
2021 Federal Low Income Housing Tax Credit Program

Application For Reservation

Deadline for Submission

9% Competitive Credits

Applications Must Be Received At VHDA No Later Than **12:00 PM**
Richmond, VA Time On **March 18, 2021**

Tax Exempt Bonds

Applications should be received at VHDA at least one month before the
bonds are *priced* (if bonds issued by VHDA), or 75 days before the bonds
are *issued* (if bonds are not issued by VHDA)



Virginia Housing
601 South Belvidere Street
Richmond, Virginia 23220-6500

INSTRUCTIONS FOR THE VIRGINIA 2021 LIHTC APPLICATION FOR RESERVATION

This application was prepared using Excel, Microsoft Office 2016. Please note that using the active Excel workbook does not eliminate the need to submit the required PDF of the signed hardcopy of the application and related documentation. A more detailed explanation of application submission requirements is provided below and in the Application Manual.

An electronic copy of your completed application is a mandatory submission item.

Applications For 9% Competitive Credits

Applicants should submit an electronic copy of the application package prior to the application deadline, which is **12:00 PM** Richmond Virginia time on **March 18, 2021**. Failure to submit an electronic copy of the application by the deadline will cause the application to be disqualified.

Please Note:

Applicants should submit all application materials in electronic format only.

There should be distinct files which should include the following:

- 1. Application For Reservation – the active Microsoft Excel workbook**
- 2. A PDF file which includes the following:**
 - Application For Reservation – Signed version of hardcopy
 - All application attachments (i.e. tab documents, excluding market study and plans & specs)
- 3. Market Study – PDF or Microsoft Word format**
- 4. Plans - PDF or other readable electronic format**
- 5. Specifications - PDF or other readable electronic format (may be combined into the same file as the plans if necessary)**
- 6. Unit-By-Unit work write up (rehab only) - PDF or other readable electronic format**

IMPORTANT:

Virginia Housing only accepts files via our work center sites on Procorem. Contact TaxCreditApps@virginiahousing.com for access to Procorem or for the creation of a new deal workcenter. Do not submit any application materials to any email address unless specifically requested by the Virginia Housing LIHTC Allocation Department staff.

Disclaimer:

Virginia Housing assumes no responsibility for any problems incurred in using this spreadsheet or for the accuracy of calculations. Check your application for correctness and completeness before submitting the application to Virginia Housing.

Entering Data:

Enter numbers or text as appropriate in the blank spaces highlighted in yellow. Cells have been formatted as appropriate for the data expected. All other cells are protected and will not allow changes.

Please Note:

- ▶ **VERY IMPORTANT! : Do not** use the copy/cut/paste functions within this document. Pasting fields will corrupt the application and may result in penalties. You may use links to other cells or other documents but do not paste data from one document or field to another.
- ▶ Some fields provide a dropdown of options to select from, indicated by a down arrow that appears when the cell is selected. Click on the arrow to select a value within the dropdown for these fields.
- ▶ The spreadsheet contains multiple error checks to assist in identifying potential mistakes in the application. These may appear as data is entered but are dependent on values entered later in the application. Do not be concerned with these messages until all data within the application has been entered.
- ▶ Also note that some cells contain error messages such as “#DIV/0!” as you begin. These warnings will disappear as the numbers necessary for the calculation are entered.

Assistance:

If you have any questions, please contact the Virginia Housing LIHTC Allocation Department. Please note that we cannot release the copy protection password.

Virginia Housing LIHTC Allocation Staff Contact Information

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2021 Low-Income Housing Tax Credit Application For Reservation

Please indicate if the following items are included with your application by putting an 'X' in the appropriate boxes. Your assistance in organizing the submission in the following order, and actually using tabs to mark them as shown, will facilitate review of your application. Please note that all mandatory items must be included for the application to be processed. The inclusion of other items may increase the number of points for which you are eligible under Virginia Housing's point system of ranking applications, and may assist Virginia Housing in its determination of the appropriate amount of credits that may be reserved for the development.

- \$1,000 Application Fee **(MANDATORY)**
- Electronic Copy of the Microsoft Excel Based Application **(MANDATORY)**
- Scanned Copy of the **Signed** Tax Credit Application with Attachments (excluding market study and plans & specifications) **(MANDATORY)**
- Electronic Copy of the Market Study **(MANDATORY - Application will be disqualified if study is not submitted with application)**
- Electronic Copy of the Plans and Unit by Unit writeup **(MANDATORY)**
- Electronic Copy of the Specifications **(MANDATORY)**
- Electronic Copy of the Existing Condition questionnaire **(MANDATORY if Rehab)**
- Electronic Copy of the Physical Needs Assessment **(MANDATORY at reservation for a 4% rehab request)**
- Electronic Copy of Appraisal **(MANDATORY if acquisition credits requested)**
- Electronic Copy of Environmental Site Assessment (Phase I) **(MANDATORY if 4% credits requested)**
- Tab A: Partnership or Operating Agreement, including chart of ownership structure with percentage of interests and Developer Fee Agreement **(MANDATORY)**
- Tab B: Virginia State Corporation Commission Certification **(MANDATORY)**
- Tab C: Principal's Previous Participation Certification **(MANDATORY)**
- Tab D: List of LIHTC Developments (Schedule A) **(MANDATORY)**
- Tab E: Site Control Documentation & Most Recent Real Estate Tax Assessment **(MANDATORY)**
- Tab F: RESNET Rater Certification **(MANDATORY)**
- Tab G: Zoning Certification Letter **(MANDATORY)**
- Tab H: Attorney's Opinion **(MANDATORY)**
- Tab I: Nonprofit Questionnaire **(MANDATORY for points or pool)**
- The following documents need not be submitted unless requested by Virginia Housing:
- Nonprofit Articles of Incorporation
 - IRS Documentation of Nonprofit Status
 - Joint Venture Agreement (if applicable)
 - For-profit Consulting Agreement (if applicable)
- Tab J: Relocation Plan and Unit Delivery Schedule **(MANDATORY)**
- Tab K: Documentation of Development Location:
- K.1 Revitalization Area Certification
 - K.2 Location Map
 - K.3 Surveyor's Certification of Proximity To Public Transportation
- Tab L: PHA / Section 8 Notification Letter
- Tab M: Locality CEO Response Letter
- Tab N: Homeownership Plan
- Tab O: Plan of Development Certification Letter
- Tab P: Developer Experience documentation and Partnership agreements
- Tab Q: Documentation of Rental Assistance, Tax Abatement and/or existing RD or HUD Property
- Tab R: Documentation of Operating Budget and Utility Allowances
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- Tab U: Documentation to Request Exception to Restriction-Pools With Little/No Increase in Rent Burdened Population
- Tab V: Nonprofit or LHA Purchase Option or Right of First Refusal
- Tab W: Internet Safety Plan and Resident Information Form (if internet amenities selected)
- Tab X: Marketing Plan for units meeting accessibility requirements of HUD section 504
- Tab Y: Inducement Resolution for Tax Exempt Bonds

VHDA TRACKING NUMBER

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date:

1. Development Name: Lakewood Plaza Apartments

2. Address (line 1): 5631 Tidewater Drive
 Address (line 2): _____
 City: Norfolk State: VA Zip: 23509

3. If complete address is not available, provide longitude and latitude coordinates (x,y) from a location on site that your surveyor deems appropriate. Longitude: 00.00000 Latitude: 00.00000
 (Only necessary if street address or street intersections are not available.)

4. The Circuit Court Clerk's office in which the deed to the development is or will be recorded:
 City/County of Norfolk City

5. The site overlaps one or more jurisdictional boundaries..... FALSE
 If true, what other City/County is the site located in besides response to #4?.....▶ _____

6. Development is located in the census tract of: 21.00

7. Development is located in a **Qualified Census Tract**..... FALSE

8. Development is located in a **Difficult Development Area**..... FALSE

9. Development is located in a **Revitalization Area based on QCT** FALSE

10. Development is located in a **Revitalization Area designated by resolution** FALSE

11. Development is located in an **Opportunity Zone** (with a binding commitment for funding)..... FALSE
 (If 9, 10 or 11 are True, **Action:** Provide required form in **TAB K1**)

12. Development is located in a census tract with a poverty rate of.....

	3%	10%	12%
	TRUE	FALSE	FALSE

Enter only Numeric Values below:

13. Congressional District: 3
 Planning District: 35
 State Senate District: 6
 State House District: 79

Click on the following link for assistance in determining the districts related to this development:
[Link to Virginia Housing's HOME - Select Virginia LIHTC Reference Map](#)

14. **ACTION:** Provide Location Map (**TAB K2**)

15. Development Description: In the space provided below, give a brief description of the proposed development

The proposed development will include a complete rehab of the 200 unit building along with reconfiguration and remodel of common areas. The project includes two managers units rent free (so 198 units available for tenant occupancy).

16. **Local Needs and Support**

a. Provide the name and the address of the chief executive officer (City Manager, Town Manager, or County

VHDA TRACKING NUMBER

[Redacted tracking number box]

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: [Redacted]

Administrator of the political jurisdiction in which the development will be located:

Chief Executive Officer's Name: Larry Filer

Chief Executive Officer's Title: City Manager Phone: 757-664-4242

Street Address: 810 Union Street

City: Norfolk State: VA Zip: 23510

Name and title of local official you have discussed this project with who could answer questions for the local CEO: [Redacted]

b. If the development overlaps another jurisdiction, please fill in the following:

Chief Executive Officer's Name: [Redacted]

Chief Executive Officer's Title: [Redacted] Phone: [Redacted]

Street Address: [Redacted]

City: [Redacted] State: [Redacted] Zip: [Redacted]

Name and title of local official you have discussed this project with who could answer questions for the local CEO: [Redacted]

ACTION: Provide Locality Notification Letter at **Tab M** if applicable.

B. RESERVATION REQUEST INFORMATION

1. **Requesting Credits From:**

a. If requesting 9% Credits, select credit pool:

or

b. If requesting Tax Exempt Bonds, select development type:

For Tax Exempt Bonds, where are bonds being issued?

ACTION: Provide Inducement Resolution at **TAB Y** (if available)

Skip to Number 4 below.

2. **Type(s) of Allocation/Allocation Year**

Definitions of types:

a. **Regular Allocation** means all of the buildings in the development are expected to be placed in service this calendar year, 2021.

b. **Carryforward Allocation** means all of the buildings in the development are expected to be placed in service within two years after the end of this calendar year, 2021, but the owner will have more than 10% basis in development before the end of twelve months following allocation of credits. For those buildings, the owner requests a carryforward allocation of 2021 credits pursuant to Section 42(h)(1)(E).

3. **Select Building Allocation type:**

Note regarding Type = Acquisition and Rehabilitation: Even if you acquired a building this year and "placed it in service" for the purpose of the acquisition credit, you cannot receive its acquisition 8609 form until the rehab 8609 is issued for that building.

4. Is this an additional allocation for a development that has buildings not yet placed in service?

5. **Planned Combined 9% and 4% Developments**

A site plan has been submitted with this application indicating two developments on the same or contiguous site. One development relates to this 9% allocation request and the remaining development will be a 4% tax exempt bond application. (25, 35 or 45 pts)

Name of companion development:

a. Has the developer met with Virginia Housing regarding the 4% tax exempt bond deal?

b. List below the number of units planned for each allocation request. This stated count cannot be changed or 9% Credits will be cancelled.

Total Units within 9% allocation request?

Total Units within 4% Tax Exempt allocation Request?

Total Units:

% of units in 4% Tax Exempt Allocation Request: 0.00%

6. **Extended Use Restriction**

Note: Each recipient of an allocation of credits will be required to record an **Extended Use Agreement** as required by the IRC governing the use of the development for low-income housing for at least 30 years. Applicant waives the right to pursue a Qualified Contract.

Must Select One:

Definition of selection:

Development will be subject to an extended use agreement of 35 additional years after the 15-year compliance period for a total of 50 years.

C. OWNERSHIP INFORMATION

NOTE: Virginia Housing may allocate credits only to the tax-paying entity which owns the development at the time of the allocation. The term "Owner" herein refers to that entity. Please fill in the legal name of the owner. The ownership entity must be formed prior to submitting this application. Any transfer, direct or indirect, of partnership interests (except those involving the admission of limited partners) prior to the placed-in-service date of the proposed development shall be prohibited, unless the transfer is consented to by Virginia Housing in its sole discretion. **IMPORTANT: The Owner name listed on this page must exactly match the owner name listed on the Virginia State Corporation Commission Certification.**

1. Owner Information:

Must be an individual or legally formed entity.

Owner Name: Lakewood Plaza Apartments, LLC

Developer Name: EREG Housing Preservation, LLC

Contact: M/M ▶ Mr. First: Kevin MI: Last: Beard

Address: 566 W Lake Street, Suite 400

City: Chicago St. ▶ IL Zip: 60661

Phone: (312) 382-3231 Ext. Fax:

Email address: kbeard@evergreenreg.com

Federal I.D. No. 84-2970379 (If not available, obtain prior to Carryover Allocation.)

Select type of entity: ▶ Limited Liability Company Formation State: ▶ VA

Additional Contact: Please Provide Name, Email and Phone number.
Carissa Essex, cstoneacox@evergreenreg.com, 708-296-8588

- ACTION:**
- a. Provide Owner's organizational documents (e.g. Partnership agreements and Developer Fee agreement) (Mandatory TAB A)
 - b. Provide Certification from Virginia State Corporation Commission (**Mandatory TAB B**)

2. Principal(s) of the General Partner: List names of individuals and ownership interest.

<u>Names **</u>	<u>Phone</u>	<u>Type Ownership</u>	<u>% Ownership</u>
<u>TBD LIHTC Investor (PNC)</u>	<u></u>	<u>Investor Member</u>	<u>99.990%</u>
<u>EREG Lakewood LLC</u>	<u></u>	<u>Managing Member</u>	<u>0.010%</u>
<u>Roaring Fork Holdings LLC</u>	<u></u>	<u>Member of Managiri</u>	<u>90.000%</u>
<u>Jeff Rappin</u>	<u></u>	<u>Member of Roaring</u>	<u>50.000%</u>
<u>Steve Rappin</u>	<u></u>	<u>Member of Roaring</u>	<u>50.000%</u>
<u>Kevin Beard</u>	<u></u>	<u>Member of Managiri</u>	<u>10.000%</u>
<u></u>	<u></u>	<u></u>	<u></u>

The above should include 100% of the GP or LLC member interest.

** These should be the names of individuals who make up the General Partnership, not simply the names of entities which may comprise those components.

