repair and apply any or all such amounts to Borrower's obligations under the Loan Documents in whatever order Lender determines in its absolute discretion with any remainder being paid to Borrower and any deficiency being paid by Borrower to Lender.

3.24. Management of Premises. The Premises shall be managed in a professional manner by a managing agent evaluated and approved by Lender. Borrower has executed or will execute a written agreement with the Manager for the operation, management, and supervision of the Premises. Before Borrower may execute, amend, extend, or terminate that agreement or any other agreement relating to the management or leasing of the Premises, Borrower must comply with all requirements set forth in Lender's "Property Management Guide," as it may be amended or replaced from time to time (the "Guide"), and shall notify Lender of the proposed action and provide Lender with a copy of the proposed agreement, amendment, extension, or termination (as the case may be), and Borrower shall not proceed further without Lender's prior written approval, which approval will not be unreasonably withheld or delayed. If an agreement relating to the management of the Premises permits the party contracting with Borrower (the "manager" in the remainder of this section) to resign, such agreement shall require the manager to notify Borrower in writing at least 60 days prior to the effective date of the manager's resignation. Additionally, Borrower shall notify Lender in writing of any such resignation within 3 Business Days of Borrower's receipt of any notice of resignation (verbal or written) and, at least 30 days prior to the effective date of any proposed agreement with any replacement manager, fully comply with all requirements set forth in the Guide and provide Lender with a copy of the proposed agreement for Lender's approval. If Borrower violates the requirements of this section or there is a default under any management contract or leasing agreement by the manager or leasing agent, which default is not cured within any applicable cure or grace period, Lender may direct Borrower to terminate such management contract or leasing agreement upon 30-days notice and may direct Borrower to retain a new manager or leasing agent. Borrower shall

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maintain the Premises in good condition and repair and, subject to section 3.23, shall promptly repair, restore, replace, or rebuild any part of the Premises that is in disrepair. Borrower shall comply with any maintenance standards imposed by Lender, HUD, or the Act. Borrower shall not commit or suffer any waste to the Premises. Borrower shall cause the Premises and all equipment and material stored or located at the Premises to be secured and protected against vandalism and unauthorized use and possession. Borrower shall use all gross operating income generated from the Premises to pay for budgeted operating expenses of the Premises, debt service for debts secured by the Premises, and any required contribution to reserves and escrows for the Premises and, without Lender's prior written consent, shall not use any of the income from the Property for any other purpose unless all expenses, debt service, and reserve contributions have been fully paid and satisfied.

3.25. Payment of Taxes. Borrower shall pay when due all Taxes. Until the Loan is paid in full, for purposes of taxation, the Premises must be assessed as a separate parcel from any other real property, and Borrower shall not cause or permit the Premises to become subject to the lien of any Tax levied or assessed against any other real property. If Borrower is not in default, Borrower may contest the amount, validity, or applicability of any Tax if it does so diligently, in good faith, without prejudice to Lender, and (if required by Lender) it provides security satisfactory to Lender to protect Lender's interest. If Borrower intends to contest any Tax, Borrower shall give Lender at least 48-hours advance written notice and at the same time shall provide Lender with copies of the documents instituting the proceedings and, from time to time, any other documents relating to the proceedings as Lender may request.

3.26. Zoning. Borrower shall comply with all existing and future zoning Requirements. Without Lender's prior written consent, Borrower shall not initiate, make, join in, consent to, or acquiesce in any change in the zoning or conditions of use of the Premises. If the use of all or any part of the Premises becomes a nonconforming use under the zoning Requirements, Borrower shall not cause or permit such use to be discontinued or abandoned without Lender's prior written consent. Borrower shall not file or subject the Premises to any declaration of condominium or convert the Premises to a condominium, co-operative, or other form of multiple ownership without Lender's prior written consent.

3.27. Negative Covenants. Without Lender's prior consent, which may be granted or withheld in Lender's sole and absolute discretion, Borrower shall not take any action that would change any matters set forth in the Application. Without Lender's prior written consent, which consent will not be unreasonably withheld, the following actions shall not be taken:

(a) Borrower shall not change its name or modify or amend its partnership agreement or its certificate of partnership; provided, however, limited partnership interests in Borrower may be transferred without Lender's prior approval, and, if an amendment of Borrower's partnership agreement is needed solely for such purpose, such an amendment shall be permitted, but Borrower will give Lender advance written notice of any such transfer and the name and address of the new limited partner and a copy of any such amendment to the partnership agreement.

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(b) The General Partner shall not modify or amend its articles of incorporation or bylaws*its articles of organization or operating agreement.

(c) Borrower shall not encumber, grant a security interest in, transfer, permit the transfer of, or change or permit a change in the ownership of interests in Borrower (other than the sale or transfer of limited partnership interests) or sell any substantial assets used or located at the Premises.

(d) No general partner shall encumber, grant a security interest in, transfer, permit the transfer of, or change or permit a change in the ownership interests of the general partner (at one time or over any period of time). No general partner shall convert its general partnership interest to a limited partnership interest.

(e) The Developer shall not transfer, permit the transfer of, or change or permit a change in the ownership interests of the Developer (at one time or over any period of time).

(f) Borrower shall not cause or permit any merger, consolidation, liquidation, or dissolution involving Borrower or the sale or transfer of all or substantially all of the assets of Borrower.

(g) No general partner of Borrower shall cause or permit any merger, consolidation, liquidation, or dissolution involving such general partner or the sale or transfer of all or substantially all of the assets of such general partner.

(h) Borrower shall not acquire, start, or operate any business other than the Project.

(i) Borrower shall not make any investment in an Affiliate, unless the Affiliate is wholly owned by Borrower.

(j) Borrower shall not acquire or purchase any assets from an Affiliate or transfer any assets to an Affiliate, unless the Affiliate is wholly owned by Borrower.

(k) Borrower shall not guaranty any debt of any Person.

(l) Borrower shall not redeem or purchase in part or in whole the interest of any partner of Borrower.

(m) Borrower shall not make any payments in cash or property to any partner or Affiliate, except payments for services rendered by the partner or Affiliate, the nature of which services shall be reasonable and customary in the industry and the amount of which payment shall be reasonable and not more than what would be paid to a non-Affiliate on an arm's length basis and except for distributions to the partners made pursuant to and in accordance with the Borrower's partnership agreement.

(n) After completion of the Work, Borrower shall not remove or demolish or materially alter any of the Improvements.

- (o) Borrower shall not change its state of organization.

3.28. Conversion. Borrower shall satisfy all Conversion Conditions before the Conversion Deadline and shall submit to Lender any item or document needed to prove satisfaction of any Conversion Condition by the due date set forth in Exhibit D or this section. If Borrower satisfies all Conversion Conditions by the Conversion Deadline or Lender in its absolute discretion waives any unsatisfied condition, Lender shall convert the Construction Loan to the Permanent Loan. At or before such conversion, Borrower shall execute any instruments or documents that Lender deems necessary for purposes of converting the Construction Loan and provide Lender with any information Lender deems reasonably necessary to determine if the Conversion Conditions have been satisfied and all other requirements of the Loan Documents and the Act have been met. Lender shall not be obligated to convert the Construction Loan to the Permanent Loan if: (a) an Event of Default exists; (b) a default exists under the Senior Loan Documents; (c) Borrower is not in compliance with any requirement of the Lender's or HUD's guidelines or rules relating to funding under the Act*; or (d) a default exists under the Tax Credit Documents.* If there is other permanent financing for the Premises, Lender shall not be obligated to convert the Construction Loan to the Permanent Loan unless the terms, conditions, and amount of the other permanent financing are satisfactory to Lender and the other permanent financing has already closed or converted or closes or converts contemporaneously with the conversion of the Construction Loan to the Permanent Loan. If the other permanent financing has closed or converted before Lender has converted the Construction Loan, Borrower shall provide Lender with fully executed copies of all loan documents relating to the other permanent financing, and Lender's receipt of such copies is a condition to its obligation to convert the Construction Loan.

3.29. Affirmative Fair Housing Marketing. Borrower shall maintain and abide by an affirmative fair housing marketing plan, which shall be established by Lender or is subject to Lender's prior approval and, among other things, shall be designed to provide information to and attract eligible individuals in the housing market to the Project without regard to race, color, national origin, sex, familial status, or disability. Borrower shall maintain records evidencing its compliance with the approved plan.

3.30. Assignment of Contract Rights. (a) As additional security for Borrower's obligations under the Loan Documents, Borrower assigns to Lender all of Borrower's rights, title, and interest in and to the Contract Documents. The parties intend this assignment to be an absolute, unconditional, and present assignment. The assigned rights include all of Borrower's right to: (1) modify any Contract Document; (2) terminate any Contract Document; and (3) waive or release the observance or performance of any obligation or condition of any Contract Document, and, if Borrower exercises any of the rights enumerated in this sentence without Lender's prior approval, Borrower shall be in default under this Agreement. Borrower represents and warrants that there is no assignment of any rights or interest under the Contract Documents to any other Person, except Senior Lender. Borrower shall not assign any rights or interest under the Contract Documents without Lender's prior consent. Borrower will: (w) perform and observe every condition and covenant of Borrower under each Contract Document; (x) give prompt notice and a copy to Lender of any claim of default under any Contract

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Document; (y) enforce the performance of each Contract Document; and (z) appear in and defend any action against it in any way connected with any Contract Document.

(b) If there is an Event of Default, Borrower appoints Lender as its attorney-in-fact to take such actions, execute such documents, and perform such work, with or without taking possession of the Premises, as Lender deems appropriate in exercising its rights and remedies. Without limiting the generality of the foregoing, the power shall include the power to sue on any Contract Document and to seek approvals from any Public Body required for the completion of the Work, in the name of Borrower or Lender or both. This power of attorney shall be irrevocable and coupled with an interest and shall terminate only upon the payment of all sums due Lender by Borrower. Borrower hereby releases Lender and any Person acting for Lender under this power from all liability resulting from the exercise of this power or any act or omission under the power. Borrower indemnifies Lender against all liability, loss, claim, or damage that Lender may incur under this assignment or any Contract Document or resulting from any act or omission of Lender under this assignment or any Contract Document, except for a liability, loss, claim, or damage resulting from Lender's intentional misconduct. This indemnification obligation shall survive the execution and termination of this Agreement.

3.31. Georgia Drug-Free Workplace Act. Until the Loan is paid in full, Borrower shall not engage in the unlawful sale, manufacture, distribution, dispensation, possession, or use of a controlled substance or marijuana during the performance of any of its obligations under this Agreement and shall comply with the Georgia Drug-Free Workplace Act, *O.C.G.A. §50-24-1 et seq.*, and Borrower shall provide a drug-free workplace for its employees. Borrower shall secure from the General Contractor and any other contractor or subcontractor it hires a certification in substantially the following form, or, if there is a written contract with such contractor or subcontractor, the contract shall include a provision substantially in the following form:

As part of the agreement with xx, _____ [*insert name of contractor or subcontractor*] certifies that it will provide a drug-free workplace for its employees during the performance of that agreement, in accordance with and pursuant to *O.C.G.A. §50-24-3(b)(7)*.

3.32. Taxes and Insurance Escrow. At the Conversion Deadline or the Conversion Date, whichever is earlier, Borrower shall deposit with the Escrow Agent an amount sufficient to cover the following: (a) the total estimated Taxes and fire and property insurance premiums that are due on or before the Conversion Deadline or Conversion Date (as the case may be) plus an amount sufficient to fully pay such amounts at least 60 days before the due date for such an amount; plus (b) the amount of any deductible under Borrower's liability insurance policy. Lender will calculate the above amount to be deposited with the Escrow Agent, using information provided by Borrower or the best information that is then available to Lender. After the Conversion Date or the Conversion Deadline, whichever is earlier, on a monthly basis Borrower shall pay the Escrow Agent, 1/12th of the actual or estimated annual total Taxes and insurance premiums on the same day that regular payments are due under the Note or, if no payments are due under the Note, on

the first day of each subsequent month. Upon receipt of any bills for Taxes or property insurance, Borrower shall provide the original bills or copies to the Escrow Agent. If the Escrow Agent has received such bills and any other information or documentation needed to pay the bills, on or before the due date for payments of Taxes and insurance premiums, the Escrow Agent shall pay them. If the funds held in escrow are insufficient to pay the amount in full by the due date, Borrower shall promptly pay the Escrow Agent or the taxing authority or insurer (as the case may be) any shortage. When all amounts due under the Loan Documents are paid in full, Lender or the Escrow Agent shall release to Borrower any amount then in the reserve established under this section.

3.33. Operating Deficit Reserve. At the Conversion Date, Borrower shall deposit \$qp with *Senior Lender or the Escrow Agent, which funds shall be used as an operating deficit reserve (“ODR”). Borrower may only use the funds in the ODR to pay budgeted expense items approved by Lender and scheduled Loan payments, but only if the cash revenues from the Premises are insufficient for those purposes. After the initial deposit into the ODR, Borrower is not required to further fund the ODR, but all interest earned on the ODR shall become a part of the ODR. Before Borrower may draw on the ODR, Borrower must notify Lender in writing, explain the need for the withdrawal, and receive Lender’s approval of the withdrawal. If Borrower at any time draws on the ODR, Borrower shall first use any “free cash flow” from the Premises *(as defined in section 3.35 but without taking into consideration any amounts that would otherwise be included under subparagraph 3.35(c)) to restore the ODR to the amount it was before the withdrawal. When all amounts due under the Loan Documents are paid in full, if it is holding any part of the ODR, the Escrow Agent will release to Borrower the amount remaining in the ODR that it is holding.* As used in this paragraph, “free cash flow” means all cash revenues from the Premises for the fiscal year less the following annual expenditures: (a) all cash operating and maintenance expenses for the Premises (which expenses shall not include any syndicator asset management fee, depreciation, amortization, any management incentive fee, or similar fee however denominated); (b) amounts deposited in the replacement reserve; (c) amounts deposited in any other reserve, but only to the extent approved by Lender; and (d) principal and interest paid on the Loan and Senior Loan.

3.34. Replacement Reserve. At the Conversion Date, Borrower shall deposit with *Senior Lender or the Escrow Agent \$qcq, which funds will be used as a replacement reserve. Thereafter, beginning on the first day of the first full month after the Conversion Date and continuing on the same day of each subsequent month until the Loan is paid in full or the Compliance Period expires, whichever is later, Borrower shall deposit \$qc with *Senior Lender or the Escrow Agent, which amounts shall be added to the replacement reserve; provided, however, each year during the term of the Loan on the anniversary date of the Conversion Date the monthly amount due under this section shall increase by 3% over the amount payable for the prior year. All interest earned on the funds in the reserve shall be part of the reserve. The funds in the replacement reserve shall only be used to replace or make capital improvements to the Premises (as defined below). Before Borrower may draw on the replacement reserve, Borrower must notify Lender in writing, explain the need for the withdrawal, and receive Lender’s approval of the withdrawal, which approval will not be unreasonably withheld. When all amounts due under the Loan

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Documents are paid in full or when the Compliance Period has expired, whichever is later, the Escrow Agent (if it is holding this reserve) shall release to Borrower the amount remaining in the replacement reserve (if any). As used in this section, "capital improvements" means improvements to the Premises, the cost of which would exceed \$10,000.00, such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, equipment, or fixtures, but not including replacement of individual appliances or minor repairs. *Even though Senior Lender may be holding the replacement reserve, Borrower may not draw on the replacement reserve without Lender's prior written consent, which consent will not be unreasonably withheld, and Borrower's failure to obtain such consent shall be deemed a material breach of this Agreement, notwithstanding Senior Lender's disbursement of funds from the replacement reserve.

*3.35. Cash Flow Reserve. On an annual basis, Borrower shall deposit with the Escrow Agent an amount equal to one-half of the "free cash flow" from the Premises for the preceding fiscal year, which funds will be used as a cash flow reserve (the "CFR"). The first payment shall be due within 60 days of the first fiscal year end of Borrower after the Conversion Deadline and subsequent payments shall be made within 60 days of each subsequent fiscal year end until the Loan matures. Each payment shall be accompanied by Borrower's calculation of the amount being deposited, certified as being accurate by the General Partner's chief financial officer or Borrower's outside accountant. Lender may request any other information it deems necessary or desirable to confirm the accuracy of the amount deposited by Borrower. If at any time Lender determines that Borrower has not deposited the required amounts in the CFR, Borrower shall within 15 days of notice of the deficiency from Lender deposit the shortage in the CFR. All interest earned on the CFR shall become a part of the CFR. Before maturity of the Loan, the funds in the CFR may be used as follows: (1) if Lender determines in its discretion that any of the reserves required under this Agreement (except the Compliance Reserve) are underfunded, Lender may transfer funds in the CFR to any such reserve; or (2) Borrower may use the amounts in the CFR to pay for capital improvements to the Premises (as defined in the preceding section), but only if the replacement reserve has insufficient funds to pay for the capital improvement. If Borrower wants to draw on the CFR for such purpose, Borrower must notify Lender in writing, explain the need for the withdrawal, and receive its approval of the withdrawal. At the maturity of the Loan, all amounts in the CFR shall be applied to pay or reduce the amounts owed under the Loan Documents. As used in this paragraph, "free cash flow" means all cash revenues from the Premises for the fiscal year less the following annual expenditures: (a) all cash operating and maintenance expenses for the Premises (which expenses shall not include any syndicator asset management fee, depreciation, amortization, any management incentive fee, or similar fee however denominated); (b) amounts deposited in the replacement reserve; (c) amounts deposited in the ODR to restore it to its previous balance in accordance with section 3.33; (d) amounts deposited in any other reserve, but only to the extent approved by Lender; and (e) principal and interest paid on the Loan and the Senior Loan.

*3.36. Rent-Up Reserve. On or before substantial completion of the Work, Borrower shall deposit or set aside \$--.00 in a "rent-up reserve" (the "RUR"). All interest and other amounts earned on the RUR (if any) shall be part of the RUR. During the period between

completion of the Work and conversion of the Construction Loan to the Permanent Loan (“Conversion”), the amounts in the RUR shall be used solely for operating capital and debt service purposes for the Premises, but only to the extent that operating revenues from the Premises are insufficient to pay such expenses, as more fully set forth in an agreement between Lender and Borrower executed contemporaneously with this Agreement.

*3.37. Escrow Agent. To the extent that the Escrow Agent receives any funds under this Agreement or any of the other Loan Documents, it may in its discretion deposit such funds in a separate account or commingle them with other funds. The Escrow Agent shall place any funds that it is holding in the ODR, replacement reserve, and *CFR in an interest-bearing account or accounts. The Escrow Agent shall notify Lender whenever a deposit to any reserve is not made on a timely basis or when a withdrawal is made. The Escrow Agent shall have no responsibility for investigating and verifying the legitimacy of any communication it receives regarding escrowed funds or the amounts billed by any taxing authority or insurer and shall have no liability to Borrower or any other person for distribution, application, or misapplication of any escrowed funds, except for intentional misconduct involving those funds. Except as otherwise agreed or required by law, neither the Escrow Agent nor Lender shall have any obligation to pay interest on any sums Borrower may deposit from time to time with Lender or the Escrow Agent under this Agreement.

*3.37. Coordination with Senior Lender. If Senior Lender requires Borrower to deposit or reserve funds with it, which funds are an Equity Contribution or for the same purposes as the reserves required under this Agreement, Borrower shall not be required to reserve duplicate funds with Lender for the same purposes. If, however, the amount deposited or reserved with the Senior Lender is less than the amount required under this Agreement or is for a different purpose or is subject to materially different conditions than the ones under this Agreement or if Senior Lender ceases collecting such amounts (in which event, Borrower shall notify Lender promptly and in writing of that fact), Lender may in its sole discretion still require Borrower to meet the requirements of this Agreement with respect to any such reserve or deposit. If Borrower satisfies the Senior Loan before the Loan is paid in full and if the Senior Lender has custody of reserves at that time, Borrower shall instruct the Senior Lender to transfer all funds in any such reserves to the Escrow Agent or as Lender directs, and, if Borrower receives any such funds, it shall immediately transfer them to the Escrow Agent or as Lender directs. If there is an intercreditor or subordination agreement between Senior Lender and Lender, and there is any conflict between that agreement and this Agreement, that agreement shall control.

*3.37. Coordination with Other Lenders. If Senior Lender requires Borrower to deposit or reserve funds with it, which funds are to be used for the same purpose as an Equity Contribution or for the same purposes as the reserves required under this Agreement and if Borrower makes such a deposit, Borrower shall not be required to deposit duplicate funds with Lender for the same purposes. If the Permanent Lender requires Borrower to deposit or reserve funds, which funds are for the same purpose as one or more of the reserves required under this Agreement, and if Borrower makes such a deposit with the Permanent Lender, Borrower shall not be required to deposit duplicate funds with Lender

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for the same purpose or purposes. If, however, the amount deposited or reserved with the Senior Lender or Permanent Lender (as the case may be) is less than the amount required under this Agreement or is for a different purpose or is subject to materially different conditions than the ones under this Agreement or if Senior Lender or Permanent Lender ceases collecting such amounts (in which event, Borrower shall notify Lender promptly and in writing of that fact), Lender may in its sole discretion still require Borrower to meet the requirements of this Agreement with respect to any such reserve or deposit. If Borrower satisfies the Senior Loan or the loan from Permanent Lender before the Loan is paid in full and if the Senior Lender or Permanent Lender has custody of reserves at that time, Borrower shall instruct the Senior Lender or Permanent Lender (as the case may be) to transfer all funds in any such reserves to the Escrow Agent or as Lender directs, and, if Borrower receives any such funds, it shall immediately transfer them to the Escrow Agent or as Lender directs. If there is an intercreditor or subordination agreement between Senior Lender and Lender or between Lender and Permanent Lender, and there is any conflict between that agreement and this Agreement with respect to the handling of reserves, that agreement shall control.

3.38. Photographs. After completion of the Work, on an annual basis at the same time as financial reports are due to Lender, Borrower shall provide Lender with photographs of the Premises, which photographs shall fairly reflect the status and condition of the Premises.

3.39. Required Notices to Lender. Borrower shall promptly (but in any event within 3 Business Days) notify Lender in writing if any of the following occurs and specify in detail the nature of the event, circumstance, event of default, or default:

(a) any event or circumstance that immediately or after notice or the passage of time or both constitutes an Event of Default under this Agreement or an event of default or default under any of the other Loan Documents; or

(b) any notice or declaration of default received or made by Borrower under the Tax Credit Documents; or

(c) any default, event of default, or notice or declaration of default under the Senior Loan Documents* or any permanent loan commitment relating to the Premises.

*3.--. Relocation Plan. Borrower has or shall submit a relocation plan to Lender for Lender's approval, which plan shall comply with the requirements found in the DCA Relocation Displacement Manual. Once approved, Borrower shall implement the plan and shall not change the plan without the prior approval of Lender. Borrower shall indemnify Lender against any liabilities, damages, costs, expenses (including Lender's attorneys' fees), or penalties incurred by Lender in connection with the Premises as a result of such plan, Lender's approval of such plan, or the failure to comply with the requirements of such plan. This indemnification obligation shall survive the Closing and the payment of the Loan.

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*3.--. Operation and Maintenance Plan. Borrower shall be responsible for an Operation and Maintenance Plan, relating to --. The terms and requirements of that Plan shall comply with Lender's manual or guidelines on such plans (as amended from time to time) and shall be subject to Lender's prior approval, which approval shall not be unreasonably withheld. In its discretion and at Borrower's expense, Lender may hire an independent third party to monitor Borrower's compliance with the Plan.

Article 4. Disbursement of Loan Proceeds. Borrower must satisfy all conditions and requirements in this Agreement before Lender has any obligation to disburse any Loan proceeds.* If Borrower has started the Work before the Closing, any pre-Closing draw request submitted by Borrower relating to the Work must comply with all the requirements of this Agreement before Lender has any obligation to fund any post-Closing Draw Request. In this Article, the term "subcontractor" includes substantial materialmen or suppliers supplying materials for the Work and "subcontract" includes the General Contractor's contracts with or purchase orders to those persons.

4.01. Method of Disbursement. The following draw procedures shall apply:

(a) Draw Request. As a condition to any disbursement of Loan proceeds, Borrower shall fully complete, sign, and deliver to Lender a Draw Request. At a minimum, the Draw Request shall contain the following: the amount of Loan proceeds requested; satisfactory substantiation for the amount requested; the percentage completion of the Work; Borrower's certification that the undisbursed portion of the Loan plus the undisbursed portions of the Senior Loan (excluding any amounts from the loans allocated to an operating deficit reserve pursuant to the Budget)* plus undisbursed Construction Equity are sufficient to complete the Work in accordance with the Plans and Specifications and this Agreement. The amount sought for hard costs in the Draw Request may not exceed the lesser of the actual hard costs incurred by Borrower as of the date of the Draw Request or an amount equal to all budgeted hard costs for the Work times the percentage of completion of the Work less amounts previously advanced for hard costs and retainage. Lender will only advance Loan proceeds for costs contained in the Budget (not exceeding the amount set forth in the Budget for each item or category of work), actual, direct costs of the General Contractor for work required by the Construction Contract*, the cost of stored materials, and performance of the general conditions under the Construction Contract. Any Draw Request seeking payment for the General Contractor must include a requisition for payment, showing all subcontractors by name and trade, the total amount of each subcontract, and the amount previously paid to each subcontractor as of the date of the requisition, and shall be accompanied by all invoices relating to the requisition and the costs in it and partial mechanic's lien releases from the General Contractor and subcontractors or other satisfactory evidence of payment to subcontractors. The General Contractor must certify in writing on the requisition the accuracy of all information in and with it; that there is no person who has or may have any mechanic's or materialmen's liens against the Premises as a result of performance of part of the Construction Contract; and the extent of the completion of the Work. Any Draw Request seeking payment for something other than amounts owed under the Construction Contract must state the purpose for the advance and must include invoices

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for the amount requested or other satisfactory substantiation. In its sole discretion, as a condition of disbursement, Lender may require that: (1) the Architect or a construction inspector satisfactory to Lender certify the Draw Request, including the extent of completion of the Work and Borrower's and the General Contractor's compliance with the Plans and Specifications and the Construction Contract; (2) it receive an updated survey (provided, however, Lender will not request an updated survey in connection with an interim Draw Request unless it is needed to resolve an issue or dispute raised by the Draw Request); (3) it receive an endorsement to Lender's title insurance policy, increasing the amount of the coverage to the amount advanced by Lender (unless the policy provides for such an increase automatically), extending the effective date of the policy to the date of disbursement, and indicating that, since the effective date of the policy or the last endorsement, there has been no change in the status of title to the Premises and no new title exceptions; and (4) it receive an inspection report from an independent inspector satisfactory to Lender, in which the inspector has covered those items specified by Lender. Borrower may not submit the first Draw Request sooner than 20 days after Closing and subsequent Draw Requests no more frequently than once per month. After disbursement of Loan proceeds pursuant to a Draw Request, Lender may request canceled checks and paid invoices, evidencing payment of the hard and soft costs covered by any such Draw Request. Each Draw Request shall constitute Borrower's affirmation that the representations and warranties in this Agreement remain true and correct as of the date of the Draw Request and, unless Lender is notified in writing to the contrary before the disbursement of the requested advance, will be true and correct on the date of the disbursement.

(b) Advances. After receipt of a properly completed and substantiated Draw Request, Lender shall have at least 10 Business Days to examine it before making any funding decision. If the Draw Request satisfies the requirements of this Agreement and all other conditions for disbursement have been met, Lender will advance Loan proceeds. Lender shall mail or wire all advances to Borrower. Lender is not obligated to advance Loan proceeds, unless, in Lender's judgment, the undisbursed part of the Loan plus the undisbursed portions of the Senior Loan (excluding any amounts from the loans allocated to an operating deficit reserve pursuant to the Budget)* plus undisbursed Construction Equity are adequate to complete the Work in accordance with this Agreement and pay all interest, costs, and other sums required to be paid under the Loan Documents and the Senior Loan Documents before the Conversion Date.

(c) Retainage. Lender will withhold as retainage an amount equal to 10.0% of the amount approved under any Draw Request until the Work is 50% complete, at which time Lender will withhold 5.0% of the approved amount. Lender will disburse the retainage in accordance with section 4.04.

(d) Advances to or through Others. At its option, Lender may make any advance directly to the General Contractor or any subcontractor to pay for its work and materials; to any other Person to whom Lender in good faith determines payment is due; or through the company insuring Lender's interest in the Premises, but only if the Title Insurer requires that disbursements be made through it and has agreed that it shall be liable for any negligent, fraudulent, or improper disposition of Loan proceeds. Any such

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advance shall be deemed a Loan disbursement to Borrower on the date of the advance and be secured by the Deed and all other Collateral, regardless of the disposition of the payment by the contractor, third party, or the Title Insurer, and shall satisfy *pro tanto* Lender's obligations under this Agreement. Borrower's execution of this Agreement constitutes its irrevocable authorization for Lender to advance funds in this manner. Lender shall notify Borrower of any such advance.

(e) Advances for Interest and Past-Due Amounts. If Borrower does not make any payment or deposit required under the Loan Documents (including interest due under the Note) and does not cure its failure within any applicable grace or cure period, Lender may (but is not obligated to) advance Loan proceeds to make any such payment or deposit. If Lender does so, the payment or deposit shall be deemed a Loan disbursement to Borrower on the date the payment or deposit is made, notwithstanding that Borrower did not request such advance or refused to accept such advance. Borrower's execution of this Agreement constitutes its irrevocable authorization for Lender to advance Loan proceeds in this manner. Lender shall notify Borrower of any such advance.

(f) Limitation on Disbursements. Lender is not obligated to advance Loan proceeds: (1) if the amount of Loan proceeds requested is less than \$50,000.00; or (2) for any item or category of items in excess of the amount allocated for such item or category in the Budget, unless, in Lender's judgment, Borrower has sufficient funds (including undisbursed loan proceeds* and Construction Equity) to complete the Work in accordance with the Loan Documents and pay all interest, costs, and other sums required to be paid to Lender before or upon completion of the Work. If any item or category in the Budget is completed at a cost less than the amount allocated for it in the DCS, the surplus from that item or category may be re-allocated for other items or categories only with Lender's prior consent, which consent shall not be unreasonably withheld.

(g) Stored Materials. Lender will not make any advances for the cost of stored materials. "Stored materials" for purposes of this section means materials that will not be incorporated into the Work within 30 days.* Lender will make advances for stored materials only if: (1) such materials are securely stored on the Premises or in a bonded warehouse acceptable to Lender and are available for inspection by Lender or its representative; and (2) Borrower has been billed for such stored materials. At Lender's request, Borrower or the General Contractor shall insure the stored materials, and Lender shall be named as a loss payee on that insurance. The amounts, coverages, insurers, and other aspects of the insurance shall be subject to Lender's prior approval. If the materials are stored in a bonded warehouse, the receipts issued by the warehouseman shall be issued in Lender's name and held by Lender or its designee to be released only as the materials are to be used by the General Contractor.

(h) First Post-Closing Advance. Lender must receive and approve the items at **Exhibit F** before it is obligated to make its first disbursement under this Agreement. For subsequent Draw Requests, Lender must receive and approve items 1-3 of Exhibit F before it will be obligated to disburse any Loan proceeds.

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(i) Lender's Percentage of Draw. The percentage or part of each Draw Request that Lender is responsible for shall be determined between Lender and Senior Lender, in their sole discretions. Notwithstanding contrary language above, once that determination is made, Lender will only be obligated to disburse that percentage or part of the total amount of disbursement requested under any one Draw Request (less retainage) and the same percentage or part of the amount allocated for any item or category of work in the Budget.

(j) Construction Contingency. Before Borrower permits or authorizes any use of funds in the construction contingency in the Budget, Borrower must request in writing and receive Lender's consent for such use. If the amount of the construction contingency is not completely used, subject to the rights of Senior Lender, the unused amount in the construction contingency shall be applied towards the balance outstanding on the Loan, or Lender may hold back from the final disbursement an amount equal to the unused amount.

(k) Defects. If there are defects in the Work that Lender or the construction consultant or inspector deems material and irreparable or prohibitively expensive to repair, Lender shall have no obligation to disburse Loan proceeds.

(l) Timing of Final Disbursement. Borrower's final Draw Request shall be submitted to Lender within 60 days of completion of the Work. Borrower's failure to satisfy this requirement shall relieve Lender from making any further disbursement of Loan proceeds, and, notwithstanding any contrary provision in Article 5, Lender is not required to give Borrower notice of the breach and an opportunity to cure under this subsection.

4.02. Additional Conditions to Disbursement. In addition to the conditions and requirements in section 4.01, Lender shall not be obligated to disburse Loan proceeds, unless all of the following conditions are satisfied:

(a) No Defaults. No Event of Default exists and no event has occurred or circumstance exists which, with notice and the passage of time (or both), would constitute an Event of Default;

(b) Improvements Not Damaged. None of the Improvements have been materially damaged or taken or threatened to be taken by condemnation;

(c) Payment of Construction Costs. Except for any retainage permitted under the Construction Contract or any subcontract, Borrower or the General Contractor has paid all claims for work in progress, labor, materials, and fixtures on all previous Draw Requests, and all funds previously disbursed by Lender have been applied to the costs for which such funds were requested under the applicable Draw Request;

(d) No Liens. There are no liens or claims of liens outstanding against the Premises other than Lender's, Senior Lender's, and the Permitted Encumbrances (for purposes of this subsection, a lien that has been bonded off or for which a reserve

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sufficient to cover the claim of lien has been established in accordance with section 3.21 shall not be deemed “outstanding”);

(e) Compliance with Requirements. If requested, Borrower has provided Lender with satisfactory evidence of compliance with all applicable Requirements and Lender’s Rules;

(f) Representations Correct. All representations and warranties made in this Agreement are true and correct on the date of the advance with the same effect as if made on that date;

(g) Borrower’s Affidavit. If requested, Borrower has provided Lender with an affidavit in the form attached as **Exhibit G**.

(h) Other Funding. Borrower has satisfied all conditions precedent to the disbursement of the Senior Loan proceeds (if applicable)* and Construction Equity (if applicable), and Senior Lender has approved the pending Draw Request, and there are no defaults or events of default under the Senior Loan Documents* or the Tax Credit Documents.

4.03. Final Disbursement. Lender shall make the final disbursement of Loan proceeds (not including retainage) only upon substantial completion of the Work and Lender’s receipt of the following:

(a) Completion. Evidence of substantial completion of all Work (meaning completion of all Work except for minor punchlist items, but, in any event, meaning at least 95% completion of the scope of the work set forth in the Application as modified by any approved change orders) and a copy of a final or temporary certificate of occupancy for all Improvements from the appropriate Public Body, and copies of any other approvals, licenses, or permits required by the applicable Public Bodies for the use of the completed Improvements.

(b) Certifications. A certificate from the Lender’s inspecting engineer certifying that the Work has been substantially completed (as defined above) in accordance with the Plans and Specifications and, if Lender requests it, a certificate from the Architect, certifying the same thing; and approval of the Work by Lender’s staff responsible for reviewing the Work.

(c) Insurance. Policies or satisfactory certificates of insurance for all insurance required under Article 3 or any of the other Loan Documents, including the rental interruption insurance required under section 3.06 and an update endorsement for Lender’s title insurance policy for the Loan.

(d) Payment of Costs. Evidence satisfactory to Lender that all sums due in connection with the Work have been paid in full (or will be paid out of the final disbursement) and that no person claims or has a right to claim any lien arising out of the Work or the supplying of labor, material, or services for the Work.

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(e) Lien Waivers. Final lien waivers from the General Contractor and each subcontractor.

(f) Survey. A final, as-built survey of the Premises satisfactory to Lender, which survey shall satisfy the requirements set forth in **Exhibit H**.

(g) Radon Testing. Verification that the Premises have been tested for radon in accordance with Lender's requirements and with results satisfactory to Lender.

(h) MBE/WBE Report. MBE/WBE subcontractor forms, completed in accordance with the instructions plus proof satisfactory to Lender of the recruitment activities that were taken (including advertisements or means used).

(i) Additional Acts. Any other documents, affidavits, reports, or assurances as Lender or the Title Insurer' may require.

(j) Other Funding. Evidence that Borrower has satisfied all conditions precedent to the disbursement of the remaining Senior Loan proceeds* and Construction Equity, and Senior Lender has approved the final Draw Request.*Senior Loan. Written confirmation from Senior Lender satisfactory to Lender that, upon payment of the Senior Loan, Senior Lender will cancel of record its security deed and any and all other agreements or instruments encumbering the Premises or any Collateral and satisfactory proof from Borrower that, if needed, it has sufficient funds other than the remaining proceeds of the Loan to pay the Senior Loan in full.

*(k) Estoppel Letter. If requested by Lender, an estoppel letter from each Permanent Lender, confirming that the Improvements have been constructed in accordance with all applicable requirements of that Permanent Lender, that the permanent loan commitment is still in effect, and that there are no defaults under such commitment.

4.04. Retainage. Lender shall retain all of the retainage until completion of the punchlist items for the Work and any other Work that has not been completed as of substantial completion. Lender shall disburse the withheld retainage only upon satisfaction of the following: (a) full and final completion of the Work as determined by Lender and its representatives; (b) Lender's receipt of the General Contractor's certification of the actual costs of the Work; and (c) Lender's receipt of an audit report and opinion letter from an auditor acceptable to Lender, and Lender may retain an independent auditor or use DCA personnel for such purpose, in its discretion. The audit report and opinion letter must certify the General Contractor's costs incurred in connection with the Work and be prepared in accordance with generally accepted accounting principles and generally accepted auditing standards (the General Contractor's certification and the audit report and opinion letter, as required by this section, are collectively referred to as the "Cost Certification"). The Cost Certification is subject to Lender's review and must be in a form satisfactory to Lender and in accordance with Lender's requirements, and Borrower shall reimburse Lender and DCA for any fees or expenses it incurs in connection with the Cost Certification. If, as a result of the Cost Certification, Lender determines that the Project is over-subsidized and that

the General Contractor has received or will receive unreasonable profits, Lender may in its sole and absolute discretion adjust the Loan amount by deducting the amount in excess of the reasonable profits (the "Adjustment") from the Loan amount set forth in Recital A. In such event, if the retainage is larger than the amount of the Adjustment, then Lender shall disburse the retainage less the Adjustment if all other conditions for release are satisfied, but, if the retainage is less than the Adjustment, Borrower shall pay Lender the difference upon demand. If the Loan amount is so adjusted, the "Allowable Conversion Amount" set forth in Article 1 shall also be adjusted accordingly. As indicated in Exhibit D, Lender's receipt of the satisfactory Cost Certification is also a Conversion Condition. Borrower understands that for a period equal to the Term plus 3 years, Lender and HUD and any other Public Body designated by Lender (and their agents and representatives) shall have the right to audit the Cost Certification and the records relating to it and the Work, and, if as a result of any such audit, it is determined that the General Contractor has been overpaid, Lender may require that Borrower pay to Lender on demand the amount of any such overpayment. Lender's release of any part of the retainage shall not preclude Lender from subsequently demanding the payment of any such overpayment.

Article 5. Events of Default.

5.01. Events of Default. In addition to Events of Defaults specified elsewhere in this Agreement, each of the following shall constitute an "Event of Default":

(a) a failure to pay when due any amount owed under any of the Loan Documents, unless the failure is cured within any applicable cure or grace period; or

(b) any warranty or representation in any of the Loan Documents, Application, or any other writing submitted to Lender in connection with the Loan is materially incorrect or untrue; or

(c) an assignment for the benefit of creditors by Borrower or any general partner of Borrower* or any Guarantor; the appointment or the filing of a petition for the appointment of a receiver, liquidator, or trustee for Borrower or any general partner of Borrower* or any Guarantor or for a substantial part of Borrower's properties or a substantial part of the properties of any general partner of Borrower* or any Guarantor, unless the petition for the receiver, liquidator, or trustee is filed by someone other than Borrower or the General Partner, in which event Borrower or the General Partner (as the case may be) will have 60 days within which to contest such appointment; the filing of a petition for bankruptcy, reorganization, adjustment of debt, dissolution, liquidation, or arrangement, pursuant to the Federal Bankruptcy Code or any similar statute by, on behalf of, or against Borrower or any general partner of Borrower* or any Guarantor or an adjudication or admission that Borrower or any general partner of Borrower* or any Guarantor is bankrupt, insolvent, or unable to pay its debts as they fall due, but, in the case of an involuntary petition, Borrower or the General Partner (as the case may be) shall have 60 days within which to have the petition dismissed; or

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(d) filing of a notice of intent to dissolve, the dissolution, liquidation, termination, or partition of Borrower or the General Partner* or any Guarantor; or

(e) unless approved by Lender in its sole discretion, any sale, option, refinancing, transfer, leasing (except in the ordinary course of operating the Premises as a residential rental business in accordance with this Agreement), or encumbrance of the Premises, the rents, profits, and issues of the Premises, or any other Collateral; or

(f) Borrower's execution of any conditional contract of sale, chattel mortgage, or other security agreement, covering any material, fixture, equipment, appliance, article, or personal property to be incorporated in or used in connection with the Improvements (collectively, "construction materials," which term does not include articles that are owned by other parties and made available to Borrower pursuant to service contracts or leases), or Borrower's or a third party's filing of a financing statement listing construction materials as collateral, or Borrower's title to any construction materials upon delivery to the Premises (except for equipment delivered to the Premises under leases or service contracts) is not free, clear, and unconditional, unless Borrower cures any such act within 20 days of written notice from Lender or provides Lender within 15 days of demand the instrument or agreement under which Borrower claims title to any such construction materials; or

(g) unsatisfactory progress in the Work in accordance with the Completion Schedule; abandonment of the Work or the Premises; failure to carry on the Work for 5 consecutive Business Days for reasons other than "Force Majeure" (as defined in section 7.16); Borrower's failure or, in Lender's judgment, inability to complete the Work by the Completion Date or the failure or inability to satisfy any of the Conversion Conditions on or before the Conversion Deadline (unless that date is extended in Lender's sole discretion); or

(h) any of the materials, fixtures, equipment, appliances, or articles used in the Work or to be used in the operation of the Premises depart in any material respect from the Plans and Specifications or Borrower fails to correct any defect in construction within a reasonable time after discovery of the defect; or

(i) Borrower or the Premises or the Work fails to comply with the standards imposed by Lender or HUD; or

(j) any change in the identity, ownership, management, or control of Borrower (not including the sale or transfer of limited partnership interests) or the General Partner, including the termination of the General Partner as *managing general partner of Borrower or any change in the management of the Premises without Lender's prior written consent; or

(k) Borrower* or any Guarantor ceases doing business; or

(l) Lender or any representative of Lender is denied access to the Premises or is not permitted to inspect the Improvements, the Work, any materials, fixtures, and articles used or to be used in the Work or is not permitted to examine all plans, shop

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drawings, and specifications that relate to the Work, or Borrower fails to furnish to Lender or its authorized representative within a reasonable time following Lender's request (but not to exceed 20 days) copies of such plans, drawings, and specifications; or

(m) Borrower's use of any Loan proceeds for a purpose other than the purpose for which the Loan is being made, or Borrower's assignment of any interest in advances to be made under this Agreement; or

(n) the filing of any lien or claim of lien against the Premises, unless it is totally released and removed as a lien against the Premises (by payment, bonding, or otherwise) within 30 days after Borrower receives actual notice of the lien or claim of lien, unless Borrower is challenging the amount, validity, or applicability of the lien in accordance with the requirements of section 3.21; or

(o) an attachment, execution, levy, or other judicial seizure of or affecting the properties and assets of Borrower, any general partner of Borrower*, or any Guarantor or affecting the Premises or the filing of a judicial or administrative action or the beginning of an investigation against Borrower or affecting the Premises that, if adversely determined, would have a material adverse effect on the financial condition of Borrower or the operation of the Premises; or

(p) Borrower's failure to satisfy any condition to the receipt of a Loan disbursement for a period of 30 days; or

(q) Borrower's failure to pay any Taxes, if such failure is not cured within 30 days of the due date for any such payment, unless Borrower is challenging the amount, validity, or applicability of the Taxes in accordance with the requirements of §3.25; or

(r) any action by a Public Body that materially and adversely affects the use of the Premises for its intended purposes and affects the security of Lender, except a partial condemnation of the Premises where this Agreement or Lender permits Borrower to rebuild or reconfigure the Improvements, but only so long as Borrower complies with the requirements of section 3.23; or

(s) Borrower* or any Guarantor invalidly contests the validity or enforceability of any Loan Document, or Borrower* or any Guarantor incorrectly denies that it has further liability under any Loan Document;

(t) in Lender's reasonable judgment, any material adverse change in the business or financial condition of Borrower, the General Partner, or the Developer, provided, however, the provisions of this section 5.01(t) shall only apply to the Developer before the final completion of the Work;

(u) actual or threatened waste of the Premises or, after the Work is completed, any demolition or material alteration of all or any part of the Premises without the Lender's prior consent; or

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(v) Borrower's failure to comply with and perform every other provision or satisfy any other condition of this Agreement (other than ones specifically addressed above in this section), unless the failure is cured within 20 days after Lender gives Borrower written notice of the failure or, if the nature of the default is such that, as a practical matter, it cannot be cured within 20 days, the cure period shall be 90 days, so long as Borrower begins the cure within the 20-day period following receipt of notice from Lender and diligently and continuously pursues it to completion within the 90-day period; provided, however, such cure period shall not apply if another section of this Agreement specifically so provides. The payment of a monetary obligation or the production of financial reports or other documents or information required or requested by Lender under this Agreement shall not be subject to the extended 90-day period under any circumstances, unless Lender in its sole discretion consents to such extended cure period in writing.

5.02. Cross Defaults. *If any Guarantor defaults under the Guaranty, that default shall constitute an Event of Default. If Borrower defaults under any of the following agreements, that default shall also constitute an Event of Default, unless it is cured within any applicable cure or grace period:

- (a) any of the other Loan Documents;
- (b) any instrument, deed, or agreement of Borrower to or with any third party, including Senior Lender, which default would authorize the third party's immediate acceleration of any debt or foreclosure of Borrower's interest in the Premises;
- (c) any other instrument, deed, or agreement of Borrower to or with Lender, DCA, or SHTF;
- *(d) the Tax Credit Documents;
- *(e) any permanent loan commitment.

*5.03. Investor's Right to Cure. The Investor shall have the right to cure any Borrower default to the same extent and for the same period of time that the Borrower would have under this Agreement or any other Loan Document, and Lender will accept such cure as if it were a cure by the Borrower.

Article 6. Remedies Of Lender.

6.01. In General. Upon the occurrence of an Event of Default, Lender shall have the right to declare all amounts owed under the Loan Documents immediately due and payable and exercise any other right or remedy available to Lender under law or any of the Loan Documents, including Foreclosure.

6.02. Payment of Borrower's Obligations. If Borrower fails to pay any obligation under this Agreement or the other Loan Documents when due (other than a payment of interest or principal under the Note), Lender may (but has no obligation to) pay the amount that is

due without thereby waiving the Event of Default or releasing Borrower from its obligation. If Lender makes any such payment, Borrower shall promptly on demand reimburse Lender for the amount paid by Lender. If Borrower fails to reimburse Lender, Lender may add the amount of the payment it made to the outstanding principal balance of the Note (even if such addition results in the outstanding principal balance exceeding the face amount of the Note), and, if Lender does so, all such amounts shall bear interest at the Default Rate from the date of Lender's payment until reimbursed in full and shall be secured by the Deed and any other Collateral.

6.03. Lender's Right to Enter and Complete Work. Subject to the rights of Senior Lender, in addition to any other rights or remedies available to Lender, upon the happening of an Event of Default, Lender may demand that Borrower vacate the Premises, and Borrower shall do so promptly upon receipt of such demand. Subject to the rights of Senior Lender, upon the happening of an Event of Default, Lender shall also have the right, and Borrower hereby gives Lender an irrevocable license, to enter the Premises and perform any and all work and labor necessary to complete the Work substantially in accordance with the Plans and Specifications or in accordance with reasonable business judgment. In its discretion, Lender may employ watchmen to protect the Premises. All sums Lender expends for such purposes shall be deemed both to have been paid to Borrower and to be secured by the Deed.

Subject to the rights of Senior Lender, Borrower hereby irrevocably appoints Lender its attorney-in-fact with full power of substitution to complete the Work in Borrower's name and do any other reasonable act related to that end, including the following: (1) to use any funds of Borrower, including any amount held in escrow or reserve, any Equity Contribution, and any unadvanced Loan proceeds; (2) to make such additions, changes, and corrections in the Plans and Specifications as Lender deems necessary or desirable; (3) to employ agents, contractors, subcontractors, architects, and inspectors; (4) to pay, settle, or compromise any existing or future bills and claims, including ones that are or may become liens against the Premises or that may facilitate the completion of the Work or the clearance of title to the Premises; or (5) to execute all applications and certificates in Borrower's name as required by any construction contract or otherwise and to do any and every act with respect to the Work that Borrower might do. It is understood and agreed that this power of attorney shall be deemed a power coupled with an interest that cannot be revoked or terminated by death or otherwise, except with Lender's prior written consent. As attorney-in-fact, Lender shall also have the power to prosecute and defend all actions or proceedings arising in connection with the Work and to take such action and require such performance as it deems necessary or desirable. Subject to the rights of Senior Lender, Borrower hereby assigns and quitclaims to Lender all sums to be advanced under this Agreement, including any retainage and all sums in escrow or held in a reserve, conditioned upon the use of those sums for the completion of the Work and the performance of Borrower's obligations under the Loan Documents. If the completion of the Work requires a larger sum than the undisbursed Loan proceeds and Equity Contribution (if any), Lender shall have the right (but not the obligation) to disburse additional funds as needed to complete the Work. All funds disbursed by Lender to complete the Work, except any Equity Contribution, shall be deemed disbursed to Borrower and shall be secured by the Loan Documents and any

Collateral, notwithstanding that the total amount of all disbursements exceeds the maximum amount of the Loan set forth in this Agreement.

Neither Lender's entering the Premises in order to complete the Work, nor the exercise of its license or power-of-attorney, will exclude Borrower from possession, custody, ownership, or control of the Premises or make Lender a mortgagee in possession.

6.04. Remedies Cumulative. The rights and remedies of Lender granted and arising under the other Loan Documents shall be separate, distinct, and cumulative of the powers, remedies, and rights granted in this Agreement and all other rights and remedies Lender may have in law or equity, and none of them shall be to the exclusion of the others. All of them are cumulative to the remedies for collection of debt, enforcement of rights under security deeds, and preservation of security as provided at law. No act of Lender shall be construed as an election to proceed under any one provision of the Loan Documents to the exclusion of any other provision or as an election of remedies to the bar of any other remedy allowed at law or in equity.

Article 7. General and Miscellaneous Provisions.

7.01. No Advance Constitutes a Waiver. No advance of Loan proceeds shall constitute Lender's approval or acceptance of the Work done before the advance or a waiver of any requirements for or conditions to Lender's obligation to make future advances. If Lender waives the satisfaction of any requirement for or condition to its obligation to make a particular disbursement or does not insist upon strict compliance with the provisions of this Agreement, that shall not preclude Lender from insisting upon strict compliance in the future, from refusing to make a future advance, or from declaring an Event of Default. Such a waiver shall not be deemed a waiver of any existing Event of Default or of the satisfaction of the requirement or condition for any subsequent advance and shall not obligate Lender to make any other disbursement, unless Borrower satisfies all requirements for and conditions to the subsequent disbursement.

7.02. Rights of Third Parties. All conditions on Lender's obligations, including the obligation to make advances, are imposed solely and exclusively for Lender's benefit. No other Person shall under any circumstances be deemed a beneficiary of any such condition, any of which Lender may enforce or freely waive in whole or in part at any time in its sole discretion. In particular, Lender makes no representations and assumes no obligations to third parties concerning the quality of the Work or the absence of defects in the Premises. Borrower shall indemnify Lender from any liability, claim, loss, or expense resulting from disbursement of the proceeds of the Loan or from the condition of the Premises, whether related to the quality of the Work or otherwise and whether arising during or after the term of the Loan or from any breach of this Agreement or any of the other Loan Documents by Borrower. This indemnification provision shall survive the repayment of the Loan and the termination of this Agreement and shall continue in full force and effect so long as the possibility of such liability, claim, loss, or expense exists.

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7.03. All Matters Satisfactory to Lender. All actions taken in connection with the Loan and the transactions contemplated by this Agreement, all surveys and documents required by the Loan Documents and the persons responsible for the execution and preparation of them, the contractors and all subcontractors, all sureties, guarantors, insurers, the form of the construction contracts, and all subcontracts, leases, bonds, guaranties, and policies of insurance shall be satisfactory to Lender. All closing papers, Loan Documents, and other legal matters shall be subject to the approval of Lender and Lender's attorney. Borrower shall provide Lender with copies (or certified copies, if requested) of all documents which Lender may request.

7.04. Payment of Construction Costs. Lender has no obligation to any contractor, subcontractor, or materialman used in connection with the Work and has no obligation to determine whether Borrower has used or will use the proceeds of the Loan for the payment of the bills incurred by Borrower in connection with the Work. Payment of any such bills is Borrower's sole responsibility, and, with respect to any money advanced under this Agreement, Lender's sole obligation is to advance the proceeds of the Loan subject to and in accordance with this Agreement. Upon Lender's request, Borrower shall include in the Construction Contract and shall cause the General Contractor to include in any subcontract or purchase order a waiver of any right to seek payment or other redress from Lender under any circumstance.

7.05. No Agency. Lender is not the agent or representative of Borrower, and Borrower is not the agent or representative of Lender. Nothing in this Agreement or the acts of the parties is intended to create a partnership or joint venture between Borrower and Lender, and nothing in this Agreement shall be construed to create such a relationship between Borrower and Lender. Nothing in this Agreement shall be construed to make Lender liable to anyone for goods delivered to or labor or services performed upon the Premises or for debts or claims of Borrower. Nothing in this Agreement is intended to create, and it shall not be construed to create, a relationship *ex contractu* or *ex delicto* between Lender and anyone supplying labor or materials or services for or to the Premises or Borrower.

7.06. Assignment. Without Lender's prior written consent, Borrower may not assign this Agreement or any of its rights or obligations under it. Without consent from Borrower, Lender may sell participation interests in or transfer the Loan to a subsidiary or affiliate of Lender or to a Federal Reserve Bank or to another financial institution. Lender shall provide Borrower and the Investor with notice of any such sale or transfer. If Lender does so and any Loan participant or transferee shall reasonably require any additional items from Borrower, Borrower shall use all reasonable efforts to obtain and deliver such items; provided, however, Borrower shall not be required to incur any additional liability in connection with such a request. If a Loan participant or transferee requires an estoppel letter from Borrower, Borrower shall execute an estoppel letter setting forth: (a) the unpaid principal balance of and accrued but unpaid interest under the Note; (b) any offsets or defenses that exist or are claimed by Borrower; and (c) any other matters reasonably requested by Lender or such participant or transferee. If Lender transfers or assigns all of its interest, Lender shall be released of all liability to Borrower under the Loan Documents.

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7.07. Successors and Assigns. All references to the parties in this Agreement shall include the party's heirs, executors, administrators, legal representatives, successors, and permitted assigns of such party, and this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns.

7.08. Section Headings. The section headings in this Agreement are for convenience only and shall not affect any of the terms of this Agreement.

7.09. Invalid Provisions. If performance of any provision exceeds the limit of validity prescribed by law at the time of such performance, then *ipso facto* the obligation to be performed shall be reduced to the limit of such validity. If any provision of this Agreement, or the application of it to any Person, shall to any extent be invalid or unenforceable, then the remainder of this Agreement or the application of such provision or provisions to Persons other than those as to whom or which this Agreement is held invalid or enforceable shall not be affected, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

7.10. Number and Gender. Whenever the singular or plural number or the masculine, feminine, or neuter gender is used, it shall include the other, if the context requires.

7.11. Amendments. Neither this Agreement nor any provision may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

7.12. Notices. (a) All notices and other communications required or permitted under this Agreement shall be in writing and addressed to the other party at the address set forth in this section and, in the case of material notices to Borrower, with a courtesy copy sent to the Investor. All such notices shall be deemed to have been given and received as follows: 3 Business Days from the date of deposit in the U.S. mail, certified mail, return receipt requested, postage-prepaid; or when hand delivered by the party, an overnight service (such as FedEx), or a courier service. The sending or failure to send any courtesy copy mentioned under this section shall not affect the validity or sufficiency of any notice given under this section. The following addresses shall be used:

If to Borrower:

xx
c/o ZX
\$*
qs
Attention: qz

If to Lender:

Georgia Housing and Finance Authority
60 Executive Park South, N.E.

Atlanta, Georgia 30329-2229
Attention: Housing Finance Division, Asset Management Section

For courtesy copies to the Investor:

qe
Address7

(b) Borrower, Investor, or Lender may change the address to which notices are to be sent by giving the other party 10 Business Days written notice of the change.

7.13. Governing Law. This Agreement shall be construed and enforced in accordance with Georgia law.

7.14. Time is of the Essence. **Time is of the essence of this Agreement.**

7.15. Notice to Lender of Claim. Borrower shall not start any lawsuit against Lender for any claim arising from this Agreement unless Borrower first gives Lender written notice, specifically setting forth the nature and basis of Borrower's claim, within two years after Borrower first becomes aware of the act or omission that Borrower alleges gives rise to such claim. Borrower's failure to give such notice as required by this section shall constitute a waiver of any such claim. **To the extent permitted by law, Borrower hereby irrevocably and unconditionally waives any and all rights to trial by jury in any action, suit, or counterclaim, arising in connection with or out of this Agreement or the other Loan Documents.**

7.16. Force Majeure. If Borrower is hindered or delayed in, or prevented from, performing the Work due to any strike, lockout, labor dispute, act of God, inability to obtain labor or materials on a timely basis, government restriction, civil commotion, fire, casualty, or other event beyond the direct control of Borrower (but specifically excluding any financial difficulties of Borrower) (collectively referred to as "Force Majeure"), then the Completion Schedule shall be revised to extend the dates applicable to the affected Improvements for a period equal to the period of delay, if: (a) Borrower has made adequate provision, acceptable to Lender, for the protection of the Improvements and materials stored on site against deterioration and against loss or damage and theft during any such period of delay; and (b) Borrower furnishes to Lender satisfactory evidence that the completion of the Work can be accomplished on or before the extended Completion Date*; provided, however, Borrower acknowledges that the completion of the Work must be accomplished and C.O.'s for the Improvements received on or before the December 31, --, notwithstanding Force Majeure.

7.17. Conflict or Inconsistency of Terms. If there is any inconsistency in the terms and provisions of this Agreement and any of the other Loan Documents or between or among any two or more Loan Documents, then in such event Lender shall have the right at its sole option to elect which of such provisions shall govern. If there is a conflict between this Agreement and Borrower's partnership agreement, this Agreement shall control. If there is a conflict or inconsistency between this Agreement or any of the other Loan

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Documents and the Act or any federal regulations or guidance relating to the Act, as determined by the United States Department of Treasury (including the Internal Revenue Service), HUD, or Lender, the Act, regulations, and federal guidance shall control.

7.18. Exhibits. All Exhibits attached to this Agreement are a part of this Agreement.

7.19. Survival of Representations and Warranties. All representations and warranties made in this Agreement shall be deemed to be made and must be true and correct as of the Effective Date and shall survive the execution of this Agreement. With respect to the representations and warranties in sections 2.06 - 2.09, 2.15 - 2.17, and 2.19 - 2.21, if any such representation or warranty becomes inaccurate due to events subsequent to the Effective Date, Borrower shall notify Lender in writing and provide Lender with any additional information about the events as Lender may reasonably request.

7.20. Conditions. If any condition in this Agreement requires Borrower to submit evidence of the existence or non-existence of a certain fact or facts, Lender is always free to independently establish the existence or non-existence of the facts in question before it deems the condition satisfied.

7.21. Terminology. Whenever there is a reference to “reasonable attorney’s fees” in this Agreement, it shall mean reasonable attorney’s fees, actually incurred, without regard to any statutory presumption or definition as to what “reasonable” attorney’s fees means.* All provisions referring to “Guarantor” shall apply to each and every Person that is a Guarantor.

7.22. General Partner Provisions. In signing this Agreement, the General Partner is not only signing in the capacity of General Partner and on behalf of the Partnership, but for sections 2.01(b), 2.20, and 3.20 is signing in its own capacity and is making the representations that relate to it that are contained in the first two such sections and agrees to be bound by the provisions contained in the latter section.

[This space intentionally left blank]

[Signatures on next page]

IN WITNESS WHEREOF, Borrower and Lender have executed and sealed this Agreement as of the Effective Date.

XX

By: zx,
as its sole*managing general partner

By:_____

Attest:_____

[SEAL]

GEORGIA HOUSING AND FINANCE AUTHORITY

By:_____

Carmen Chubb
Deputy Executive Director

Attest:_____

Laurel Hart, Director,
Office of Affordable Housing

[SEAL]

EXHIBIT C

Schedule of Contract Documents

All contracts and agreements between Borrower and others for the design, construction, rehabilitation, and inspection of the Improvements and all permits and licenses for the construction and utilization of the Improvements, including the following:

1. building permits, variances and special use permits; agreements with and letters of assurance of availability from providers of utilities; curb cut and other access permits;
2. Plans, specifications, and drawings by the Architect for construction of the Project, including those listed on the following list, including any subsequent changes or revisions;
3. the Construction Contract;
4. the Architect's Agreement;
5. any agreement with any engineer.

EXHIBIT D

Conversion Conditions

In addition to any requirements or conditions at section 3.28 of this Agreement, the following are the conditions precedent for converting the Construction Loan to a Permanent Loan, which must be received by Lender by the deadline indicated below:

No later than 60 days before conversion:

1. Final completion of all Work in accordance with the Plans and Specifications and in compliance with the Loan Documents and all legal requirements, substantiated by the following:

- (a) a final certificate of occupancy for all buildings;
- (b) the Architect's "punch list" and completion inspection by the inspector or consultant being used by Lender;
- (c) the Architect's certificate of substantial completion of the Work;
- (d) an "as-built" survey prepared in accordance with ALTA/ACSM standards, including legal description;
- (e) a letter from the Borrower indicating acceptance of the Work;
- (f) a letter from the Borrower stating that it has received all manufacturers' warranties and operating manuals;
- (g) letters from the General Contractor and the Architect stating that the requirements of current codes and construction documents have been met;
- (h) satisfaction of all requirements in the Loan Documents, including the final draw requirements;
- (i) a completed MBE/WBE Data Collection Form;
- (j) a satisfactory test for radon;
- (k) photographs of exterior, interior, major equipment and systems, and common areas.

2. Verification that Borrower has paid for all Work and all materials supplied in connection with the Work and all equipment, fixtures, and appliances installed or used in the Premises and other personal property of Borrower and that all such property is free and clear of all liens and security interests (except those permitted by Lender) and receipt of the following:

- (a) final lien waivers from the General Contractor;
- (b) final lien waivers from all subcontractors;
- (c) final lien waivers from all materialmen;
- (d) a title examination (including a UCC search) and an updated title insurance policy for Lender or an endorsement updating the title

insurance policy issued to Lender at the Closing, which policy shall contain no exceptions, except those acceptable to Lender.

3. Verification that all insurance policies and coverage required under the Loan Documents are in place, and receipt of the following insurance certificates for the Borrower, evidencing that such insurance is in force:

- (a) an ACORD 25-S or other acceptable certificate;
- (b) an ACORD 28.

4. Verification that Borrower has obtained all permits or licenses required for the operation of the Premises for its intended use, including a business license and apartment, boiler, and elevator licenses (if applicable).

5. Receipt and approval of the following:

- (a) the lease form (which shall include an Addendum to the lease approved by Lender as to form) to be used for tenants of the Premises;
- (b) an executed management agreement for the Premises containing provisions satisfactory to Lender, including provisions addressing whether the manager will be located on-site or off-site, whether the manager will be full-time or part-time, how many staff will be used, the hours that will be maintained, and such other specific matters as Lender may require;
- (c) the management plan for the Project.