C. OWNERSHIP INFORMATION

- ACTION:**
- a. Provide Principals' Previous Participation Certification **(Mandatory TAB C)**
 - b. Provide a chart of ownership structure (Org Chart) and a list of all LIHTC Developments within the last 15 years. **(Mandatory at TABS A/D)**

3. Developer Experience: Provide evidence that the principal or principals of the controlling general partner or managing member for the proposed development have developed:

- a. as a controlling general partner or managing member, (i) at least three tax credit developments that contain at least three times the number of housing units in the proposed development or (ii) at least six tax credit developments. **TRUE**

Action: Must be included on Virginia Housing Experienced LIHTC Developer List or provide copies of 8609s, partnership agreements and organizational charts **(Tab P)**

- b. at least three deals as principal and have at \$500,000 in liquid assets..... **FALSE**

Action: Must be included on the Virginia Housing Experienced LIHTC Developer List or provide Audited Financial Statements and copies of 8609s **(Tab P)**

- c. The development's principal(s), as a group or individually, have developed as controlling general partner or managing member, at least one tax credit development that contains at least the same number of units of this proposed development (can include Market units). **FALSE**

Action: Must provide copies of 8609s and partnership agreements **(Tab P)**

D. SITE CONTROL

NOTE: Site control by the Owner identified herein is a mandatory precondition of review of this application. Documentary evidence in the form of either a deed, option, purchase contract or lease for a term longer than the period of time the property will be subject to occupancy restrictions must be included herewith. (For 9% Competitive Credits - An option or contract must extend beyond the application deadline by a minimum of four months.)

Warning: Site control by an entity other than the Owner, even if it is a closely related party, is not sufficient. Anticipated future transfers to the Owner are not sufficient. The Owner, as identified previously, must have site control at the time this Application is submitted.

NOTE: If the Owner receives a reservation of credits, the property must be titled in the name of or leased by (pursuant to a long-term lease) the Owner before the allocation of credits is made.

Contact Virginia Housing before submitting this application if there are any questions about this requirement.

1. Type of Site Control by Owner:

Applicant controls site by (select one):

Select Type: Purchase Contract

Expiration Date:

In the Option or Purchase contract - Any contract for the acquisition of a site with an existing residential property may not require an empty building as a condition of such contract, unless relocation assistance is provided to displaced households, if any, at such level required by Virginia Housing. See QAP for further details.

ACTION: Provide documentation and most recent real estate tax assessment - **Mandatory TAB E**

FALSE There is more than one site for development and more than one form of site control.

(If **True**, provide documentation for each site specifying number of existing buildings on the site (if any), type of control of each site, and applicable expiration date of stated site control. A site control document is required for each site (**Tab E**.)

2. Timing of Acquisition by Owner:

Only one of the following statement should be True.

- a. FALSE Owner already controls site by either deed or long-term lease.
- b. TRUE Owner is to acquire property by deed (or lease for period no shorter than period property will be subject to occupancy restrictions) no later than..... .
- c. FALSE There is more than one site for development and more than one expected date of acquisition by Owner.
(If c is **True**, provide documentation for each site specifying number of existing buildings on the site, if any, and expected date of acquisition of each site by Owner (**Tab E**.)

3. Seller Information:

Name:

Address:

City: St.: Zip:

Contact Person: Phone:

D. SITE CONTROL

There is an identity of interest between the seller and the owner/applicant..... FALSE

If above statement is **TRUE**, complete the following:

Principal(s) involved (e.g. general partners, controlling shareholders, etc.)

<u>Names</u>	<u>Phone</u>	<u>Type Ownership</u>	<u>% Ownership</u>
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%

F. REHAB INFORMATION

1. Acquisition Credit Information

- a. Credits are being requested for existing buildings being acquired for development..... **TRUE**
If no credits are being requested for existing buildings acquired for the development, skip this tab.
- b. This development has received a previous allocation of credits..... **FALSE**
 If so, in what year did this development receive credits?
- c. The development is listed on the RD 515 Rehabilitation Priority List?..... **FALSE**
- d. This development is an existing RD or HUD S8/236 development..... **TRUE**
Action: (If True, provide required form in **TAB Q**)

Note: If there is an identity of interest between the applicant and the seller in this proposal, and the applicant is seeking points in this category, then the applicant must either waive their rights to the developer's fee or other fees associated with acquisition, or obtain a waiver of this requirement from Virginia Housing prior to application submission to receive these points.

- i. Applicant agrees to waive all rights to any developer's fee or other fees associated with acquisition..... **FALSE**
- ii. Applicant has obtained a waiver of this requirement from Virginia Housing prior to the application submission deadline..... **FALSE**

2. Ten-Year Rule For Acquisition Credits

- a. All buildings satisfy the 10-year look-back rule of IRC Section 42 (d)(2)(B), including the 10% basis/ \$15,000 rehab costs (\$10,000 for Tax Exempt Bonds) per unit requirement..... **TRUE**
- b. All buildings qualify for an exception to the 10-year rule under IRC Section 42(d)(2)(D)(i),..... **TRUE**
 - i. Subsection (I)..... **TRUE**
 - ii. Subsection (II)..... **FALSE**
 - iii. Subsection (III)..... **TRUE**
 - iv. Subsection (IV)..... **FALSE**
 - v. Subsection (V)..... **FALSE**
- c. The 10-year rule in IRC Section 42 (d)(2)(B) for all buildings does not apply pursuant to IRC Section 42(d)(6)..... **TRUE**
- d. There are different circumstances for different buildings..... **FALSE**
Action: (If True, provide an explanation for each building in Tab K)

3. Rehabilitation Credit Information

- a. Credits are being requested for rehabilitation expenditures..... **TRUE**

F. REHAB INFORMATION

b. Minimum Expenditure Requirements

- i. All buildings in the development satisfy the rehab costs per unit requirement of IRS Section 42(e)(3)(A)(ii)..... TRUE
- ii. All buildings in the development qualify for the IRC Section 42(e)(3)(B) exception to the 10% basis requirement (4% credit only)..... FALSE
- iii. All buildings in the development qualify for the IRC Section 42(f)(5)(B)(ii)(II) exception..... FALSE
- iv. There are different circumstances for different buildings..... FALSE
Action: (If True, provide an explanation for each building in Tab K)

4. Request For Exception

- a. The proposed new construction development (including adaptive reuse and rehabilitation that creates additional rental space) is subject to an assessment of up to minus 20 points for being located in a pool identified by the Authority as a pool with little or no increase in rent burdened population..... FALSE
- b. Applicant seeks an exception to this restriction in accordance with one of the following provisions under 13VAC10-180-60:
 - i. Proposed development is specialized housing designed to meet special needs that cannot readily be addressed utilizing existing residential structures..... FALSE
 - ii. Proposed development is designed to serve as a replacement for housing being demolished through redevelopment..... FALSE
 - iii. Proposed development is housing that is an integral part of a neighborhood revitalization project sponsored by a local housing authority..... FALSE

Action: If any of 4(b) responses are true, provide documentation at Tab U.

G. NONPROFIT INVOLVEMENT

3. Nonprofit/Local Housing Authority Purchase Option/Right of First Refusal

- A. **FALSE** After the mandatory 15-year compliance period, a qualified nonprofit or local housing authority will have the option to purchase or the right of first refusal to acquire the development for a price not to exceed the outstanding debt and exit taxes. Such debt must be limited to the original mortgage(s) unless any refinancing is approved by the nonprofit.

Action: Provide Option or Right of First Refusal in Recordable Form **(TAB V)**
 Provide Nonprofit Questionnaire (if applicable) **(TAB I)**

Name of qualified nonprofit:

or indicate true if Local Housing Authority **FALSE**
Name of Local Housing Authority

- 2. **FALSE** A qualified nonprofit or local housing authority submits a homeownership plan committing to sell the units in the development after the mandatory 15-year compliance period to tenants whose incomes shall not exceed the applicable income limit at the time of their initial occupancy.

Do not select if extended compliance is selected on Request Info Tab

Action: Provide Homeownership Plan **(TAB N)**

NOTE: Applicant waives the right to pursue a Qualified Contract.

H. STRUCTURE AND UNITS INFORMATION

1. General Information

a. Total number of all units in development	200	bedrooms	200
Total number of rental units in development	198	bedrooms	198
Number of low-income rental units	198	bedrooms	198
Percentage of rental units designated low-income	100.00%		
b. Number of new units:.....	0	bedrooms	0
Number of adaptive reuse units:	0	bedrooms	0
Number of rehab units:.....	198	bedrooms	198
c. If any, indicate number of planned exempt units (included in total of all units in development).....			2
d. Total Floor Area For The Entire Development.....			165,718.14 (Sq. ft.)
e. Unheated Floor Area (i.e. Breezeways, Balconies, Storage).....			16,201.48 (Sq. ft.)
f. Nonresidential Commercial Floor Area (Not eligible for funding).....			0.00
g. Total Usable Residential Heated Area.....			149,516.66 (Sq. ft.)
h. Percentage of Net Rentable Square Feet Deemed To Be New Rental Space			0.00%
i. Exact area of site in acres	2.400		
j. Locality has approved a final site plan or plan of development..... If True , Provide required documentation (TAB O).			TRUE
k. Requirement as of 2016: Site must be properly zoned for proposed development. ACTION: Provide required zoning documentation (MANDATORY TAB G)			
l. Development is eligible for Historic Rehab credits.....			FALSE

Definition:

The structure is historic, by virtue of being listed individually in the National Register of Historic Places, or due to its location in a registered historic district and certified by the Secretary of the Interior as being of historical significance to the district, and the rehabilitation will be completed in such a manner as to be eligible for historic rehabilitation tax credits.

2. UNIT MIX

a. Specify the **average size and number per unit type (as indicated in the Architect's Certification):**

Note: Average sq foot should include the prorata of common space.

Unit Type	Average Sq Foot		# of LIHTC Units	Total Rental Units
Supportive Housing	0.00	SF	0	0
1 Story Eff - Elderly	0.00	SF	0	0
1 Story 1BR - Elderly	0.00	SF	0	0
1 Story 2BR - Elderly	0.00	SF	0	0
Eff - Elderly	711.39	SF	50	50
1BR Elderly	769.93	SF	148	148

H. STRUCTURE AND UNITS INFORMATION

2BR Elderly	0.00	SF	0	0
Eff - Garden	0.00	SF	0	0
1BR Garden	0.00	SF	0	0
2BR Garden	0.00	SF	0	0
3BR Garden	0.00	SF	0	0
4BR Garden	0.00	SF	0	0
2+ Story 2BR Townhouse	0.00	SF	0	0
2+ Story 3BR Townhouse	0.00	SF	0	0
2+ Story 4BR Townhouse	0.00	SF	0	0
			198	198

Note: Please be sure to enter the values in the appropriate unit category. If not, errors will occur on the self scoresheet.

3. Structures

- a. Number of Buildings (containing rental units)..... 1
- b. Age of Structure:..... 47 years
- c. Number of stories:..... 13
- d. The development is a scattered site development..... FALSE
- e. Commercial Area Intended Use: _____
- f. Development consists primarily of : **(Only One Option Below Can Be True)**
 - i. Low Rise Building(s) - (1-5 stories with any structural elements made of wood)..... FALSE
 - ii. Mid Rise Building(s) - (5-7 stories with no structural elements made of wood)..... FALSE
 - iii. High Rise Building(s) - (8 or more stories with no structural elements made of wood)..... TRUE
- g. Indicate **True** for all development's structural features that apply:

i. Row House/Townhouse	<u>FALSE</u>	v. Detached Single-family	<u>FALSE</u>
ii. Garden Apartments	<u>FALSE</u>	vi. Detached Two-family	<u>FALSE</u>
iii. Slab on Grade	<u>TRUE</u>	vii. Basement	<u>FALSE</u>
iv. Crawl space	<u>FALSE</u>		
- h. Development contains an elevator(s). TRUE
 - If true, # of Elevators. 2
 - Elevator Type (if known) _____
- i. Roof Type ▶ Flat
- j. Construction Type ▶ Masonry
- k. Primary Exterior Finish ▶ Brick

4. Site Amenities (indicate all proposed)

H. STRUCTURE AND UNITS INFORMATION

a. Business Center.....	FALSE	f. Limited Access.....	FALSE
b. Covered Parking.....	FALSE	g. Playground.....	FALSE
c. Exercise Room.....	FALSE	h. Pool.....	FALSE
d. Gated access to Site.....	FALSE	i. Rental Office.....	TRUE
e. Laundry facilities.....	TRUE	j. Sports Activity Ct..	FALSE
		k. Other:	

l. Describe Community Facilities: 759sf community room space

m. Number of Proposed Parking Spaces..... 100
 Parking is shared with another entity FALSE

n. Development located within 1/2 mile of an existing commuter rail, light rail or subway station or 1/4 mile from existing public bus stop. TRUE
 If **True**, Provide required documentation (**TAB K3**).

5. Plans and Specifications

a. Minimum submission requirements for all properties (new construction, rehabilitation and adaptive reuse):

- i. A location map with development clearly defined.
- ii. Sketch plan of the site showing overall dimensions of all building(s), major site elements (e.g., parking lots and location of existing utilities, and water, sewer, electric, gas in the streets adjacent to the site). Contour lines and elevations are not required.
- iii. Sketch plans of all building(s) reflecting overall dimensions of:
 - a. Typical floor plan(s) showing apartment types and placement
 - b. Ground floor plan(s) showing common areas
 - c. Sketch floor plan(s) of typical dwelling unit(s)
 - d. Typical wall section(s) showing footing, foundation, wall and floor structure
 Notes must indicate basic materials in structure, floor and exterior finish.

- b. The following are due at reservation for Tax Exempt 4% Applications and at allocation for 9% Applications.
 - i. Phase I environmental assessment.
 - ii. Physical needs assessment for any rehab only development.

NOTE: All developments must meet Virginia Housing's **Minimum Design and Construction Requirements**. By signing and submitting the Application for Reservation of LIHTC, the applicant certifies that the proposed project budget, plans & specifications and work write-ups incorporate all necessary elements to fulfill these requirements.

6. Market Study Data:

Obtain the following information from the **Market Study** conducted in connection with this tax credit application:

Project Wide Capture Rate - LIHTC Units	1.80%
Project Wide Capture Rate - Market Units	
Project Wide Capture Rate - All Units	7.60%
Project Wide Absorption Period (Months)	13

J. ENHANCEMENTS

Each development must meet the following baseline energy performance standard applicable to the development's construction category.

- a. **New Construction:** must meet all criteria for EPA EnergyStar certification.
- b. **Rehabilitation:** renovation must result in at least a 30% performance increase or score an 80 or lower on the HERS Index.
- c. **Adaptive Reuse:** must score a 95 or lower on the HERS Index.

Certification and HERS Index score must be verified by a third-party, independent, non-affiliated, certified RESNET home energy rater.

Indicate **True** for the following items that apply to the proposed development:

ACTION: Provide RESNET rater certification (**TAB F**)

ACTION: Provide Internet Safety Plan and Resident Information Form (Tab W) if options selected below.

1. For any development, upon completion of construction/rehabilitation:

- | | |
|-------|--|
| TRUE | a. A community/meeting room with a minimum of 749 square feet is provided. |
| 0.00% | b. Percentage of brick or other similar low-maintenance material approved by the Authority covering the exterior walls. Community buildings are to be included in percentage calculations. |
| FALSE | c. Water expense is sub-metered (the tenant will pay monthly or bi-monthly bill). |
| TRUE | d. All faucets, toilets and showerheads in each bathroom are WaterSense labeled products. |
| TRUE | e. Each unit is provided with the necessary infrastructure for high-speed internet/broadband service. |
| TRUE | f. Free WiFi access will be provided in community room for resident only usage. |
| FALSE | g. Each unit is provided free individual high speed internet access. |
| or | |
| FALSE | h. Each unit is provided free individual WiFi access. |
| TRUE | i. Full bath fans are wired to primary light with delayed timer or has continuous exhaust by ERV/DOAS. |
| or | |
| FALSE | j. Full bath fans are equipped with a humidistat. |
| FALSE | k. Cooking surfaces are equipped with fire prevention features |
| or | |
| TRUE | l. Cooking surfaces are equipped with fire suppression features. |
| FALSE | m. Rehab only: Each unit has dedicated space, drain and electrical hook-ups to accept a permanently installed dehumidification system. |
| or | |
| FALSE | n. All Construction types: each unit is equipped with a permanent dehumidification system. |
| FALSE | o. All interior doors within units are solid core. |
| TRUE | p. Every kitchen, living room and bedroom contains, at minimum, one USB charging port. |
| TRUE | q. All kitchen light fixtures are LED and meet MDCR lighting guidelines. |
| FALSE | r. Each unit has a shelf or ledge outside the primary entry door located in an interior hallway. |
| FALSE | s. New construction only: Each unit to have balcony or patio with a minimum depth of 5 feet clear |

J. ENHANCEMENTS

from face of building and a minimum size of 30 square feet.

For all developments exclusively serving elderly tenants upon completion of construction/rehabilitation:

- TRUE a. All cooking ranges have front controls.
- FALSE b. Bathrooms have an independent or supplemental heat source.
- TRUE c. All entrance doors have two eye viewers, one at 42" inches and the other at standard height.

2. Green Certification

- a. Applicant agrees to meet the base line energy performance standard applicable to the development's construction category as listed above.

The applicant will also obtain one of the following:

- | | | | |
|--------------------------------|--|--------------------------------|--|
| <input type="checkbox"/> FALSE | Earthcraft Gold or higher certification | <input type="checkbox"/> FALSE | National Green Building Standard (NGBS) certification of Silver or higher. |
| <input type="checkbox"/> FALSE | U.S. Green Building Council LEED certification | <input type="checkbox"/> FALSE | Enterprise Green Communities (EGC) Certification |

Action: If seeking any points associated Green certification, provide appropriate documentation at **TAB F**.

- b. Applicant will pursue one of the following certifications to be awarded points on a future development application. (Failure to reach this goal will not result in a penalty.)

- | | | | |
|--------------------------------|-------------------------------------|--------------------------------|-------------------------|
| <input type="checkbox"/> FALSE | Zero Energy Ready Home Requirements | <input type="checkbox"/> FALSE | Passive House Standards |
|--------------------------------|-------------------------------------|--------------------------------|-------------------------|

3. Universal Design - Units Meeting Universal Design Standards (units must be shown on Plans)

- FALSE a. Architect of record certifies that units will be constructed to meet Virginia Housing's Universal Design Standards.
- b. Number of Rental Units constructed to meet Virginia Housing's Universal Design standards:
0% of Total Rental Units

- 4. TRUE Market-rate units' amenities are substantially equivalent to those of the low income units.

If not, please explain: _____



Architect of Record initial here that the above information is accurate per certification statement within this application.

I. UTILITIES

1. Utilities Types:

- a. Heating Type Electric Baseboard
- b. Cooking Type Electric
- c. AC Type Central Chiller
- d. Hot Water Type Gas

2. Indicate True if the following services will be included in Rent:

- | | | | |
|-----------------|-------------|----------------------|-------------|
| Water?..... | <u>TRUE</u> | Heat?..... | <u>TRUE</u> |
| Hot Water?..... | <u>TRUE</u> | AC?..... | <u>TRUE</u> |
| Lighting?..... | <u>TRUE</u> | Sewer?..... | <u>TRUE</u> |
| Cooking? | <u>TRUE</u> | Trash Removal? | <u>TRUE</u> |

Utilities	Enter Allowances by Bedroom Size				
	0-BR	1-BR	2-BR	3-BR	4-BR
Heating	0	0	0	0	0
Air Conditioning	0	0	0	0	0
Cooking	0	0	0	0	0
Lighting	0	0	0	0	0
Hot Water	0	0	0	0	0
Water	0	0	0	0	0
Sewer	0	0	0	0	0
Trash	0	0	0	0	0
Total utility allowance for costs paid by tenant	\$0	\$0	\$0	\$0	\$0

3. The following sources were used for Utility Allowance Calculation (Provide documentation **TAB R**).

- a. FALSE HUD
- b. FALSE Utility Company (Estimate)
- c. FALSE Utility Company (Actual Survey)
- d. FALSE Local PHA
- e. FALSE Other: _____

Warning: The Virginia Housing housing choice voucher program utility schedule shown on VirginiaHousing.com should not be used unless directed to do so by the local housing authority.

K. SPECIAL HOUSING NEEDS

NOTE: Any Applicant commits to providing first preference to members of targeted populations having state rental assistance and will not impose any eligibility requirements or lease terms for such individuals that are more restrictive than its standard requirements and terms, the terms of the MOU establishing the target population, or the eligibility requirements for the state rental assistance.

1. Accessibility: Indicate **True** for the following point categories, as appropriate.

Action: Provide appropriate documentation (**Tab X**)

FALSE

a. Any development in which (i) the greater of 5 units or 10% of units will be assisted by HUD project-based vouchers (as evidenced by the submission of a letter satisfactory to the Authority from an authorized public housing authority (PHA) that the development meets all prerequisites for such assistance), or another form of documented and binding federal project-based rent subsidies in order to ensure occupancy by extremely low-income persons. Locality project based rental subsidy meets the definition of state project based rental subsidy;

(ii) will conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and be actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits.

(iii) above must include roll-in showers, roll under sinks and front control ranges, unless agreed to by the Authority prior to the applicant's submission of its application.

Documentation from source of assistance must be provided with the application.

Note: Subsidies may apply to any units, not only those built to satisfy Section 504.

(60 points)

FALSE

b. Any development in which the greater of 5 units or 10% of the units (i) have rents within HUD's Housing Choice Voucher ("HCV") payment standard; (ii) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and (iii) are actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits (30 points)

TRUE

c. Any development in which 5% of the units (i) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act and (ii) are actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of this application for credits. (15 points)

For items a,b or c, all common space must also conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act.

 Architect of Record initial here that the above information is accurate per certification statement within this application.

K. SPECIAL HOUSING NEEDS

2. Special Housing Needs/Leasing Preference:

a. If not general population, select applicable special population:

- TRUE Elderly (as defined by the United States Fair Housing Act.)
 - FALSE Persons with Disabilities (must meet the requirements of the Federal Americans with Disabilities Act) - Accessible Supportive Housing Pool only
 - FALSE Supportive Housing (as described in the Tax Credit Manual)
- Action:** Provide Permanent Supportive Housing Certification (**Tab S**)

b. The development has existing tenants and a relocation plan has been developed..... TRUE
 (If **True**, Virginia Housing policy requires that the impact of economic and/or physical displacement on those tenants be minimized, in which Owners agree to abide by the Authority's Relocation Guidelines for LIHTC properties.)
Action: Provide Relocation Plan and Unit Delivery Schedule (**Mandatory if tenants are displaced - Tab J**)

3. Leasing Preferences

a. Will leasing preference be given to applicants on a public housing waiting list and/or Section 8 waiting list? select: Yes

Organization which holds waiting list:

Contact person:

Title:

Phone Number:

Action: Provide required notification documentation (**TAB L**)

b. Leasing preference will be given to individuals and families with children..... FALSE
(Less than or equal to 20% of the units must have of 1 or less bedrooms).

c. Specify the number of low-income units that will serve individuals and families with children by providing three or more bedrooms:
% of total Low Income Units

NOTE: Development must utilize a **Virginia Housing Certified Management Agent**. Proof of management certification must be provided before 8609s are issued.

K. SPECIAL HOUSING NEEDS

c. The Project Based vouchers above are applicable to the 30% units seeking points.

FALSE

i. If True above, how many of the 30% units will not have project based vouchers?

0

d. Number of units receiving assistance:

191

How many years in rental assistance contract?

20.00

Expiration date of contract:

5/1/2029

There is an Option to Renew.....

TRUE

Action: Contract or other agreement provided **(TAB Q)**.

L. UNIT DETAILS

1. Set-Aside Election: UNITS SELECTED IN INCOME AND RENT DETERMINE POINTS FOR THE BONUS POINT CATEGORY

Note: In order to qualify for any tax credits, a development must meet one of two minimum threshold occupancy tests. Either (i) at least 20% of the units must be rent-restricted and occupied by persons whose incomes are 50% or less of the area median income adjusted for family size (this is called the 20/50 test) or (ii) at least 40% of the units must be rent-restricted and occupied by persons whose incomes are 60% or less of the area median income adjusted for family size (this is called the 40/60 test), all as described in Section 42 of the IRC. Rent-and income-restricted units are known as low-income units. If you have more low-income units than required, you qualify for more credits. If you serve lower incomes than required, you receive more points under the ranking system.

a. Units Provided Per Household Type:

Income Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
0	0.00%	40% Area Median	0%
94	47.47%	50% Area Median	47.00%
104	52.53%	60% Area Median	52.40%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
198	100.00%	Total	55.15%

Rent Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
0	0.00%	40% Area Median	0%
94	47.47%	50% Area Median	47.00%
104	52.53%	60% Area Median	52.40%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
198	100.00%	Total	55.15%

- b. The development plans to utilize average income..... **FALSE**
 If true, should the points based on the units assigned to the levels above **be waived** and therefore not required for compliance?
 20-30% Levels **FALSE** 40% Levels **FALSE** 50% levels **FALSE**

2. Unit Detail FOR YOUR CONVENIENCE, COPY AND PASTE IS ALLOWED WITHIN UNIT MIX GRID

In the following grid, add a row for each unique unit type planned within the development. Enter the appropriate data for both tax credit and market rate units.

 Architect of Record initial here that the information below is accurate per certification statement within this application.

	Unit Type (Select One)	Rent Target (Select One)	Number of Units	# of Units 504 compliant	Net Rentable Square Feet	Monthly Rent Per Unit	Total Monthly Rent
Mix 1	1 BR - 1 Bath	60% AMI	23		575.68	\$1,488.00	\$34,224
Mix 2	1 BR - 1 Bath	60% AMI	1		578.27	\$1,488.00	\$1,488
Mix 3	1 BR - 1 Bath	60% AMI	23	10	571.38	\$1,488.00	\$34,224
Mix 4	1 BR - 1 Bath	50% AMI	46		598.66	\$1,488.00	\$68,448
Mix 5	1 BR - 1 Bath	50% AMI	48		585.11	\$1,488.00	\$71,424
Mix 6	Efficiency	60% AMI	20		537.59	\$1,488.00	\$29,760
Mix 7	Efficiency	60% AMI	25		546.82	\$1,488.00	\$37,200
Mix 8	1 BR - 1 Bath	60% AMI	1		575.68	\$769.00	\$769
Mix 9	1 BR - 1 Bath	60% AMI	1		571.38	\$769.00	\$769
Mix 10	1 BR - 1 Bath	60% AMI	2		585.11	\$769.00	\$1,538
Mix 11	Efficiency	60% AMI	4		537.59	\$1,488.00	\$5,952
Mix 12	Efficiency	60% AMI	1		546.82	\$1,488.00	\$1,488

L. UNIT DETAILS

Mix 13	1 BR - 1 Bath	60% AMI	3	598.66	\$769.00	\$2,307
Mix 14						\$0
Mix 15						\$0
Mix 16						\$0
Mix 17						\$0
Mix 18						\$0
Mix 19						\$0
Mix 20						\$0
Mix 21						\$0
Mix 22						\$0
Mix 23						\$0
Mix 24						\$0
Mix 25						\$0
Mix 26						\$0
Mix 27						\$0
Mix 28						\$0
Mix 29						\$0
Mix 30						\$0
Mix 31						\$0
Mix 32						\$0
Mix 33						\$0
Mix 34						\$0
Mix 35						\$0
Mix 36						\$0
Mix 37						\$0
Mix 38						\$0
Mix 39						\$0
Mix 40						\$0
Mix 41						\$0
Mix 42						\$0
Mix 43						\$0
Mix 44						\$0
Mix 45						\$0
Mix 46						\$0
Mix 47						\$0
Mix 48						\$0
Mix 49						\$0
Mix 50						\$0
Mix 51						\$0
Mix 52						\$0
Mix 53						\$0
Mix 54						\$0
Mix 55						\$0
Mix 56						\$0
Mix 57						\$0
Mix 58						\$0
Mix 59						\$0
Mix 60						\$0
Mix 61						\$0
Mix 62						\$0
Mix 63						\$0
Mix 64						\$0
Mix 65						\$0

L. UNIT DETAILS

Mix 66									\$0
Mix 67									\$0
Mix 68									\$0
Mix 69									\$0
Mix 70									\$0
Mix 71									\$0
Mix 72									\$0
Mix 73									\$0
Mix 74									\$0
Mix 75									\$0
Mix 76									\$0
Mix 77									\$0
Mix 78									\$0
Mix 79									\$0
Mix 80									\$0
Mix 81									\$0
Mix 82									\$0
Mix 83									\$0
Mix 84									\$0
Mix 85									\$0
Mix 86									\$0
Mix 87									\$0
Mix 88									\$0
Mix 89									\$0
Mix 90									\$0
Mix 91									\$0
Mix 92									\$0
Mix 93									\$0
Mix 94									\$0
Mix 95									\$0
Mix 96									\$0
Mix 97									\$0
Mix 98									\$0
Mix 99									\$0
Mix 100									\$0
TOTALS			198	10					\$289,591

Total Units	198	Net Rentable SF:	TC Units	113,817.03
			MKT Units	0.00
			Total NR SF:	113,817.03

Floor Space Fraction (to 7 decimals)	100.00000%
---	-------------------

M. OPERATING EXPENSES

Administrative:

Use Whole Numbers Only!