6. Receipt of a certificate evidencing treatment for termites*Receipt of a termite report indicating no active infestation of any part of the improvements, dated no more than 12 months before the Conversion Date.

7. Proof in the form of cancelled checks, bank statements, or other satisfactory evidence that Borrower has received at least \$q7 from the sale of state tax credits and federal low income housing tax credits; provided, however, if part of the above amount is to be received at the time of conversion, as provided in the Tax Credit Documents, then this proof need not be submitted until conversion.

8. Receipt of a satisfactory Cost Certification, as required by section 4.04.

No later than 30 days before conversion:

9. Verification that for 3 consecutive months after the date of issuance of the final certificate of occupancy for all Improvements, the minimum occupancy of the Premises has been at least 93% and the effective gross income from the Premises has been at least \$q8 per month, substantiated by Lender's receipt of the following:

- (a) profit and loss statement for the Premises;

- (b) documentation confirming satisfaction of the other requirements of this condition.

10. Proof of qualification of tenants and units placed in service under the Act* and low income housing tax credits, including the following:

- (a) certified rent roll, showing tenant names, the beginning and expiration date of all leases, and any other tenant or lease information requested by Lender;
- (b) if not on the rent roll, certification of tenants' incomes;
- (c) if requested, copies of all leases.

*11. Verification that at least 80% of the rented units in the Project are occupied by at least one person age 55 or older.

No later than 7 days before conversion:

*12. A satisfactory agreement as to the form of a subordination or intercreditor agreement with each permanent lender other than Lender.

13. Receipt of a certificate of existence for the Borrower from the Georgia Secretary of State, dated no sooner than 30 days before the date of conversion.

No later than the date of conversion:

14. Borrower's payment to Lender of any unpaid fees and expenses required by the Loan Documents.

15. Execution and delivery of a Borrower's Certificate (in the form following this list), certifying (among other things) that no default currently exists and that no event has occurred or condition exists that, with the passage of time or giving of notice, will cause a default to occur under: (a) the LURC; or (b) the other Loan Documents*; or (c) the Tax Credit Documents.

16. Proof that all escrows and reserves required under the Loan Documents have been established and properly funded in accordance with the Loan Documents, including:

- (a) an escrow account for taxes and insurance;
- (b) an operating deficit reserve
- (c) a replacement reserve*;
- (d) the cash flow reserve*;
- (e) a tenant assistance reserve.

17. Proof by execution and delivery of the Borrower's Certificate that Borrower has not paid a developer's fee (including any amount for consulting fees or developer's overhead) in excess of \$1.

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18. Receipt of a fully executed copy of the approved subordination or intercreditor agreement with each permanent lender other than Lender.

19. If necessary, Lender's receipt of a loan payment sufficient to reduce the outstanding principal balance on the Loan to the Allowable Conversion Amount.

*20. Proof that all construction lenders (other than Lender) have been paid in full and their security documents cancelled of record.

EXHIBIT D (continued)

BORROWER'S CERTIFICATE

In consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, xx, a Georgia limited partnership ("Borrower") represents to the Georgia Housing and Finance Authority ("GHFA") as follows:

1. For purposes of this Certificate, the following capitalized terms shall have the following meanings: "Loan" means the extension of credit evidenced and secured by the Loan Documents; "Loan Documents" means the loan agreement between GHFA and Borrower, the promissory note from Borrower to GHFA in the face amount of \$jj, the Security Deed, the assignment of leases and rents from Borrower to GHFA, the LURC, and any and all other agreements or instruments relating to or evidencing the Loan; "LURC" means the Declaration of Land Use Restrictive Covenants relating to the Property; "Property" means the real property in qq County, Georgia, more particularly described in the attached **Exhibit A**; "Security Deed" means the deed to secure debt from Borrower to GHFA, conveying the Property as collateral for the Loan*; and "Tax Credit Documents" means the partnership agreement of Borrower and any other agreement or instrument evidencing or relating to the agreement of the sale of low-income housing tax credits by Borrower.

2. No default currently exists and no event has occurred or condition exists, which with the passage of time or giving of notice will cause a default to occur under: (1) the LURC; (2) the other Loan Documents*; or (3) the Tax Credit Documents.

3. All of the representations and warranties in Article 2 of the Loan Agreement are still true and correct as of this date.

4. As of the date of this Certificate, Borrower has not paid a developer's fee in connection with the development of the project constructed on the Property (including any amount for consulting fees or developer's overhead) in excess of \$q1.

5. Borrower acknowledges that GHFA is materially relying upon the representations in this Certificate in making its decision to convert the Loan to a permanent loan.

IN WITNESS WHEREOF, Borrower has executed this Certificate on
_____.

XX

By: zx
its sole*managing general partner

By:_____

Title:_____

Attest:_____

Title:_____

[SEAL]

EXHIBIT F

Documentation/Items Required for Initial Post-Closing Draw

1. Fully executed Draw Request form with all required supporting documentation
2. Inspector's report relating to the Draw Request
3. Davis-Bacon Act payroll information
4. Satisfactory evidence of compliance with all applicable labor laws, including posting of HUD notice at the construction site
5. Satisfactory evidence of posting of HUD Form 1321 on the Project site
6. Copies of all required building permits and licenses from all applicable Public Bodies, evidencing Borrower's authority to begin the Work
- *7. Satisfactory evidence of distribution of Lead-Based Warning notice

EXHIBIT G

Borrower's Affidavit
(To be delivered to Lender before each draw)

_____, being duly sworn, deposes and says:

Affiant is the _____ of xx ("Borrower"), and has made due investigation as to the matters in this affidavit and does hereby certify the following to induce the Georgia Housing and Finance Authority ("Lender") to advance \$ _____ to Borrower pursuant to the terms of a Construction/Permanent Loan Agreement (the "Loan Agreement"), dated date1, between Lender and Borrower, and Draw Request number _____, dated _____, being submitted to Lender in connection with this affidavit:

1. Representations and Warranties. All representations and warranties contained in the Loan Agreement are true and accurate in all material respects as of the date of this Agreement.
2. No Event of Default. No Event of Default exists under any Loan Document, and no event or condition has occurred and is continuing or existing, or would result from the advance about to be made, which, with the lapse of time or the giving of notice, or both, would constitute such an Event of Default.
3. Construction Continuous; No Casualty or Taking. Construction of the Work has been carried on with reasonable dispatch and has not been discontinued at any time for reasons within the control of Borrower. The Improvements have not been damaged by fire or other casualty. No part of the Premises has been taken by eminent domain, and no proceeding or negotiation for any such taking is pending or threatened.
4. Construction on Schedule. Construction of the Work is progressing in such manner so as to insure completion of the Work in substantial accordance with the Plans and Specifications on or before the Completion Date.
5. Advances Applied to Construction Costs. All funds received from Lender previously as advances under the Construction Loan Agreement have been expended (or are being held in trust) for the sole purpose of paying costs of construction ("Costs") previously certified to Lender in Draw Requests. No part of said funds has been used, and the funds to be received pursuant to the Draw Request submitted with this affidavit shall not be used, for any other purpose. No item of Costs previously certified to Lender in a Loan Requisition remains unpaid as of the date of this Affidavit.
6. Statements Truthful; Costs Accurate; Advances to Pay Costs. All of the statements and information set forth in the Draw Request being submitted to Lender with this affidavit are true and correct in every material respect at the date of this affidavit. All Costs certified to Lender in the Draw Request accurately reflect the precise amounts due.

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Where such Costs have not yet been billed to Borrower, they accurately reflect Borrower's best estimates of the amounts that will become due and owing during the period covered by the Draw Request. All the funds to be received pursuant to the Draw Request shall be used solely for the purposes of paying the items of Cost specified in the Draw Request or for reimbursing Borrower for such items previously paid by Borrower.

7. No Liens; No Impairment of Borrower's Ability to Perform. Except as provided in the Loan Documents, nothing has occurred which has or may result in the creation of any lien, charge, or encumbrance upon the Premises or anything affixed to or used in connection with the Premises or Work or which has or may substantially and adversely impair the ability of Borrower to make all payments of principal and interest on the Note, the ability of Borrower to meet its obligations under the Loan Documents* or, to the best of its knowledge, the ability of any Guarantor to meet its obligations under the Guaranty.

8. No Prior Loan Requisition For Expenses. None of the labor, materials, overhead or other items of expense specified in the Draw Request submitted with this Affidavit have previously been made the basis of any Draw Request by Borrower or of any payment by Lender.

9. Work Status. The status of the Work is as set forth in the Draw Request and as described below: _____

_____.

10. Aggregate Cost of Completion of Improvements. The estimated aggregate cost of completing the Work including but not limited to labor, materials, architectural and engineering fees, management, financial and other overhead costs and expenses, does not exceed \$_____.

11. All Preconditions to Advance Have Been Satisfied. All conditions to the advance which is to be made in accordance with the Draw Request submitted with this affidavit (in addition to those conditions to which reference is made in this affidavit) have been met in accordance with the terms of the Loan Agreement.

12. Terms. The capitalized terms used in this Affidavit have the meaning given to them in the Loan Agreement. This affidavit is subject to and incorporates the terms of the Loan Agreement.

Sworn to before me
_____, 200__

Name and Title:_____

Notary Public

EXHIBIT H

AS-BUILT SURVEY REQUIREMENTS

Lender requires an ALTA/ASCM land title survey prepared by a registered land surveyor, meeting the minimum standards and requirements, as adopted in 2005, plus items 1, 2, 3, 4, 6, 8, 7(a), 9, 10, 11(a) and (b), 13, 14, 15, 16, 17, and 18 of Table A and meeting the following additional requirements:

1. Lender and its Title Insurer shall be named in the caption of the survey;
2. the survey shall contain a legal description of the property;
3. the date of the survey shall be acceptable to Lender's Title Insurer;
4. the survey shall indicate if any part of the Premises are in a flood plain;
5. all easements benefiting or burdening the Premises shall be shown;
6. all above ground or underground utilities (to the extent they can be determined) shall be noted on the survey;
7. any set-back lines shall be shown;
8. any encroachments on the Premises shall be depicted;
9. all improvements on the Premises, including buildings, parking areas, amenities (such as playgrounds and picnic areas), and fencing, and any encroachments by such improvements on adjacent property shall be depicted;
10. driveways, alleys, curb cuts, and indications of access shall be shown;
11. the location of all monuments discovered or placed at the corners of the Premises;
12. a certificate from the surveyor, substantially in the form that follows, shall be on the survey or shall be a separate instrument delivered to Lender:

SURVEYOR'S CERTIFICATE

The undersigned, being a registered surveyor of the State of Georgia certifies to the Georgia Housing and Finance Authority and _____ as follows:

1. This map or plat and the survey on which it is based were made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" (the "Requirements"), jointly established and adopted by the American Land Title Association ("ALTA") and the National Society of Professional Surveyors ("NSPS") in 2005, and includes items 1, 2, 3, 4, 6, 7(a), 8, 9, 10, 11(a) and (b), 13, 14, 15, 16, 17, and 18 of Table A of the Requirements. Pursuant to the Accuracy Standards adopted by ALTA and NSPS and in effect on the date of this certification, it is my professional opinion as a licensed surveyor of the State of Georgia, that the Relative Positional Accuracy of this survey does not exceed what is specified in the Requirements. The survey also meets the minimum technical standards adopted by the Georgia State Board of Land Surveyors.

2. The survey was made on the ground between _____ and _____, correctly shows the area of the subject property (the "Property"), the location and type of all buildings, structures, and other improvements situated on the Property, and any other matters situated on the Property.

3. Except as shown on the plat of survey, there are no visible easements or rights of way of which the undersigned has been advised.

4. There are no observable, above ground encroachments (a) by the improvements on the Property upon adjoining properties, streets, or alleys, or (b) by the improvements on adjoining properties, streets, or alleys upon the Property.

5. The location of each easement, right of way, servitude, and other matters affecting the Property and listed in the title insurance commitment dated _____, issued by _____ with respect to the Property, has been shown on the plat of survey, together with appropriate recording references to the extent that such matters can be located. The Property shown on the survey is the Property described in that title commitment. The location of all minimum setback provisions and restrictions has been shown on the plat of survey.

6. The Property has access to and from a duly dedicated and accepted public street or highway.

7. Except as shown on the plat of survey, the Property does not serve any adjoining property for drainage, utilities, or ingress or egress.

8. The boundary line dimensions as shown on the plat of survey form a mathematically closed figure.

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9. No portion of the Property shown on the plat of survey lies within a Special Hazard Area, as described on the Flood Insurance Rate Map for the community in which the Property is located.

10 [This paragraph is only required if certificate is not on plat]. The survey referenced in this Certificate is that certain ALTA/ACSM Land Title Survey for _____ and _____, prepared by _____, bearing the seal and certification of _____, Georgia Registered Land Surveyor No. _____, dated _____, last revised _____.

Dated: _____

_____, Georgia
Registered Land Surveyor No. _____

PROMISSORY NOTE
(HOME Construction/Permanent Loan)

\$jj

date1

1. Promise to Pay. For value received, xx, a Georgia limited partnership (the “Borrower”), promises to pay to the order of the Georgia Housing and Finance Authority, a public corporation and instrumentality of the State of Georgia (“Lender”), the principal sum of \$jj or as much of that sum as may subsequently be disbursed, with interest on the outstanding principal balance from the date of each advance of principal at the interest rates set forth below. All payments shall be made in lawful money of the United States of America to Lender at 60 Executive Park South, N.E., Atlanta, Georgia 30329-2229, or at such other place as Holder may specify.

2. Definitions. For purposes of this Note, the following terms and phrases shall have the following meanings:

(a) “Collateral” means any collateral or security held by or given to Lender to secure Borrower’s performance of its obligations to Lender, including payment of the Loan.

(b) “Construction Rate” means an interest rate of zero percent (0%) per annum.

(c) “Conversion Date” means the date on which the construction loan is converted to the permanent loan.

(d) “Conversion Deadline” means date4.

(e) “Default Rate” means a simple interest rate of 10.0% per year.

(f) “Event of Default” means a default or Event of Default (as defined in such Loan Document) under any of the Loan Documents, including this Note, which is not cured within any applicable cure or grace period.

(g) “Holder” means Lender and each subsequent holder of this Note.

(h) “Loan” means the construction loan from Lender to Borrower and, if it is converted, the permanent loan from Lender to Borrower evidenced by this Note and any other debt, liability, or obligation of Borrower evidenced by this Note.

(i) “Loan Agreement” means the Construction/Permanent Loan Agreement, dated date1, between Borrower and Lender concerning the Loan.

(j) “Loan Documents” means this Note, the Security Instruments, the Loan Agreement, the Declaration of Land Use Restrictive Covenants relating to the Property,

and any and all other documents, agreements, and instruments securing or relating to the Loan, as they may be amended, modified, restated, supplemented, or replaced from time to time.

(k) “Maturity Date” means q6 months after the first day of the first full month following the Conversion Date or, if the Conversion Date is on the first day of a month, q6 months after the Conversion Date, unless Lender accelerates the maturity of this Note under section 4, in which event, the Maturity Date shall be the date of such acceleration.

(l) “Permanent Rate” means an interest rate of *one percent (1.0%) per annum, compounded monthly, calculated on the basis of a 360-day year.

(m) “Property” means the real property located in qq County, Georgia (more particularly described in the Security Instruments).

(n) “Security Instruments” means the Security Deed from Borrower to Lender conveying the Property; the Assignment of Leases, Rents, and Security Deposits from Borrower to Lender; and any other agreement, guaranty, or instrument creating a security interest or transferring Collateral or an interest in Collateral to Lender.

3. Interest and Payment Provisions.

(a) Construction Period. From the date of this Note until the earlier of the Conversion Deadline or the date of an Event of Default, interest shall accrue at the Construction Rate and shall be computed on the daily outstanding principal balance. All accrued interest (if any) shall be due and payable on the Conversion Deadline. Any difference between the outstanding principal amount of this Note on the Conversion Date and the Allowable Conversion Amount (as that term is defined in the Loan Agreement) shall be due and payable on the Conversion Date.

(b) Permanent Loan. From the Conversion Deadline until the earlier of the Maturity Date or the date of any Event of Default, interest shall accrue at the Permanent Rate. Payments shall be made as follows: (1) All interest accrued from the Conversion Deadline through February 29, 2012, shall be due and payable on April 1, 2012. (2) Beginning July 1, 2012, and continuing on the first day of each subsequent calendar quarter, Borrower shall make payments of principal and interest as set forth below (in the table below, the months referenced begin with the first payment of principal and interest, so, for example, “months 1-12” would begin July 2012 and end with June 2013). Borrower agrees to execute and deliver to Holder such documents as Holder may deem necessary or desirable to reflect and acknowledge the conversion of the Loan and the quarterly principal and interest payment amounts due under this Note.

<u>Months</u>	<u>Quarterly Amount</u>	<u>Months</u>	<u>Quarterly Amount</u>
1-12	\$	157-168	\$
13-24	\$	169-180	\$
25-36	\$	181-192	\$
37-48	\$	193-204	\$

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49-60	\$	205-216	\$
61-72	\$	217-228	\$
73-84	\$	229-240	\$
85-96	\$	241-252	\$
97-108	\$	253-264	\$
109-120	\$	265-276	\$
121-132	\$	277-288	\$
133-144	\$	289-300	\$
145-156	\$	301-312	\$
		313-324	\$
		325-336	\$
		337-348	\$
		349-359	\$

Notwithstanding the installment payments required above, if Borrower's revenues from and operating expenses for the Property make it difficult or impossible for Borrower to make the above payments on a timely basis, Borrower may request that Lender modify the payment terms to be no more than Borrower's cashflow permits (after taking into consideration operating expenses, senior debt service, if any, and reserve payments, but excluding any non-cash expenses, such as depreciation or amortization). If Borrower seeks such a modification, Borrower shall be solely responsible for providing Lender with the information that Lender may request, which may include current audited or certified financial statements. Borrower's calculation of its cashflow shall be subject to Lender's review and approval. Nothing in this paragraph or elsewhere in the Note, however, obligates Lender to make such a modification, which shall be solely at Lender's discretion.

*(c) Balloon Payment. Borrower shall make a final payment of all unpaid principal and accrued and unpaid interest on the Maturity Date. The estimated balloon payment that will be due at the Maturity Date is \$q5, but Borrower acknowledges that this amount is only an estimate, and whatever the actual balloon payment may be, Borrower shall be obligated to pay it at the Maturity Date.

(d) Application of Payments. Holder shall apply each payment received from Borrower first to the payment of unpaid late charges, next to accrued and unpaid interest, next to amounts (if any) owed under other Loan Documents, and then the remainder (if any) to the principal balance.

(e) Late Charges. If any principal or interest payment is not made within 15 calendar days of when due, Borrower shall pay Holder a late charge of 5.0% of the past-due amount to help defray the added expense incurred by Holder in handling the delinquent payment.

(f) Prepayment. This Note may be prepaid in full or in part at any time and from time to time without notice, penalty, prepayment fee, or payment of unearned interest.

4. Default and Acceleration. If Borrower fails to make any payment required under this Note and does not cure such failure within 15 days of receipt of Lender's written notice of default, such failure shall be an "Event of Default" under this Note. If an Event of Default occurs, Holder may in its sole and absolute discretion accelerate the maturity of the principal amount owed under this Note and any other amount owed under the other Loan Documents (collectively, the "Principal Balance") plus all unpaid accrued interest owed under this Note or any of the other Loan Documents, in which event the Principal Balance and all such interest shall become immediately due and payable. Holder may exercise this right of acceleration without notice to Borrower and may exercise it immediately upon the occurrence of an Event of Default or at any time thereafter in its sole discretion (unless Holder in its sole discretion permits the cure of the Event of Default). Interest shall accrue at the Default Rate on the Principal Balance from the date of an Event of Default until the Principal Balance is paid in full, if Holder has accelerated the maturity of the Principal Balance, or, if Holder has not accelerated the maturity of the Principal Balance, from the date of the Event of Default until the Event of Default is cured in full (if Holder in its sole and absolute discretion permits it to be cured). Holder's exercise of any other right or remedy shall not affect its rights under this section. If Holder permits Borrower to cure an Event of Default, Borrower shall pay all accrued interest (including any default interest) at the time of and as a condition precedent to the curing of the Event of Default.

5. Security. Among other things, the payment of this Note and any amounts owed under the other Loan Documents is secured by the Security Instruments.

6. Attorney's Fees. In addition to any other amounts that may be due under this Note, Borrower shall pay Holder all costs incurred in collecting this Note and amounts owed under other Loan Documents, including its reasonable attorney's fees, whether or not suit is brought and whether incurred in connection with collection, trial, appeal, or otherwise. Any reference to attorney's fees in this Note means reasonable attorney's fees, actually incurred without regard to any statutory definition or presumption as to what "reasonable" attorney's fees means.

7. Taxes. Borrower shall indemnify Holder against liability for the payment of state intangible, documentary, and recording taxes and other taxes (including interest and penalties), which may be payable in connection with the Loan.

8. Interest and Usury. In no event shall the amount of interest due or payable under this Note exceed the maximum rate allowed by law, and, if Borrower pays an amount that includes interest exceeding the maximum allowable rate, the excess shall be credited as a payment from Borrower to Lender, unless Borrower notifies Holder in writing that Borrower wants the excess returned. It is the express intent of Borrower and Holder that Borrower not pay and Holder not receive, directly or indirectly, interest in excess of that which may be lawfully paid by Borrower. All interest shall be calculated on the basis of 360 days per year for the actual number of days elapsed.

9. Remedies Cumulative. Holder's remedies in this Note and the other Loan Documents shall be cumulative and concurrent and may be pursued singly, successively,

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or together at Holder's sole discretion and may be exercised as often as occasion shall arise.

10. Waiver of Certain Rights. To the maximum extent permitted by applicable law, Borrower hereby waives and renounces all rights to the benefits of any statute of limitation and any moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisal, exemption, and homestead now provided or which may subsequently be provided by the Constitution or laws of the United States of America or any state, both as to itself and in and to all of its property, real and personal, against the enforcement and collection of the obligations evidenced by this Note. To the extent Borrower has the power to do so, Borrower transfers, conveys, and assigns to Holder a sufficient amount of such homestead or exemption as may be set apart in bankruptcy to pay this Note in full with all costs of collection and directs any trustee in bankruptcy having possession of such homestead or exemption to deliver to Holder a sufficient amount of property or money set apart as exempt to pay the debt evidenced by this Note and, to the extent possible, appoints Holder as attorney-in-fact for Borrower to claim any and all exemptions allowed by law.

Borrower hereby: (a) waives demand, presentment of payment, notice of dishonor and nonpayment, protest, notice of protest, and all other notices (except those specifically required under the Loan Documents), filing of suit, and diligence in collecting this Note, or in enforcing any of its rights under any guaranties securing its repayment; (b) agrees to any substitution, addition, subordination, or release of all or part of any Collateral (including the Property) or of any party or person primarily or secondarily liable on this Note; (c) agrees that Holder shall not be required first to sue or exhaust its remedies against Borrower or any other liable person or party or against any Collateral (including the Property) in order to enforce payment of this Note; (d) agrees that Holder may exercise or refrain from exercising any right or remedy that it may have; and (e) agrees that, notwithstanding the occurrence of any of the foregoing (unless there is an express written release by Holder of Borrower or any surety, endorser, or guarantor), Borrower and all sureties, endorsers, and guarantors shall be and remain jointly and severally, directly and primarily, liable for all sums due under this Note.

11. Applicable Law. This Note shall be construed and enforced in accordance with Georgia law.

12. Miscellaneous. **TIME IS OF THE ESSENCE OF THIS NOTE**. As used in this Note, the words "Borrower" and "Holder" shall include the respective successors and assigns of Borrower and Holder. Holder is not and shall not be construed to be a partner, joint venturer, co-principal, or associate of Borrower or of any person or party claiming by, through, or under Borrower in the conduct of its business. No waiver or release by Holder shall be effective unless in writing. A waiver or release with reference to one event shall not be construed as continuing or as a bar to or waiver or release of any subsequent right, remedy, or recourse as to any subsequent event. A failure to accelerate the debt evidenced by this Note, acceptance of a past-due installment, or indulgences granted from time to time shall not be construed as a novation of this Note or as a reinstatement of the Loan or as a waiver of Holder's right of acceleration or the right of

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Holder subsequently to insist upon strict compliance with the terms of this Note or to prevent the exercise of its right of acceleration or any other right or remedy under this Note or Georgia law. To the maximum extent possible, Borrower waives the benefit of any present or future statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing. No extension of time for the payment of this Note or any installment due under it granted any person liable for the payment of this Note shall operate to release, discharge, modify, change, or affect the original liability of Borrower under this Note, whether in whole or in part, unless Holder specifically and expressly agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

13. Limited Liability. Notwithstanding any other provision of this Note or the other Loan Documents, but subject to the other provisions and limitations of this section, *upon Lender's determining that the "Work" (as defined in the Loan Agreement) has been fully and finally completed and any retainage released (the "Completion Date"), Borrower shall not be personally liable for any amounts owed under this Note or the other Loan Documents, and Lender agrees to satisfy any unsatisfied debt or judgment against Borrower for any default under the Loan Documents from the Property and any other Collateral. After the Completion Date, no other property or assets of Borrower or any general or limited partner of Borrower, except pursuant to any guaranty given in connection with the Loan, shall be subject to levy, execution, or other enforcement procedures for the satisfaction of such a debt or judgment.

Nothing in this Section shall: (1) release, impair, or otherwise affect the validity or enforceability of any of the Loan Documents or the perfection or priority of this Note and Lender's interest and title in the Property or any other Collateral; (2) constitute a waiver of any obligation evidenced or secured by any Loan Document or in any way be construed to release or impair the title or security interests created by any other Loan Document; (3) limit the rights or remedies of Lender under any of the Loan Documents, including the right to foreclose, either judicially or nonjudicially, Borrower's interest in the Property or to confirm any foreclosure or sale pursuant to the power of sale in the Security Instruments or to bring actions against Borrower and enter a judgment against Borrower, so long as the exercise of any remedy does not extend to execution against any property of Borrower or any general or limited partner of Borrower (unless the general or limited partner is also a guarantor) other than the Property and any other Collateral; or (4) affect Lender's right to bring any action against any guarantor under any guaranty, enter a judgment, and satisfy any judgment obtained against any assets of any guarantor.

The limitation of liability set forth in this section shall be void and of no effect if Borrower delays or attempts to delay any foreclosure or exercise of the power of sale under any of the Security Instruments or any other remedy with respect to the Collateral, including a claim by Borrower that any of the Security Instruments or other Loan Documents is invalid to the extent that Lender would be precluded from exercising its remedies against the Property or other Collateral. Without limiting the generality of the preceding sentence, the limitation of liability in this section shall be void and of no effect if Borrower files a petition or begins any case or proceeding under any provision or

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chapter of the Federal Bankruptcy Code; if Borrower opposes Lender's motion to lift the automatic stay in any such proceeding; or if Borrower files a proposed plan of reorganization that provides that Lender would receive less than all of the Property and the other Collateral or receive a lien on less than all of the Property and the other Collateral.

The limitation of liability in this section shall not preclude Lender from: (a) naming Borrower or any general partner of Borrower as a defendant in any action; (b) asserting that any unpaid amount under the Loan Documents is a defense, counterclaim, or setoff against any claim by Borrower or any partner of Borrower or any guarantor of the Loan against Lender; (c) exercising self-help remedies, such as setoff; or (d) enforcing any indemnity obligations, including any environmental indemnities.

Notwithstanding any of the foregoing, Lender shall be entitled to injunctive relief in connection with the following, and Borrower and its general partners shall remain and be fully liable to Lender for damages (including consequential and punitive damages) suffered by Lender as a result of any of the following:

(a) Borrower's misapplication of: (1) any rents and profits from the Property received by Borrower that were in existence at or accrued after the time of a default under any of the Loan Documents; (2) any insurance proceeds received before the exercise of Lender's remedies, which proceeds are due to damage, loss, or destruction to the Property (to the full extent of such proceeds); and (3) any proceeds or awards resulting from the condemnation of all or any part of the Property (to the full extent of such proceeds or awards), if received before the exercise of Lender's remedies;

(b) the failure to pay taxes, assessments, or other charges which create liens on any part of the Property and that are payable or applicable to a period before Lender's exercise of remedies under the Loan Documents (to the full extent of any such taxes, assessments, or other charges);

(c) the failure to pay, escrow funds with Lender sufficient to satisfy the claim of lien, or bond off any valid mechanics' liens, materialmen's lien or other liens, whether or not similar (arising before any such exercise of remedies) which create liens on any part of the Property and are not eliminated by Lender's exercise of its power of sale under the Security Instruments (to the full extent of the amount claimed by any lien claimant);

(d) fraud or material misrepresentation or willful damage or waste to the Property by or on behalf of Borrower;

(e) the failure after default (which default results in the exercise of remedies by Lender) and before any such exercise of remedies, to maintain the Property in accordance with the Loan Documents (to the full extent of the cost of such maintenance);

(f) the failure to turn over to Lender upon foreclosure or exercise of its power of sale any tenant's security deposits;

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(g) Borrower's removal or disposal of Collateral in violation of the provisions of the Loan Documents, to the extent of its fair market value as of the time of giving any notice to Borrower of default;

(h) any liability, cost, or expense resulting from any violation of the covenants, representations, and warranties regarding hazardous wastes and materials in the Loan Documents;

(i) any sale, transfer, or refinance of all or part of the Property or any interest in it, which is in violation of the terms of the Loan Documents, or any sale or transfer or refinance of other Collateral; or

(j) Borrower's failure to complete the Work (as defined under the Loan Agreement).

As used in this Note, the term "misapplication" means Borrower's failure to apply funds to the reasonable and proper costs of ownership, operation, maintenance, repair, and (when applicable) restoration of the Property, and the payment of principal, interest and other amounts to be paid or due under any of the Loan Documents or any other loan secured by the Property.

14. Notices. (a) All notices required under this Note shall be in writing and addressed to the other party at the address set forth in this section. All such notices shall be deemed to have been given and received as follows: 3 business days from the date of deposit in the U.S. mail, certified mail, return receipt requested, postage-prepaid; or when hand delivered by the party, an overnight service (such as FedEx), or a courier service. The following addresses shall be used:

If to Borrower:

xx
c/o zx
\$*
qs
Attention: qz

If to Lender:

Georgia Housing and Finance Authority
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2229
Attention: Housing Finance Division, Asset Management Section

(b) Borrower or Lender may change the address to which notices are to be sent by giving the other party 10 business days written notice of the change.

[This space intentionally left blank]

[Signatures on next page]

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

XX

By: zx,
as sole*managing general partner

By: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

After recording,
return to:

John G. Grubb, Jr.
P.O. Box 447
McCaysville, Georgia 30555

**PURSUANT TO O.C.G.A. §50-26-9, LENDER IS EXEMPT FROM ANY TAXES
OR ASSESSMENTS UPON PROPERTY, INCLUDING REAL ESTATE
TRANSFER AND INTANGIBLES TAXES**

**DEED TO SECURE DEBT
AND SECURITY AGREEMENT**

1. **Grantor:** xx
 \$*
 qs

2. **Lender:** Georgia Housing and Finance Authority
 60 Executive Park, South, N.E.
 Atlanta, Georgia 30329-2229

3. **The Loan:** A construction loan in the maximum principal amount of
 \$jj and, if conversion conditions are met, a permanent loan
 in the maximum principal amount of \$jj.