1. Advertising/Marketing			\$6,000
2. Office Salaries			\$79,900
3. Office Supplies			\$54,264
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$165,552
	<u>4.97%</u> of EGI	<u>\$836.12</u>	Per Unit
6. Manager Salaries			\$62,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$5,260
9. Auditing			\$12,000
10. Bookkeeping/Accounting Fees			\$0
11. Telephone & Answering Service			\$0
12. Tax Credit Monitoring Fee			\$0
13. Miscellaneous Administrative			\$0
Total Administrative			\$384,976

Utilities

14. Fuel Oil			\$0
15. Electricity			\$100,000
16. Water			\$47,257
17. Gas			\$29,663
18. Sewer			\$71,469
Total Utility			\$248,389

Operating:

19. Janitor/Cleaning Payroll			\$124,190
20. Janitor/Cleaning Supplies			\$37,000
21. Janitor/Cleaning Contract			\$99,090
22. Exterminating			\$0
23. Trash Removal			\$24,255
24. Security Payroll/Contract			\$692
25. Grounds Payroll			\$0
26. Grounds Supplies			\$0
27. Grounds Contract			\$0
28. Maintenance/Repairs Payroll			\$0
29. Repairs/Material			\$0
30. Repairs Contract			\$0
31. Elevator Maintenance/Contract			\$0
32. Heating/Cooling Repairs & Maintenance			\$35,065
33. Pool Maintenance/Contract/Staff			\$0
34. Snow Removal			\$0
35. Decorating/Payroll/Contract			\$0
36. Decorating Supplies			\$0
37. Miscellaneous			\$0
Totals Operating & Maintenance			\$320,292

Taxes & Insurance

M. OPERATING EXPENSES

38. Real Estate Taxes	\$297,188
39. Payroll Taxes	\$21,950
40. Miscellaneous Taxes/Licenses/Permits	\$5,000
41. Property & Liability Insurance	\$110,462
42. Fidelity Bond	\$0
43. Workman's Compensation	\$8,200
44. Health Insurance & Employee Benefits	\$31,560
45. Other Insurance	\$4,900
Total Taxes & Insurance	\$479,260
Total Operating Expense	\$1,432,917

Total Operating Expenses Per Unit \$7,237 **C. Total Operating Expenses as % of EGI** 43.02%

Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Minimum) \$80,000

Total Expenses	\$1,512,917
-----------------------	--------------------

ACTION: Provide Documentation of Operating Budget at **Tab R** if applicable.

N. PROJECT SCHEDULE

ACTIVITY	ACTUAL OR ANTICIPATED DATE	NAME OF RESPONSIBLE PERSON
1. SITE		
a. Option/Contract	7/31/2019	akewood Plaza Apartments, LLC
b. Site Acquisition	3/31/2021	akewood Plaza Apartments, LLC
c. Zoning Approval	3/1/2021	City of Norfolk
d. Site Plan Approval	3/1/2021	City of Norfolk
2. Financing		
a. Construction Loan		
i. Loan Application	7/1/2020	CRBT
ii. Conditional Commitment	7/30/2020	CRBT
iii. Firm Commitment	2/4/2021	CRBT
b. Permanent Loan - First Lien		
i. Loan Application	7/1/2020	CRBT
ii. Conditional Commitment	7/30/2020	CRBT
iii. Firm Commitment	2/4/2021	CRBT
c. Permanent Loan-Second Lien		
i. Loan Application		
ii. Conditional Commitment		
iii. Firm Commitment		
d. Other Loans & Grants		
i. Type & Source, List	10/21/2019	PNC
ii. Application	10/21/2019	PNC
iii. Award/Commitment	8/30/2020	PNC
2. Formation of Owner	9/5/2019	Commonwealth of VA
3. IRS Approval of Nonprofit Status		
4. Closing and Transfer of Property to Owner	4/16/2021	akewood Plaza Apartments, LLC
5. Plans and Specifications, Working Drawings	10/30/2020	Cox, Kliever
6. Building Permit Issued by Local Government	3/22/2021	City of Norfolk
7. Start Construction	4/30/2021	Breeden Construction
8. Begin Lease-up	5/30/2021	Evergreen Real Estate Services
9. Complete Construction	8/12/2022	Breeden Construction
10. Complete Lease-Up	8/12/2022	Evergreen Real Estate Services
11. Credit Placed in Service Date	8/12/2022	Evergreen Real Estate Services

O. PROJECT BUDGET - HARD COSTS

Cost/Basis/Maximum Allowable Credit

Complete cost column and basis column(s) as appropriate

Note: Attorney must opine, among other things, as to correctness of the inclusion of each cost item in eligible basis, type of credit and numerical calculations included in Project Budget.

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30% Present Value Credit"		(D)
		(B) Acquisition	(C) Rehab/ New Construction	"70 % Present Value Credit"
1. Contractor Cost				
a. Unit Structures (New)	0	0	0	0
b. Unit Structures (Rehab)	13,378,254	0	13,378,254	0
c. Non Residential Structures	0	0	0	0
d. Commercial Space Costs	0	0	0	0
e. Structured Parking Garage	0	0	0	0
Total Structure	13,378,254	0	13,378,254	0
f. Earthwork	0	0	0	0
g. Site Utilities	0	0	0	0
h. Roads & Walks	0	0	0	0
i. Site Improvements	199,510	0	199,510	0
j. Lawns & Planting	0	0	0	0
k. Engineering	0	0	0	0
l. Off-Site Improvements	0	0	0	0
m. Site Environmental Mitigation	0	0	0	0
n. Demolition	0	0	0	0
o. Site Work	0	0	0	0
p. Other Site work	0	0	0	0
Total Land Improvements	199,510	0	199,510	0
Total Structure and Land	13,577,764	0	13,577,764	0
q. General Requirements	814,666	0	814,666	0
r. Builder's Overhead (2.0% Contract)	271,555	0	271,555	0
s. Builder's Profit (4.0% Contract)	543,111	0	543,111	0
t. Bonds	156,409	0	156,409	0
u. Building Permits		0	0	0
v. Special Construction	0	0	0	0
w. Special Equipment	0	0	0	0
x. Other 1: ECC Consulting Fee	271,555	0	271,555	0
y. Other 2: Letter of Credit During W	5,804	0	5,804	0
z. Other 3:	0	0	0	0
Contractor Costs	\$15,640,864	\$0	\$15,640,864	\$0

O. PROJECT BUDGET - OWNER COSTS

MUST USE WHOLE NUMBERS ONLY!

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30% Present Value Credit"		(D)
		(B) Acquisition	(C) Rehab/ New Construction	"70 % Present Value Credit"
2. Owner Costs				
a. Building Permit	100,000	0	100,000	0
b. Architecture/Engineering Design Fee \$2,096 /Unit)	415,022	0	415,022	0
c. Architecture Supervision Fee \$790 /Unit)	156,409	0	156,409	0
d. Tap Fees	0	0	0	0
e. Environmental	19,340	0	19,340	0
f. Soil Borings	0	0	0	0
g. Green Building (Earthcraft, LEED, etc.)	0	0	0	0
h. Appraisal	6,000	0	6,000	0
i. Market Study	5,775	0	5,775	0
j. Site Engineering / Survey	10,000	0	10,000	0
k. Construction/Development Mgt	0	0	0	0
l. Structural/Mechanical Study	11,600	0	11,600	0
m. Construction Loan Origination Fee		0		0
n. Construction Interest (for months)	1,544,400	0	1,544,400	0
o. Taxes During Construction	297,188	0	297,188	0
p. Insurance During Construction	110,462	0	110,462	0
q. Permanent Loan Fee ()	340,000	0	0	0
r. Other Permanent Loan Fees	0	0	0	0
s. Letter of Credit		0	0	0
t. Cost Certification Fee	18,000	0	0	0
u. Accounting	0	0	0	0
v. Title and Recording	75,000	0	75,000	0
w. Legal Fees for Closing	95,000	0	95,000	0
x. Mortgage Banker	266,250	0	266,250	0
y. Tax Credit Fee	109,398			
z. Tenant Relocation	200,000	0	0	0
aa. Fixtures, Furnitures and Equipment	30,000	0	30,000	0
ab. Organization Costs	0	0	0	0
ac. Operating Reserve	1,502,203	0		0
ad. Contingency	1,564,086	0	1,564,086	0
ae. Security	0	0	0	0
af. Utilities	0	0	0	0
(1) Other* specify: Insurance and RE Tax Reser	372,802	0		0
(2) Other* specify: Replacement Reserve	100,000	0		0
(3) Other* specify: Broker	391,250	391,250	0	0
(4) Other* specify:	0	0	0	0
(5) Other * specify:	0	0	0	0

O. PROJECT BUDGET - OWNER COSTS

(6) Other* specify:	0	0	0	0
(7) Other* specify:	0	0	0	0
(8) Other* specify:	0	0	0	0
(9) Other* specify:	0	0	0	0
(10) Other* specify:	0	0	0	0
Owner Costs Subtotal (Sum 2A..2(10))	\$7,740,185	\$391,250	\$4,706,532	\$0
Subtotal 1 + 2 (Owner + Contractor Costs)	\$23,381,049	\$391,250	\$20,347,396	\$0
3. Developer's Fees Action: Provide Developer Fee Agreement (Tab A)	3,552,484	2,886,463	113,537	0
4. Owner's Acquisition Costs				
Land	675,000			
Existing Improvements	14,975,000	14,975,000		
Subtotal 4:	\$15,650,000	\$14,975,000		
5. Total Development Costs				
Subtotal 1+2+3+4:	\$42,583,533	\$18,252,713	\$20,460,933	\$0

If this application seeks rehab credits only, in which there is no acquisition and **no change in ownership**, enter the greater of appraised value or tax assessment value here:

(Provide documentation at **Tab E**)

\$0	Land
\$0	Building

Maximum Developer Fee:

\$3,552,484

Proposed Development's Cost per Sq Foot
Applicable Cost Limit by Square Foot:

\$163 **Meets Limits**
\$176

2021 Low-Income Housing Tax Credit Application For Reservation

P. ELIGIBLE BASIS CALCULATION

Item	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):			
	(A) Cost	"30 % Present Value Credit"		(D) "70 % Present Value Credit"
		(B) Acquisition	(C) Rehab/ New Construction	
1. Total Development Costs	42,583,533	18,252,713	20,460,933	0

2. Reductions in Eligible Basis

a. Amount of federal grant(s) used to finance qualifying development costs	0	0	0
b. Amount of nonqualified, nonrecourse financing	0	0	0
c. Costs of nonqualifying units of higher quality (or excess portion thereof)	0	0	0
d. Historic Tax Credit (residential portion)	0	0	0

3. Total Eligible Basis (1 - 2 above)

18,252,713	20,460,933	0
------------	------------	---

4. Adjustment(s) to Eligible Basis (For non-acquisition costs in eligible basis)

a. For QCT or DDA (Eligible Basis x 30%) <i>State Designated Basis Boosts:</i>	0	0
b. For Revitalization or Supportive Housing (Eligible Basis x 30%)	0	0
c. For Green Certification (Eligible Basis x 10%)		0
Total Adjusted Eligible basis	20,460,933	0

5. Applicable Fraction

100.00000%	100.00000%	100.00000%
------------	------------	------------

6. Total Qualified Basis

(Eligible Basis x Applicable Fraction)

18,252,713	20,460,933	0
------------	------------	---

7. Applicable Percentage

4.00%	4.00%
-------	-------

(Beginning in 2021, All Tax Exempt requests should use the standard 4% rate and all 9% requests should use the standard 9% rate.)

8. Maximum Allowable Credit under IRC §42

(Qualified Basis x Applicable Percentage)

(Must be same as BIN total and equal to or less than credit amount allowed)

\$730,109	\$818,437	\$0
-----------	-----------	-----

\$1,548,546
Combined 30% & 70% P. V. Credit

Q. SOURCES OF FUNDS

Action: Provide Documentation for all Funding Sources at **Tab T**

1. Construction Financing: List individually the sources of construction financing, including any such loans financed through grant sources:

Source of Funds	Date of Application	Date of Commitment	Amount of Funds	Name of Contact Person
1. NorthMarq / CRBT	07/01/20	02/04/21	\$27,000,000	Reina Abboud, Northmarq, rabboud@Northmarq.com
2. Equity Bridge Loan	10/22/19	08/30/20	\$7,000,000	Dan Safely, PNC Real Estate, daniel.safley@pnc.com
3.				
Total Construction Funding:			\$34,000,000	

2. Permanent Financing: List individually the sources of all permanent financing in order of lien position:

Source of Funds	Date of Application	Date of Commitment	Amount of Funds	Annual Debt Service Cost	Interest Rate of Loan	Amortization Period IN YEARS	Term of Loan (years)
1. NorthMarq / CRBT	07/01/20	2/4/2021	\$27,000,000	\$1,569,667	4.68%	35.00	18.00
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
Total Permanent Funding:			\$27,000,000	\$1,569,667			

3. Grants: List all grants provided for the development:

Source of Funds	Date of Application	Date of Commitment	Amount of Funds	Name of Contact Person
1.				
2.				
3.				
4.				
5.				
6.				
Total Permanent Grants:			\$0	

4. Subsidized Funding

Source of Funds	Date of Commitment	Amount of Funds

Q. SOURCES OF FUNDS

1.			
2.			
3.			
4.			
5.			
Total Subsidized Funding			\$0

5. Recap of Federal, State, and Local Funds

Portions of the sources of funds described above for the development are financed directly or indirectly with Federal, State, or Local Government Funds..... **TRUE**

If above is **True**, then list the amount of money involved by all appropriate types.

Below-Market Loans

TE: See Below For 50% Test Status

a.	Tax Exempt Bonds	\$27,000,000
b.	RD 515	\$0
c.	Section 221(d)(3)	\$0
d.	Section 312	\$0
e.	Section 236	\$0
f.	VHDA SPARC/REACH	\$0
g.	HOME Funds	\$0
h.	Other:	
i.	Other:	\$0

Market-Rate Loans

a.	Taxable Bonds	\$0
b.	Section 220	\$0
c.	Section 221(d)(3)	\$0
d.	Section 221(d)(4)	\$0
e.	Section 236	\$0
f.	Section 223(f)	\$0
g.	Other:	\$0

Grants*

a.	CDBG	\$0
b.	UDAG	\$0

Grants

c.	State	
d.	Local	
e.	Other:	

*This means grants to the partnership. If you received a loan financed by a locality which received one of the listed grants, please list it in the appropriate loan column as "other" and describe the applicable grant program which funded it.