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4. **Loan Documents:** A Construction/Permanent Loan Agreement (the “Loan Agreement”), a promissory note in the principal amount of \$jj (the “Note”), this Deed, an Assignment of Leases, Rents, and Security Deposits, any guaranty of Grantor’s obligations, and any other document or instrument executed by Grantor or any other person in any way pertaining to the Loan and the debt evidenced by the Note.
5. **Maturity Date:** No later than date7.
6. **Property:** The real property in qq County, Georgia, described in the attached **Exhibit A**, together with all buildings, improvements, fixtures, equipment, easements, rights-of-way, water rights, rights, privileges, franchises, tenements, hereditaments, and appurtenances belonging or in any way appertaining to it, including any interest in adjoining road beds (all buildings, structures, and other improvements now or subsequently located on the Property shall be referred to as the “Improvements”).
7. **Obligations:** This Deed secures the following obligations (collectively, the “Obligations”): (a) the Loan and the Note; (b) all other debts and obligations of Grantor to Lender under this Deed or the other Loan Documents, including interest; (c) all amounts advanced by Lender to Grantor or on Grantor’s behalf in the future; (d) every obligation, covenant, condition, and agreement of Grantor in any of the Loan Documents; (e) all other debts of every kind and character, owing now or in the future by Grantor to Lender, whether direct or indirect, absolute, contingent, or otherwise. This security deed secures an obligation incurred for the construction of an improvement on land.
8. **Grant:** For good and valuable consideration, including the making of the Loan, Grantor hereby grants, bargains, sells, and conveys to Lender the Property **TO HAVE AND HOLD** the Property to the use, benefit, and behoof of Lender in **FEE SIMPLE** forever. As it relates to the Property, this instrument is a security deed passing legal title pursuant to Georgia law governing loan or security deeds and is not a mortgage. This Deed is made and intended to secure the timely payment and performance of the Obligations. The lien of any future advances by Lender to Grantor shall relate back to the date of this Deed.
9. **Warranties:** Grantor warrants the following: (a) Grantor has fee simple title to the Property, subject only to those matters set forth in **Exhibit B** (the “Permitted Encumbrances”), and has legal title to the “Collateral” (as defined below). This warranty of title shall survive the foreclosure of Grantor’s interest in the Property and shall inure to the benefit of and be enforceable by any person who may acquire title to the Property by foreclosure or sale under power. (b) Grantor warrants and will forever defend Lender’s title and right to the Property against the claims of all persons. (c) Except as may be set forth in Exhibit B, Grantor has not granted any other person an interest or right in the Property or a security interest in the Collateral. (d) The person signing this Deed on behalf of Grantor has been authorized to do so, and this Deed is valid, binding, and enforceable in accordance with its terms. (e) The lien and title of this Deed constitutes a good and valid second priority lien on and title to the Property, and the security interest in

the Collateral created by this Deed constitutes a good and valid second priority security interest in the Collateral, subordinate only to the title and interests of yy (“Senior Lender”).

10. **Covenants of Grantor:**

(a) Insurance. Grantor shall obtain and maintain in force the insurance required by the Loan Agreement until all Obligations are paid in full.

(b) Taxes. Grantor shall pay when due all taxes, assessments, and other charges against the Property or Collateral (each of which is referred to as a “Tax”). If, however, Grantor is not in default under this Deed or any of the other Loan Documents, Grantor may contest the amount, validity, or applicability of any Tax if it does so diligently, in good faith, without prejudice to Lender, and (if required by Lender) it provides security satisfactory to Lender to protect Lender’s interest. If Grantor intends to contest any Tax, Grantor shall give Lender advance notice and, upon request, shall provide Lender with copies of all documents relating to the proceeding. If Grantor fails to pay any Tax when due, Lender may (but shall not be obligated to) pay the Tax. If Lender does so, Grantor shall on demand reimburse Lender for the amount paid plus interest at the Default Rate (as defined in the Note).

(c) Rents and Profits. By separate instrument, Grantor has assigned to Lender the rents, leases, and profits from the Property as additional security for payment of the Obligations.

(d) Security Interest. Grantor grants Lender a security interest in any fixtures located on the Property and the personal property described in the attached **Exhibit C** (collectively, the “Collateral”). Grantor shall execute and deliver to Lender or hereby authorizes Lender to file without Grantor’s signature all financing statements, continuation statements, or other instruments requested or deemed necessary or desirable by Lender in order to perfect or maintain the perfection of Lender’s security interest in the Collateral. Grantor shall not change its state of organization without Lender’s prior written consent. Grantor shall not remove any of the Collateral from the Property, unless Grantor immediately replaces it with a comparable article owned by Grantor. Any replacement Collateral shall be subject to Lender’s security interest and must be free and clear of any lien or security interest other than Lender’s and Senior Lender’s. In addition to any other rights and remedies Lender may have, if an Event of Default occurs, Lender shall have all of the rights and remedies of a secured party under the Georgia Uniform Commercial Code and the following rights: to sell the Collateral at one or more public or private sales, including a sale held in conjunction with the sale of the Property; to conduct any such sale; to purchase all or part of the Collateral at any such sale; to enter upon the Property and the Improvements or any place where any Collateral is located to take possession of and assemble the Collateral or to render it unusable; to require Grantor to assemble the Collateral and make it available to Lender at the Property; and to sell the Property and Collateral as a whole. Any sale pursuant to this Section shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with a sale under the power of sale granted in this Deed. Lender need

not take possession of the Collateral before a sale, and it shall not be necessary that the Collateral be present at the location of such a sale. Grantor shall be liable for all expenses incurred by Lender in retaking, holding, preparing for sale, or selling the Collateral.

(e) Other Covenants. Without Lender's prior written consent, Grantor shall not grant or create any easement or right-of-way in the Property or consent to any restrictive covenants that run with the land. Grantor shall maintain the Property in good condition and repair. Grantor shall not cause or permit any waste of the Property or any nuisance on the Property. Grantor shall comply with all applicable federal, state, and local laws relating to the ownership, use, or operation of the Property. Without Lender's prior written consent, Grantor shall not transfer any interest in the Property (either voluntarily, involuntarily, or by operation of law) or sell, ground lease, option, refinance, or further encumber the Property or any interest in it. Grantor shall keep the Property free from all mechanics' or materialmen's liens, judgments, and other liens and shall remove, bond over, or escrow over any such lien within 20 days of the time it attaches to the Property. Without Lender's prior written consent, Grantor shall not sell or further encumber the Collateral or assign any interest in the rents or income from the Property to a third party. Grantor shall appear in and defend any action or proceeding purporting to affect the Property and notify Lender of the proceeding.

11. Special Waivers: **GRANTOR EXPRESSLY: (A) ACKNOWLEDGES LENDER'S RIGHT TO ACCELERATE THE DEBT AND THE POWER OF ATTORNEY GIVEN IN THIS DEED TO LENDER TO SELL THE PROPERTY BY NONJUDICIAL FORECLOSURE UPON DEFAULT BY GRANTOR WITHOUT ANY JUDICIAL HEARING AND WITHOUT ANY NOTICE OTHER THAN THE NOTICE (IF ANY) SPECIFICALLY REQUIRED UNDER THE PROVISIONS OF THIS DEED; (B) WAIVES ANY AND ALL RIGHTS WHICH GRANTOR MAY HAVE UNDER THE FIFTH AND FOURTEENTH AMENDMENTS TO THE CONSTITUTION OF THE UNITED STATES OF AMERICA, THE VARIOUS PROVISIONS OF THE CONSTITUTION FOR THE SEVERAL STATES, OR BY REASON OF ANY OTHER APPLICABLE LAW, TO NOTICE AND TO JUDICIAL HEARING BEFORE LENDER'S EXERCISE OF ANY RIGHT OR REMEDY, EXCEPT ANY NOTICE SPECIFICALLY REQUIRED BY THIS DEED; (C) ACKNOWLEDGES HAVING READ THIS DEED AND HAVING THE OPPORTUNITY TO ASK ANY AND ALL QUESTIONS REGARDING THE LEGAL EFFECT OF THIS DEED AND ITS PROVISIONS; (D) ACKNOWLEDGES HAVING CONSULTED OR HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL OF GRANTOR'S CHOICE BEFORE EXECUTING THIS DEED; (E) ACKNOWLEDGES THAT ALL WAIVERS OF RIGHTS HAVE BEEN MADE KNOWINGLY, INTENTIONALLY, AND WILLINGLY; AND (F) AGREES THAT GRANTOR'S RIGHT TO NOTICE SHALL BE LIMITED TO THOSE RIGHTS TO NOTICE PROVIDED BY THIS DEED OR THE OTHER LOAN DOCUMENTS OR AS REQUIRED UNDER LAW (IF ANY) AND NO OTHER.**

12. Events of Default: Each of the following constitutes an Event of Default under this Deed: (a) a default or event of default (however defined) under any of the other Loan

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Documents, unless it is cured within any applicable cure or grace period; (b) Grantor's failure to perform or observe any covenant in this Deed; (c) any warranty or representation by Grantor in this Deed is false in any material respect when made; or (d) the dissolution of Grantor or the termination of Grantor's existence.

13. **Remedies:** If an Event of Default occurs, in addition to any other rights or remedies Lender may have, Lender may exercise one or more of the following remedies:

(a) **Possession.** Lender may enter upon and take possession of the Property (without the appointment of a receiver or application for one) and do all acts which may be desirable in Lender's judgment to preserve the Property's value, its marketability, or the ability to rent the Property or increase the income from it. If Lender takes possession, it may employ an agent or agents to manage, operate, and lease the Property, either in its own name or in the name of Grantor, and may collect the rents and income and apply them to the Obligations (including expenses of operation and collection) in whatever order it chooses in its sole and absolute discretion.

(b) **Specific Performance.** Lender may specifically enforce the provisions of this Deed or any instrument evidencing any part of the Obligations.

(c) **Protective Advances.** In its sole and absolute discretion, Lender may pay any amount deemed appropriate by Lender to protect its interest in the Property and Collateral or cure any Event of Default. The amount of any such payment, with interest from the date of payment at the Default Rate (as defined in the Note), shall become a part of the Obligations and be due and payable by Grantor to Lender upon demand.

(d) **Acceleration.** Without further notice to or demand upon Grantor, Lender may accelerate the maturity and payment of the entire Obligations, all of which will then become immediately due and payable.

(e) **Power of Sale.** (1) Lender may sell the Property at public auction at the usual place for conducting sales at the courthouse in the county where the Property or any part of it is located to the highest bidder for cash, first advertising the time, terms, and place of such sale by publishing a notice of the sale once a week for four consecutive weeks (without regard to the actual number of days) in a newspaper in which sheriff's advertisements are published in the county, and Grantor waives all other notice. Lender may execute and deliver to the purchaser at the sale a sufficient conveyance of the Property in fee simple, which conveyance may contain recitals about the default upon which the execution of the power of sale depends, and the recitals shall be presumptive evidence of due compliance with all acts prerequisite to the sale. Lender and its agents and representatives may bid and purchase at any such sale. At any sale under the power granted in this Deed or a sale pursuant to any judicial order or otherwise, the Property or any part of it may be sold in one parcel and as an entirety or in such parcels, manner, or order as Lender in its sole discretion may elect.

(2) Grantor hereby constitutes and appoints Lender as its agent and attorney-in-fact to make such recitals, sale, and conveyance, and Grantor hereby ratifies

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and confirms all acts of its attorney-in-fact. Further, Grantor agrees that such recitals shall be binding and conclusive upon Grantor and agrees that the conveyance by Lender under this power of sale (or by deed in lieu of foreclosure, then as to such conveyance) shall bar all right, title, interest, equity of redemption (including all statutory redemption, homestead, dower, and curtesy), and all other exemptions of Grantor in and to the Property.

(3) In case of such a sale, Grantor or any person in possession of all or any part of the Property under Grantor shall become tenants holding over and shall immediately deliver possession to the purchaser at such sale or be summarily dispossessed in accordance with the provisions of law applicable to tenants holding over.

(4) The power and agency granted to Lender are coupled with an interest and are irrevocable by death, dissolution, or otherwise and are in addition to any other remedies which Lender may have under this Deed or the other Loan Documents, at law, or in equity.

(5) At its option, Lender is authorized to foreclose Grantor's interest in the Property, subject to any superior rights of any tenants of the Property. The failure to make any such tenant a defendant in any such foreclosure action and to foreclose its interests and rights will not be a defense to any action Lender institutes to collect the Obligations or to collect any deficiency. One or more exercises of the powers granted in this Section shall not extinguish or exhaust the power unless the entire Property is sold or the Obligations are paid in full.

(6) The proceeds of any sale or foreclosure under this Deed shall be applied in the following manner: **First**, to payment of all costs of the sale, including legal fees and disbursements, title charges, advertising, commissions, and transfer taxes and payment of any advances by Lender for expenses and liabilities for which Grantor is responsible under this Deed or any of the other Loan Documents; **Second**, to payment of any other previously unreimbursed amounts expended by Lender under this Deed or any other Loan Document, together with interest at the Default Rate in the Note; and, **Third**, to payment of the Obligations, including interest at the Default Rate in the Note. Lender shall have the right to apply the proceeds of the sale to the Obligations in whatever order it chooses in its sole and absolute discretion. After application of the sale proceeds as provided above, if there is any surplus, Lender shall pay that surplus to Grantor. *Subject to section 15, if there is a deficiency, Grantor shall immediately pay Lender the amount of the deficiency.

(f) Receiver. In any action to foreclose this Deed or if an Event of Default occurs, Lender may apply for the appointment of a receiver for the rents and income from the Property or the Property or both. If Lender does so, Grantor agrees that Lender is entitled to the appointment of such a receiver as a matter of right, without regard to the value of the Property as security for the amounts due Lender or the solvency of any person or entity liable for payment of such amounts. Grantor hereby consents to the appointment of such receiver or receivers, waives any and all notices of and defenses to such appointment, and agrees not to oppose any such application by Lender. The appointment

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of such receiver, trustee, or other appointee by virtue of any court order, statute, or regulation shall not impair or in any manner prejudice Lender's rights to receive payment of the rents and income from the Property pursuant to other terms and provisions of this Deed or any of the other Loan Documents. Any money advanced by Lender in connection with any such receivership shall be deemed part of the Obligations and shall bear interest at the Default Rate (as defined in the Note). The receiver or his agents shall be entitled to enter upon and take possession of any and all of the Property and Collateral to the same extent and in the same manner as Grantor. The receiver or his agents may exclude Grantor and its agents and employees from the Property and may have, hold, use, operate, manage, repair, maintain, insure, and control the Property. At the option of Lender, such receivership shall continue until full payment of all Obligations or until title to the Property is transferred by foreclosure or sale under this Deed.

(g) Remedies Cumulative. The rights and remedies of Lender under this Deed are separate, distinct, and cumulative of other powers and rights that Lender has in law or equity or under the other Loan Documents. No right or remedy of Lender is exclusive; all of them are cumulative to the remedies for collection of debt, enforcement of rights under security deeds, and preservation of security as provided at law, in equity, or under the other Loan Documents. No act of Lender shall be construed as an election of an exclusive remedy, unless Lender indicates so in writing.

(h) Section 42 Limitation. Notwithstanding any other provision of this Deed, if Lender forecloses Grantor's interest in the Property or exercises its power of sale under this Deed (each of which shall be referred to as a "Foreclosure"), the sale and purchase of the Property at Foreclosure shall be subject to the provisions of section 42(h)(6)(E)(ii) of the Internal Revenue Code (the "Code") or any similar successor provision of the Code. This section shall apply notwithstanding the order of recording of this Deed and the Declaration of Land Use Restrictive Covenants, which has been or will be executed in connection with the Loan and allocation of federal and state housing tax credits to Grantor for the Property.

14. Miscellaneous:

(a) Notices. All notices required under this Deed shall be in writing. All such notices shall be deemed to have been given and received 3 days from the date of deposit in the U.S. mail, certified mail, return receipt requested, postage-prepaid; or when hand delivered by the party, an overnight service (such as FedEx), or a courier service. The addresses set forth in sections 1 and 2 shall be used with notices to Grantor to be made to the attention of qz and notices to Lender to be made to the attention of Housing Finance Division, Asset Management Section. Grantor or Lender may change the address to which notices are to be sent by giving the other party 10 business days written notice of the change.

(b) No Waiver of Future Compliance. Any indulgence or departure permitted at any time by Lender from any of the provisions of this Deed or with respect to the Obligations shall not modify the same or waive the requirement of future compliance by

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Grantor. Lender's failure to exercise any right or remedy upon an Event of Default shall not waive Lender's rights or remedies for any subsequent Event of Default.

(c) Nomenclature. The words "Grantor" and "Lender" shall include their respective successors and permitted assigns and all those holding under either of them. Any reference to the "Note" or to any "Loan Document" shall include any amendments, substitutions, renewals, or replacements to or for it. The word "including" means "including (but not limited to)," unless otherwise specifically stated. Any capitalized term that is not defined in this Deed shall have the same meaning as in the Loan Agreement.

(d) Payment of Expenses. Grantor shall pay all of Lender's expenses actually incurred in any efforts to enforce any provision of this Deed, including reasonable attorney's fees and other legal expenses.

(e) Severability. A determination that any provision of this Deed is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Deed to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstance.

(f) Section Headings. The headings of the sections and paragraphs of this Deed are for convenience only and shall not affect any of the terms of this Deed.

(g) Governing Law. This Deed will be governed by and construed in accordance with Georgia law.

(h) Unsecured Portion of Debt. If any part of the Obligations cannot be lawfully secured by this Deed or if any part of the Property or Collateral cannot be lawfully subject to the lien and security interest of this Deed to the full extent of such debt, then all payments made shall be deemed to have first been applied to discharge those Obligations that are not secured by this Deed or secured by the Collateral.

(i) Conflict or Inconsistency of Terms. If there is any inconsistency between this Deed and any of the other Loan Documents, Lender shall have the right at its sole option to elect which provision shall govern.

(j) Amendments. This Deed may be amended or modified only by an instrument in writing signed by Lender and Grantor.

(k) Subrogation. Lender shall be subrogated to any encumbrance, lien, claim, or demand, and to all the rights and security for its payment, paid or discharged by Lender under this Deed, and any such subrogation rights shall be additional and cumulative security for Lender.

(l) Time of the Essence. **Time is of the essence of this Deed.**

(m) Release of Deed. If Grantor pays Lender the Obligations, Lender will cancel this Deed. Otherwise, it will remain in full force and effect. No release of the title, lien, or security interest created by this Deed will be valid unless signed by Lender.

*15. **Limited Liability**. Notwithstanding any other provision of this Deed or the other Loan Documents, but subject to the other provisions of this section, upon Lender's determining that the "Work" (as defined in the Loan Agreement) has been fully and finally completed and any retainage released (the "Completion Date"), Grantor shall not be personally liable for any of the Obligations, and Lender agrees to satisfy any unsatisfied debt or judgment against Grantor for any default under the Loan Documents from the Property, the Collateral, and any other collateral for the Loan. After the Completion Date, no other property or assets of Grantor or any general or limited partner of Grantor, except pursuant to any guaranty given in connection with the Loan shall be subject to levy, execution, or other enforcement procedures for the satisfaction of such a debt or judgment.

Nothing in this Section shall: (1) release, impair, or otherwise affect the validity or enforceability of any of the Loan Documents or the perfection or priority of this Deed and Lender's interest and title in the Property, the Collateral, or any other collateral for the Loan; (2) constitute a waiver of any obligation evidenced or secured by any Loan Document or in any way be construed to release or impair the title or interests created by this Deed or a security interest granted by any other Loan Document; (3) limit the rights or remedies of Lender under any of the Loan Documents, including the right to foreclose, either judicially or nonjudicially, Grantor's interest in the Property or to confirm any foreclosure or sale pursuant to the power of sale in this Deed or to bring actions against Grantor and enter a judgment against Grantor, so long as the exercise of any remedy does not extend to execution against any property of Grantor or any general or limited partner of Grantor other than the Property, Collateral, and any other collateral for the Loan; or (4) affect Lender's right to bring any action against any guarantor under any guaranty, enter a judgment, and satisfy any judgment obtained against any assets of any guarantor.

The limitation of liability set forth in this section shall be void and of no effect if Grantor delays or attempts to delay any foreclosure or exercise of the power of sale under this Deed or the foreclosure or exercise of any other remedy with respect to the Collateral or any other collateral for the Loan, including a claim by Grantor that this Deed or any of the other Loan Documents is invalid to the extent that Lender would be precluded from exercising its remedies against the Property, Collateral, or other collateral for the Loan. Without limiting the generality of the preceding sentence, the limitation of liability in this section shall be void and of no effect if Grantor files a petition or begins any case or proceeding under any provision or chapter of the Federal Bankruptcy Code; if Grantor opposes Lender's motion to lift the automatic stay in any such proceeding; or if Grantor files a proposed plan of reorganization that provides that Lender would receive less than all of the Property, Collateral, and the other collateral for the Loan or receive a lien on less than all of the Property, Collateral, and the other collateral for the Loan.

The limitation of liability in this section shall not preclude Lender from: (a) naming Grantor or any general partner of Grantor as a defendant in any action; (b)

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asserting that any unpaid amount under the Loan Documents is a defense, counterclaim, or setoff against any claim by Grantor or any partner of Grantor or any guarantor of the Loan against Lender; (c) exercising self-help remedies, such as setoff; or (d) enforcing any indemnity obligations, including any environmental indemnities.

Notwithstanding any of the foregoing, Lender shall be entitled to injunctive relief in connection with the following, and Grantor and its general partners shall remain and be fully liable to Lender for damages (including consequential and punitive damages) suffered by Lender as a result of any of the following:

(a) Grantor's misapplication of: (1) any rents and profits from the Property received by Grantor that were in existence at or accrued after the time of a default under any of the Loan Documents; (2) any insurance proceeds received before the exercise of Lender's remedies, which proceeds are due to damage, loss, or destruction to the Property (to the full extent of such proceeds); and (3) any proceeds or awards resulting from the condemnation of all or any part of the Property (to the full extent of such proceeds or awards), if received before the exercise of Lender's remedies;

(b) the failure to pay taxes, assessments, or other charges which create liens on any part of the Property and that are payable or applicable to a period before Lender's exercise of remedies under the Loan Documents (to the full extent of any such taxes, assessments, or other charges);

(c) the failure to pay, escrow funds with Lender sufficient to satisfy the claim of lien, or bond off any valid mechanics' liens, materialmen's lien or other liens, whether or not similar (arising before any such exercise of remedies) which create liens on any part of the Property and are not eliminated by Lender's exercise of its power of sale under this Deed (to the full extent of the amount claimed by any lien claimant);

(d) fraud or material misrepresentation or willful damage or waste to the Property by or on behalf of Grantor;

(e) the failure after default (which default results in the exercise of remedies by Lender) and before any such exercise of remedies, to maintain the Property in accordance with the Loan Documents (to the full extent of the cost of such maintenance);

(f) the failure to turn over to Lender upon foreclosure or exercise of its power of sale any tenant's security deposits;

(g) Grantor's removal or disposal of Collateral or collateral under any other Loan Document, in violation of the provisions of this Deed or any other Loan Document, to the extent of its fair market value as of the time of giving any notice to Grantor of default;

(h) any liability, cost, or expense resulting from any violation of the covenants, representations, and warranties regarding hazardous wastes and materials in this Deed or any of the other Loan Documents;

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(i) any sale, transfer, or refinance of all or part of the Property or any interest in it, which is in violation of the terms of the Loan Agreement or this Deed, or any sale or transfer or refinance of other collateral pledged or assigned pursuant to this Deed or any other Loan Document; or

(j) Grantor's failure to complete the Work (as defined under the Loan Agreement).

As used in this Deed, the term "misapplication" means Grantor's failure to apply funds to the reasonable and proper costs of ownership, operation, maintenance, repair, and (when applicable) restoration of the Property, and the payment of principal, interest and other amounts to be paid or due under any of the Loan Documents or any other loan secured by the Property.

[Signatures on next page]

IN WITNESS WHEREOF, Grantor has duly executed and sealed this Deed on date 1.

XX

Signed, sealed, and delivered
in the presence of:

By: zx,
as its sole*managing general partner

Witness

By:_____

Notary Public

Attest:_____

[SEAL]

[7c:\ghfa\##dsd.doc]

EXHIBIT B

PERMITTED TITLE EXCEPTIONS

1. Real estate taxes for the year of the closing and subsequent years, not yet due and payable.
2. Deed to Secure Debt to yy
3. Declaration of Land Use Restrictive Covenants* for Low-Income Housing Tax Credits, recorded in Deed Book ____, page ____ of the qq County, Georgia real estate records
4. , recorded in Deed Book --, page -- of the qq County, Georgia real estate records

EXHIBIT C

DESCRIPTION OF COLLATERAL

The “Collateral” is the following described property, whether such property is now owned or created, entered into, or acquired in the future, including any additions, substitutions, or replacements for any such property and any products or proceeds from any such property:

- (1) All fixtures located on, attached, or affixed to the Property.
- (2) All articles of personal property, including all furniture and furnishings affixed or attached to, placed upon, or used in any way in connection with the use, enjoyment, occupancy, or operation of the Property;
- (3) All funds (including funds in any reserve relating to the Property required under the Loan Agreement), accounts, instruments, accounts receivable, documents, general intangibles (including trademarks, service marks, trade names, and symbols used in connection with the Property) and notes or chattel paper arising from any transactions related to the Property (collectively, the “General Intangibles”);
- (4) All rents, royalties, issues, profits, revenue, income, and other benefits of the Property or arising from the use or enjoyment of it or from any lease, sublease, license, concession, or occupancy agreement pertaining to it or arising from any of the General Intangibles, and all leases, subleases, licenses, concessions, and occupancy agreements for the Property, including cash or securities deposited to secure performance by the tenants, lessees, sublessees, or licensees, as applicable, of their obligations, whether the cash or securities are to be held until the expiration of the terms of the leases, subleases, licenses, concessions, or occupancy agreements or applied to one or more of the installments of rent coming due before the expiration of their terms;
- (5) All building materials, supplies, and equipment located on the Property and all right, title, and interest of Grantor in and to all architectural renderings, models, plans, specifications, studies, and data relating to the Improvements;
- (6) All contracts by Grantor relating to any part of the Property and all revenue, income, and other benefits from them, including service contracts, maintenance contracts, construction contracts, and management or operation contracts;
- (7) All monetary deposits from Grantor to any public or private utility for utility service for the Property and all right, title, and interest of Grantor in water taps, sewer taps, and other utility services relating to the Property;
- (8) All permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Property and all warranties and guaranties relating to the Improvements or to any fixtures, equipment, furniture, furnishings, personal property, and any of their components or installed on the Property;

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(9) All records and books of account relating to the rental, operation, and rehabilitation or construction of the Property;

(10) All policies of insurance Grantor is required to maintain pursuant to the Loan Agreement or any of the other Loan Documents;

(11) All proceeds (including claims and demands for proceeds) from the voluntary or involuntary conversion of any Collateral into cash or liquidated claims, including insurance proceeds relating to the Property or any Collateral and condemnation awards; and

(12) All other or greater rights and interests of every nature in the Property or in its possession or use and income from it.

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After recording,
return to:

John G. Grubb, Jr.
P.O. Box 447
McCaysville, Georgia 30555

**ASSIGNMENT OF LEASES,
RENTS, AND SECURITY DEPOSITS**

This Assignment of Leases, Rents, and Security Deposits (“Assignment”) is made date1, by xx, a Georgia limited partnership (“Borrower”), to the Georgia Housing and Finance Authority, a public corporation and instrumentality of the State of Georgia (“Lender”).

RECITALS:

A. Lender is making a loan to Borrower (the “Loan”) in the maximum principal amount of \$jj. Borrower will use the Loan proceeds to construct a multi-family rental housing project.

B. As a condition to making the Loan and to secure the payment and performance of Borrower’s obligations to Lender, Lender is requiring Borrower to assign the leases, rents, security deposits, and other rights and interests relating to the Premises.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, Borrower agrees as follows:

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1. Definitions. In addition to terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings: (a) "Default Rate" means the default rate of interest set forth in the Note; (b) "Event of Default" is defined in §6; (c) "Lease" means any lease, existing now or in the future, for all or any part of the Premises plus any modification, extension, renewal, and guaranty of any such lease; (d) "Loan Agreement" means the Construction/Permanent Loan Agreement between Borrower and Lender for the Loan; (e) "Loan Documents" means the Note, Security Deed, this Assignment, and any other instrument or agreement from Borrower to Lender executed now or in the future relating to the Loan or the Premises; (f) "Note" means the promissory note from Borrower to Lender in the amount of \$jj; (g) "Obligations" means (1) the payment of all sums Borrower owes or will owe Lender, now or in the future, including any renewals or extensions of the Loan, any other debt Borrower owes Lender, and any future advances Lender makes to Borrower and (2) the performance of each obligation, covenant, and agreement of Borrower in this Assignment or any other Loan Document; (h) "Premises" means the property described in the attached **Exhibit A**; (i) "Rent" means the rent and security deposit from any Tenant and any issues and profits from the Premises; (j) "Security Deed" means the Deed to Secure Debt and Security Agreement from Borrower to Lender, in which the Premises are conveyed to Lender; (k) "Senior Lender" means yy; (l) "Tenant" means a tenant or subtenant under a Lease or the assignee of any Lease. When used in this Assignment, "including" means "including (but not limited to)" unless otherwise provided.

2. Assignment. To secure its payment and performance of the Obligations, subject to Senior Lender's rights and interest, Borrower hereby absolutely, irrevocably, immediately, and unconditionally grants, transfers, and assigns to Lender all of Borrower's rights, title, and interest in and to all Leases and all Rents, including Borrower's right to: (a) modify any Lease; (b) terminate any Lease or accept the surrender of any leased premises, unless required to do so by the Lease; (c) waive or release a Tenant from any Lease obligation or condition; (d) permit or accept the prepayment of any Rent more than 30 days before its due date; (e) waive, release, discount, discharge, or compromise any Rent payment; and (f) consent to a Tenant's assignment of his Lease or a subletting of his leased premises. Borrower will not exercise any such right without Lender's prior consent; provided, however, so long as there is no Event of Default (as defined in §6), Borrower may exercise the rights in clauses (a), (b), (c), and (e) without Lender's prior consent. This Assignment is a present assignment that is irrevocable without Lender's prior written consent.

3. Collection of Rents. So long as there is no Event of Default, Borrower shall have a license to collect and use all Rents. If there is an Event of Default, Lender may terminate Borrower's license. If Lender does so, it may notify Tenants to pay all Rents directly to Lender, its agent, or representative.

4. Warranties and Covenants. Borrower warrants and covenants as follows: (a) There is no other assignment of any of its rights or interests under the Leases to any other person, except to Senior Lender, and Borrower will not assign any such rights without Lender's prior written consent. (b) Borrower has not done anything or omitted to do anything that might prevent Lender from, or limit Lender in, acting under any of the

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provisions of this Assignment. (c) Borrower has not accepted any Rent for more than 30 days in advance of its due date. (d) To Borrower's best knowledge, there is no default by any Tenant under any Lease. (e) Borrower is not prohibited under any agreement, judgment, or decree from executing and delivering this Assignment, performing every covenant of Borrower under it and the Leases, and the meeting of every condition in this Assignment and the Leases. (f) No person has brought or threatened any action that would in any way interfere with Borrower's right to execute and deliver this Assignment and perform all of Borrower's obligations in it and the Leases.* (g) The Leases are in full force and effect and have not been modified or amended.

5. Additional Covenants. Borrower further agrees and covenants with Lender as follows: (a) Borrower will satisfy and perform every material condition and covenant of Borrower in the Leases and will enforce every material provision of each Tenant in each Lease; (b) Borrower will promptly notify Lender of any default or claimed default by Borrower under any Lease and, if the claim is in writing, furnish Lender with a complete copy; and (c) If sued in connection with a Lease, Borrower will defend the action.

6. Events of Default. "Events of Default" under this Assignment are: (a) Borrower's default under any other Loan Document unless cured within any applicable grace or cure period; or (b) Borrower's failure to perform or observe any covenant in this Assignment, which failure is not cured within 20 days after receipt of Lender's written notice.

7. Remedies. (a) If there is an Event of Default, subject to Senior Lender's rights, Lender may: (1) declare the Obligations immediately due and payable; (2) enter upon, manage, and operate the Premises and collect all Rents without becoming a mortgagee-in-possession, and, if Lender does so, Borrower shall immediately transfer to Lender upon demand any Rents Borrower is holding; (3) perform any obligation and exercise and enforce (in Borrower's name or Lender's name) any right of Borrower under any Lease as fully as Borrower itself could, and Lender may do so without regard to the adequacy of security for the Obligations, with or without bringing any legal action, or causing a receiver to be appointed; (4) modify any Lease and accept the surrender of leased premises; (5) enter into new Leases that comply with the Declaration of Land Use Restrictive Covenants relating to the Premises, but otherwise with any provisions Lender deems desirable (including a term extending beyond the date of sale of the Premises); (6) do all other acts that Lender deems necessary or desirable to protect its security and interests.