6. For Transactions Using Tax-Exempt Bonds Seeking 4% Credits:

For purposes of the 50% Test, and based only on the data entered to this application, the portion of the aggregate basis of buildings and land financed with tax-exempt funds is: **68.55%**

7. Some of the development's financing has credit enhancements..... **FALSE**

If **True**, list which financing and describe the credit enhancement:

8. Other Subsidies

Action: Provide documentation (**Tab Q**)

Q. SOURCES OF FUNDS

- a. FALSE Real Estate Tax Abatement on the increase in the value of the development.
- b. FALSE **New** project based subsidy from HUD or Rural Development for the greater of 5 or 10% of the units in the development.
- c. FALSE Other

9. A HUD approval for transfer of physical asset is required..... FALSE

R. EQUITY

1. Equity

a. Portion of Syndication Proceeds Attributable to Historic Tax Credit			
Amount of Federal historic credits	\$0	x Equity \$	\$0.000 = \$0
Amount of Virginia historic credits	\$0	x Equity \$	\$0.000 = \$0
b. Equity that Sponsor will Fund:			
i. Cash Investment	\$100		
ii. Contributed Land/Building	\$0		
iii. Deferred Developer Fee	\$1,491,670	(Note: Deferred Developer Fee cannot be negative.)	
iv. Other:			
ACTION: If Deferred Developer Fee is greater than 50% of overall Developer Fee, provide a cash flow statement showing payoff within 15 years at TAB A.			
Equity Total	\$1,491,770		

2. Equity Gap Calculation

a. Total Development Cost	\$42,583,533
b. Total of Permanent Funding, Grants and Equity	- \$28,491,770
c. Equity Gap	\$14,091,763
d. Developer Equity	- \$1,405
e. Equity gap to be funded with low-income tax credit proceeds	\$14,090,358

3. Syndication Information (If Applicable)

a. Actual or Anticipated Name of Syndicator:	PNC		
Contact Person:	Dan Safely	Phone:	502-581-2517
Street Address:	101 South Fifth Street 7th Floor		
City:	Louisville	State:	Zip: 40202
b. Syndication Equity			
i. Anticipated Annual Credits	\$1,548,546.00		
ii. Equity Dollars Per Credit (e.g., \$0.85 per dollar of credit)	\$0.910		
iii. Percent of ownership entity (e.g., 99% or 99.9%)	99.99000%		
iv. Syndication costs not included in Total Development Costs (e.g., advisory fees)	\$0		
v. Net credit amount anticipated by user of credits	\$1,548,391		
vi. Total to be paid by anticipated users of credit (e.g., limited partners)	\$14,090,358		
c. Syndication:	Private		
d. Investors:	Corporate		

4. Net Syndication Amount

Which will be used to pay for Total Development Costs	\$14,090,358
---	--------------

5. Net Equity Factor

Must be equal to or greater than 85%	90.9999908089%
--------------------------------------	----------------

S. DETERMINATION OF RESERVATION AMOUNT NEEDED

The following calculation of the amount of credits needed is substantially the same as the calculation which will be made by Virginia Housing to determine, as required by the IRC, the amount of credits which may be allocated for the development. However, Virginia Housing at all times retains the right to substitute such information and assumptions as are determined by Virginia Housing to be reasonable for the information and assumptions provided herein as to costs (including development fees, profits, etc.), sources for funding, expected equity, etc. Accordingly, if the development is selected by Virginia Housing for a reservation of credits, the amount of such reservation may differ significantly from the amount you compute below.

1. Total Development Costs		\$42,583,533
2. Less Total of Permanent Funding, Grants and Equity	-	\$28,491,770
3. Equals Equity Gap		\$14,091,763
4. Divided by Net Equity Factor (Percent of 10-year credit expected to be raised as equity investment)		90.9999908089%
5. Equals Ten-Year Credit Amount Needed to Fund Gap		\$15,485,455
Divided by ten years		10
6. Equals Annual Tax Credit Required to Fund the Equity Gap		\$1,548,546
7. Maximum Allowable Credit Amount (from Eligible Basis Calculation)		\$1,548,546
8. Requested Credit Amount	For 30% PV Credit:	\$1,548,546
	For 70% PV Credit:	\$0
Credit per LI Units	\$7,820.9394	
Credit per LI Bedroom	\$7,820.9394	
	Combined 30% & 70% PV Credit Requested	\$1,548,546

9. **Action:** Provide Attorney’s Opinion (**Mandatory Tab H**)

T. CASH FLOW**1. Revenue**Indicate the estimated monthly income for the **Low-Income Units** (based on Unit Details tab):

Total Monthly Rental Income for LIHTC Units		\$289,591
Plus Other Income Source (list): <u>Laundry/Vending/Tenant Charges</u>		\$2,581
Equals Total Monthly Income:		\$292,172
Twelve Months		x12
Equals Annual Gross Potential Income		\$3,506,060
Less Vacancy Allowance <u>5.0%</u>		\$175,303
Equals Annual Effective Gross Income (EGI) - Low Income Units		\$3,330,757

2. Indicate the estimated monthly income for the Market Rate Units (based on Unit Details tab):

Total Monthly Income for Market Rate Units:		\$0
Plus Other Income Source (list): <u></u>		
Equals Total Monthly Income:		\$0
Twelve Months		x12
Equals Annual Gross Potential Income		\$0
Less Vacancy Allowance <u>0.0%</u>		\$0
Equals Annual Effective Gross Income (EGI) - Market Rate Units		\$0

Action: Provide documentation in support of Operating Budget (TAB K)**3. Cash Flow (First Year)**

a. Annual EGI Low-Income Units	\$3,330,757
b. Annual EGI Market Units	\$0
c. Total Effective Gross Income	\$3,330,757
d. Total Expenses	\$1,512,917
e. Net Operating Income	\$1,817,840
f. Total Annual Debt Service	\$1,569,667
g. Cash Flow Available for Distribution	\$248,173

4. Projections for Financial Feasibility - 15 Year Projections of Cash Flow

	Stabilized Year 1	Year 2	Year 3	Year 4	Year 5
Eff. Gross Income	3,330,757	3,380,718	3,431,429	3,482,901	3,535,144
Less Oper. Expenses	1,512,917	1,558,305	1,605,054	1,653,205	1,702,801
Net Income	1,817,840	1,822,414	1,826,376	1,829,695	1,832,343
Less Debt Service	1,569,667	1,569,667	1,569,667	1,569,667	1,569,667
Cash Flow	248,173	252,747	256,709	260,028	262,676
Debt Coverage Ratio	1.16	1.16	1.16	1.17	1.17

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	3,588,171	3,641,994	3,696,624	3,752,073	3,808,354

T. CASH FLOW

Less Oper. Expenses	1,753,885	1,806,502	1,860,697	1,916,518	1,974,014
Net Income	1,834,286	1,835,492	1,835,927	1,835,555	1,834,341
Less Debt Service	1,569,667	1,569,667	1,569,667	1,569,667	1,569,667
Cash Flow	264,619	265,825	266,260	265,888	264,674
Debt Coverage Ratio	1.17	1.17	1.17	1.17	1.17

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	3,865,480	3,923,462	3,982,314	4,042,048	4,102,679
Less Oper. Expenses	2,033,234	2,094,231	2,157,058	2,221,770	2,288,423
Net Income	1,832,246	1,829,231	1,825,256	1,820,279	1,814,256
Less Debt Service	1,569,667	1,569,667	1,569,667	1,569,667	1,569,667
Cash Flow	262,579	259,564	255,589	250,612	244,589
Debt Coverage Ratio	1.17	1.17	1.16	1.16	1.16

Estimated Annual Percentage Increase in Revenue	1.50%	(Must be < 2%)
Estimated Annual Percentage Increase in Expenses	3.00%	(Must be >= 3%)

U. Building-by-Building Information

Must Complete

Qualified basis must be determined on a building-by building basis. Complete the section below. Building street addresses are required by the IRS (must have them by the time of allocation request).

Number of BINS: 1

FOR YOUR CONVENIENCE, COPY AND PASTE IS ALLOWED WITHIN BUILDING GRID

Bldg #	BIN if known	NUMBER OF		<div style="border: 1px solid black; padding: 2px; display: inline-block;">DO NOT use the CUT feature</div> Street Address 1 Street Address 2 City State Zip					30% Present Value Credit for Acquisition				30% Present Value Credit for Rehab / New Construction				70% Present Value Credit				
		TAX CREDIT UNITS	MARKET RATE UNITS						Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	
1.		198		5631 Tidewater Drive		Norfolk	VA	23509	\$18,252,713	04/30/21	4.00%	\$730,109	\$20,460,933	08/12/22	4.00%	\$818,437				\$0	
2.																				\$0	
3.																				\$0	
4.																				\$0	
5.																				\$0	
6.																				\$0	
7.																				\$0	
8.																				\$0	
9.																				\$0	
10.																				\$0	
11.																				\$0	
12.																				\$0	
13.																				\$0	
14.																				\$0	
15.																				\$0	
16.																				\$0	
17.																				\$0	
18.																				\$0	
19.																				\$0	
20.																				\$0	
21.																				\$0	
22.																				\$0	
23.																				\$0	
24.																				\$0	
25.																				\$0	
26.																				\$0	
27.																				\$0	
28.																				\$0	
29.																				\$0	
30.																				\$0	
31.																				\$0	
32.																				\$0	
33.																				\$0	
34.																				\$0	
35.																				\$0	
		198	0																		
		Totals from all buildings							\$18,252,713				\$730,109	\$20,460,933			\$818,437	\$0		\$0	

Number of BINS: 1

V. STATEMENT OF OWNER

The undersigned hereby acknowledges the following:

1. that, to the best of its knowledge and belief, all factual information provided herein or in connection herewith is true and correct, and all estimates are reasonable.
2. that it will at all times indemnify and hold harmless Virginia Housing and its assigns against all losses, costs, damages, Virginia Housing's expenses, and liabilities of any nature directly or indirectly resulting from, arising out of, or relating to Virginia Housing's acceptance, consideration, approval, or disapproval of this reservation request and the issuance or nonissuance of an allocation of credits, grants and/or loan funds in connection herewith.
3. that points will be assigned only for representations made herein for which satisfactory documentation is submitted herewith and that no revised representations may be made in connection with this application once the deadline for applications has passed.
4. that this application form, provided by Virginia Housing to applicants for tax credits, including all sections herein relative to basis, credit calculations, and determination of the amount of the credit necessary to make the development financially feasible, is provided only for the convenience of Virginia Housing in reviewing reservation requests; that completion hereof in no way guarantees eligibility for the credits or ensures that the amount of credits applied for has been computed in accordance with IRC requirements; and that any notations herein describing IRC requirements are offered only as general guides and not as legal authority.
5. that the undersigned is responsible for ensuring that the proposed development will be comprised of qualified low-income buildings and that it will in all respects satisfy all applicable requirements of federal tax law and any other requirements imposed upon it by Virginia Housing prior to allocation, should one be issued.
6. that the undersigned commits to providing first preference to members of targeted populations having state rental assistance and will not impose any eligibility requirements or lease terms terms for such individuals that are more restrictive than its standard requirements and terms, the terms of the MOU establishing the target population, or the eligibility requirements for the state rental assistance.
7. that, for the purposes of reviewing this application, Virginia Housing is entitled to rely upon representations of the undersigned as to the inclusion of costs in eligible basis and as to all of the figures and calculations relative to the determination of qualified basis for the development as a whole and/or each building therein individually as well as the amounts and types of credit applicable thereof, but that the issuance of a reservation based on such representation in no way warrants their correctness or compliance with IRC requirements.
8. that Virginia Housing may request or require changes in the information submitted herewith, may substitute its own figures which it deems reasonable for any or all figures provided herein by the undersigned and may reserve credits, if any, in an amount significantly different from the amount requested.
9. that reservations of credits are not transferable without prior written approval by Virginia Housing at its sole discretion.
10. that the requirements for applying for the credits and the terms of any reservation or allocation thereof are subject to change at any time by federal or state law, federal, state or Virginia Housing regulations, or other binding authority.
11. that reservations may be made subject to certain conditions to be satisfied prior to allocation and shall in

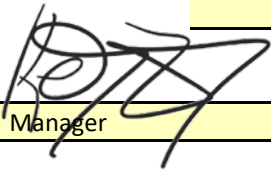
V. STATEMENT OF OWNER

all cases be contingent upon the receipt of a nonrefundable application fee of \$1000 and a nonrefundable reservation fee equal to 7% of the annual credit amount reserved.

- 12. that a true, exact, and complete copy of this application, including all the supporting documentation enclosed herewith, has been provided to the tax attorney who has provided the required attorney's opinion accompanying this submission.
- 13. that the undersigned has provided a complete list of all residential real estate developments in which the general partner(s) has (have) or had a controlling ownership interest and, in the case of those projects allocated credits under Section 42 of the IRC, complete information on the status of compliance with Section 42 and an explanation of any noncompliance. The undersigned hereby authorizes the Housing Credit Agencies of states in which these projects are located to share compliance information with the Authority.
- 14. that any principal of undersigned has not participated in a planned foreclosure or Qualified Contract request in Virginia after January 1, 2019.
- 15. that undersigned waives the right to pursue a Qualified Contract on this development.
- 16. that the information in this application may be disseminated to others for purposes of verification or other purposes consistent with the Virginia Freedom of Information Act. However, all information will be maintained, used or disseminated in accordance with the Government Data Collection and Dissemination Practices Act. The undersigned may refuse to supply the information requested, however, such refusal will result in Virginia Housing's inability to process the application. The original or copy of this application may be retained by Virginia Housing, even if tax credits are not allocated to the undersigned.

In Witness Whereof, the undersigned, being authorized, has caused this document to be executed in its name on the date of this application set forth in DEV Info tab hereof.

Legal Name of Owner: Lakewood Plaza Apartments LLC

By: 


Its: Manager (Title)

V. STATEMENT OF ARCHITECT

The architect signing this document is certifying that the development plans and specifications incorporate all Virginia Housing Minimum Design and Construction Requirements (MDCR), selected LIHTC enhancements and amenities, applicable building codes and accessibility requirements.

In Witness Whereof, the undersigned, being authorized, has caused this document to be executed in its name on the date of this application set forth in DEV Info tab hereof.

Legal Name of Architect: JOSEPH GREY MASON
 Virginia License#: 0401007030
 Architecture Firm or Company: COX, KLEWER & CO., PC

By: 
 Its: VP - ARCHITECTURE
 (Title)

Initials by Architect are also required on the following Tabs: Enhancement, Special Housing Needs and Unit Details.

W. LIHTC SELF SCORE SHEET

Self Scoring Process

This Self Scoring Process is intended to provide you with an estimate of your application's score based on the information included within the reservation application. Other items, denoted below in the yellow shaded cells, are typically evaluated by Virginia Housing's staff during the application review and feasibility process. For purposes of self scoring, we have made certain assumptions about your application. Edit the appropriate responses (Y or N) in the yellow shaded cells, if applicable. Item 5f requires a numeric value to be entered.

Please remember that this score is only an estimate. Virginia Housing reserves the right to change application data and/or score sheet responses where appropriate, which may change the final score.