(b) Lender shall apply Rents it collects (except security deposits) first against expenses of collection (including reasonable attorneys' fees); second, to expenses of operating and managing the Premises and performing Borrower's obligations under the Leases; third, to late fees and interest on the Obligations; and, then, to principal in whatever order Lender determines in its absolute discretion and without regard to the adequacy of its security.

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(c) Lender's entry upon the Premises, its collection and application of Rents, or the exercise of any other remedy granted under this Assignment shall not operate to cure or waive any default of Borrower under this Assignment or any other Loan Document. Possession of the Premises by a court-appointed receiver shall not be considered possession by Lender. Borrower appoints Lender as its attorney-in-fact for the purpose of exercising any and all of the above remedies, which power and authority shall be deemed coupled with an interest, irrevocable without Lender's written consent, and not affected by Borrower's voluntary or involuntary dissolution. Borrower hereby ratifies and confirms any actions that Lender takes in accordance with the provisions of the Loan Documents with respect to the Premises or the Leases.

(d) The remedies in this Assignment are cumulative. Lender's use of one remedy shall not preclude the subsequent or concurrent use of another remedy Lender may have. Lender's failure to exercise a remedy shall not constitute a waiver of it.

8. Performance by Lender. Lender is not obligated to control, care for, manage, or repair the Premises or perform any obligation of Borrower under the Leases. If Borrower does not perform or comply with any covenant or condition in a Lease, however, Lender may perform such covenant or condition without notice to or demand on Borrower and without releasing Borrower from its obligation to perform. Upon demand, Borrower shall reimburse Lender for any costs or payments Lender incurs or makes in performing Borrower's obligations under a Lease, which amount shall be an Obligation and shall bear interest at the Default Rate from the date incurred or paid until reimbursed in full.

9. Reversionary Interest. No action of Borrower or Lender shall cause or permit the estate (if any) of any Tenant to merge with Borrower's reversionary interest (if any).

10. Indemnification. Lender shall not be liable for any Loss incurred by Borrower resulting from an act or omission of Lender under this Assignment, including a failure to rent the Premises or Lender's negligence. Lender is not responsible or liable for any waste of the Premises, any dangerous or defective condition of the Premises, or any negligence or intentional wrongdoing of Borrower in the management, upkeep, repair, or control of the Premises. Upon demand, Borrower shall indemnify Lender against any Loss resulting from any act or omission of Lender or Borrower under this Assignment or the Leases, including any negligent act or omission of Lender, but not including Lender's intentional misconduct or gross negligence. Lender may request that Borrower defend at Borrower's expense any action brought against Lender under this Assignment or the Leases, and, if Lender does so, the choice of counsel shall be subject to Lender's approval and Lender may participate in the defense or settlement of the action. If Lender incurs a Loss and Borrower does not fulfill its obligation to indemnify Lender in full, the amount of the Loss shall be an Obligation and shall bear interest at the Default Rate from the date incurred until Borrower pays it in full. Payment of such amount shall be secured by the Security Deed and all other collateral for Borrower's performance under the Loan Documents. As used in this section, a "Loss" is a liability, loss, claim, damage, or expense (including reasonable attorneys' fees).

11. Term. Upon payment in full of all Obligations, this Assignment shall terminate.

12. Remedies Cumulative. The remedies in this Assignment are in addition to and not in substitution of the rights and remedies Lender has under any of the other Loan Documents or at law or in equity, all of which rights and remedies are specifically reserved by Lender. Lender's remedies in this Assignment or elsewhere are cumulative and may be exercised concurrently. The failure to exercise any remedy shall not constitute a waiver of it. The use of any remedy shall not preclude the subsequent or concurrent use of any other remedy or remedies that Lender may have.

13. Miscellaneous. This Agreement shall be construed and enforced in accordance with Georgia law. The words "Borrower" and "Lender" shall include their respective representatives, successors, and assigns and all those holding under them. Whenever possible, each provision of this Assignment shall be interpreted so as to be effective and valid under applicable law, but invalidation of any one or more of the provisions of this Assignment shall not affect any of the other provisions, which shall remain in full force and effect. All references to any document, instrument, or agreement shall be deemed to refer to it as it may be amended, modified, restated, supplemented, or replaced from time to time. Whenever there is a reference to "attorney's fees" or "reasonable attorney's fees" in this Assignment, it means reasonable attorney's fees, actually incurred, without regard to any statutory presumption or definition as to what "reasonable" attorney's fees means.

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[Signature on next page]

IN WITNESS WHEREOF, Borrower has executed this Assignment on the above date.

XX

Signed, sealed, and delivered
in the presence of:

By: zx,
as its sole*managing general partner

Witness

By:_____

Notary Public

Attest:_____

Name:_____

Title:_____

[SEAL]

INTERCREDITOR AGREEMENT

This Intercreditor Agreement is made date1, among yy, a qb (the “Senior Lender”), xx, a Georgia limited partnership (“Borrower”), and the Georgia Housing and Finance Authority, a public corporation and instrumentality existing under the laws of the State of Georgia (“GHFA”).

RECITALS:

A. GHFA is making a construction loan in the maximum amount of \$jj (the “GHFA Loan”) to Borrower. The terms and conditions for the GHFA Loan are set forth in the Loan Agreement. If conditions in the Loan Agreement are met, the GHFA Loan will convert to a permanent loan. The GHFA Loan is evidenced by the GHFA Note and, among other things, is secured by the Security Deed and the GHFA Assignment.

B. Senior Lender is making a *construction loan in the amount of \$&& (the “Senior Loan”) to Borrower. *If certain conditions are met, the Senior Loan will convert to a permanent loan. The Senior Loan is evidenced by the Senior Note and secured by the Senior Deed and the Senior Assignment.

C. Borrower will use the proceeds of the Senior Loan and GHFA Loan to fund the costs of constructing a multi-family rental housing project (the “Project”) on the Property, which will have !! apartments.* The apartments will be eligible for Low Income Housing Tax Credits.

D. Borrower has sold or will sell one or more limited partnership interests, for which it will receive equity contributions from the limited partners (collectively, the “Equity”).

E. Since GHFA and Senior Lender have interests in the same real and personal property, they wish to set forth their priorities and other agreements relating to the Property and Collateral and also coordinate some of their activities relating to the Loans.

NOW, THEREFORE, for and in consideration of \$10.00, the mutual covenants set forth below and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are acknowledged, the parties agree as follows:

1. Definitions. In addition to terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings:

“Budget” means the construction and development budget attached as **Exhibit C**;

“Collateral” means the personal property described in **Exhibit B**;

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“Draw Request” means a request for a disbursement of loan proceeds from one or more Lenders by Borrower and means the form attached as **Exhibit D** or any other form acceptable to a Lender;

“Foreclosure” or “Foreclose” includes the exercise of a power of sale under a deed to secure debt or a deed in lieu of foreclosure.

“GHFA Assignment” means the Assignment of Leases, Rents, and Security Deposits from Borrower to GHFA, relating to leases for the Property;

“GHFA Loan Documents” means the Loan Agreement, GHFA Note, GHFA Assignment, the Security Deed, the GHFA UCC, and any other instrument or agreement from Borrower to Lender executed now or in the future relating to the Loan, the Property, or the Collateral;

“GHFA Note” means the promissory note from Borrower to GHFA in the amount of \$jj;

“GHFA UCC” means the UCC financing statement, naming Borrower as “Debtor” and GHFA as “secured party” and describing the Collateral;

“Lender” means GHFA or Senior Lender;

“Lenders” means GHFA and Senior Lender;

“Loan Agreement” means the Construction/Permanent Loan Agreement between Borrower and GHFA;

“Loan Documents” means the GHFA Loan Documents and the Senior Loan Documents;

“Loans” means the GHFA Loan and the Senior Loan;

“Property” means the real property described in the attached **Exhibit A**;

“Security Deed” means the Deed to Secure Debt and Security Agreement from Borrower to GHFA, conveying the Property and granting GHFA a security interest in the Collateral;

“Senior Assignment” means the assignment of leases and rents from Borrower to Senior Lender, relating to leases for the Property;

“Senior Deed” means the security deed from Borrower to Senior Lender, conveying the Property as security for the Senior Loan;

“Senior Loan Documents” means the Senior Note, Senior Assignment, Senior Deed, Senior UCC, and any other agreements or instruments relating to the Senior Loan;

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“Senior Note” means the promissory note from Borrower to Senior Lender in the amount of \$&&;

“Senior UCC” means the UCC financing statement, naming Borrower as “Debtor” and Senior Lender as “secured party” and describing all or part of the Collateral;

“Work” means Borrower’s construction of the multi-family rental housing project on the Property.

When used in this Agreement, “including” means “including (but not limited to)” unless otherwise provided, and “its Loan Documents” or “respective Loan Documents” or similar phrases means the loan documents of a Lender or of the Lender or Lenders that are referenced in the sentence in which the phrase appears.

2. Priority.

(a) The Lenders hereby agree that the priority of the Loan Documents and the security title, liens, and security interests created or granted under the GHFA Loan Documents and the Senior Loan Documents and the rights, powers, and privileges granted to the Lenders under their respective Loan Documents shall be as follows:

first priority--Senior Loan Documents; and

second priority--GHFA Loan Documents.

From and after the date of this Agreement, all of the debt, rights, title, lien, and interests of GHFA created or evidenced by the GHFA Loan Documents shall be subject and subordinate to all of the debt, rights, title, lien, and interests created or evidenced by the Senior Loan Documents (but not including any debt that is covered by the Senior Loan Documents solely due to a “dragnet” clause in the Senior Loan Documents). This priority shall prevail notwithstanding any of the following: (1) the time of the making of the Loans; (2) the time or order of recording or filing of any of the Loan Documents; (3) the time of the funding of the Loans; or (4) any contrary language in any of the Loan Documents; provided, however, the subordinations and relative priorities contained in this Agreement with respect to the Property and the Collateral are conditioned upon the prior interest or interests being properly perfected or recorded and non-voidable by a bankruptcy trustee.

(b) If GHFA acquires by subrogation or otherwise a lien or interest in the Property or the Collateral, any such lien or interest is also subject and subordinate to Senior Lender’s debt, rights, title, lien, and interests created or evidenced in the Senior Loan Documents as provided above. Notwithstanding the foregoing or any other provision of this Agreement, however, until GHFA receives written notice that Borrower is in monetary default under the Senior Loan Documents, GHFA may accept and retain all payments from Borrower under the GHFA Loan Documents.

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(c) Notwithstanding any other provision of this Agreement, if a Lender Forecloses Borrower's interest in the Property, the Foreclosure shall be subject to the provisions of section 42(h)(6)(E)(ii) of the Internal Revenue Code (the "Code") or any similar successor provision of the Code. This section shall apply notwithstanding the order of recording of any of the Loan Documents and the Declaration of Land Use Restrictive Covenants *for Low-Income Housing Tax Credits for the Property executed in connection with the Loan* and the allocation of federal and state housing tax credits to Borrower for the Property.

3. Loan Administration and Funding. The Work will be performed pursuant to the Budget that Borrower has submitted to Lenders and Lenders have approved. As set forth in the Budget, the total amount to develop the Project is \$q9. The Lenders and Borrower agree the costs set forth in the Budget shall be funded as follows:

*(a) Equity in the amount of \$--.00 to be received by Borrower before and on or about the closing of the loans from the Lenders shall be used to fund any soft costs associated with the Work or for land acquisition. None of the proceeds of the GHFA Loan shall be used to fund soft costs associated with the Work or for land acquisition. If there is Equity remaining after the payment of the soft costs and land acquisition, that Equity shall be applied towards hard costs of construction until it is exhausted and before the proceeds of the Lenders' Loans are used.

*(a) The portion of Equity in the amount of \$--.00 to be received by Borrower on or about --, shall be used to fund any soft costs associated with the Work. None of the proceeds of the GHFA Loan shall be used for that purpose. If there is Equity remaining after the payment of the soft costs, that Equity shall be applied towards hard costs of construction until it is exhausted and before the proceeds of the Lenders' Loans are used.

(b) After the above Equity is exhausted, the proceeds of the Lenders' Loans shall be disbursed on a pro rata basis as the Draw Requests from Borrower are received and approved by them.

(c) Borrower shall be responsible for funding any remaining amounts owed for the Work or development of the Project from Equity or some other source.

4. Draw Procedures. The Loan Documents contain provisions relating to how and when the proceeds of the Loans are to be disbursed to or for the benefit of Borrower. Except as specifically and expressly modified by this Agreement, the requirements and conditions for disbursing funds under those Loan Documents are not superseded by this Agreement. The Lenders and Borrower agree, however, that the following unified draw procedures shall apply:

(a) Draw Requests. Borrower shall submit copies of all Draw Requests to the Lenders at the same time. The form of the Draw Request that Borrower shall use is the form attached to this Agreement as **Exhibit D**, and Draw Requests shall be accompanied by all supporting invoices and documentation required by the Loan Documents. To the extent necessary or reasonable, the Lenders shall cooperate in reviewing the Draw

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Requests submitted to them, and Borrower shall promptly provide them with any additional information or documentation they may request. The initial Draw Request to GHFA must satisfy the conditions contained in **Exhibit E**.

(b) Inspections. The Lenders will use a common inspector for purposes of inspecting the status, quality, and degree of completion of the Work and advising the Lenders about the conformity of the Work with the plans and specifications and Budget and whether they should disburse in accordance with a pending Draw Request. The inspector chosen for that purpose is go. At any time, however, upon notice to the other Lender and Borrower, but without the other Lender's or Borrower's approval, a Lender may use a different inspector for those purposes. Upon receipt of a Draw Request from Borrower, if an inspection report relating to the Draw Request has not already been performed, Senior Lender shall notify the inspector that it is needed. If a Lender checks the title to the Property in connection with any Draw Request, that Lender shall provide the other Lender with the results of any such title check. If requested by a Lender or required under any of the Loan Documents, Borrower shall also require the Project architect to review the Draw Request and approve and sign it.

(c) Approval or Disapproval. The Lenders shall review the Draw Requests in a timely manner and shall use reasonable efforts to approve or disapprove of a Draw Request within 10 business days after the receipt of the Draw Request and all required supporting invoices, documentation, affidavits, certificates, and inspection reports. If a Lender approves or disapproves of the Draw Request, it shall notify the other Lender and Borrower in writing, and any notice of disapproval shall specify in reasonable detail the amounts and items being disapproved and the reasons for the disapproval. The Lenders and Borrower shall diligently and in good faith attempt to resolve any dispute relating to a Draw Request, but Borrower has the burden of correcting any deficiency in the Work or the Draw Request.

(d) Disbursements. Upon approval of a Draw Request (other than the final Draw Request) by all Lenders, the Lenders shall disburse proceeds of the Loans if required to do so under section 3. Senior Lender shall disburse --% of the net approved amount (less any retainage required or permitted under the Senior Loan Documents), and GHFA shall disburse --% (less retainage). Borrower shall fund any amounts not funded by the Lenders. Disbursements shall be wired to Borrower's construction account (the "Account") at --, being account number -- (the wiring instructions for the Account are: --). No Lender shall be required to disburse any amount pursuant to a Draw Request unless all Lenders have approved the Draw Request and have agreed to disburse, but any Lender may disburse at any time if it so desires. No Lender shall be required to disburse any amount if there is a default under its Loan Documents.

(e) Change Orders. Borrower must obtain the prior written approval of both Lenders for all change orders. Any proposed change order shall be submitted to both Lenders along with any supporting information or documentation, including any consents or documents required under the Loan Documents. Upon request of a Lender, Borrower shall promptly provide any additional information or documentation the Lender may request. If a Lender approves or disapproves the change order, it shall notify Borrower

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and the other Lender in writing of that approval or disapproval and, if it is a disapproval, the reasons for it. In the event of a disapproval, the disapproving Lender(s) and Borrower shall diligently and in good faith attempt to resolve any differences relating to the change order request, but no Lender shall be liable to Borrower or any other person for its failure to approve a change order.

(f) Final Disbursement. Upon full or substantial completion of the Work (as required by the individual Lender and its Loan Documents for the final disbursement) and satisfaction of any requirements or conditions in the Loan Documents for a final disbursement, the Lenders shall disburse the amounts previously withheld as retainage (if any) plus any additional amounts approved pursuant to the final Draw Request not previously disbursed.

5. Additional Advances. Without the prior consent of the other Lender, a Lender shall not make advances under its Loan Documents that would cause the outstanding principal balance to exceed the maximum principal amounts set forth in the Recitals, unless the advance is needed to protect the Lender's interest in the Property (such as payment for real estate taxes, property insurance premiums that are in arrears, repairs, completion of the Work, or payments under sections 10 or 11). The foregoing does not, however, prohibit a Lender from waiving any of its rights and privileges under its Loan Documents or permitting any departure by Borrower from the performance of its duties and obligations, and any such waiver or departure shall not require the consent of any other Lender. No Lender shall make any other loans to Borrower that are secured by the Property or Collateral without the prior written consent of the other Lender.

6. Amendments. Subject to the provisions of section 5, without the prior consent of the other Lender (which consent shall not be unreasonably withheld), a Lender shall not amend, modify, renew, or extend the provisions of its Loan Documents. If, however, there is a default under the Senior Note, which default has not been cured by Borrower within any applicable cure period or by GHFA pursuant to section 11 of this Agreement, Senior Lender may amend, modify, renew, or extend the provisions of the Senior Loan Documents without any notice to or consent from GHFA.

7. GHFA Representations. GHFA warrants that **Exhibits F, G, and H** are true, correct, and complete copies of the GHFA Note, Security Deed, and GHFA Assignment; the debt evidenced by the GHFA Note is the only debt secured by the Security Deed or GHFA Assignment; and there is currently no default under the GHFA Loan and no event has occurred, which with the giving of notice or the passage of time, would be such a default.

8. Senior Lender Representations. Senior Lender warrants that **Exhibits I, J, and K** are true, correct, and complete copies of the Senior Note, the Senior Deed, and the Senior Assignment; the debt evidenced by the Senior Note is the only debt secured by the Senior Deed or Senior Assignment; and there is currently no default under the Senior Loan and no event has occurred, which with the giving of notice or the passage of time, would be such a default.

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9. No Default Created by Loans. Each Lender agrees that Borrower's execution and delivery of the other Lender's Loan Documents* (or the assumption of liability under those Loan Documents) does not create an event of default under its Loan Documents. Notwithstanding any prohibition of inferior liens in the Senior Loan Documents, but subject to the terms of this Agreement, Senior Lender agrees that GHFA may record the Security Deed, GHFA Assignment, and any of the other GHFA Loan Documents that need to be recorded and file and record the GHFA UCC.

10. Cure Provisions. If a default occurs under the GHFA Loan Documents, GHFA shall notify the Senior Lender in writing within 5 business days of GHFA's knowledge of the default, which notice shall specify the nature of the default. For a period of 45 days following the Senior Lender's receipt of such notice (the "Cure Period"), GHFA will not exercise any of its remedies under the GHFA Loan Documents or institute any legal action against the Borrower or the Property, including accelerating the maturity of its Note or instituting Foreclosure. During the Cure Period, Senior Lender shall have the right (but not the obligation) to cure Borrower's default without meeting any requirements as to the assumption of the GHFA Note. If Senior Lender cures the default within the Cure Period or if Borrower cures the default, then the GHFA Loan shall be deemed reinstated, and, in the latter case, GHFA shall notify Senior Lender of the cure. If neither Senior Lender nor Borrower cures the default within the Cure Period or if Senior Lender informs GHFA during the Cure Period that it does not intend to cure the default, GHFA may then exercise its rights and remedies under the GHFA Loan Documents (including the right to waive the default or forbear from exercising its remedies) without further notice to or consent from Senior Lender (but subject to the rights of Senior Lender under this Agreement).

11. Standstill Provisions. If a default occurs under the Senior Loan Documents, Senior Lender shall notify GHFA in writing within 5 business days of Senior Lender's knowledge of the default, which notice shall specify the nature of the default. Upon receipt of such notice, if the default is a monetary default under the Senior Loan Documents, GHFA shall not accept any payments from Borrower required by the GHFA Loan Documents and shall not enforce any remedies with respect to the Property or Collateral. If the default is a monetary default under the Senior Loan Documents and if GHFA receives a payment from Borrower or receives a distribution of Collateral from Borrower, GHFA shall hold such payment or such Collateral in trust for the benefit of Senior Lender and shall promptly deliver it in kind to Senior Lender.

For a period of 45 days after GHFA's receipt of such notice from Senior Lender (the "Period"), GHFA shall have the right (but not the obligation) to cure the default under the Senior Loan; provided, however, if the default is a non-monetary default that GHFA is incapable of curing (such as a bankruptcy, the insolvency of Borrower, or an assignment for the benefit of creditors by Borrower), GHFA shall have the right to pay the Senior Loan in full and obtain the release of the Property and Collateral from any lien or security interest or title created under the Senior Loan Documents. During the Period, Senior Lender shall not accelerate the debt evidenced by the Senior Note, begin Foreclosure proceedings, or exercise any other remedies it may have under the Senior Loan Documents. If GHFA cures the default within the Period or if Borrower cures the

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default within the Period, the Senior Loan shall be deemed reinstated. If Borrower cures the default, Senior Lender shall promptly notify GHFA of the cure. If neither GHFA nor Borrower cures the default within the Period or GHFA notifies Senior Lender during the Period that it does not intend to cure the default and Borrower's right to cure has expired, Senior Lender shall have no further obligation to allow GHFA to cure the default and may exercise any rights and remedies it may have resulting from the default.

If Borrower's default is not cured, and Senior Lender has not Foreclosed Borrower's interest in the Property within 120 days of GHFA's receipt of notice of default under the Senior Loan, GHFA may pursue whatever remedies it may then have against Borrower.

12. Casualty and Condemnation. If there is a taking or threatened taking by condemnation or the exercise of a power of eminent domain (collectively, a "Taking") or the Property is damaged or destroyed by fire or some other hazard (collectively, a "Casualty"), GHFA agrees that its right to participate in any action, adjustment, settlement, award, or insurance proceeds resulting from the Taking or Casualty (under the GHFA Loan Documents or otherwise) is subordinate to Senior Lender's rights under the Senior Loan Documents. Senior Lender shall have the sole right to determine how the proceeds or award received due to a Taking or Casualty shall be applied, but agrees to consult with GHFA in good faith regarding the application of such amounts; provided, however, if Senior Lender and GHFA disagree as to the application of the proceeds or award, Senior Lender's decision shall prevail. If Senior Lender makes insurance proceeds or a condemnation award to which it is entitled under the Senior Loan Documents available to Borrower for the restoration of the Property, GHFA shall also make available to Borrower for the purpose of restoration the insurance proceeds or condemnation award (if any) to which it is entitled under the GHFA Loan Documents. If Senior Lender applies such proceeds or award towards payment of the Senior Loan, its rights and interests in any such amounts shall terminate upon the Senior Loan being paid in full and any excess shall be promptly delivered to GHFA and will be applied in accordance with the Loan Agreement.

13. Escrows and Reserves. If Senior Lender is collecting payments from Borrower to be escrowed for the payment of real estate taxes, assessments, insurance premiums, and like charges or to set up a special purpose reserve fund, GHFA shall not enforce any similar provisions of the Loan Agreement, provided the escrow or reserve being administered by Senior Lender is being funded with an equal or greater amount than the amount required under the Loan Agreement and is otherwise sufficient to accomplish the same objectives as the escrow or reserve set forth in the Loan Agreement; provided, however, if Senior Lender is collecting and administering a reserve that is an operating deficit reserve or a replacement reserve (as those reserves are described in Article 3 of the Loan Agreement), Senior Lender acknowledges and agrees that GHFA's prior written consent is required before funds may be disbursed from any such reserve. If Senior Lender stops collecting such amounts from Borrower before the GHFA Loan has been paid in full, GHFA shall have the immediate right to enforce the provisions of the Loan Agreement relating to any such escrow or reserve. If the Senior Loan is paid in full before the GHFA Loan is paid in full and if the Senior Lender is holding any escrow or

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reserve amounts at such time, it shall promptly transfer the balance of any such escrow or reserve to GHFA or its designee.

14. Notices. Any notice, demand, or other communication required or permitted under this Agreement shall be deemed given and received on the date it is personally delivered to the party to whom it is addressed or on the third day after it is deposited in the U.S. mail, certified mail, return receipt requested, postage prepaid or when hand delivered by the party or a courier or overnight delivery service. The addresses to be used for the parties are:

If to Senior Lender:

yy
address2
Attn: qy

If to GHFA:

Georgia Housing and Finance Authority
60 Executive Park South, N.E.
Atlanta, Georgia 30329
Attn: Jennifer Adams (during construction)
Attn: Asset Management Section (after construction)

If to Borrower:

xx
c/o zx
\$*
qs
Attn: qz

15. No Modification to or Approval of Loan Documents. This Agreement is not intended to modify and shall not be construed to modify any terms or provisions of the Senior Loan Documents or GHFA Loan Documents, but, if there is a conflict or inconsistency between the terms of this Agreement and the terms of a Lender's Loan Documents, the terms of this Agreement shall control as between the Lenders. By executing this Agreement, a Lender is not approving the terms of the other Lender's Loan Documents, and, apart from section 6, nothing in this Agreement limits the right of a Lender or Borrower to negotiate regarding the terms of the loan from that Lender. Each Lender has extended credit to Borrower based on the Lender's own assessment of the creditworthiness of Borrower, and neither Lender has relied upon the other Lender or any information it may have provided in making its decision. Apart from specific information or notices that must be given to the other Lender under this Agreement, a Lender is not required to notify the other Lender of its dealings with Borrower, Borrower's financial status, or any other information relating to Borrower or its loan to Borrower. By

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executing this Agreement, a Lender is not assuming any responsibility to oversee Borrower's application of any advances made to Borrower.

16. Further Assurances. So long as this Agreement is in effect, each Lender or any subsequent holder of each Lender's security deed (as the case may be) shall execute, acknowledge, and deliver upon reasonable demand of the other Lender any further documents or instruments for the purpose of confirming and effecting the subordination and the agreements set forth in this Agreement.

17. Estoppel Certificates. Within 15 days after receipt of written demand from the other Lender, the Lender receiving the demand shall execute, acknowledge, and deliver to the other Lender a certificate stating the total amount of debt owed to the party and secured by the Property and whether to the Lender's knowledge a default exists under any of the Lender's Loan Documents or any condition exists, which with the giving of notice or passage of time, would result in a default. All such certificates shall be conclusive as to the matters stated in them and shall be binding upon the party giving the certificate. A Lender shall not be obligated to give such a certificate more frequently than once every calendar quarter.

18. Priority Retained. This Agreement is expressly limited in application to Senior Lender and GHFA and the Senior Loan Documents and the GHFA Loan Documents, and, notwithstanding the subordination and priorities between the parties set forth in this Agreement, the parties' priorities are retained as against all third parties and other instruments or liens as if this Agreement did not exist.

19. Benefit. This Agreement shall inure to the benefit of and be binding on the parties and their respective successors and assigns (including all subsequent holders of any note, security deed, assignment, or other instrument mentioned in this Agreement).

20. Term. The term of this Agreement shall begin on the date of this Agreement and continue until the first of the following occurs: (a) the payment in full of either the GHFA Loan or the Senior Loan; (b) Senior Lender's acquisition of title to the Property by Foreclosure; or (c) GHFA's acquisition of title to the Property by Foreclosure, provided the acquisition is not in violation of this Agreement.

21. Miscellaneous.

(a) Relationship of Parties. This Agreement is not intended to create and does not create the relationship of partners or joint venturers between the parties.

(b) Governing Law. This Agreement shall be construed, interpreted, and enforced in accordance with Georgia law.

(c) Amendment. This Agreement shall not be amended except in a writing signed by all parties.

(d) Third-Party Beneficiary. The parties do not intend that any third party shall be a third-party beneficiary of this Agreement.

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(e) Recitals and Exhibits. The Recitals and the attached exhibits are a part of this Agreement.

(f) Borrower Acknowledgement. Borrower acknowledges and agrees that nothing in this Agreement grants Borrower a cure period or extends or alters the time within which Borrower may cure a default under a Lender's Loan Documents or give Borrower the right to notice of a default, unless that right to notice is contained in the Loan Documents.

(g) Contesting Liens. Neither Lender shall contest the validity, perfection, or enforceability of any lien, security interest, or security title granted the other.

[This space intentionally left blank]

[Signatures on next page]

IN WITNESS WHEREOF, through their duly authorized officers or partners, Senior Lender, Borrower, and GHFA have executed this Agreement under seal on the above date.

Signed, sealed, and
delivered in the
presence of:

YY

Unofficial Witness

By: _____

Name: _____

Title: _____

Notary Public

Attest: _____

Name: _____

Title: _____

[SEAL]

Signed, sealed, and
delivered in the
presence of:

GEORGIA HOUSING AND FINANCE
AUTHORITY

Unofficial Witness

By: _____

Carmen Chubb
Deputy Executive Director

Notary Public

Attest: _____

Laurel Hart, Director,
Office of Affordable Housing

[SEAL]

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Signed, sealed, and
delivered in the
presence of:

XX

By: zx,
its sole*managing General Partner

Witness

By:_____

Notary Public

Attest:_____

Name:_____

Title:_____

[SEAL]

EXHIBIT B

DESCRIPTION OF COLLATERAL

The “Collateral” is the following described property, whether such property is now owned or created, entered into, or acquired in the future, including any additions, substitutions, or replacements for any such property and any products or proceeds from any such property:

- (1) All fixtures located on, attached, or affixed to the Property.
- (2) All articles of personal property, including all furniture and furnishings affixed or attached to, placed upon, or used in any way in connection with the use, enjoyment, occupancy, or operation of the Property;
- (3) All funds (including funds in any reserve relating to the Property required under the Loan Agreement), accounts, instruments, accounts receivable, documents, general intangibles (including trademarks, service marks, trade names, and symbols used in connection with the Property) and notes or chattel paper arising from any transactions related to the Property (collectively, the “General Intangibles”);
- (4) All rents, royalties, issues, profits, revenue, income, and other benefits of the Property or arising from the use or enjoyment of it or from any lease, sublease, license, concession, or occupancy agreement pertaining to it or arising from any of the General Intangibles, and all leases, subleases, licenses, concessions, and occupancy agreements for the Property, including cash or securities deposited to secure performance by the tenants, lessees, sublessees, or licensees, as applicable, of their obligations, whether the cash or securities are to be held until the expiration of the terms of the leases, subleases, licenses, concessions, or occupancy agreements or applied to one or more of the installments of rent coming due before the expiration of their terms;
- (5) All building materials, supplies, and equipment located on the Property and all right, title, and interest of Borrower in and to all architectural renderings, models, plans, specifications, studies, and data relating to the improvements on the Property;
- (6) All contracts by Borrower relating to any part of the Property and all revenue, income, and other benefits from them, including service contracts, maintenance contracts, construction contracts, and management or operation contracts;
- (7) All monetary deposits from Borrower to any public or private utility for utility service for the Property and all right, title, and interest of Borrower in water taps, sewer taps, and other utility services relating to the Property;
- (8) All permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Property and all warranties and guaranties relating to the improvements on the Property or to any fixtures, equipment, furniture, furnishings, personal property, and any of their components or installed on the Property;

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(9) All records and books of account relating to the rental, operation, and rehabilitation or construction of the Property;

(10) All policies of insurance Borrower is required to maintain pursuant to the Loan Agreement or any of the other GHFA Loan Documents;

(11) All proceeds (including claims and demands for proceeds) from the voluntary or involuntary conversion of any Collateral into cash or liquidated claims, including insurance proceeds relating to the Property or any Collateral and condemnation awards; and

(12) All other or greater rights and interests of every nature in the Property or in its possession or use and income from it.