MANDATORY ITEMS:

- a. Signed, completed application with attached tabs in PDF format
- b. Active Excel copy of application
- c. Partnership agreement
- d. SCC Certification
- e. Previous participation form
- f. Site control document
- g. RESNET Certification
- h. Attorney's opinion
- i. Nonprofit questionnaire (if applicable)
- j. Appraisal
- k. Zoning document
- l. Universal Design Plans
- m. List of LIHTC Developments (Schedule A)

Included

Y	Y or N
Y	Y or N
Y	Y or N
Y	Y or N
Y	Y or N
Y	Y or N
Y	Y or N
Y	Y or N
Y	Y, N, N/A
Y	Y or N
Y	Y or N
Y	Y or N
Y	Y or N

Score

0
0
0
0
0
0
0
0
0
0
0
0
0

Total:

0.00

1. READINESS:

- a. Virginia Housing notification letter to CEO (via Locality Notification Information App)
- b. Local CEO Opposition Letter
- c. Plan of development
- d. Location in a revitalization area based on Qualified Census Tract
- e. Location in a revitalization area with resolution
- f. Location in a Opportunity Zone

Y	0 or -50
N	0 or -25
N	0 or 40
N	0 or 10
N	0 or 15
N	0 or 15

0.00
0.00
0.00
0.00
0.00
0.00

Total:

0.00

2. HOUSING NEEDS CHARACTERISTICS:

- a. Sec 8 or PHA waiting list preference
- b. Existing RD, HUD Section 8 or 236 program
- c. Subsidized funding commitments
- d. Tax abatement on increase of property's value
- e. New project based rental subsidy (HUD or RD)
- f. Census tract with <12% poverty rate
- g. Development listed on the Rural Development Rehab Priority List
- h. Dev. located in area with little or no increase in rent burdened population
- i. Dev. located in area with increasing rent burdened population

Y	0 or up to 5
Y	0 or 20
0.00%	Up to 40
N	0 or 5
N	0 or 10
3%	0, 20, 25 or 30
N	0 or 15
N	Up to -20
N	Up to 20

0.18
20.00
0.00
0.00
0.00
30.00
0.00
0.00
0.00

Total:

50.18

3. DEVELOPMENT CHARACTERISTICS:

- a. Enhancements (See calculations below)
- b. Project subsidies/HUD 504 accessibility for 5 or 10% of units
- or c. HCV Payment Standard/HUD 504 accessibility for 5 or 10% of units
- or d. HUD 504 accessibility for 5% of units
- e. Proximity to public transportation (within Northern VA or Tidewater)

N	0 or 60
N	0 or 30
Y	0 or 15
Y10	0, 10 or 20

23.00
0.00
0.00
15.00
10.00

f. Development will be Green Certified	N	0 or 10	0.00
g. Units constructed to meet Virginia Housing's Universal Design standards	0%	Up to 15	0.00
h. Developments with less than 100 units	N	up to 20	0.00
i. Historic Structure	N	0 or 5	0.00
Total:			<u>48.00</u>

4. TENANT POPULATION CHARACTERISTICS:

Locality AMI	State AMI
\$82,500	\$62,300

a. Less than or equal to 20% of units having 1 or less bedrooms	N	0 or 15	0.00
b. <plus> Percent of Low Income units with 3 or more bedrooms	0.00%	Up to 15	0.00
c. Units with rent at or below 30% of AMI and are not subsidized (up to 10% of LI units)	0.00%	Up to 10	0.00
d. Units with rents at or below 40% of AMI (up to 10% of LI units)	0.00%	Up to 10	0.00
e. Units with rent and income at or below 50% of AMI	47.47%	Up to 50	47.47
f. Units with rents at or below 50% rented to tenants at or below 60% of AMI	47.47%	Up to 25	0.00
or g. Units in LI Jurisdictions with rents <= 50% rented to tenants with <= 60% of AMI	47.47%	Up to 50	0.00
Total:			<u>47.47</u>

5. SPONSOR CHARACTERISTICS:

a. Developer experience - 3 developments with 3 x units or 6 developments with 1 x units	Y	0 or 50	50.00
or b. Developer experience - 3 developments and at least 500,000 in liquid assets	N	0 or 50	0.00
or c. Developer experience - 1 development with 1 x units	N	0 or 10	0.00
d. Developer experience - life threatening hazard	N	0 or -50	0.00
e. Developer experience - noncompliance	N	0 or -15	0.00
f. Developer experience - did not build as represented	0	0 or -2x	0.00
g. Developer experience - failure to provide minimum building requirements	N	0 or -20	0.00
h. Developer experience - termination of credits by Virginia Housing	N	0 or -10	0.00
i. Developer experience - exceeds cost limits at certification	N	0 or -50	0.00
j. Management company rated unsatisfactory	N	0 or -25	0.00
Total:			<u>50.00</u>

6. EFFICIENT USE OF RESOURCES:

a. Credit per unit		Up to 200	99.08
b. Cost per unit		Up to 100	-18.53
Total:			<u>80.55</u>

7. BONUS POINTS:

a. Extended compliance	35	Years	40 or 50	50.00
or b. Nonprofit or LHA purchase option	N		0 or 60	0.00
or c. Nonprofit or LHA Home Ownership option	N		0 or 5	0.00
d. Combined 9% and 4% Tax Exempt Bond Site Plan	N		Up to 45	0.00
e. RAD or PHA Conversion participation and competing in Local Housing Authority pool	N		0 or 10	0.00
Total:			<u>50.00</u>	

425 Point Threshold - all 9% Tax Credits
 325 Point Threshold - Tax Exempt Bonds

TOTAL SCORE: 326.20

Enhancements:

All units have:	Max Pts	Score
a. Community Room	5	5.00
b. Exterior walls constructed with brick and other low maintenance materials	25	0.00
c. Sub metered water expense	5	0.00
d. Watersense labeled faucets, toilets and showerheads	3	3.00
e. Infrastructure for high speed internet/broadband	1	1.00
f. Free WiFi Access in community room	4	4.00

g. Each unit provided free individual high speed internet access	6	0.00
h. Each unit provided free individual WiFi	8	0.00
i. Bath Fan - Delayed timer or continuous exhaust	3	3.00
j. Baths equipped with humidistat	3	0.00
k. Cooking Surfaces equipped with fire prevention features	4	0.00
l. Cooking surfaces equipped with fire suppression features	2	2.00
m. Rehab only: dedicated space to accept permanent dehumidification system	2	0.00
n. Provides Permanently installed dehumidification system	5	0.00
o. All interior doors within units are solid core	3	0.00
p. USB in kitchen, living room and all bedrooms	1	1.00
q. LED Kitchen Light Fixtures	2	2.00
r. Shelf or Ledge at entrance within interior hallway	2	0.00
s. New Construction: Balcony or patio	4	0.00
		<u>21.00</u>
All elderly units have:		
t. Front-control ranges	1	1.00
u. Independent/suppl. heat source	1	0.00
v. Two eye viewers	1	1.00
		<u>2.00</u>
Total amenities:		<u>23.00</u>

X. Development Summary

Summary Information

2021 Low-Income Housing Tax Credit Application For Reservation

Deal Name:	Lakewood Plaza Apartments
-------------------	----------------------------------

Cycle Type: 4% Tax Exempt Bonds Credits
Allocation Type: N/A
Total Units: 198
Total LI Units: 198
Project Gross Sq Ft: 165,718.14
Green Certified? FALSE

Requested Credit Amount: \$1,548,546
Jurisdiction: Norfolk City
Population Target: Elderly
Owner Contact: Kevin Beard

Total Score 326.20

Source of Funds	Amount	Per Unit	Per Sq Ft	Annual Debt Service
Permanent Financing	\$27,000,000	\$136,364	\$163	\$1,569,667

Uses of Funds - Actual Costs				
Type of Uses	Amount	Per Unit	Sq Ft	% of TDC
Improvements	\$13,577,764	\$68,575	\$82	31.89%
General Req/Overhead/Profit	\$1,629,332	\$8,229	\$10	3.83%
Other Contract Costs	\$433,768	\$2,191	\$3	1.02%
Owner Costs	\$7,740,185	\$39,092	\$47	18.18%
Acquisition	\$15,650,000	\$79,040	\$94	36.75%
Developer Fee	\$3,552,484	\$17,942	\$21	8.34%
Total Uses	\$42,583,533	\$215,068		

Total Development Costs	
Total Improvements	\$23,381,049
Land Acquisition	\$15,650,000
Developer Fee	\$3,552,484
Total Development Costs	\$42,583,533

Income	
Gross Potential Income - LI Units	\$3,506,060
Gross Potential Income - Mkt Units	\$0
Subtotal	\$3,506,060
Less Vacancy % 5.00%	\$175,303
Effective Gross Income	\$3,330,757

Rental Assistance? TRUE

Expenses		
Category	Total	Per Unit
Administrative	\$384,976	\$1,944
Utilities	\$248,389	\$1,254
Operating & Maintenance	\$320,292	\$1,618
Taxes & Insurance	\$479,260	\$2,421
Total Operating Expenses	\$1,432,917	\$7,237
Replacement Reserves	\$80,000	\$404
Total Expenses	\$1,512,917	\$7,641

Cash Flow	
EGI	\$3,330,757
Total Expenses	\$1,512,917
Net Income	\$1,817,840
Debt Service	\$1,569,667
Debt Coverage Ratio (YR1):	1.16

Proposed Cost Limit/Sq Ft: \$163
Applicable Cost Limit/Sq Ft: \$176

Unit Breakdown	
Supp Hsg	0
# of Eff	50
# of 1BR	148
# of 2BR	0
# of 3BR	0
# of 4+ BR	0
Total Units	198

	Income Levels	Rent Levels
	# of Units	# of Units
<=30% AMI	0	0
40% AMI	0	0
50% AMI	94	94
60% AMI	104	104
>60% AMI	0	0
Market	0	0

Income Averaging? FALSE

Extended Use Restriction? 50

2021 Low-Income Housing Tax Credit Application For Reservation

Virginia Housing is running a BETA test of new EUR calculations that will be considered for implementation in 2022. These points are only a test and will not be used for scoring purposes in 2021. Please contact taxcreditapps@virginiahousing.com with questions or comments.

Credit Points:

If the Combined Max Allowable is \$500,000 and the annual credit requested is \$200,000, you are providing a 60% savings for the program. This deal would receive all 200 credit points.

For another example, the annual credit requested is \$300,000 or a 40% savings for the program. Using a sliding scale, the credit points would be calculated by the difference between your savings and the desired 60% savings. Your savings divided by the goal of 60% times the max points of 200. In this example, $(40\%/60\%) \times 200$ or 133.33 points.

Using Current E-U-R method (up to 200)		99.08
Using proposed method:		
Combined Max	\$1,548,546	
Credit Requested	\$1,548,546	
% of Savings	0.00%	
Sliding Scale Points		0
<i>Difference</i>		-99.08

Cost Points:

If the Applicable Cost by Square foot is \$238 and the deal’s Proposed Cost by Square Foot was \$119, you are saving 50% of the applicable cost. This deal would receive all 100 credit points.

For another example, the Applicable Cost by SqFt is \$238 and the deal’s Proposed Cost is \$153.04 or a savings of 35.70%. Using a sliding scale, your points would be calculated by the difference between your savings and the desired 50% savings. Your savings divided by the goal of 50% times the max points 100. In this example, $(35.7\%/50\%) \times 100$ or 71.40 points.

Using Current E-U-R method (up to 100)		-18.53
Using proposed method:		
Total Costs Less Acquisition	\$26,933,533	
Total Square Feet	165,718.14	
Proposed Cost per SqFt	\$162.53	
Applicable Cost Limit per Sq Ft	\$176.00	
% of Savings	7.66%	
Sliding Scale Points		15.32
<i>Difference</i>		33.85

\$/SF = **\$270.25** Credits/SF = **10.356841** Const \$/unit = **\$78,994.2626**

TYPE OF PROJECT: GENERAL = 11000; ELDERLY = 12000
 LOCATION: Inner-NVA=100; Outer-NV=200; N/WNC=300; Rich=400; Tid=500; Balance=600
 TYPE OF CONSTRUCTION: N C=1; ADPT=2; REHAB(35,000+)=3; REHAB*(15,000-35,000)=4

12000
500
3

In
 Nova
500
3

*REHABS LOCATED IN BELTWAY (\$15,000-\$50,000) See Below

	GENERAL		Elderly				
	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
AVG UNIT SIZE	0.00	711.39	769.93	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	50	148	0	0	0	0
PARAMETER-(COSTS=>35,000)	0	120,668	168,935	0	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	120,668	168,935	0	0	0	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0
COST PARAMETER	0	134,681	188,553	0	0	0	0
PROJECT COST PER UNIT	0	192,251	208,071	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	10,359	14,071	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	10,359	14,071	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0
CREDIT PARAMETER	0	11,615	15,776	0	0	0	0
PROJECT CREDIT PER UNIT	0	7,368	7,974	0	0	0	0
COST PER UNIT POINTS	0.00	-10.79	-7.74	0.00	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	18.47	73.93	0.00	0.00	0.00	0.00

	GENERAL							
	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
AVG UNIT SIZE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0	0
COST PARAMETER	0	0	0	0	0	0	0	0
PROJECT COST PER UNIT	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	0	0
PROJECT CREDIT PER UNIT	0	0	0	0	0	0	0	0
COST PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TOTAL COST PER UNIT POINTS **-18.53**

TOTAL CREDIT PER UNIT POINTS **92.40**

Cost Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	120,668	168,935	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	14,013	19,618	0	0	0	0
Adjusted Cost Parameter	0	134,681	188,553	0	0	0	0

Credit Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Credit Parameter - low rise	0	10,359	14,071	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	1,256	1,705	0	0	0	0
Adjusted Credit Parameter	0	11,615	15,776	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0

Adjusted Cost Parameter	0	0	0	0	0	0	0	0
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Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Credit Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Credit Parameter	0	0	0	0	0	0	0	0

Northern Virginia Beltway (Rehab costs \$15,000-\$50,000)

Cost Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	120,668	168,935	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	14,013	19,618	0	0	0	0
Adjusted Cost Parameter	0	134,681	188,553	0	0	0	0

Credit Parameters - Elderly

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Standard Cost Parameter - low rise	0	10,359	14,071	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	1,256	1,705	0	0	0	0
Adjusted Cost Parameter	0	11,615	15,776	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0	0

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0	0

\$/SF = **\$270.25** Credits/SF = **10.356841** Const \$/unit = **\$78,994.26**

TYPE OF PROJECT
LOCATION
TYPE OF CONSTRUCTION

GENERAL = 11000; ELDERLY = 12000
Inner-NVA=100; Outer-NV=200; NWNVC=300; Rich=400; Tid=500; Balance=600
N C=1; ADPT=2; REHAB(35,000+)J=3; REHAB*(10,000-35,000)=4

12000
500
3

500
3

*REHABS LOCATED IN BELTWAY (\$10,000-\$50,000) See Below

	GENERAL		Elderly				
	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
AVG UNIT SIZE	0.00	711.39	769.93	0.00	0.00	0.00	0.00
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PARAMETER-(COSTS=>35,000)	0	120,668	168,935	0	0	0	0
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PARAMETER-(COSTS=>50,000)	0	120,668	168,935	0	0	0	0
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PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	10,359	14,071	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0
CREDIT PARAMETER	0	11,615	15,776	0	0	0	0
PROJECT CREDIT PER UNIT	0	7,368	7,974	0	0	0	0
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CREDIT PER UNIT POINTS	0.00	18.47	73.93	0.00	0.00	0.00	0.00

	GENERAL							
	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
AVG UNIT SIZE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0	0
COST PARAMETER	0	0	0	0	0	0	0	0
PROJECT COST PER UNIT	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	0	0
PROJECT CREDIT PER UNIT	0	0	0	0	0	0	0	0
COST PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TOTAL COST PER UNIT POINTS **-18.53**