EXHIBIT E

**DOCUMENTATION/ITEMS REQUIRED BY GHFA
FOR INITIAL POST-CLOSING DRAW**

1. Fully executed Draw Request form with all required supporting documentation
2. Inspector's report relating to the Draw Request
3. Davis-Bacon Act payroll information
4. Satisfactory evidence of pre-construction conference and compliance with all applicable labor laws, including posting of HUD notice at the construction site
5. Satisfactory evidence of posting of HUD Form 1321 on the Project site
6. Copies of all required building permits and licenses from all applicable public bodies, evidencing Borrower's authority to begin the Work

After recording,
return to:

John G. Grubb, Jr.
P.O. Box 447
McCaysville, Georgia 30555

MEMORANDUM OF INTERCREDITOR AGREEMENT

This Memorandum of Intercreditor Agreement is executed date1, by yy, a qb (the “Senior Lender”), xx, a Georgia limited partnership (“Borrower”), and the Georgia Housing and Finance Authority, a public corporation and instrumentality existing under the laws of the State of Georgia (“GHFA”).

WITNESSETH:

WHEREAS, GHFA is making a construction loan (the “GHFA Loan”) to Borrower, pursuant to that certain Construction/Permanent Loan Agreement (the “Loan Agreement”), which construction loan will convert to a permanent loan upon certain conditions precedent being met. The GHFA Loan is evidenced by a Promissory Note in the principal amount of \$jj (the “GHFA Note”) and secured by (among other things) a Deed to Secure Debt and Security Agreement (the “Security Deed”) from Borrower to GHFA relating to real property described in the attached **Exhibit A** (the “Property”) and granting a security interest in certain personal property in connection with which a UCC Financing Statement has been executed (the “Financing Statement”). The GHFA Loan is also secured by an assignment of leases, rents, and security deposits (the “Assignment”) from Borrower to GHFA (the Loan Agreement, the GHFA Note, the Security Deed, the

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Financing Statement, and the Assignment are sometimes collectively referred to as the “GHFA Loan Documents”); and

WHEREAS, Senior Lender is making a loan (the “Senior Loan”) to Borrower, which is evidenced by a promissory note in the principal amount of \$&& (the “Senior Note”) and secured by (among other things) a deed to secure debt (the “Senior Deed”) from Borrower to Senior Lender relating to the Property, an assignment of leases and rents (the “Senior Assignment”), and a UCC Financing Statement (the “Senior UCC”) (the Senior Note, Senior Deed, Senior Assignment, and Senior UCC are sometimes collectively referred to as the “Senior Loan Documents”); and

WHEREAS, Senior Lender has conditioned the making of the Senior Loan upon GHFA subordinating its rights, title, lien, and interest created by the GHFA Loan Documents to the rights, title, lien, and interest of the Senior Lender;

WHEREAS, the parties have entered into an Intercreditor Agreement of even date herewith (the “Agreement”), which Agreement sets forth all of the terms, conditions, and rights of the parties relating to the subordination of GHFA’s rights, title, lien, and interest, and the parties desire to place of record its existence and the basic nature of the Agreement;

NOW, THEREFORE, for the consideration set forth in the Agreement, Senior Lender and GHFA have agreed that the priority of the Senior Loan Documents and the GHFA Loan Documents and the security title, liens, and security interests created or granted under the GHFA Loan Documents and the Senior Loan Documents and the rights, powers, and privileges granted to the parties under their respective Loan Documents shall be as follows:

first priority—Senior Loan Documents; and

second priority—GHFA Loan Documents.

This Memorandum is not intended to alter or amend the terms of the Agreement between the parties, but is merely a summary of the priority and subordination provisions of such Agreement. If there is any conflict between this Memorandum and the Agreement, the Agreement shall control.

[signatures on next page]

IN WITNESS WHEREOF, Senior Lender, Borrower, and GHFA have executed this Memorandum as of the above date.

Signed, sealed, and
delivered in the
presence of:

YY

Unofficial Witness

By: _____

Name: _____

Title: _____

Notary Public

Attest: _____

Name: _____

Title: _____

[SEAL]

Signed, sealed, and
delivered in the
presence of:

GEORGIA HOUSING AND FINANCE
AUTHORITY

Unofficial Witness

By: _____

Carmen Chubb
Deputy Executive Director

Notary Public

Attest: _____

Laurel Hart, Director,
Office of Affordable Housing

[SEAL]

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Signed, sealed, and
delivered in the
presence of:

XX

By: zx,
its sole*managing General Partner

Witness

By:_____

Notary Public

Attest:_____

Name:_____

Title:_____

[SEAL]

CONTRACTOR'S CONSENT AND AGREEMENT

This Contractor's Consent and Agreement is made as of date1, by qr ("Contractor"), and the Georgia Housing and Finance Authority, a public corporation and instrumentality of the State of Georgia ("Lender").

RECITALS:

A. Contractor has entered into a construction contract (which with the Addendum required by Lender and any other amendments to that contract is referred to as the "Contract") with xx, a Georgia limited partnership ("Borrower"), dated date2. Contractor has agreed to serve as the general contractor for the construction of a multi-family rental housing project located in qq County, Georgia, known as ww (the "Project").

B. Borrower has applied to Lender for a construction and permanent loan (the "Loan"). Borrower and Lender will execute a Construction/Permanent Loan Agreement (which agreement and all other documents and instruments relating to the Loan are collectively referred to as the "Loan Agreement"). The proceeds of the Loan will be used to finance the construction of the Project, including Borrower's obligations under the Contract.

C. Lender has made Contractor's execution of this Agreement a condition precedent to the making of the Loan.

NOW, THEREFORE, in consideration of \$10.00 and other good and valuable consideration, Contractor covenants and agrees with Lender as follows:

1. **Contract.** Contractor warrants that the document attached as **Exhibit B** is a true and complete copy of the Contract, and there have been no amendments, modifications, transfers, or assignments of the Contract that are not included in Exhibit B. If there is a default by Borrower under the Contract, Contractor shall give Lender written notice of the default promptly upon learning of the default and a minimum of 15 days to cure the default, and, if Lender decides (in its sole and absolute discretion) to cure Borrower's default, Contractor shall accept the cure and the Contract shall be deemed reinstated and in full force and effect.

2. **Change Orders.** Contractor shall not enter into, or permit to be effective, any change order to the Contract or any of the plans and specifications for the construction of the Project without Lender's prior written consent.

3. **Consent to Assignment.** Contractor consents to Borrower's collateral assignment to Lender of the Contract and all other documents pertaining to the Project that may be referenced in it. If Borrower defaults under the Loan Agreement and Lender exercises its right to take over construction of the Project, Contractor shall perform its

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obligations under the Contract for the benefit of Lender and in accordance with the terms of the Contract and such other documents involving the Project to which Contractor is a party. Upon request, Contractor shall provide Lender with any information required of Contractor under the Contract (whether or not Borrower has requested such information).

4. **Subordination.** Contractor hereby subordinates any lien rights under the Contract and any lien rights resulting from its performance of the Contract to Lender's rights, title, and interests under the Loan Agreement, including Lender's security deed for the real estate on which the Project is located, described in the attached **Exhibit A**, and all equipment, fixtures, appliances, and building materials installed or to be installed in the Project.

5. **Retainage.** Contractor acknowledges that Lender is entitled to withhold retainage under the Loan Agreement. If Borrower defaults and Lender exercises its right to take over construction of the Project, notwithstanding what the Contract may provide, Lender shall be entitled to continue to withhold the retainage set forth in the Loan Agreement, which retainage will not be released to Contractor until full and final completion of the construction of the Project and satisfaction of the cost certification and audit requirements set forth in the Loan Agreement and the Addendum to the Contract.

6. **Miscellaneous.** Contractor acknowledges that Lender has the right of access to the construction site and that Lender and its inspector and consultants have the right to inspect the work being performed in connection with the Project. Contractor will cooperate with Lender and its inspector and consultants and provide them with any documents or information they may request relating to the Contract and the construction of the Project. This instrument shall be governed by, construed, and enforced in accordance with Georgia law. The person signing this Consent and Agreement on behalf of Contractor has the authority to do so.

IN WITNESS WHEREOF, Contractor has executed and sealed this Consent and Agreement as of the above date.

QR

By: _____

Name: _____

Title: _____

Attest: _____

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Name: _____

Title: _____

[SEAL]

[7c:\ghfa\##ca.doc]

ARCHITECT'S CONSENT AND AGREEMENT

This Consent and Agreement is made as of date1, by vv (the "Architect"), and the Georgia Housing and Finance Authority, a public corporation and instrumentality of the State of Georgia ("Lender").

RECITALS:

A. Architect has entered into a contract (the "Contract") with xx, a Georgia limited partnership ("Borrower"), dated date3, pursuant to which Architect will be the architect for the construction of a multi-family housing project located in qq County, Georgia, known as ww (the "Project").

B. Borrower has applied to Lender for a construction and permanent loan (the "Loan") to be made pursuant to the provisions of a Construction/Permanent Loan Agreement (the "Loan Agreement"), the proceeds of which Loan are to be used to finance the construction of the Project.

C. Lender has made Architect's execution of this Agreement a condition precedent to the making of the Loan.

NOW, THEREFORE, in consideration of \$10.00 and other good and valuable consideration, Architect covenants and agrees with Lender as follows:

1. **Contract.** Attached as **Exhibit A** is a true and exact copy of the original Contract and all amendments to it. The Contract includes the General Conditions and also includes any other documents in it incorporated by reference. There have been no other amendments, modifications, transfers, or assignments of the Contract that are not attached to Exhibit A. If there is a default by Borrower under the Contract, Architect shall give Lender written notice of the default promptly upon learning of the default and a minimum of 15 days to cure the default, and, if Lender decides (in its sole and absolute discretion) to cure Borrower's default, Borrower shall accept the cure and the Contract shall be deemed reinstated and in full force and effect.

2. **Changes.** Architect shall not change the plans and specifications for the Project or, on Borrower's behalf, authorize any change order relating to the construction of the Project without Lender's prior written consent.

3. **Consent to Assignment.** Architect consents to the collateral assignment to Lender of the Contract, the license to use the plans and specifications for the Project, and all other documents pertaining to the Project that may be referenced in the Contract. Notwithstanding any contrary language in the Contract, Borrower may supply Lender with copies of the plans, specifications, and drawings created by Architect for the Project, and Lender shall not be required to return such copies upon completion of construction. If Lender exercises any of its rights and remedies under the Loan Agreement or the other documents and instruments evidencing, guaranteeing, or securing the Loan, Lender may

use the plans and specifications and any other documents pertaining to the Project, and Architect shall perform his*its obligations for the benefit of Lender and in accordance with the terms of the Contract.

4. **Miscellaneous.** This instrument shall be governed by, construed, and enforced in accordance with Georgia law. The person signing this Consent and Agreement on behalf of Architect has the authority to do so.

IN WITNESS WHEREOF, Architect has executed and sealed this Agreement as of the above date.

VV

By: _____

Name: _____

Title: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

ADDENDUM TO CONSTRUCTION CONTRACT

This Addendum to Construction Contract (“Addendum”) is entered into as of date1, by and between xx, a Georgia limited partnership (“Owner”), and qr (“Contractor”). Owner and Contractor agree that the Contract (as defined below) shall be modified and amended as set forth in this Addendum.

Article 1. Definitions. Owner and Contractor agree that the following capitalized terms shall have the following meanings:

“Act” means the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

“Business Day” means any day on which GHFA is open for business.

“Contract” means the construction contract, dated date2, between Owner and Contractor for the construction work at the Project.

“Draw Request” has the same meaning as in the Loan Agreement.

“Funds” means those federal funds made available under the GHFA Program, including funds made available to and by GHFA under the Act.

“GHFA” means the Georgia Housing and Finance Authority and its successors and assigns.

“GHFA Program” means the program under which funds are being made available to Owner.

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

“Lead Paint” means “lead-based paint” as defined in the Lead Paint Act.

“Lead Paint Act” means the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. §4821 *et seq.*, and its implementing regulations, as amended from time to time.

“Loan” means the loan of Funds from GHFA to Owner.

“Loan Agreement” means the Construction/Permanent Loan Agreement to be executed between GHFA and Owner, which agreement will set forth (among other things) the procedure for disbursing Funds to Owner during construction of the Project.

“MBE/WBE” means minorities, women, and entities owned by minorities and women.

“Project” means the !!-unit rental housing project to be constructed and owned by Owner and located in qq County, Georgia, which will be known as “ww.”

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“Requirement” means any federal, state, or local law, ordinance, order, rule, guidance, or regulation. All references to any specific Requirement (such as the statutes listed in Article 3) shall include any regulations or federal or state guidance relating to that Requirement and shall include any amendments to that Requirement that may be made from time to time.

“Unit” means any housing unit in the Project.

Article 2. Warranties and Representations. Notwithstanding anything to the contrary contained in the Contract, Contractor hereby warrants and represents as follows:

2.01. No member, employee, officer, agent, consultant, or official of GHFA or any member of the immediate family of any such person has any direct or indirect interest in the Contract or any proceeds or benefits arising from it.

2.02. Neither Contractor nor any of its principals are presently debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from participation in this transaction or the GHFA Program by any federal department or agency.

2.03. No federally appropriated funds, including the Funds, have been paid or will be paid, by or on behalf of Contractor, to any person to influence or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

2.04. If any funds other than federally appropriated funds have been paid or will be paid to any person to influence or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with this Contract, Contractor shall complete and submit HUD Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

Article 3. Contractor Covenants. Notwithstanding anything to the contrary contained in the Contract, Contractor hereby covenants as follows:

3.01. Contractor will comply with all Requirements under federal law (now existing or imposed in the future) relating to or resulting from the use of the Funds, including those Requirements set forth in this Article 3.

(a)

(b) Executive Orders 11625, 12432, and 12138, which require (among other things) Borrower to establish a minority outreach program to insure the inclusion to the maximum extent possible of minorities, women, and entities owned by minorities and

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women (“MBE/WBE’s”) in the carrying out of any activity pursuant to this Agreement and in the operation and management of the Premises. Borrower agrees to conduct such outreach activities in accordance with a plan approved by Lender. Borrower shall maintain records, documentation, and data as required by Lender, including evidence of: (1) the racial, ethnic, or gender character of each business entity providing services; (2) the amount of the contract; and (3) that MBE/WBE’s have equal opportunity to compete for and obtain business. When economically feasible, Borrower shall divide total requirements into small tasks and quantities to permit the maximum participation by MBE/WBE’s and will require the same of any subrecipients, prime contractors, and owners of housing assisted with Loan proceeds.

(c) The Copeland “Anti-Kickback” Act, the prevailing wage provisions of the Davis-Bacon Act, and Sections 103 and 107 of the Contract Work Hours and Safety Standards Act.

(d) The National Environmental Policy Act of 1969, 42 U.S.C. 4321 et seq. and implementing regulations at 24 CFR Part 58, and related laws and section 288 of the HOME Act, 42 U.S.C. §12838.

(e) The Lead-Based Paint Poisoning Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992 and implementing regulations at 24 CFR Part 35.

(f) The Drug-Free Workplace Act of 1988, 41 U.S.C. §701 et seq. and implementing regulations at 24 CFR Part 21.

(g) Anti-Lobbying Restrictions, 31 U.S.C. §1352 and implementing regulations at 24 CFR Part 87.

(h) Regulations and circulars of the OMB applying to the Act, including 2 CFR §2424.

3.02. Contractor shall comply with all applicable employment non-discrimination Requirements, including Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act, and their implementing regulations, as amended, which generally prohibit discrimination against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, or handicap.

3.03. Contractor shall comply with Executive Orders 11625, 12432, 12138, and their implementing regulations, as amended, which require the inclusion to the maximum extent possible of MBE/WBEs in carrying out any activity pursuant to this Contract. Contractor shall maintain records and data evidencing: (a) the racial, ethnic, or gender character of each business entity performing work on any Unit; (b) the amount of each contract or subcontract; and (c) that MBE/WBEs have equal opportunity to compete for and obtain business.

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3.04. Contractor shall comply with the Copeland "Anti-Kickback" Act, the prevailing wage provisions of the Davis-Bacon Act, and Sections 103 and 107 of the Contract Work Hours and Safety Standards Act and their implementing regulations. Contractor shall abide by the provisions set forth in HUD Form 4010 (as modified) attached as **Exhibit A** and incorporated by reference. Contractor shall attach a copy of that Form to any and all contracts with subcontractors performing work on any Unit and each such contract shall require the subcontractor to comply with its requirements. Upon request, Contractor shall promptly provide Owner with information or documents substantiating or evidencing its compliance with such laws and regulations.

3.05. Contractor shall comply with the Lead Paint Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992, which (among other things) prohibit the use of Lead Paint in the construction of any Unit and requires that any and all Lead Paint abatement activities, including (but not limited to) clean-up of the work site and waste disposal, shall be conducted in compliance with such Acts.

3.06. Contractor shall comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, and implementing regulations, or the same or similar requirements, as imposed by GHFA in its discretion.

3.07. Contractor shall construct any Unit in accordance with the property standards established by GHFA or HUD and shall correct any work which fails to conform to such standards and shall remedy any defects due to faulty materials or workmanship which appear within one year from the date of final completion of the construction of the Project. This Section 3.07 applies to work done by subcontractors as well as to work done by employees of Contractor.

3.08. Contractor shall adhere to the following disbursement procedures:

(a) Contractor shall complete the applicable parts of the Draw Request, shall execute the Draw Request, and forward it to Owner.

(b) Contractor shall comply with the method and form of disbursement as set forth in the Loan Agreement.

(c) Contractor shall not submit the first Draw Request relating to the construction of the Project earlier than the date set forth in the Loan Agreement.

(d) GHFA shall have at least 10 Business Days to either disburse the Funds pursuant to a Draw Request or to deny in writing the Draw Request.

(e) In addition to any information required by the Loan Agreement, a Draw Request shall include a Contractor lien waiver and any subcontractor lien waivers, as required by GHFA, and the following information, accompanied by evidence in form and content satisfactory to GHFA: (1) the portion of the construction work completed at that time; (2) that all construction before the date of the Draw Request has been done substantially in accordance with the GHFA-approved work write-up and the GHFA and HUD standards for the work; (3) that all funds previously advanced by GHFA have been

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applied directly to the costs for which Funds were requested under the applicable Draw Request; (4) Contractor's certification of receipt of any applicable permits, licenses, or certificates required under local, state, or federal law; and (5) that all change orders have been approved in writing by GHFA.

3.09. Contractor agrees that at no time and in no event shall GHFA be obligated to disburse the Funds: (a) with respect to hard costs in excess of the actual costs incurred; (b) if the Project has been damaged by fire or other casualty; (c) if in the reasonable judgment and opinion of GHFA, the estimated remaining cost of construction of the Project (including any allowable soft costs) exceeds the total of: (1) the remaining portion of the Funds available for any Unit, plus (2) the remaining portion of any other funds committed to the construction of the Project; (d) if condemnation proceedings or similar type of proceedings are begun for all or a material part of the Project; (e) if in the reasonable judgment and opinion of GHFA, either Contractor, Owner, or the Project has failed to satisfy or is in violation of any requirement set forth in any applicable regulations or guidelines of GHFA or HUD; or (f) if there is any default under the Loan Agreement.

3.10. Contractor shall have a written contract with each and every subcontractor performing work on any Unit. In addition to any other subcontract provisions required by this Addendum, the written subcontract shall expressly require: (a) the subcontractor to comply with the Lead Paint Act; (b) the subcontractor to warrant and represent that no member, employee, officer, agent, consultant, or official of GHFA or any member of the immediate family of such person, has any interest, direct or indirect, in any agreement pertaining to the construction of any Units or any proceeds or benefits arising from such an agreement; (c) the subcontractor to warrant and represent that neither it nor any of its principals are presently debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from participation in this transaction or the GHFA Program by any federal department or agency; (d) the subcontractor to warrant and represent that no federal appropriated funds have been paid or will be paid, by or on behalf of subcontractor, to any person to influence or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement; (e) the subcontractor to warrant and represent that if any funds other than federally appropriated funds have been paid or will be paid to any person to influence or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with this Contract, subcontractor shall complete and submit HUD Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; (f) the subcontractor shall not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, or handicap; (g) the subcontractor to construct any Unit in accordance with the property standards established by HUD or GHFA; and (h) the subcontractor to certify that it will provide a drug-free workplace for its employees during the performance of its subcontract in accordance with the requirements

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of *O.C.G.A. §50-24-3(b)(7)* and the Drug-Free Workplace Act of 1988, 41 U.S.C. §701 *et seq.* For each subcontractor or other person or entity participating in the construction or rehabilitation of the Project, Contractor shall provide Owner with a certificate from such subcontractor, person, or entity certifying that neither it nor any of its principals (in the case of an entity) are presently debarred, suspended, proposed for debarment or suspension, declared ineligible, or voluntarily excluded from participation in this transaction or the GHFA Program by any federal department or agency.

3.11. Contractor shall maintain proper and accurate books, records, and accounts reflecting its performance under this Addendum and the Contract, which shall be separate from any general accounting records which Contractor may maintain in connection with Contractor's general business activities. Contractor shall keep such records until the expiration of the term of the Loan (the "Term," which in this case is on or about date7) plus a period of 3 years thereafter. Contractor agrees that GHFA, HUD, the Comptroller of the United States, the General Accounting Office, or any of their authorized representatives shall have, upon at least 24-hours notice to Contractor, access to all such books, records, and accounts for a period of not less than the Term plus a period of 3 years thereafter. In addition, with respect to any disputed matters (*i.e.*, audits, disputes, or litigation), Contractor shall maintain all such books, records, and accounts for a period of not less than 5 years after all such disputed matters are resolved in accordance with applicable federal or state laws, regulations, or policies or the Term plus 3 years, whichever is longer.

3.12 Contractor agrees to the following: (a) Contractor agrees to make available at all reasonable times during the Term plus an additional 3 years thereafter, any and all records, information, data, reports, plans, projections, matters, contracts, memoranda, correspondence, and other materials relating to the Contract for inspection by the Office of the State Inspector General of Georgia (the "OIG") or GHFA and its representatives and designees, including HUD, the Office of the Inspector General of the United States, the General Accounting Office, and the Georgia State Accounting Office. (b) Contractor agrees to include the substance of this clause in all subcontracts related to the Contract.

3.13. Contractor understands and agrees that, before GHFA is obligated to release any retainage GHFA is holding, Contractor must satisfy the following requirements: (a) full and final completion of the work required under the Contract, as determined by GHFA or its representative; (b) GHFA's receipt of the Contractor's certification of the actual cost of the Work (the "Cost Certification"); and (c) GHFA's receipt of an audit report and opinion letter (collectively, the "Audit Report") from a certified public accountant or other person acceptable to GHFA, which may include personnel of the Georgia Department of Community Affairs ("DCA"), which Audit Report must certify the Contractor's costs and be prepared in accordance with generally accepted account principles and generally accepted auditing standards. The Cost Certification and Audit Report are subject to GHFA's review and must be in a form satisfactory to GHFA and in accordance with GHFA's requirements. For a period of 5 years following completion of construction, GHFA and HUD (and their agents and representatives) shall have the right to audit the Cost Certification and Audit Report, and Contractor agrees that it will cooperate with any such audit and will cause the person or persons that performed the

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Cost Certification and Audit Report to cooperate with any such audit, not including the persons that produced the Audit Report if such persons were then employed by DCA. Contractor will give the persons conducting any such audit access to Contractor's records relating to the Contract and the Project. Contractor further understands and agrees that the total payments from all sources to Contractor in connection with the Project shall not exceed the actual allowable amount for construction, as determined by GHFA or its representative.

3.14 Contractor understands and agrees that any employee of any non-Federal employer receiving funds made available under the Act ("covered funds") may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Recovery Act Transparency and Accountability Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee reasonably believes is evidence of:

- (1) gross mismanagement of an agency contract or grant relating to covered funds;
- (2) a gross waste of covered funds;
- (3) a substantial and specific danger to public health or safety related to the implementation or use of covered funds;
- (4) an abuse of authority related to the implementation or use of covered funds; or
- (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued relating to covered funds.

Article 4. Effect of Addendum. This Addendum is made a part of the Contract (whether physically attached or not), and, to the extent that there is any conflict between the terms of the Contract and this Addendum, the parties agree that the terms of the Addendum shall prevail and be given effect.

IN WITNESS WHEREOF, Owner and Contractor have executed this Addendum to the Contract as of the above date.

XX

By: zx
its sole*managing General Partner

By: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

QR

By: _____

Name: _____

Title: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

BORROWER'S AFFIDAVIT AND CERTIFICATE

- LENDER:** Georgia Housing and Finance Authority
60 Executive Park South, N.E.
Atlanta, Georgia 30329
- BORROWER:** xx, a Georgia limited partnership, \$*, qs
- LOAN:** A maximum of \$jj from Lender to Borrower (the "Loan"), secured by real property located in qq County, Georgia, and other collateral
- LOAN DOCUMENTS:** The Promissory Note, Deed to Secure Debt and Security Agreement, Construction/Permanent Loan Agreement and all other documents executed or delivered in connection with the Loan or that evidence or secure payment of the Loan

Being first duly sworn, -- (the "Affiant"), in order to induce Lender to make the Loan and any title insurance company to insure the priority of Lender's Deed to Secure Debt and Security Agreement, hereby certifies as follows:

1. Affiant is the -- of zx, Borrower's sole*managing general partner (the "General Partner"), and Affiant is duly authorized to make this Affidavit for the above purposes.
2. Borrower has furnished Lender with true and correct copies of Borrower's partnership agreement (as amended) and certificate of limited partnership, the General Partner's Articles of Incorporation and bylaws*Articles of Organization and Operating Agreement, and certificates of existence from the Georgia Secretary of State for Borrower and the General Partner.
3. Borrower has been properly formed and is validly existing under Georgia law and has the power and authority to borrow money from Lender, encumber its property, and execute and deliver the Loan Documents. All partnership action necessary to authorize the Loan, the encumbrance, transfer, and assignment of Borrower's property in favor of Lender, and the execution and delivery of the Loan Documents has been taken, and the Loan Documents have been properly executed and delivered to Lender. All *corporate action by the General Partner necessary to authorize the execution and delivery of the Loan Documents by the persons or entities doing so has been taken, and the persons who signed the Loan Documents are *duly elected officers of the General Partner and serve in the offices*capacities indicated by their signatures.

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4. Borrower is the owner in fee simple of the real property described in the attached **Exhibit A** (the "Property") subject only to those matters set forth in the attached **Exhibit B** (the "Permitted Encumbrances").

5. Borrower is in actual, open, notorious, and exclusive possession of the Property, and no other person has a right, or claims a right, to possession or is in possession of all or any part of the Property, except as may be set forth in the Permitted Encumbrances and in paragraph 14.

6. There are no outstanding debts or obligations that are secured by a security deed, mortgage, or lien of any nature encumbering the Property, except as may be set forth in the Permitted Encumbrances. Borrower has not received any notice or claim of lien for the Property.

7. The boundary lines and corners of the Property are located as described in Exhibit A, and there are no disputes about the location of the lines or corners. There are no encroachments on the Property.

8. There are no suits, proceedings (judicial or administrative), judgments, or executions of any nature pending or threatened against Borrower or the General Partner.

9. During the 95 days preceding the date of this Affidavit, no labor has been performed on the Property and no materials have been delivered to the Property; or, if improvements or repairs have been made to the Property during that period, there are no unpaid bills for labor or materials used in making those improvements or repairs. There are no unpaid bills for the services of architects, surveyors, or engineers used in connection with the Property.

10. All bills for water, electric, gas, and sewer services supplied to the Property have been paid in full.

11. Personally and on behalf of Borrower and the General Partner, Affiant certifies that all financial statements given to Lender in connection with the Loan accurately and fairly present the financial condition or results of operations of Borrower or the General Partner (as the case may be) as of the date of the statement or for the period covered by the statement, and there has been no material and adverse change in Borrower's or General Partner's financial condition since the date of the latest financial statements given to Lender.

12. (a) To Affiant's best knowledge, the Property is not in violation of or subject to any existing, pending, or threatened investigation or inquiry by any governmental authority or any remedial obligations under any applicable laws, rules, or regulations pertaining to health or the environment, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and the Resource Conservation and Recovery Act of 1976. Affiant knows of no facts, condition, or circumstance that could result in any such investigation or inquiry if such facts, conditions, and circumstances were fully disclosed to the applicable governmental authority. (b) Borrower has not obtained and is not required to obtain any permits,

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licenses, or similar authorizations under any environmental laws, rules, or regulations in order to construct, occupy, operate, or use any building, improvement, fixture, or equipment in connection with the Property or improvements to be constructed on the Property. (c) Except as may be disclosed in the Phase I environmental report for the Property furnished to Lender, Affiant has no knowledge of any oil or petroleum products, toxic or hazardous substances, or solid wastes having been disposed of or released on the Property.

13. As of the date of this Affidavit, neither Borrower nor the General Partner is a party to any bankruptcy, reorganization, receivership, or insolvency proceeding, criminal act, or criminal enterprise, and no such action is contemplated by Borrower or the General Partner. No other person has threatened to take any such action against Borrower or the General Partner. No part of the Property has been taken in condemnation, government seizure, civil forfeiture, criminal forfeiture, or similar proceeding, and there is no such proceeding pending, threatened, or known to be contemplated.

14. No person or legal entity except Borrower* and tenants under existing tenancies or leases for individual apartments has any right to possession of the Property.

15. Borrower has not engaged the services of any real estate broker in connection with the loan from Lender or any other transaction affecting the Property. Borrower has not received any notice from any real estate broker or agent claiming or asserting a lien for services rendered in connection with such a loan or transaction.

16. All taxes, charges, and assessments levied and assessed against the Property that are due and payable as of the date of this Affidavit have been paid, and, to the best knowledge of Affiant, no assessments are pending.

17. There are no easements or claims of easement that do not appear of public record.

18. Affiant hereby states that the foregoing statements are true and correct to the best of Affiant's personal knowledge after a reasonable investigation of the matters.

Sworn to and subscribed
before me date 1

--

Notary Public

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EXHIBIT B

PERMITTED TITLE EXCEPTIONS

[GOES ON LAW FIRM LETTERHEAD]

[Date]

Georgia Housing and Finance Authority
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2229

Re: Loan to xx

Gentlemen:

We refer to the Construction/Permanent Loan Agreement (the “Agreement”), dated date1, between xx, a Georgia limited partnership (the “Borrower”), and Georgia Housing and Finance Authority, a public corporation and instrumentality of the State of Georgia (the “Lender”), in which Lender agrees to lend Borrower up to \$jj. We have acted as counsel to Borrower in connection with the Agreement and the underlying loan transaction and are delivering the opinions in this letter at Lender’s request.

This opinion letter is limited by and intended to be consistent with the October 15, 1997 edition of the Interpretive Standards applicable to legal opinions to third parties in Georgia Real Estate Secured Transactions adopted by the Executive Committee of the Real Property Law Section of the State Bar of Georgia, as amended May 20, 2002, which interpretive standards are incorporated in this opinion letter by reference. Capitalized terms used in this letter and not otherwise defined shall have the same meanings as in the Agreement.

In connection with this opinion letter, we have examined such records, agreements, instruments, certificates, and other documents as we deem necessary or appropriate. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of signatures on documents, and the conformity of copies with original documents. As to certificates and telegraphic confirmations of public officials, we have assumed they have been properly given and are accurate. As to all matters of fact, we have relied upon certificates of partners of Borrower. With respect to opinions which make specific reference to an investigation, we have advised you, and you have acknowledged, that any such investigation has been limited to reasonable inquiry of the partners of Borrower and the attorneys in our firm.

In addition, whenever any opinion or confirmation of fact set forth in this opinion letter is qualified by the words “to our knowledge,” “known to us,” or words of similar meaning, the quoted words mean the current awareness of the Primary Lawyer Group of factual matters such lawyers recognize as being relevant to the opinion or confirmation so

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qualified. "Primary Lawyer Group" means the lawyer signing this opinion letter and _____, who are the attorneys in our firm primarily responsible for the legal services relating to the Borrower, and any lawyer in our firm who is primarily responsible for providing the response concerning the particular issue.

Based upon the foregoing, it is our opinion that:

1. Borrower was duly organized as a limited partnership and is existing and in good standing under Georgia law.

2. Borrower has the power to execute and deliver the Loan Documents, to perform its obligations under the Loan Documents, to own and use the Premises, and to conduct its business.

3. Borrower has duly authorized the execution and delivery of the Loan Documents and all performance by Borrower under the Loan Documents and has duly executed and delivered the Loan Documents.

4. zx was duly organized as a corporation*limited liability company and is existing and in good standing under Georgia law.

5. zx is the sole*managing general partner of Borrower. In its capacity as general partner of Borrower, it has the power and authority to borrow money from Lender for Borrower and has duly authorized the execution and delivery of the Loan Documents.

6. The Loan Documents are valid and enforceable against Borrower in accordance with their respective terms, except as enforceability may be limited by: (a) bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance, or similar laws affecting creditors' rights generally; (b) customary principles, judicial decisions, and laws governing, limiting, or affecting equitable remedies or relief generally (including, without limitation, matters of public policy) whether considered in a proceeding at law or equity; and (c) certain other laws and judicial decisions which may affect certain of the remedial or other provisions contained in the Loan Documents, none of which decisions will, in our judgment, substantially interfere with the practical realization by you of the rights intended to be provided under the Loan Documents.

7. Borrower's execution and delivery of the Loan Documents do not violate Borrower's partnership agreement and certificate of partnership, and, to our knowledge, do not: (a) violate any constitution, statute, regulation, rule, order, or law known to us to which Borrower or the Premises is subject; (b) constitute a breach or default under any other written agreements known to us to which Borrower is a party or by which Borrower or the Premises are bound; or (c) violate any judicial or administrative decree, writ, judgment, or order known to us to which Borrower or the Premises is subject.

8. No consent, approval, authorization, or other action by, or filing with, any governmental authority of the United States or the State of Georgia is required for

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Borrower's execution and delivery of the Loan Documents and closing of the Loan* or for Guarantor's execution and delivery of the Guaranty.

9. To our knowledge after investigation, there is no pending or threatened litigation or proceedings against or affecting Borrower or its property before any court or administrative agency.

10. The Deed to Secure Debt from Borrower to Lender (the "Deed") is a valid deed to secure debt under Georgia law and a valid conveyance of title from Borrower to Lender with respect to the real property described in the Deed.

11. The Deed creates in favor of Lender, as security for the obligations of Borrower under the Loan Documents, a security interest in the personal property described in the Deed as collateral in which a security interest may be created under the Uniform Commercial Code (the "UCC") in effect in Georgia (the "UCC Collateral"). To the extent that a security interest may be perfected by filing a financing statement in Georgia, the filing of a financing statement (the "Financing Statement") in the UCC records in the office of the Clerk of the Superior Court of any county in Georgia will result in perfection of Lender's security interest in the UCC Collateral (other than fixtures) described in the Financing Statement and the recording of the Financing Statement in the real estate records of the county in which the Premises are located will result in the perfection of Lender's security interest in any fixtures that are a part of the UCC Collateral.

12. The Loan Documents and the interest rates charged in them are in compliance with the usury laws of Georgia.

13. The Guarantor has duly executed and delivered the Guaranty. The Guaranty is valid and enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or similar laws affecting creditors' rights generally, none of which will substantially interfere with the practical realization by Lender of the benefits provided by the Guaranty.

The opinions in this letter are being rendered in connection with the Agreement and the other Loan Documents and the underlying loan transaction and may be relied upon by you only in connection with those instruments and that transaction. Without the prior written consent of this firm, you shall not disclose these opinions to any other person or entity, and no other person or entity may rely on any opinion expressed in this letter.

Very truly yours,

[Name]

[Title]

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CERTIFICATE OF *CORPORATE GENERAL PARTNER

I certify that I am the duly elected and acting Secretary*manager of zx, a Georgia corporation*limited liability company (the "General Partner"), which is the sole*managing general partner of xx, a Georgia limited partnership (the "Partnership"). In connection with the Partnership's request for a \$jj loan (the "Loan") from the Georgia Housing and Finance Authority (the "Lender") for ww (the "Project") and the closing of the Loan, I further certify that:

1. As the sole*managing general partner of the Partnership, the General Partner has full power and authority to act on behalf of the Partnership.

2. The attached **Exhibit A** is a true and complete copy of the Certificate of Incorporation*Organization of the General Partner issued by the Secretary of State and the General Partner's Articles of Incorporation*Organization with all amendments (if any), as filed with the Georgia Secretary of State.

3. The attached **Exhibit B** is a true and complete copy of the Operating Agreement*duly adopted Bylaws of the General Partner with all amendments (if any) attached or incorporated.

4. Except for any amendments attached to or incorporated in Exhibits A and B, the General Partner's Articles of Incorporation*Organization and the Bylaws*Operating Agreement have not been amended, terminated, or canceled, and they remain in effect as of the date of this Certificate.

5. The attached **Exhibit C** is a true and complete copy of the *corporate resolutions authorizing the Loan, which resolutions have not been amended, rescinded, or modified, remain in effect, and do not violate or conflict with the certificate of limited partnership or limited partnership agreement of the Partnership (the "Partnership Agreement").

6. The attached **Exhibit D** is a true and complete copy of the certificate of existence of the General Partner, issued by the Georgia Secretary of State within 30 days of the date of this Certificate. The General Partner is in good standing under Georgia law and has not done or omitted to do anything that would affect its good standing under Georgia law as of the date of this Certificate.

7. The persons whose names appear below are the duly elected, qualified, and acting officers*authorized representatives of the General Partner, and in such capacities have the power to execute and deliver documents, instruments, agreements, and certificates on behalf of the corporation*company in connection with the Loan'. The signatures opposite their names are their genuine signatures.

_____ *President _____

*Secretary

8. The attached **Exhibit E** is a true and complete copy of the certificate of limited partnership of the Partnership and all amendments to it (if any) as filed with the Georgia Secretary of State.

9. The attached **Exhibit F** is a true and complete copy of the Partnership Agreement and all amendments to it (if any).

10. Except for any amendments attached to Exhibits E and F, neither has been amended, terminated, or canceled and both remain in full force and effect as of the date of this Certificate.

11. The attached **Exhibit G** is a true and complete copy of the Consent of Partners authorizing the Loan, authorizing the General Partner to act on behalf of the Partnership in connection with the Loan, and authorizing the encumbrance of the Project as collateral for the Loan. The resolutions have not been amended, rescinded, or modified; remain in effect; and do not violate or conflict with either the certificate of limited partnership or the Partnership Agreement.

12. The attached **Exhibit H** is a true and complete copy of a certificate of existence of the Partnership issued by the Secretary of State of the State of Georgia within the preceding 30 days. Neither the General Partner nor the Partnership has taken any action that would cause the Partnership not to be in good standing under Georgia law as of the date of this Certificate.

13. This Certificate is given for the benefit of Lender and any title insurer of Lender, and, in connection with the Loan, Lender may rely upon all certifications and statements in it.

IN WITNESS WHEREOF, I have executed this Certificate date1* and affixed the corporate seal of the General Partner.

*

[SEAL]

EXHIBIT C

CORPORATE RESOLUTIONS

RESOLVED, that the President of the Corporation accompanied with the corporate seal (no attestation of his signature being required) is authorized to execute all closing statements, notes, deeds, assignments, affidavits, agreements, releases, certificates, papers, documents or other instruments necessary or desirable to effect, evidence, and secure a loan made by the Georgia Housing and Finance Authority (the "Lender") to xx (the "Partnership") in the amount of \$jj, and further, that any and all such acts of such officer are hereby approved, ratified, and accepted as the action of the Corporation and binding on the Partnership.

FURTHER RESOLVED, that the Secretary of the Corporation is authorized to attest the signature of the President and certify on behalf of the Corporation to Lender any corporate matters as Lender may request, including the adoption of these resolutions.

***EXHIBIT C**

Resolutions of General Partner

RESOLVED, that any manager of the Company is authorized to execute all closing statements, notes, deeds, assignments, affidavits, agreements, releases, certificates, papers, documents or other instruments necessary or desirable to effect, evidence, and secure a loan made by the Georgia Housing and Finance Authority (the "Lender") to xx (the "Partnership") in the amount of \$jj, and further, that any and all such acts of such manager are hereby approved, ratified, and accepted as the action of the Company and binding on the Partnership.

EXHIBIT G

Consent of Partners Authorizing a Secured Loan

WHEREAS, xx, a Georgia limited partnership (the "Partnership"), is in need of funds for its partnership purposes and zx, a Georgia corporation*limited liability company, the sole*managing general partner of the Partnership (the "General Partner") has arranged for a loan from the Georgia Housing and Finance Authority (the "Lender") upon terms and conditions satisfactory to the General Partner and the limited partners of the Partnership:

NOW, THEREFORE, the undersigned, being all of the partners of the Partnership, hereby consent and agree as follows:

1. The Partnership is authorized to borrow from the Lender funds up to but not exceeding the principal amount of \$jj (the "Loan").

2. The General Partner is authorized and empowered in the name of and on behalf of the Partnership: (a) to execute, seal, and deliver to Lender the promissory note or notes or other instruments of the Partnership evidencing the Loan or any extensions or renewals of the Loan, maturing upon such date or dates, bearing interest at such rate or rates, in such form, and containing such terms and conditions as may be agreed upon by the Lender and the General Partner, the execution, sealing, and delivery of any such promissory note or notes or other instruments by the General Partner on behalf of the Partnership to be conclusive evidence of such agreement; (b) to execute, seal, acknowledge, and deliver to the Lender a loan agreement containing such terms, conditions, covenants, and agreements of the Partnership as may be agreed upon by the Lender and the General Partner, the execution, sealing, and delivery of any such loan agreement (whether or not acknowledged) by the General Partner to be conclusive evidence of such agreement; (c) to execute, seal, acknowledge, and deliver to the Lender any other instruments, documents, agreements, or certifications of the Partnership as Lender may require in connection with the Loan, the execution, sealing, and delivery of any such other instruments, documents, agreements, or certifications (whether or not acknowledged) by the General Partner to be conclusive and binding on the Partnership; (d) to receive or endorse on behalf of and in the name of the Partnership any checks, drafts, or credits representing the proceeds of the Loan; and (e) to sign any other documents and take any other actions as may be necessary or desirable in the judgment of the General Partner to consummate the transactions authorized by this Consent, to carry out the terms of the Loan documents, and to effectuate the purpose of this Consent.

3. To secure the payment of the Loan or any extensions or renewals of it, the General Partner is authorized and empowered in the name of and on behalf of the Partnership to mortgage, pledge, assign, hypothecate, or grant a security interest in any or all of the Partnership's assets or properties, owned now or in the future, and to execute, acknowledge, seal, and deliver to Lender any instruments and agreements including (but not limited to) deeds to secure debt, mortgages, deeds of trust, pledges, assignments, and

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security agreements, containing such terms, conditions, covenants, and agreements of the Partnership as may be agreed upon by the Lender and the General Partner, the execution, sealing, and delivery of any such mortgages, deeds of trust, pledges, assignments, and security agreements (whether or not acknowledged) by the General Partner to be conclusive evidence of such agreement.

4. The undersigned hereby ratify and confirm all debt owed to Lender and all contracts or agreements made with Lender on behalf of the Partnership and all acts of the General Partner and agents of the Partnership in connection with such debt, contracts, or agreements.

5. The General Partner or any officer*agent of the General Partner is authorized and directed to certify to Lender a copy of this Consent.

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GUARANTY OF COMPLETION AND PAYMENT

This Guaranty is given date1, to the Georgia Housing and Finance Authority, a public corporation and instrumentality existing under the laws of the State of Georgia (“Lender”) by @@ (“Guarantor”) for the obligations of xx, a Georgia limited partnership (“Borrower”).

RECITALS:

A. Lender has agreed to make a loan (the “Loan”) to Borrower in the maximum amount of \$jj. The Loan is being made pursuant to a Construction/Permanent Loan Agreement (the “Loan Agreement”), and it is evidenced by a promissory note in the amount of \$jj (the “Note”).

B. Borrower is going to use the proceeds of the Loan to build a !!-unit apartment project (the “Improvements”) on real property (the “Property”) located in qq County, Georgia (the Improvements and the Property are collectively referred to as the “Project”). The real property is described in the attached **Exhibit A**.

C. To secure the repayment of the Loan and the performance of its obligations to Lender, Borrower has executed and delivered to Lender a Deed to Secure Debt and Security Agreement (the “Security Deed”) and an assignment of rents, leases, and security deposits (the “Lease Assignment”).

D. Lender is unwilling to make the Loan to Borrower without this Guaranty.

E. Guarantor is a principal of one or more of the entities involved in the Project and stands to benefit personally from the making of the Loan and the completion of the Project.

NOW, THEREFORE, in consideration of Lender’s entering into the Loan Agreement and making the Loan to Borrower, Guarantor hereby covenants and agrees with Lender as follows:

1. Definitions. For purposes of this Guaranty, the following terms shall have the following meanings.: (a) “Guaranteed Obligations” include the Indebtedness and the other obligations set forth in §2; (b) “including” means “including (but not limited to)” unless otherwise specifically provided; (c) “Indebtedness” is all amounts owed under the Loan Documents and this Guaranty; (d) “Loan Documents” means the Loan Agreement, Note, Security Deed, Lease Assignment, and all other agreements or instruments relating in any way to the Loan; (e) “Work” has the same meaning as in the Loan Agreement, but generally is the construction of the Improvements in accordance with the Plans and Specifications, as they may be changed from time to time. Capitalized terms that are not defined in this Guaranty shall have the same meaning as in the Loan Agreement

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2. Guarantied Obligations. To induce Lender to make the Loan to Borrower, Guarantor hereby unconditionally and irrevocably guaranties to Lender the prompt and complete performance of Borrower's obligations in the Loan Agreement to:

(a) complete, and pay the cost of completing, the Work by the Completion Date in accordance with the Budget, the Completion Schedule, and the Plans and Specifications (including any changes in those Plans and Specifications that may be made from time to time), free and clear of all defects and liens and in compliance with all applicable Requirements;

(b) pay all expenses, charges, costs, and fees of or relating to the Work, including all permitting fees, licensing fees, amounts payable under the Construction Contract and all subcontracts, and amounts payable to all architects, engineers, and other consultants engaged in connection with the Work;

(c) pay immediately upon demand by Lender all amounts required to maintain or bring the Loan "in balance," as required under Section 3.19 of the Loan Agreement; and

(d) if a default or an Event of Default occurs under the Note or other Loan Documents, pay immediately upon demand any sum or sums due to Lender under the Note or any of the other Loan Documents.

3. Completion. Completion of the Work shall be deemed to occur when Lender has approved the Work as fully and finally completed in accordance with the Plans and Specifications and received a copy of the final certificate of occupancy for all Improvements issued by the appropriate governmental authority.

4. Nature of Guarantor's Obligations.

(a) This Guaranty and Guarantor's liabilities and obligations under it are absolute, unconditional, and irrevocable by Guarantor under all circumstances. Guarantor's liability under this Guaranty is a guaranty of completion, payment, and performance and not of collectibility, and is not contingent on the genuineness, validity, regularity, or enforceability of the Loan Documents or other instruments relating to the creation or performance of the Guarantied Obligations, or Lender's exercise of any remedies that it now has or may later have under the Loan Documents, at law, in equity, or otherwise. Guarantor shall be liable even if Borrower had no liability at the time of execution of any of the Loan Documents or thereafter ceases to be liable.

(b) Guarantor acknowledges and agrees that Guarantor may be required to perform the Guarantied Obligations even though the Loan has fully matured with the outstanding principal balance fully due and payable and Borrower is in default of its obligation to pay the full amount due under the Note.

(c) Guarantor acknowledges that Guarantor's liability may be larger in amount and more burdensome than that of Borrower. Guarantor's liability under this Guaranty shall not be limited or affected in any way by any impairment or any diminution or loss of value of any security or collateral for the Loan (whether caused by hazardous

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substances or otherwise), Lender's failure to perfect a security interest or security title in any security or collateral, or any disability or other defense of Borrower or any other guarantor.

(d) Guarantor's obligations under this Guaranty shall not be released (in whole or in part) by any action or omission which might, but for this paragraph, be deemed a legal or equitable discharge or release of a surety or guarantor, and Guarantor hereby waives any such right of discharge or release. Without limiting the generality of the foregoing, Guarantor shall continue to be liable under this Guaranty and the provisions of this Guaranty shall remain in full force and effect notwithstanding any of the following:

(1) any action or omission of Lender or Lender's failure to proceed promptly or otherwise, whether or not such action, omission, or failure varies or increases the risk or affects the rights or remedies of Guarantor;

(2) any modification, amendment, agreement, or stipulation between Borrower and Lender, or their respective successors and assigns, concerning the Loan Documents or the obligations encompassed by them, including the Guaranteed Obligations;

(3) any modification of or amendments or addenda to the Plans and Specifications, Completion Schedule, Budget, Construction Contract, or any subcontract;

(4) Lender's waiver of or failure to enforce any of the terms, covenants, or conditions contained in the Loan Documents, as they may be modified from time to time;

(5) any modification, extension, or renewal of the time of payment of all or part of the Indebtedness, whether or not longer than the original period, or any discharge or release of Borrower or any other guarantor from any liability for any or all of the Guaranteed Obligations;

(6) any discharge, release, exchange, surrender, or subordination of any interest in any real or personal property held by Lender as security for the performance of the Guaranteed Obligations;

(7) any taking of additional security for the Guaranteed Obligations, whether real or personal property;

(8) any foreclosure or other realization on any security for the Guaranteed Obligations, regardless of the effect upon Guarantor's subrogation, contribution, or reimbursement rights against Borrower or any other guarantor;

(9) the failure to perfect or continue the perfection of any lien or security interest in any collateral or delay in doing so;

(10) any additional loans or financial accommodations to Borrower relating to the Improvements, Property, or any other collateral for the Loan or any advances by Lender (even if the advances cause the amount of the Loan to exceed the

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maximum amount set forth in the Recitals) to protect Lender's interest in the Property or any other collateral for the Loan;

(11) the failure to exercise due diligence or to enforce any right, remedy, power, or privilege under the Loan Documents;

(12) the application of any payment received by Lender from Borrower in any manner Lender elects.

Guarantor hereby waives and surrenders any defense to liability based upon any such action or omission and shall be deemed to have consented to any such action, omission, or failure. Lender may take any such action or omit or fail to act in such manner without any notice to or consent of Guarantor. Guarantor shall not be released from the obligations under this Guaranty if Lender is required by agreement or law to give notice to any other person and fails to do so.

5. Exhaustion of Remedies Not Required. Lender may enforce this Guaranty without resorting to or exhausting any collateral or other security for the Loan and without first suing or otherwise pursuing Borrower or any other guarantor. Guarantor hereby waives any right Guarantor may have to require Lender to proceed against Borrower (including any rights Guarantor may have under the provisions of *O.C.G.A. §10-7-24*), to proceed against any other guarantor, to foreclose any lien on any real or personal property, to exercise any right or remedy under the Loan Documents, or to pursue any other remedy or to enforce any other right.

6. Waiver of Rights.

(a) Guarantor shall not exercise any subrogation, indemnification, contribution, or reimbursement rights against Borrower, against another guarantor or any other person or entity, or against any collateral or security for any of the Guaranteed Obligations until the Guaranteed Obligations have been paid and performed in full, all obligations owed to Lender under the Loan Agreement have been fully performed, and Lender has released, transferred, or disposed of all of its right, title, and interest in such collateral or security. Lender may use, sell, or dispose of any item of collateral or security as it sees fit without regard to any subrogation rights of Guarantor, and upon disposition or sale of any such items, all rights of subrogation relating to those items shall terminate.

(b) Guarantor waives all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies has destroyed the Guarantor's rights of subrogation and reimbursement against the principal or another guarantor.

(c) Guarantor waives any right to notices to Guarantor or Borrower or other formalities, including notice of the execution and delivery of the Loan Documents, notice of acceptance of this Guaranty by Lender, notice of all extensions of credit to Borrower by Lender, presentment and demand for payment of any of the Indebtedness, protest and notice of dishonor or of default or nonpayment, notice of Lender's obtaining, amending, substituting for, releasing, waiving, or modifying any security interest, lien, or

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encumbrance securing the Guaranteed Obligations, or Lender's subordinating, compromising, discharging, or releasing such security interests, liens, or encumbrances.

(d) Guarantor waives any benefit of or right to participate in any collateral or security held by Lender for the Guaranteed Obligations, except upon payment in full of the Indebtedness.

(e) Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty.

(f) Guarantor waives the benefit of all principles or provisions of law that conflict with the terms of this Guaranty.

(g) No other provision of this Guaranty shall be construed as limiting the generality of any of the covenants and waivers set forth in this paragraph 6. If a court determines that the waiver of Guarantor's rights of subrogation, reimbursement, and contribution as set forth above is void or voidable by Guarantor for any reason, Guarantor agrees that Guarantor's rights of subrogation and reimbursement against Borrower and Guarantor's rights of subrogation against any collateral or security shall be junior and subordinate to any rights Lender may have against Borrower and to all rights, title, and interest Lender may have in that collateral or security, and Guarantor's rights of contribution against any other guarantor shall be junior and subordinate to any rights Lender may have against such other guarantor.

7. Other Remedies Reserved.

(a) Guarantor agrees that nothing in this Guaranty shall prevent Lender from suing on the Note or from exercising any rights and remedies available to it under the Note or under any of the other Loan Documents and that the exercise of any of those rights and remedies shall not constitute a legal or equitable discharge or release of Guarantor.

(b) With respect to the foreclosure of any security interest in any personal property collateral securing the Guaranteed Obligations, Lender agrees to give Guarantor 5 days' prior written notice in the manner set forth in paragraph 20 of any sale or disposition of any such collateral, other than collateral that is perishable, threatens to decline speedily in value, is a type customarily sold on a recognized market, or consists of cash, cash equivalents, certificates of deposit, or the like.

(1) Guarantor's sole right in any foreclosure of real or personal property collateral shall be to bid at the sale in accordance with applicable law.

(2) Guarantor acknowledges and agrees that Lender may also bid at any such sale and if the collateral is sold to Lender in full or in partial satisfaction of the Guaranteed Obligations, Guarantor shall have no further right or interest in the collateral.

(3) Notwithstanding anything to the contrary contained in this Guaranty, no provision of this Guaranty shall be deemed to limit, decrease, or in any way to

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diminish any rights of set-off Lender may have for any cash, cash equivalents, certificates of deposit, letters of credit, or the like that may now or later be deposited with Lender by Borrower.

(c) To the extent any dispute exists at any time between Guarantor and any other guarantor of the Guaranteed Obligations as to Guarantor's or any other guarantor's right to contribution or otherwise, Guarantor agrees to indemnify Lender against any liability, claim, or expense (including reasonable attorneys' fees and litigation costs) Lender may incur as a result of that dispute.

(d) Guarantor's obligations under this Guaranty shall not be altered, limited, or affected by any voluntary or involuntary case involving the bankruptcy, insolvency, receivership, reorganization, liquidation, or arrangement of Borrower or by any defense that Borrower may have by reason of the order, decree, or decision of any court or administrative body resulting from any such case. So long as any part of the Guaranteed Obligations is owing to Lender, Guarantor shall not begin or join with anyone in beginning any bankruptcy, reorganization, receivership, or insolvency proceeding by or against Borrower.

(1) As between Guarantor and Lender, Lender shall have the sole right to accept or reject any plan proposed in such case and to take any other action which Guarantor would be entitled to take, including the decision to file or not file a claim.

(2) Guarantor acknowledges and agrees that any interest on the Guaranteed Obligations that accrues after any such proceeding is begun (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law because such proceeding has begun, such interest as would have accrued if those proceedings had not begun) shall be included in the Guaranteed Obligations, because it is the parties' intention that the Guaranteed Obligations should be determined and calculated without regard to any rule, law, or order that may relieve Borrower of any portion of the Guaranteed Obligations. Lender shall be permitted to receive payment of any such interest from any trustee in bankruptcy, receiver, debtor-in-possession, assignee for the benefit of creditors or similar Person.

(3) Guarantor hereby assigns to Lender Guarantor's right to receive any payments from any trustee in bankruptcy, receiver, debtor-in-possession, assignee for the benefit of creditors, or similar Person by way of dividend, adequate protection payment, or otherwise.

(4) If a claim is made against Lender for the repayment or recovery of any part of the Guaranteed Obligations, and Lender repays all or part of such amount due to a judgment, decree, or order of court or administrative body or due to a settlement or compromise (collectively, an "Order"), Guarantor shall be obligated to Lender under this Guaranty for the amount repaid by Lender as if such amount had never been paid by Borrower or received by Lender. Any such Order shall be binding and conclusive upon Guarantor, notwithstanding the termination of this Guaranty or the cancellation of the Note or any other instrument evidencing or relating to the Guaranteed Obligations.

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8. Account Stated. Guarantor agrees that the books and records of Lender showing the account between Lender and Borrower shall be admissible in evidence in any action or proceeding, shall be binding upon Guarantor for the purpose of establishing the items in the books and records, and shall constitute prima facie proof of the amount and any other facts stated in the books and records.

9. Financial Statements. Guarantor warrants and represents that any financial statements Guarantor has given Lender were true and correct in all respects and did not omit any material information. The statements were prepared in accordance with generally accepted accounting principles or other method of accounting disclosed to and acceptable to Lender, consistently applied, and fairly present the financial position of Guarantor as of their date or dates. There are no material contingent liabilities affecting Guarantor that are not disclosed in the most recent financial statements submitted to Lender. Guarantor further warrants and represents that no material adverse change has occurred in Guarantor's financial position since the date of the most recent statement given to Lender.

During the term of this Guaranty, on an annual basis within 180 days after the end of the calendar year, Guarantor shall provide Lender with the same kind of financial statements (and in the same format) as provided to Lender in connection with the Application, which Guarantor must certify as correct and complete. Upon request, Guarantor will promptly furnish Lender with other financial statements and other information concerning Guarantor's financial condition

10. Borrower's Financial Condition. Now and in the future, Lender has no obligation to investigate the financial condition or affairs of Borrower for Guarantor's benefit or to advise Guarantor about Borrower's financial condition or any change in it, whether or not Lender knows or believes or has reason to know or believe that any fact or change is unknown to Guarantor or might (or does) materially increase the risk of Guarantor or might (or would) affect the willingness of Guarantor to continue as guarantor.

Guarantor is fully aware of the financial condition of Borrower. Guarantor delivers this Guaranty based solely on Guarantor's own independent investigation and in no part upon any representation or statement of Lender with respect to the financial condition of Borrower. Guarantor is in a position to and assumes full responsibility for obtaining any additional information concerning Borrower's financial condition as Guarantor may deem material to the obligations under this Guaranty, and Guarantor is not relying upon, nor expecting Lender to furnish Guarantor with, any information in Lender's possession concerning Borrower's financial condition. Guarantor knowingly accepts the full range of risk encompassed within a contract of "continuing guaranty," including the possibility that Borrower will incur obligations for which Guarantor will be liable under this Guaranty after Borrower's financial condition or ability to pay its lawful debts has deteriorated.

11. Term of Guaranty. This Guaranty shall continue in full force and effect until the completion of the Work (as set forth in paragraph 3); or, if there is an Event of

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Default before the completion of the Work and Lender elects to complete the Work or cause a third party to complete the Work, this Guaranty shall not terminate until completion of the Work and payment in full of all amounts, if any, owed under section 15(a) of this Guaranty; or, if there is an Event of Default before completion of the Work and Lender elects to demand payment in full of all amounts owed under the Note and other Loan Documents, this Guaranty shall not terminate until such payment is received by Lender.

12. Warranties. Guarantor warrants and represents to Lender that:

(a) Guarantor is a *general partner of Borrower;

(b) Guarantor will directly and materially benefit from Lender's making of the Loan to Borrower;

(c) no consent of any other Person, including any creditors of Guarantor, and no license, permit, approval, or authorization of, exemption by, notice or report to, or registration, filing, or declaration with any governmental authority is required by Guarantor in connection with this Guaranty or its execution, delivery, performance, validity, or enforceability and all obligations required under it;

(d) this Guaranty has been duly executed and delivered by Guarantor and constitutes the legally valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms.

(e) the execution and delivery of this Guaranty do not violate or constitute a breach of any agreement or instrument to which Guarantor is a party, any order, judgment, award, or decree of any court, arbitrator, or governmental authority binding on Guarantor, or any applicable laws;

(f) there is no litigation, claim, action, or proceeding pending or, to the best knowledge of Guarantor, threatened against Guarantor that would materially adversely affect the financial condition of Guarantor or Guarantor's ability to fulfill the Guaranteed Obligations;

(g) Guarantor has and will continue to have access to all information concerning the Loan and the transactions contemplated by the Loan Agreement, the value, nature, and status of Borrower's assets, Borrower's financial status, and its ability to pay the Indebtedness and perform its other obligations to Lender;

(h) Guarantor has reviewed and approved copies of the Application, Loan Documents, Budget, and Plans and Specifications and knows and understands the remedies that Lender may exercise if there is a default or Event of Default under the Loan Documents and is satisfied with all of the items and conditions of those Loan Documents, including the terms of payment and the conditions under which the maturity of the Loan and the Other Guaranteed Obligations may be accelerated. In executing and delivering this Guaranty, Guarantor has relied on its*his own review of the Loan Documents and not on any representation or statement of Lender or any other person; and

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(i) as long as this Guaranty is in force, Guarantor shall keep informed about Borrower's financial condition and its performance of its obligations under the Loan Documents.

Guarantor also warrants and represents that, as of the date of execution and delivery of this Guaranty: the fair saleable value of Guarantor's assets exceeds the amount of its*his liabilities; Guarantor is meeting its*his current liabilities as they mature; no court or administrative proceedings or undischarged judgments are pending against Guarantor; no federal or state tax liens have been filed or threatened against Guarantor; and Guarantor is not in default or claimed default under any agreement for borrowed money. No bankruptcy, receivership, or insolvency proceedings are pending or contemplated by Guarantor or, to Guarantor's knowledge, threatened against Guarantor. Guarantor shall immediately give Lender written notice of any material adverse changes in Guarantor's financial condition (including any litigation commenced, tax liens filed, defaults claimed under any of Guarantor's debts for borrowed money or bankruptcy proceedings relating to Guarantor commenced by Guarantor or any third party).

13. Attorney's Fees and Costs. If any dispute or litigation regarding the enforcement or validity of this Guaranty occurs, Guarantor shall be obligated to pay all charges, costs, and expenses (including reasonable attorneys' fees) actually incurred by Lender, whether or not any action or proceeding is commenced concerning that dispute and whether or not that litigation is prosecuted to judgment. Such amounts shall be in addition to any other amounts that Guarantor may owe and shall be payable on demand. If Lender has paid any such amounts and is seeking reimbursement, the amount paid by Lender shall bear interest at the Default Rate (as set forth in the Note) from the date of Lender's payment until it is reimbursed in full, and Guarantor's payment to Lender shall include such interest.

14. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default (an "Event of Default") under this Guaranty:

(a) Guarantor's failure to perform, observe, or comply with any of the provisions of this Guaranty;

(b) the occurrence of a default or Event of Default under any of the Loan Documents;

(c) any materially false, inaccurate, or misleading information in any financial statement, the Application, or any schedule, report, or other document Guarantor has given Lender;

(d) Guarantor's inability to pay its*his debts as they mature;

(e) the filing by or against Guarantor of any petition for relief under any provision of Title 11 of the United States Code or any similar federal or state statute; or

(f) the dissolution*death of Guarantor, unless within 90 days of the death Guarantor's executor or administrator acknowledges and assumes Guarantor's

obligations under the Guaranty or unless within 60 days of death a substitute guarantor is provided, which substitute guarantor shall be subject to the prior approval of Lender.

15. Remedies. Upon the occurrence of an Event of Default, subject to the rights of yy (“Senior Lender”), Lender may exercise any remedy it has under the Loan Documents, this Guaranty, or law. In addition to all of Lender’s other rights under this Guaranty and under the Loan Documents, subject to the rights of Senior Lender, Lender shall have the right, exercisable in its sole discretion, either to require Guarantor to complete the Work, to complete the Work itself, or to cause the Work to be completed by a third party.

(a) If Lender elects to complete the Work itself or to cause a third party to complete the Work, Guarantor shall pay Lender immediately upon demand an amount equal to the difference between the actual costs incurred by Lender in completing the Work (collectively, the “Project Costs”), including all licensing fees, permitting fees, amounts payable under the Construction Contract or other general construction contract and all subcontracts, and amounts payable to any architect, engineer, or other consultant engaged in connection with the completion of the Work, minus the amount of the Loan proceeds that is undisbursed as of the date of the Event of Default that are not subject to a set-aside obligation, stop notice, or other legal impediment to disbursement (the “Undisbursed Loan”)* and amounts (if any) disbursed by “Senior Lender” to Lender for Project Costs after the Event of Default or applied by Senior Lender to Project Costs incurred after the Event of Default.

(b) For purposes of this section 15, the term “Project Costs” shall not include any amounts allocated in the Budget for interest, operating deficits, leasing commissions, marketing expenses, tenant concessions, real estate taxes and insurance, finders’ fees, legal fees not directly related to completion of the Work, or indirect cost contingencies not directly related to completion of the Work.

(c) If Lender elects to require Guarantor to complete the Work, upon the full performance of all of the Guaranteed Obligations, Lender shall pay Guarantor an amount equal to the cost actually and reasonably incurred by Guarantor in completing construction in accordance with the terms of this Guaranty, but in no event shall that payment exceed the Undisbursed Loan.

16. Security Interest. Guarantor grants Lender a security interest in any personal property of Borrower in which Guarantor hereafter acquires any right, title, or interest. Guarantor agrees that such security interest shall be additional security for the Guaranteed Obligations and shall be superior to any right of Guarantor in that personal property until all Guaranteed Obligations have been fully satisfied. Guarantor also grants Lender a security interest in any assets of Guarantor (including deposit accounts) that are in or come into Lender’s possession, custody, or control. If an Event of Default occurs, in addition to whatever other remedies Lender may have as a secured party, Lender may (without notice to Guarantor) liquidate any such asset and apply the proceeds plus any cash it may have been holding to the damages incurred by Lender due to the default, including any costs of completing the Work. For purposes of further securing this

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Guaranty, Guarantor also grants Lender a security interest in any collateral or security that Guarantor has given Lender in connection with any other obligation owed to Lender.

17. Cumulative Rights. All rights of Lender under this Guaranty or under any of the Loan Documents are separate and cumulative and may be pursued separately, successively, or concurrently, or not pursued without affecting or limiting any other right of Lender and without affecting or impairing the liability of Guarantor.

18. Assignment. Without notice to or consent of Guarantor, Lender may assign this Guaranty with any of the Loan Documents without in any way affecting Guarantor's liability under this Guaranty. The assignee, transferee, or holder shall have the right to enforce this Guaranty as fully as Lender, provided that Lender shall continue to have the unimpaired right prior and superior to that of any such assignee, transferee, or holder to enforce this Guaranty as to so much of the Guaranteed Obligations that it has not sold, assigned, or transferred.

19. Successors and Assigns. This Guaranty shall bind Guarantor and *his heirs, executors, administrators, legal representatives, successors, and assigns*its successors and assigns and shall inure to the benefit of, and be enforceable by, Lender and its successors and assigns, including any holder of any of the Loan Documents. This Guaranty shall be effective with respect to loans or advances made by Lender's successors and assigns to Borrower.

20. Notices. Any notice required or permitted under this Guaranty shall be in writing and shall be hand delivered (including FedEx or other nationally recognized delivery service) or mailed, certified mail, return receipt requested, postage prepaid, to the following addresses. Notices shall be deemed given and received upon hand delivery or 3 days after deposit in the United States mail.

If to Guarantor:

@ @
address5

If to Lender:

Georgia Housing and Finance Authority
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2229
Attention: Housing Finance Division, Asset Management Section

A party may change the address for notices by sending notice of change of address to the other party in accordance with this section.

21. Amendment. This Guaranty may be terminated, amended, supplemented, waived, released, or modified only by an instrument in writing signed by the party against whom enforcement of the termination, amendment, supplementation, waiver, release, or modification is sought.

22. Governing Law. This Guaranty shall be construed, interpreted, and enforced in accordance with Georgia law.

23. Miscellaneous. This Guaranty may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one and the same document. The pronouns used in this instrument shall be construed as masculine, feminine, or neuter as the occasion may require. Captions are for reference only and in no way affect the terms of this Guaranty. Wherever possible, each provision of this Guaranty shall be interpreted to be effective and valid under applicable law, but invalidation of any one or more provisions of this Guaranty shall not affect any of the other provisions, which shall remain in full force and effect. All references to any document, instrument, or agreement shall be deemed to refer to such document, instrument, or agreement as it may be amended, modified, restated, supplemented, or replaced from time to time. This Guaranty embodies the entire agreement between the parties concerning the matters set forth in it and supersedes all prior agreements between the parties concerning those matters. No course of prior dealing between the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify, or vary any of the terms of this Guaranty. There are no conditions to the full effectiveness of this Guaranty. No failure or delay on the part of Lender to exercise any power, right, or privilege under this Guaranty or the Loan Documents shall impair any such power, right, or privilege or be construed to be a waiver of any default or an acquiescence in any default, and any single or partial exercise of such power, right, or privilege shall not preclude other or further exercise of it or of any other right, power, or privilege. If Guarantor is in default, Lender may join Guarantor in any action against Borrower, and Guarantor hereby consents to venue and jurisdiction in any court where such action may be brought.

24. Guaranties Cumulative. This Guaranty is in addition to all other guaranties of Guarantor and any other guarantors of Borrower's obligations to Lender.* Guarantor acknowledges that, by a separate guaranty in favor of Lender, -- has also guaranteed completion, payment, and performance of some or all of the Guaranteed Obligations. Guarantor agrees that such separate guaranty agreement in no way limits any of the obligations of Guarantor under this Guaranty, all of which obligations are joint and several with the obligations of -- under that separate guaranty.

25. Waiver of Jury Trial. **Guarantor and *his heirs, executors, administrators, personal representatives, successors, and assigns*its successors and assigns shall not seek a jury trial in any action based upon or arising out of or otherwise relating to this Guaranty, the Loan, any of the Loan Documents or any related instrument or agreement, any collateral for the Loan, or for the obligations of Guarantor or any other guarantor, or their dealings or relationships with each other. To the extent permitted by applicable law, Guarantor irrevocably and expressly waives any and all right to any such jury trial and agrees that no such action for which a jury trial has been waived shall be sought to be consolidated with any other action in which a jury trial cannot or has not been waived. This section has been read and fully discussed by Guarantor, who has been represented by counsel, and this section shall not be subject to any exceptions.**

26. GUARANTOR HAS HAD THE OPPORTUNITY TO READ THIS DOCUMENT CAREFULLY AND TO REVIEW IT WITH AN ATTORNEY OF GUARANTOR'S CHOICE BEFORE SIGNING IT. GUARANTOR ACKNOWLEDGES HAVING READ THIS DOCUMENT BEFORE SIGNING IT, AND GUARANTOR UNDERSTANDS THE MEANING AND EFFECT OF IT. GUARANTOR FURTHER ACKNOWLEDGES THAT THE EXECUTION OF THIS GUARANTY WAS NOT BASED ON ANY FACTS OR MATERIALS PROVIDED TO GUARANTOR BY LENDER AND WAS NOT INDUCED BY ANY REPRESENTATION, STATEMENT, OR ANALYSIS MADE BY LENDER.

27. Non-Recourse Provisions. The exculpatory provisions in section 4.15 of the Deed and section 13 of the Note are not for the benefit of Guarantor, and, notwithstanding any exculpatory language in those sections, Guarantor shall have full recourse liability for the Guaranteed Obligations.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty under seal as of above date.

Witness

@ @

After recording,
return to:

John G. Grubb, Jr.
P.O. Box 447
McCaysville, Georgia 30555
Project # --

**DECLARATION OF LAND USE RESTRICTIVE COVENANTS
*FOR LOW-INCOME HOUSING TAX CREDITS**

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS (this “Agreement”), dated as of date1, by xx, a Georgia *limited partnership (with its successors and assigns, the “Owner”), and the Georgia Housing and Finance Authority, an instrumentality of the State of Georgia and a public corporation (with any successor to its rights, duties, and obligations, “GHFA” or the “Authority”), is made as a condition precedent to GHFA’s making a loan to Borrower under the American Recovery and Reinvestment Act of 2009, Public Law 111-5 (the “Act”),* and allocation of Federal and State housing tax credits (the “Credits”) to Owner.

RECITALS:

A. Owner owns land in the City of --, qq County, Georgia, more particularly described in the attached **Exhibit A** (the “Land”), on which is or will be located a project composed of:

- Low-income units, including -- income-producing employee units (the “Low-Income Units”)

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- Market rate units, including -- income-producing employee units
- Common space management/employee units (non-income-producing)
- Total unit count

to be known as “ww” (the Land and all improvements on it now or in the future are collectively referred to as the “Project”).

B. The Authority is responsible for administering the disposition of funds under the Act*, and the Governor of the State of Georgia has designated the Authority as the housing credit agency for the State, and therefore the Authority is responsible for the allocation of the Credits.

C. Owner has applied to the Authority for a loan in the amount of \$jj (the “Loan”) to be funded under the Act* and applied for and received allocation of Credits to the Project in an amount not to exceed \$--.00 tax credit dollars annually.

D. The Authority has relied upon the facts, statements, and representations in the Owner's Applications for the Loan* and the Credits (*collectively, the “Application”) in deciding to make the Loan* and allocate Credits to the Project.

E. To satisfy the requirements of the Act*, and Section 42, this Agreement will impose certain covenants and restrictions on the rent, use, occupancy, and transfer of the Land and Project, which covenants and restrictions will be restrictive covenants running with the Land and will be consistent with the requirements under Section 42 of the Internal Revenue Code.

NOW, THEREFORE, the parties agree as follows:

SECTION 1 - DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings: “Code” means the Internal Revenue Code; “Section 42” means Section 42 of the Code; “Household” includes individuals and means all occupants of a Low-Income Unit; “Person” means a natural person or entity; “Regulations” means all current and future regulations, rules, rulings, notices, policies, procedures, or other official statements promulgated or proposed by the U. S. Department of Treasury (“Treasury”), the Internal Revenue Service (“IRS”), or Housing and Urban Development (“HUD”) pertaining to the Act or Section 42 and low-income housing credits; and “Term” is defined in Section 5. All words and phrases defined in Section 42 or in the Regulations shall have the same meaning in this Agreement unless otherwise provided. When used in this Agreement, “including” means “including (but not limited to)” unless otherwise specified.

SECTION 2 - RECORDING AND FILING; COVENANTS TO RUN WITH THE LAND

(a) Owner shall record the executed original of this Agreement in the real estate records of qq County, Georgia, and pay all fees and charges for the recording. After this Agreement is recorded, if it is returned to Owner by the recording authority, Owner shall promptly send to the Authority the recorded, executed original of the Agreement, which must show the date, deed book, and page numbers of record.* GHFA will not make any disbursements under the Loan* and will not issue any Form 8609 for the Project, and Owner may not claim any Credits for the Project, until GHFA receives the original, recorded Agreement.

(b) Owner intends, declares, and covenants that this Agreement and the covenants and restrictions in it regulating and restricting the rent, use, occupancy, and transfer of the Land and the Project: (1) are covenants running with the Land, encumbering and burdening the Land for the Term; (2) are not merely personal covenants of Owner; and (3) shall bind Owner and its successors and assigns and all future owners and operators of the Project and the Land during the Term. This Agreement and the covenants and restrictions in it shall inure to the benefit of the Authority and its successors and assigns and any past, present, or prospective tenant of the Project. Owner agrees that all requirements of Georgia law for such covenants and restrictions to constitute restrictive covenants running with the Land have been satisfied in full and that Owner and the Authority intend that any requirement of privity of estate shall be satisfied, or, in the alternative, that an equitable servitude has been created to insure that such covenants and restrictions run with the Land for the Term.

(c) During the Term, each and every contract, deed, or other instrument (collectively, an "Instrument") subsequently executed conveying all or any part of the Project or Land shall expressly provide that such conveyance is subject to this Agreement and the covenants and restrictions in it, but such covenants and restrictions shall survive, be effective, and bind the Land and the successors and assigns of Owner whether or not the Instrument provides that such conveyance is subject to this Agreement. Each Instrument shall be conclusively deemed to have been executed, delivered, and accepted subject to such covenants and restrictions.

SECTION 3 - OWNER'S REPRESENTATIONS, COVENANTS, AND WARRANTIES

Owner hereby represents, covenants, and warrants as follows:

(a) Owner is a *limited partnership, duly organized and validly existing under Georgia law and qualified to do business in Georgia. Owner has the power and authority to own its assets and to carry on its business as now being conducted and has the legal right, power, and authority to execute and deliver this Agreement and subject the Land and the Project to the covenants and restrictions in it. The Person or Persons signing this Agreement on behalf of Owner have been duly authorized to do so.

(b) Owner's execution and performance of this Agreement (1) do not and will not violate any applicable law, rule, or regulation or any order of any court, agency, or governmental body, and (2) do not and will not violate any indenture, agreement,

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mortgage, mortgage note, or other instrument binding Owner, the Land, or the Project; and (3) will not result in the creation or imposition of any prohibited encumbrance.

(c) There is no action, suit, or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending against Owner, the Land, or the Project, or, to the knowledge of Owner, threatened against or affecting Owner, the Land, or the Project.

(d) During the Term, the Project is or will be a “qualified low-income project,” as defined in Section 42 and the Regulations.

(e) During the Term, each Low-Income Unit is or will be a “low-income unit,” as defined in Section 42(i)(3)(A), and suitable for occupancy, as defined in Section 42 and the Regulations, and contains or will contain complete facilities for living, sleeping, eating, cooking, and sanitation. Subject to the exceptions in Section 42(i)(3)(B), each Low-Income Unit is or will be used on other than a transient basis.

(f) During the Term, all Low-Income Units shall be for use by the general public, as defined in Section 1.42-9 of the Regulations, and shall only be leased to persons who qualify as Low-Income Tenants (or otherwise qualify for occupancy of the Low-Income Units) under the election of Owner under Section 42(g), as set forth in section 4(a) of this Agreement.

(g) During the Term, Owner is prohibited from refusing to lease a Low-Income Unit to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 (“Section 8”) because of the status of the prospective tenant as such a holder.

(h) During the Term, Owner may not sell, transfer, or exchange (individually and collectively, “convey” in this subsection) any portion of any building to which this Agreement applies to any Person unless all of such building is conveyed to such Person. Subject to the requirements of Section 42 and this Agreement, Owner may convey the entire Project at any time, but Owner shall notify in writing and obtain the agreement of any Person acquiring the Project that such sale, transfer, or exchange (collectively, “conveyance” in this subsection) is subject to the requirements of this Agreement, Section 42, and the applicable Regulations. Owner shall notify the Authority in writing of Owner’s intent to convey all or any part of the Project before any such conveyance. This provision shall not act to waive any other restriction on conveyance of the Project or any low-income portion of the Project. Owner agrees that the Authority may void any conveyance of all or any part of the Project if the acquiring Person fails to assume in writing the requirements of this Agreement, Section 42, and the applicable Regulations.

(i) During the Term, Owner shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any residential rental unit for any purpose other than rental housing, unless required to do so by law.

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(j) If all or any part of the Project is damaged or destroyed or is condemned or acquired for public use, Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed before the event causing such damage or destruction or to relieve or reduce to the maximum extent practical the effects of the condemnation and render the Project usable for residential housing purposes to the maximum extent practical and thereafter to operate the Project in accordance with the terms of this Agreement.

(k) The representations, statements, materials, and other matters contained in or submitted in connection with the Application were true and complete in all material respects as of the date of submission to the Authority and did not omit any fact or circumstance necessary to make the statements contained in them not misleading. Owner is aware of no event that would require any amendment to the Application (other than an amendment which has been filed with and approved by the Authority) or that would make such representations, statements, and other matters or materials not true and complete in all material respects or make them misleading in any material respect. During the Term, Owner will abide by all policy statements of the Authority in place at the time of Application and will not take any action that conflicts with or negates any representation made to the Authority in the Application. Before Owner may make any change in any matter set forth in the Application, Owner must request in writing and receive approval from the Authority, which approval may be granted or withheld in the Authority's sole and absolute discretion.

(l) During the Term, Owner will include and maintain site amenities for the benefit of the Low-Income Tenants, as represented in the Application and set forth in Exhibit C.

(m) During the Term, Owner is prohibited from evicting a Low-Income Tenant or terminating the lease of a Low-Income Tenant, except for good cause within the meaning of Section 42, and is prohibited from increasing the gross rent of a Low-Income Tenant, unless such increase is permitted under Section 42.

(n) If the tenant of a Low-Income Unit pays directly the cost of any utilities (other than telephone), the gross rent for that Low-Income Unit includes the applicable utility allowance.

***Owner will provide the following utilities:**

sewer trash
 gas electricity water other_____

***Tenant will pay:**

sewer trash
 gas electricity water other_____

SECTION 4 – RENT, INCOME, OCCUPANCY, SITE AND USE RESTRICTIONS

(a) **Section 42 Elections.** Owner covenants and agrees that throughout the Term and to satisfy the requirements of Section 42 (“Section 42 Rent and Occupancy Restrictions”):

(1) At least 20% of the units in the Project will continuously be maintained as both rent-restricted Low-Income Units and occupied by Households whose income is 50% or less of Area Median Gross Income.

(or)

(2) * At least 40% of the units in the Project will continuously be maintained as both rent-restricted Low-Income Units and occupied by Households whose income is 60% or less of Area Median Gross Income.

and

(3) At least 40% or more of the residential units in each building that is part of the Project will be occupied by tenants whose Household income is 50% or less of Area Median Gross Income.

(b) **GHFA Rent, Income and Occupancy Restrictions.** In its Application, Owner made certain representations to the Authority about certain restrictions it would honor in connection with the Project that are more restrictive than the requirements of Section 42 (the “GHFA Rent, Income and Occupancy Restrictions”). Owner acknowledges and agrees that such representations were material and the Authority relied upon such representations in deciding to make the Loan* and allocate Credits to Owner. The additional rent and income restrictions are set forth on the attached **Exhibit B**. During the Term, Owner shall neither charge nor accept tenant rent that is more than the rents specified on Exhibit B and shall comply with any occupancy and income restrictions set forth in Exhibit B.

(c) **Additional Site, Use, and Occupancy Restrictions.** In its Application, Owner made certain representations to the Authority about certain covenants it would honor in connection with the Project that are more restrictive than the requirements of Section 42 (the “Additional Site, Use, and Occupancy Restrictions”), and Owner acknowledges and agrees that such representations were material and the Authority relied upon such representations in deciding to make the Loan* and allocate Credits to Owner. These Additional Site, Use, and Occupancy Restrictions are set forth on the attached **Exhibit C**. During the Term, Owner shall comply with these Additional Site, Use, and Occupancy Restrictions.

(d) **Eligibility**

(1) For each taxable year during the Term, the “applicable fraction,” as defined in Section 42(c)(1), for each building in the Project shall not be less than the

smaller of the “unit fraction” and the “floor space fraction” for the building, as those terms are defined in Section 42(c)(1).

(2) Before permitting a Household to rent and occupy a Low-Income Unit, Owner shall determine whether the Household's income exceeds the income limit (including asset income) under this Agreement. Such determination will be made in accordance with the requirements of Section 42, the Regulations, and the Authority. At the time a Household signs a lease for a Low-Income Unit, it must be income-eligible (such a tenant is referred to as a “Low-Income Tenant”). At least annually, Owner shall determine whether each Low-Income Tenant still meets the low-income requirements of this Agreement on the basis of the current income of such Low-Income Tenant, as determined in accordance with Section 42, the Regulations, and the Authority's requirements. Upon re-examination of a Low-Income Tenant's income, if the tenant's income is more than 140% of the allowable Household income, the tenant will be considered “over-income,” and Section 42(g)(2)(D) will apply with respect to Owner's treatment of the tenant and the Low-Income Unit.

SECTION 5 - TERM OF AGREEMENT

(a) Unless terminated earlier pursuant to subsection 5(b), this Agreement and the covenants and restrictions in it, including the Section 42 Rent and Occupancy Restrictions shall remain in effect until --*throughout the “extended use period.” In accordance with Section 42, the extended use period shall commence with the first day in the Compliance Period on which any building that is part of the Project is placed in service and end on the date which is 15 years after the close of the Compliance Period. The “Compliance Period” shall be the period of 15 taxable years beginning with the first taxable year of the credit period.

(b) Notwithstanding subsection 5(a), unless the Secretary of the Treasury determines that an acquisition is part of an arrangement with Owner, the purpose of which is to terminate the extended use period, the extended use period for any building that is part of the Project shall terminate:

(1) On the date the building is acquired by foreclosure or instrument in lieu of foreclosure; or

(2) On the last day of the one-year period that begins on the date Owner properly submits a written request to the Authority, asking the Authority to assist in procuring a “qualified contract,” as defined in Section 42(h)(6)(F), for the acquisition of the low-income portion of the building, but only if the Authority is unable to present a qualified contract during such one-year period; provided, however, such request may not be made before the end of the 14th year of the Compliance Period or at the time specified in Exhibit C, whichever is later.

(3) At the end of the Compliance Period if a plan for tenant ownership is in place.

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(c) Notwithstanding subsection 5(b) or any other provision of this Agreement, the rent requirements in the Section 42 Rent and Occupancy Restrictions and GHFA Rent, Income and Occupancy Restrictions shall continue for a period of three years following the termination of the extended use period under subsection 5(b)(1) or 5(b)(2). During such three-year period, Owner shall not evict the tenant of a Low-Income Unit or terminate the tenancy of an existing tenant of any Low-Income Unit other than for good cause and shall not increase the gross rent above the maximum allowed under the Code with respect to any such Low-Income Unit.

SECTION 6 - ENFORCEMENT OF RESTRICTIONS

(a) During normal business hours and upon reasonable notice, Owner shall permit any authorized representative of the Authority to inspect any books and records of Owner relating to the Project and the incomes of Low-Income Tenants.

(b) Owner shall submit any other information, documents, or certifications requested by the Authority to substantiate Owner's compliance with the provisions of the GHFA Rent, Income, and Occupancy Restrictions.

(c) Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of the Act, Section 42, the Regulations, or this Agreement. Moreover, Owner covenants to take any lawful action (including amendment of this Agreement, as may be necessary in the opinion of the Authority) to comply fully with the Act, Section 42, the Regulations, and this Agreement.

(d) Owner acknowledges that the primary purpose for requiring Owner to comply with the restrictions provided in this Agreement is to assure compliance of the Project and Owner with the Act and Section 42 and the Regulations. **IN CONSIDERATION FOR RECEIVING THE LOAN* AND CREDITS, OWNER AGREES AND CONSENTS THAT THE AUTHORITY, HUD, AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER SECTION 42 (WHETHER A PROSPECTIVE, PRESENT, OR FORMER OCCUPANT) SHALL BE ENTITLED, FOR ANY BREACH OF THIS AGREEMENT, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO SPECIFICALLY ENFORCE IN A STATE COURT OF COMPETENT JURISDICTION THE REQUIREMENTS AND PROHIBITIONS OF THIS AGREEMENT.** Owner further acknowledges and agrees that the beneficiaries of Owner's obligations under this Agreement cannot be adequately compensated by monetary damages in the event of any default under this Agreement.

(e) If there is a breach of any provision of this Agreement, the Authority may require the Owner to perform any action necessary to meet the requirements of this Agreement. The Authority may, in its discretion, apply to any court having jurisdiction of the subject matter for specific performance of this Agreement or for an injunction against any violation of this Agreement.

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(f) Owner agrees that the Authority and all persons interested in Project compliance under the Act, Section 42, and the Regulations may rely upon the representations and covenants set forth in this Agreement.

(g) Owner acknowledges that the Act and Section 42 and the applicable Regulations require the Authority to monitor the Section 42 Rent and Occupancy Restrictions. Additionally, the Authority has elected to monitor the GHFA Rent, Income and Occupancy Restrictions. Owner will take any and all actions reasonably necessary and required by the Authority to substantiate Owner's compliance with the Section 42 Rent and Occupancy Restrictions and GHFA Rent, Income and Occupancy Restrictions and will pay a reasonable fee to the Authority for its monitoring activities.

SECTION 7 - MISCELLANEOUS

(a) Severability. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions of this Agreement.

(b) Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, to the other party at the address set forth below.

To the Authority:

Georgia Housing and Finance Authority
60 Executive Park South, N.E.
Atlanta, Georgia 30329
Attn: Tax Credit Program Manager

To the Owner:

xx
\$*
qs
Attn: qz

The Authority and Owner may, by notice given in accordance with this section, designate any further or different address to which subsequent notices, certifications, or other communications shall be sent.

(c) Amendment. Owner agrees that it will take all actions necessary to effect amendment of this Agreement as may be necessary to comply with the Code and any applicable Regulations.

(d) Subordination of Agreement. This Agreement and the restrictions in it are subordinate to any loan and loan documents on the Project, except as set forth in section 5(c).

(e) Governing Law. This Agreement shall be governed by Georgia law and, where applicable, federal law.

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(f) Survival of Obligations. Owner's obligations in this Agreement and in the Application shall survive the allocation of the Credits and shall not be deemed to terminate or merge with the awarding of the allocation.

(g) Recitals. The recitals and premises are a part of this Agreement.

(h) Loan Agreement. All of the requirements in the Construction/Permanent Loan Agreement between the parties that are required by the Act (as defined in the Loan Agreement) and implementing regulations are incorporated into this Agreement by reference, and an Event of Default (as defined in the Loan Agreement) shall be a default and breach of this Agreement. Upon the occurrence of such event, Owner acknowledges that the persons and entities mentioned in section 6(d) may pursue enforcement and remedies.

[Signatures on the Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement with the intention that this Agreement take effect as an instrument under seal, as of the above date.

XX

Signed, sealed, and delivered on
Date1, in the presence of:

By: zx
Its sole*managing General Partner

Witness

By: _____

Notary Public

Attest: _____

[SEAL]

Signed, sealed and delivered on
Date1, in the presence of:

**GEORGIA HOUSING AND FINANCE
AUTHORITY**

Witness

By: _____
Laurel Hart, Director
Office of Affordable Housing

Notary Public

Attest: _____
Carmen Chubb
Assistant Commissioner for Housing

[SEAL]

EXHIBIT B

GHFA RENT, INCOME AND OCCUPANCY RESTRICTIONS **[check all restrictions that were elected at the time of Application]**

I. Rent/Income Restrictions

-- Low-Income Units are restricted to Households with an Annual Income of 60% of AMI or less and are subject to the following rental restrictions: 30% of 60% of AMI, adjusted according to bedroom size, on a monthly basis (yearly AMI divided by 12) less the applicable Utility Allowance.

-- Low-Income Units are restricted to Households with an Annual Income of 50% of AMI or less and are subject to the following rental restrictions: 30% of 50% of AMI, adjusted according to bedroom size, on a monthly basis (yearly AMI divided by 12) less the applicable Utility Allowance.

-- Low-Income Units are restricted to Households with an Annual Income of 30% of AMI or less and are subject to the following rental restrictions: 30% of 30% of AMI, adjusted according to bedroom size, on a monthly basis (yearly AMI divided by 12) less the applicable Utility Allowance.

II. Other Restrictions

PBRA Governmental

-- units will receive project-based rental assistance from a governmental entity for at least five years

PBRA Non Governmental

____% of units to receive project-based rental assistance from a non-governmental entity for at least five years

Mixed Income Project

Project is designated for both low income and market rate tenants. -- units will be designated as market rate units.

PHA Units

____% of units to be reserved and rented to public housing tenants for at least five years

EXHIBIT C

ADDITIONAL SITE AND USE RESTRICTIONS

ACCESSIBILITY

At a minimum, 5% of the total units must be equipped for persons with mobility impairments and 2% of the total units shall be made accessible for persons with hearing or visual impairments.* Units equipped to have front-loading washers and dryers.

EXTENSION OF CANCELLATION OPTION

Owner has the right to request the Authority's assistance in procuring a qualified contract for acquisition of any building in the Project after the end of the 14th year of the Compliance Period. Owner has agreed to waive its right to request such assistance for a period of -- additional years.

MATERIAL PARTICIPATION BY QUALIFIED NONPROFIT ORGANIZATION

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall hold a controlling interest in the Project, as required by the Authority's rules and guidelines, shall materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the Project and shall otherwise meet the requirements of Section 42(h)(5) of the Code. At the time this Agreement is signed, the qualified nonprofit organization that shall own such interest and materially participate in the development and operation of the Project is _____, a Georgia corporation* and majority member of _____ and is the sole*managing General Partner of Owner. Owner shall notify the Authority of any change in the status or role of such organization with respect to the Project and if such organization is proposed to be replaced by a different qualified nonprofit organization.

UNIT AMENITIES

During the Term, Owner will include and maintain the following unit amenities for the benefit of the Low-Income Tenants: qa.

SITE AMENITIES

During the Term, Owner will include and maintain the following site amenities for the benefit of the Low-Income Tenants: q*.

TENANCY CHARACTERISTICS

Throughout the Compliance Period, unless otherwise permitted by the Authority, this Project must be:

Family Project

Operated for occupancy by families.

Elderly Project

Intended for and solely occupied by Elderly persons. "Elderly" shall be defined as 62 years of age or older. 100% of the units must be accessible and adaptable. All units must have an installed call system, including a buzzer and light to the exterior. Elevators must be provided for access to units above the ground floor.

Housing for Older Persons Project

Accessible, adaptable, and intended for and operated for occupancy by persons 55 years of age or older. 80% of the total housing units in the Project must be occupied by at least one person who is 55 years of age or older. Up to 20% of the units may be occupied by others, including the landlord's employees, surviving spouses or children of residents who were 55 years of age or older when they died, and caregivers. Owner must adhere to policies and procedures that demonstrate intent of Owner and manager to provide housing for persons 55 years of age or older.

Special Needs Project

Operated for the homeless, persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, person living with HIV/AIDS and migrant farm workers. At least 50% of the total project dwelling units must be restricted.

SUPPORTIVE SERVICES

Throughout the Compliance Period, unless otherwise permitted by the Authority, Owner has agreed to provide the following:

Family Project

Owner must provide two on-going services designed for the physical or social needs of the tenant population.

Elderly Project

Owner must provide at least one activity/service designed to meet the physical or social needs of elderly persons, in at least two of the following categories: recreation/social, transportation, health/wellness, education, counseling, and security (a total of two different services). In addition, Owner must provide ____ additional services designed to meet the physical or social needs of the tenant population.

Housing for Older Persons Project

Owner must provide at least 4 different activities/services designed to meet the physical or social needs of tenants aged 55 and older in at least three of the following categories: recreation/social, transportation, health/wellness, education, counseling, and security. In addition, Owner must provide ____ additional services designed to meet the physical or social needs of the tenant population.

Special Needs Project

Owner must provide at least 3 on-going services designed to meet the special needs of the targeted tenant population. In addition, the Owner must provide ____ additional services designed to meet the physical or social needs of the tenant population.

LOAN CLOSING STATEMENT

Date: date1

LENDER: Georgia Housing and Finance Authority, 60 Executive Park South,
N.E., Atlanta, Georgia 30329

BORROWER: xx, \$*, qs

PROPERTY: ww, address4, qq County, Georgia

Maximum amount of Construction/Permanent Loan	\$jj
Amounts to be disbursed at Closing from Loan Proceeds:	*0.00
Net Loan Proceeds (available for construction)	*\$jj

Payment of the following items
at closing by Borrower from other funds:

Recording and Filing Fees	\$
Administration Fee	
Asset Management Fee	
Front-End Analysis and Other Costs	
Taxes and Insurance Escrow	
Operating Deficit Reserve Escrow	
Replacement Reserve Escrow	
Attorney's Fees	
Total	\$

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We have examined the above statement and find it correct and, by signing this Closing Statement, we authorize Borrower's counsel or the title agent to pay the items payable at closing from other funds of Borrower.

XX

By: zx
Its Sole*Managing General Partner

By:_____

[SEAL]

GEORGIA HOUSING AND FINANCE AUTHORITY

By:_____

Carmen Chubb
Deputy Executive Director

Attest:_____

Laurel Hart, Director, Office of
Affordable Housing

[SEAL]