TOTAL CREDIT PER UNIT POINTS **99.08**

Cost Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	120,668	168,935	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	14,013	19,618	0	0	0	0
Adjusted Cost Parameter	0	134,681	188,553	0	0	0	0

Credit Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Credit Parameter - low rise	0	10,359	14,071	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	1,256	1,705	0	0	0	0
Adjusted Credit Parameter	0	11,615	15,776	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0

Adjusted Cost Parameter	0	0	0	0	0	0	0	0
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Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Credit Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Credit Parameter	0	0	0	0	0	0	0	0

Northern Virginia Beltway (Rehab costs \$10,000-\$50,000)

Cost Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	120,668	168,935	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	14,013	19,618	0	0	0	0
Adjusted Cost Parameter	0	134,681	188,553	0	0	0	0

Credit Parameters - Elderly

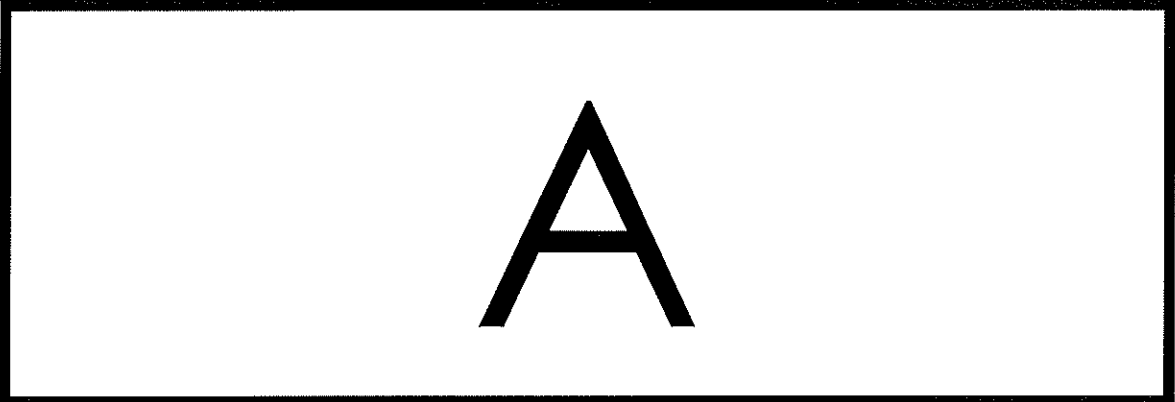
	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	10,359	14,071	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	1,256	1,705	0	0	0	0
Adjusted Cost Parameter	0	11,615	15,776	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0	0

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0	0



A

Partnership or Operating Agreement

Including chart of ownership structure with percentage of
interests **(MANDATORY)**

**OPERATING AGREEMENT
OF
LAKEWOOD PLAZA APARTMENTS LLC
A VIRGINIA LIMITED LIABILITY COMPANY**

This Operating Agreement (the “Agreement”) is made and entered into as of the 3rd day of September, 2019 (the “Effective Date”), by and among Apartments at Lakewood Plaza Apartments LLC, a Virginia limited liability company (the “LLC”) and EREG Lakewood LLC, a Virginia limited liability company executing this Agreement as the sole member of the LLC (the “Member”).

1. **Name.** The name of the LLC is **LAKEWOOD PLAZA APARTMENTS LLC**.
2. **Formation.** The LLC was formed as a manager-managed limited liability company under and pursuant to the Virginia Limited Liability Company Act (the “Act”), upon filing its Articles of Organization (the “Articles”) with the State Corporation Commission of Virginia. The rights and liabilities of the Member shall be as provided in the Act, except as otherwise expressly provided herein.
3. **Purpose and Powers.** The purpose of the LLC is to engage in any activity for which limited liability companies may be organized in the State of Virginia. The LLC shall possess and may exercise all of the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the LLC.
4. **Registered Office.** The registered office of the LLC is located at 4701 Cox Road, Suite 285, Glen Allen, Virginia 23060.
5. **Registered Agent.** The name of the registered agent of the LLC at the above referenced address is C T Corporation System.
6. **Ownership; Capital Contributions.** The Member shall hold a 100% interest in the LLC. The Member may contribute cash or other property to the LLC as it shall decide. The Member shall not be obligated to make any Capital Contributions. The Member may take distributions of the capital from time to time in accordance with the limitations of the Act.
7. **Tax Characterization.** The Member intends that the LLC, as a single member LLC, shall be taxed as a sole proprietorship in accordance with the provisions of the Internal Revenue Code. Any provisions herein that may cause the LLC not to be taxed as a sole proprietorship shall be inoperative.
8. **Management.** The management of the LLC shall be vested solely in its Member, who shall have all powers to control and manage the business and affairs of the LLC and may exercise all powers of the LLC. The Member shall be authorized to execute in the

LLC's name any instrument for apparently carrying on in the usual way the business of the LLC.

9. **Distributions.** At such time as the Member shall determine, the Member shall cause the LLC to distribute any cash held by it which is neither reasonably necessary for the operation of the LLC nor otherwise in violation of the Act.

10. **Admission of Additional Members.** Except as expressly provided in the Agreement, additional members may be admitted to the LLC through issuance by the LLC of a new interest in the LLC or a sale of a current percent of current Member's interest.

11. **Distributions Upon Dissolution.** Upon the occurrence of an event set forth in Section 12 hereof, the Member shall be entitled to receive, after paying or making reasonable provision for all of the LLC's creditors to the extent required by the Act, the remaining funds of the LLC.

12. **Dissolution.** The LLC shall dissolve, and its affairs shall be wound up, upon the earliest to occur of (a) the determination by the Member that the LLC shall be dissolved, or (b) an event of dissolution of the LLC under the Act.

13. **Limited Liability.** The Member shall have no liability for the obligations of the LLC except to the extent required by the Act.

14. **Amendment.** This Agreement may be amended or revoked at any time by a written document executed by the Member.

15. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF VIRGINIA, EXCLUDING ANY CONFLICTS OF LAWS, RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.

16. **Severability.** Except as otherwise provided in the succeeding sentence, every term and provisions of this Agreement is intended to be severable, and if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement. The preceding sentence shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain.

**DEVELOPMENT FEE
AGREEMENT**

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into effective as of the 11th day of March, 2020 by and between EREG Housing Preservation LLC, an Illinois limited liability company (the "Developer"), and Lakewood Plaza Apartments LLC, a Virginia limited liability company (the "Company").

WITNESS ETH:

WHEREAS, the Company has been formed for the purposes, *inter alia*, of acquiring, financing, owning, improving, operating, leasing and selling or otherwise disposing of certain real property together with all improvements, furnishings, equipment and personal property to be located thereon (together, the land and improvements are known as Lakewood Plaza Apartments and will be collectively referred to as the "Project"), which Project is rented and managed in order that it will qualify for the low-income housing tax credits provided in Section 42 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, in order to effectuate the purposes for which it has been formed, the Company has engaged the services of the Developer with respect to overseeing the development of the Project for the Company; and

WHEREAS, the parties desire to enter into this Agreement which sets forth the obligations of, and the services to be performed by, the Developer and the compensation for such services.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Obligations of the Developer. The Developer shall have the following duties, to the extent they have not already been performed:

- (a) to assist, advise and consult on the selection of and provide coordination and supervision of the architect and engineer in connection with the preparation of and any changes to the site plan for the Project and the renderings, drawings and specifications for the rehabilitation of the Project (the "Plans and Specifications");
- (b) to be cognizant of and advise the Company with respect to any and all rules or regulations, city ordinances, including health and fire safety regulations, or any other applicable requirements of law or governmental authorities and to coordinate the services of professionals in connection therewith;
- (c) to assist, coordinate and supervise the obtaining of all necessary building permits and approvals for and in connection with the rehabilitation and construction of the Project;

(d) to consult, advise and assist in preparing a development and construction budget and proforma cash flow projections and coordinating professionals in connection therewith;

(e) to cooperate and coordinate with the construction contractors appointed by the Company;

(t) to otherwise use commercially reasonable best efforts to coordinate, supervise and cause the rehabilitation of the Project on a timely basis and within the contemplated budget;

(g) to record the progress on all of the foregoing, and, as requested, submit written progress reports to the Company; and

(h) to maintain or cause to be maintained at its sole cost and expense all off-site office and accounting facilities and equipment necessary to adequately perform all functions of Developer specified herein.

The Developer may retain the services of independent consultants, provided the Company shall have no responsibility to such independent parties.

Section 2. Development Fee. In consideration of the performance by the Developer of the development services described herein, the Company shall pay to the Developer an amount equal to 100% of the developer fee (the "Fee") receivable by the Company in connection with the development of the Project (both paid and deferred). Subject to any restrictions on the timing of the payment of the Fee imposed by a Lender, all amounts due and payable hereunder shall be paid in accordance with the Amended and Restated Operating Agreement of the Company. Developer shall not be compensated for, and no portion of the Fee shall apply to, services in connection with the development of nonresidential improvements, the organization or syndication of the Company, obtaining an allocation of Credits or securing Project financing other than construction financing, it being the understanding between the parties hereto that all such listed activities and services are the exclusive responsibility of the Company, the Managing Member and/or consultants or others engaged by the Company.

Section 3. Termination of Duties and Responsibilities of Developer. The Developer shall have no further duties or obligations hereunder after completion of rehabilitation and all punch list items. The Developer's duties, responsibilities and rights hereunder shall not be terminated by the Company except for "cause" as finally determined by a court of competent jurisdiction. For purposes hereof, "cause" shall mean fraud, dishonesty, reckless disregard for customary practices and intentional misconduct after at least 30 days' prior notice and opportunity to cure.

Section 4. Miscellaneous.

(a) This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by any of the parties hereto without the written consent of the other party, except that the Developer may assign its rights but not its duties under this Agreement.

(b) The descriptive paragraph headings of this Agreement are inserted for convenience only and are not intended to and shall not be construed to limit, enlarge, or affect the scope or intent of this Agreement nor the meaning of any provision hereof.

(c) This Agreement and the rights and obligations of the parties hereto shall be governed and construed and enforced in accordance with the laws of the State of Illinois.

(d) This Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter, and it is agreed that there are no terms, understandings, representations or warranties, express or implied, other than those set forth herein.

(e) This Agreement shall not be amended or modified in any respect without the prior written consent of each party hereto.

(f) No party hereto shall file or attempt to file this Agreement of record.

(g) This Agreement and the obligations of the Developer hereunder are solely for the benefit of the Company and its Members and no benefits to third parties are intended.

(h) In the event any provision hereof is deemed to be unenforceable or against public policy, then such provision shall be deemed omitted from this Agreement and to the extent possible such provision shall be replaced with an enforceable provision which corresponds with the spirit of the omitted provision, and no other provision of this Agreement shall be affected by such omission or unenforceability.

(i) The parties agree that the prevailing party in any action or dispute involving litigation concerning the subject matter hereof, shall be entitled to attorneys' fees and court costs.

(j) The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

(k) All capitalized terms herein shall have the same meanings as set forth in the Operating Agreement, except as otherwise expressly set forth herein.

Section 5. Notice. Any notice required to be given hereunder shall be in writing and

mailed by certified mail, postage prepaid, or hand delivered with receipt of service simultaneously to all parties at the addresses set forth in the Operating Agreement. Each party shall have the right to change its address for the receipt of notices, upon the giving of proper notice to all other parties hereto. Whenever a period of time is to be computed from the date of receipt of an item of certified mail, such period shall be computed from the fifth day following the date of mailing if delivery of the certified mail item is refused by the party to whom it was directed.

Section 6. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

Section 7. Responsibilities of the Company. In order for the Developer to perform duties described herein, the Company shall:

- (a) provide full information regarding its requirements for the Project;
- (b) designate a representative who shall be fully acquainted with the scope of the work and has authority to render decisions promptly and furnish information expeditiously; and
- (c) if the Company becomes aware of any fault or defect in the Project or nonconformance with any contract or other documents, it shall give prompt written notice thereof to the Developer.

Section 8. Independent Contractor. The parties hereto do not intend to create a partnership or any similar association for any purpose. The Developer shall be an independent contractor for all purposes.

IN WITNESS WHEREOF, the parties have executed this Development Fee Agreement on the date and year first above written.

DEVELOPER:


EREG HOUSING PRESERVATION
LLC, an Illinois corporation

By: 
Name: Kevin Beard
Its: Manager

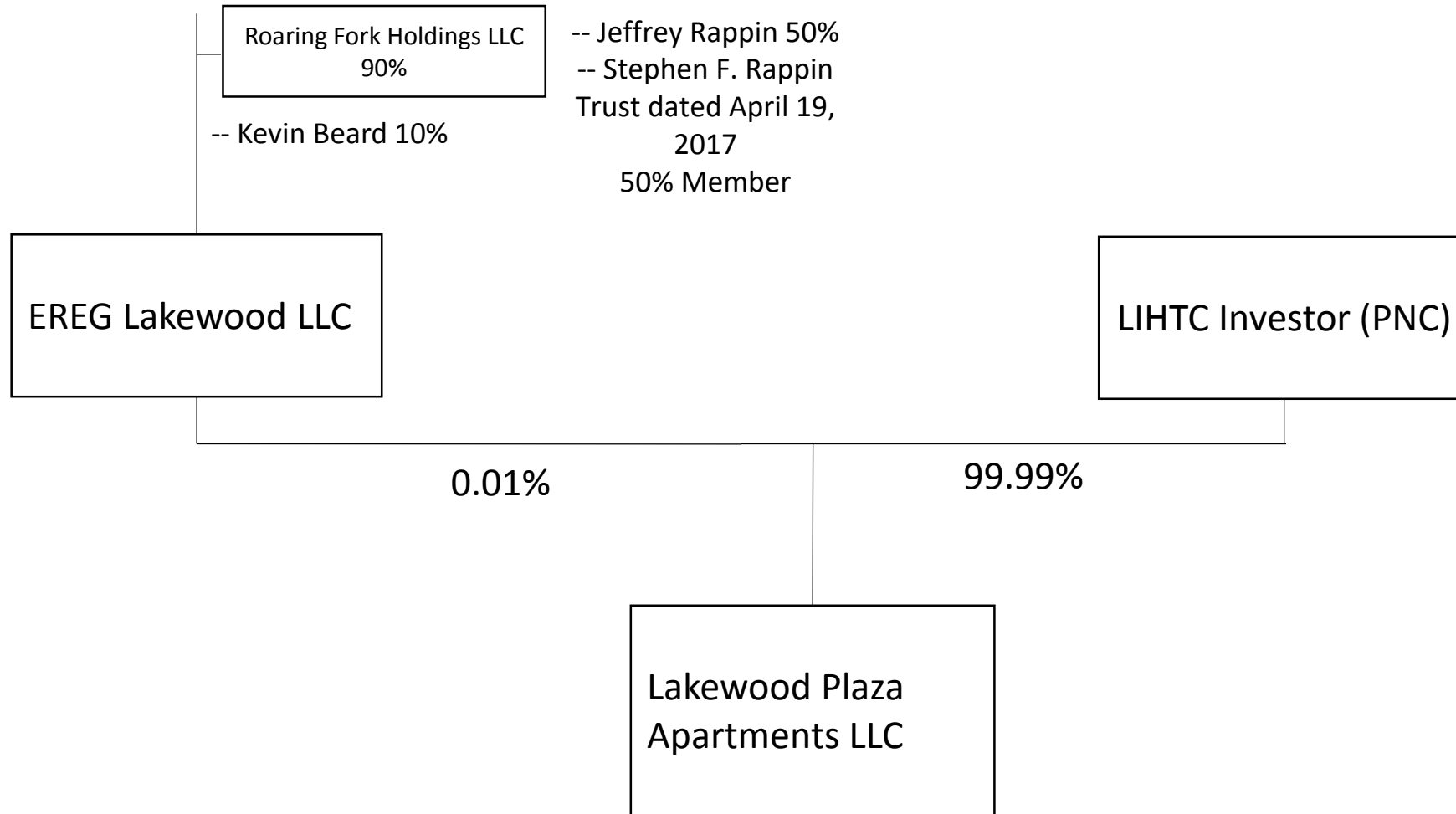
COMPANY:

LAKWOOD PLAZA APARTMENTS LLC,
a Virginia limited liability company

By: EREG Lakewood LLC, its managing
member, a Virginia limited liability company

By: 
Name: Kevin Beard
Its: Manager

Lakewood Plaza LLC – Org Structure anticipated at closing



B

Virginia State Corporation
Commission Certification
(MANDATORY)

Form
LLC-1011

(Rev. 12/2017)

Virginia State
Corporation
Commission



Articles of Organization Virginia Limited Liability Company

▶ See instructions that follow

Filing Fee:
\$100.00

Pursuant to Chapter 12 of Title 13.1 of the Code of Virginia the undersigned states as follows:

Article I

The name of the limited liability company ("the company") is:

Lakewood Plaza Apartments LLC

(The name must contain the words limited company or limited liability company or the abbreviation L.C., LC, L.L.C., or LLC)

Article II

A. The name of the company's initial registered agent is

C T Corporation System

- F0045450

B. The initial registered agent is (mark appropriate box):

- (1) an INDIVIDUAL who is a resident of Virginia and
 - a member or manager of the limited liability company.
 - a member or manager of a limited liability company that is a member or manager of the limited liability company.
 - an officer or director of a corporation that is a member or manager of the limited liability company.
 - a general partner of a general or limited partnership that is a member or manager of the limited liability company.
 - a trustee of a trust that is a member or manager of the limited liability company.
 - a member of the Virginia State Bar.

OR

- (2) a domestic or foreign stock or nonstock corporation, limited liability company or registered limited liability partnership authorized to transact business in Virginia.

Article III

A. The company's initial registered office address, including the street and number, if any, which is identical to the business office of the initial registered agent, is

4701 Cox Road, Suite 285 Glen Allen VA 23060
(number/street) (city or town) (zip)

B. The registered office is located in the county or city of Henrico

Article IV

The company's principal office address, including the street and number, is

566 W. Lake Street, Suite 400 Chicago IL 60661
(number/street) (city or town) (state) (zip)

Signature(s) of Organizer(s):

Signature	Printed Name	Date	Telephone No. (optional)
	Amadi Jordan-Walker	09/04/2019	312-382-3254

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 5, 2019

The State Corporation Commission has found the accompanying articles submitted on behalf of

Lakewood Plaza Apartments LLC

to comply with the requirements of law, and confirms payment of all required fees. Therefore, it is ORDERED that this

CERTIFICATE OF ORGANIZATION

be issued and admitted to record with the articles of organization in the Office of the Clerk of the Commission, effective September 5, 2019.

STATE CORPORATION COMMISSION

By



Judith Williams Jagdmann
Commissioner

Commonwealth of Virginia



State Corporation Commission

I Certify the Following from the Records of the Commission:

The foregoing is a true copy of all business entity documents on file in the Clerk's Office of the Commission relating to Lakewood Plaza Apartments LLC, a VIRGINIA limited liability company.

Nothing more is hereby certified.



*Signed and Sealed at Richmond on this Date:
September 6, 2019*

Joel H. Peck

Joel H. Peck, Clerk of the Commission

C

Principal's Previous
Participation Certification
(MANDATORY)



Previous Participation Certification

Development Name: _____

Name of Applicant (entity): _____

I hereby certify that:


1. All the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and any statements attached to this certification.
2. During any time that any of the participants were principals in any multifamily rental property, no property has been foreclosed upon, in default or assigned to the mortgage insurer (governmental or private); nor has mortgage relief by the mortgagee been given;
3. During any time that any of the participants were principals in any multifamily rental property, there has not been any breach by the owner of any agreements relating to the construction or rehabilitation, use, operation, management or disposition of the property, including removal from a partnership;
4. That at no time have any principals listed in this certification been required to turn in a property to the investor or have been removed from a multifamily rental property ownership structure;
5. That to the best of my knowledge, there are no unresolved findings raised as a result of state or federal audits, management reviews or other governmental investigations concerning any multifamily rental property in which any of the participants were principals;
6. During any time that any of the participants were principals in any multifamily rental property, there has not been a suspension or termination of payments under any state or federal assistance contract for the property;
7. None of the participants has been convicted of a felony and is not presently, to my knowledge, the subject of a complaint or indictment charging a felony. A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a state and punishable by imprisonment of two years or less;
8. None of the participants has been suspended, debarred or otherwise restricted by any federal or state governmental entity from doing business with such governmental entity; and

Previous Participation Certification, cont'd

- 9. None of the participants has defaulted on an obligation covered by a surety or performance bond and has not been the subject of a claim under an employee fidelity bond.
- 10. None of the participants is a Virginia Housing employee or a member of the immediate household of any of its employees.
- 11. None of the participants is participating in the ownership of a multifamily rental housing property as of this date on which construction has stopped for a period in excess of 20 days or, in the case of a multifamily rental housing property assisted by any federal or state governmental entity, which has been substantially completed for more than 90 days but for which requisite documents for closing, such as the final cost certification, have not been filed with such governmental entity.
- 12. None of the participants has been found by any federal or state governmental entity or court to be in noncompliance with any applicable civil rights, equal employment opportunity or fair housing laws or regulations.
- 13. None of the participants was a principal in any multifamily rental property which has been found by any federal or state governmental entity or court to have failed to comply with Section 42 of the Internal Revenue Code of 1986, as amended, during the period of time in which the participant was a principal in such property. This does not refer to corrected 8823's.
- 14. None of the participants is currently named as a defendant in a civil lawsuit arising out of their ownership or other participation in a multi-family housing development where the amount of damages sought by plaintiffs (i.e., the ad damnum clause) exceeds One Million Dollars (\$1,000,000).
- 15. None of the participants has pursued a Qualified Contract or planned foreclosure in Virginia after January 1, 2019.

Statements above (if any) to which I cannot certify have been deleted by striking through the words. In the case of any such deletion, I have attached a true and accurate statement to explain the relevant facts and circumstances.

Failure to disclose information about properties which have been found to be out of compliance or any material misrepresentations are grounds for rejection of an application and prohibition against future applications.



Signature

Printed Name

Date (no more than 30 days prior to submission of the Application)

D

List of LIHTC Developments

(Schedule A)
(MANDATORY)

Sponsor Development Experience Certification Summary

Sponsor: Jeffrey Rappin

Housing Development Experience Summary by State

Sheet	State	Total Project Units	Income Restricted Units	LIHTC Projects	LIHTC Units
		2151	2125	21	2125
S1	IL - Illinois	1735	1719	17	1719
S2	IN - Indiana	112	112	1	112
S3	WI - Wisconsin	136	126	2	126
S4	OH - Ohio	168	168	1	168
S5					
S6					
S7					
S8					
S9					
S10					
S11					
S12					
S13					
S14					
S15					
S16					
S17					
S18					
S19					
S20					

Unacceptable Practices Summary

Practice #	Indicated	Explained
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)	X	X
(9)		
(10)		
(11)		
(12)		

Identity of Interest Summary

Indicate	Between
	Sponsor & GC
	Sponsor & Seller
	Sponsor & Seller & GC

I hereby certify that the information summarized above and contained within this workbook and Application, pertaining to the housing development experience of Jeffrey Rappin is true, correct, and complete. I understand that any misrepresentation, false information, or omission may result in disqualification of this Application.

Furthermore, I hereby authorize the housing finance agency for any state listed above to release to the Authority any information regarding my past experience with project development, project management, compliance, debarment, the curing of or failure to cure any project non-compliance, and any formal or information action taken with respect to my past experience in that state's low income housing tax credit program.

Sponsor: Jeffrey Rappin

Signature: _____

Printed: _____

Its: _____

Date: _____

Sponsor Development Experience Certification Summary

Sponsor: Stephen Rappin

Housing Development Experience Summary by State

Sheet	State	Total Project Units	Income Restricted Units	LIHTC Projects	LIHTC Units
		1338	1312	16	1312
S1	IL - Illinois	922	906	12	906
S2	IN - Indiana	112	112	1	112
S3	WI - Wisconsin	136	126	2	126
S4	OH - Ohio	168	168	1	168
S5					
S6					
S7					
S8					
S9					
S10					
S11					
S12					
S13					
S14					
S15					
S16					
S17					
S18					
S19					
S20					

Unacceptable Practices Summary

Practice #	Indicated	Explained
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)	X	X
(9)		
(10)		
(11)		
(12)		

Identity of Interest Summary

Indicate	Between
	Sponsor & GC
	Sponsor & Seller
	Sponsor & Seller & GC

I hereby certify that the information summarized above and contained within this workbook and Application, pertaining to the housing development experience of Stephen Rappin is true, correct, and complete. I understand that any misrepresentation, false information, or omission may result in disqualification of this Application.

Furthermore, I hereby authorize the housing finance agency for any state listed above to release to the Authority any information regarding my past experience with project development, project management, compliance, debarment, the curing of or failure to cure any project non-compliance, and any formal or information action taken with respect to my past experience in that state's low income housing tax credit program.

Sponsor: Stephen Rappin

Signature: _____

Printed: _____

Its: _____

Date: _____

List of LIHTC Developments (Schedule A)



Development Name: Lakewood Plaza Apartments
 Name of Applicant: Lakewood Plaza Apartments, LLC

INSTRUCTIONS:

- 1 A Schedule A is required for every individual that makes up the GP or Managing Member - does not apply to principals of publicly traded corporations.
- 2 For each property for which an uncorrected 8823 has been issued, provide a detailed explanation of the nature of the non-compliance, as well as a status statement.
- 3 List only tax credit development experience since 2005 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: Kevin Beard		Controlling GP (CGP) or 'Named' Managing Member of Proposed property? Y or N						
Development Name/Location	Name of Ownership Entity and Phone Number	CGP or 'Named' Managing Member at the time of dev. (Y/N)*	Total Dev. Units	Total Low Income Units	Placed in Service Date	8609(s) Issue Date	Uncorrected 8823's? (Y/N) Explain "Y"	
1 Park Tower/247 Caterpillar Drive Joliet, IL 60436	Inwood Park Tower 2 LLC, an Illinois limited liability company/ 312-234-9400	Y	134	134	2003	2004	N	
2 Buena Vista Apartments/1285 Fleetwood Drive Elgin, IL 60123	Buena Vista Apartments Limited Partnership/312-234-9400	Y	231	231	2005	2006	N	
3 Terrace Apartments/2321 Halsted Road Rockford, IL 61103	Terrace Senior Apartments, LP/312-234-9400	Y	128	128	2004	2005	N	
4 Indian Trail Apartments/601 Meadows Blvd Addison, IL 60101	Indian Trails Apartment, LP/312-234-9400	Y	200	200	2007	2008	N	
5 Buena Vista Townhomes /1285 Fleetwood Drive Elgin, IL 60123	Buena Vista Apartments Limited Partnership/312-234-9400	Y	120	120	2007	2008	N	
6 Hidden Glen Apartments 290 N Stadium Drive Bourbonnais, IL 60914	Hidden Glen Apartments, LP/312-234-9400	Y	128	128	2008	2009	N	
7 Lakewood Village 115 Glen St/4101 Beech St Grayslake/Island Lake	Lakewood Villages, LP/312-234-9400	Y	84	84	2014	2015	N	
8 Buena Vista Tower 222 Locust St. Elgin, IL 60123	Buena Vista Apartments Limited Partnership/312-234-9400	Y	96	96	2014	2015	N	
9 Dixon Square Apartments 1540 Freedom Walk Dixon, IL 61021	Dixon Square Apartments, LP/312-234-9400	Y	72	72	2016	2017	N	
10 Mundelein Apartments 407 E Hawley St Mundelein, IL 60060	Mundelein Apartments, LP/312-234-9400	Y	40	40	2016	2017	N	
11 Sangamon Terrace Apartments 6145 S Sangamon Terrace Chicago, IL 60621	Sangamon Terrace GP, LLC/312-234-9400	N	24	24	2013	2014	N	
12 Aurora St Charles Senior Living 400 E New York St Aurora, IL 60505	Aurora St. Charles Senior Living, LP/312-234-9400	Y	60	60	2016	2017	N	
13 Farwell Jarvis 1418 W Farwell Ave Chicago, IL 60621	FJ Apartments, LP./312-234-9400	Y	85	85	2016	2017	N	
14 Oak Tree Towers 1120 Warren Ave Downers Grove, IL 60515	Oak Tree Senior LP/312-234-9400	Y	165	165	2017	2018	N	
15 Independence Apartments 4022 N Elston Ave	Independence Apartments, LP/312-234-9400	Y	44	44	2019	2020	N	
16 Northtown Apartments 6800 N Western Ave Chicago, IL	Northtown Apartments, LP/312-234-9400	Y	44	44	2019	2020	N	
17 Parkview Terrace Apartments 526 E 13th St Mishawaka, IN	Parview Terrace Apartments, LP/312-234-9400	Y	112	112	2012	2013	N	
18 15th and North Apartments 1500 W North Ave Milwaukee, WI	15th and North Apartments LLC/312-234-9400	Y	136	126	2018	2019	N	
19 Durand Plaza 3003 Durand Ave Racine, WI	EREG Durand Plaza, LLC/312-234-9400	Y	72	72	2018	2019	N	
20 Neilan Park Apartments 11 Hurm Street Hamilton, OH	Neilan Park Apartments, LP/312-234-9400	Y	168	168	2019	not yet received	N	
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8609 (per entity/development) for a total of 6.

List of LIHTC Developments (Schedule A)



Development Name: Lakewood Plaza Apartments
 Name of Applicant: Lakewood Plaza Apartments, LLC

INSTRUCTIONS:

- 1 **A Schedule A is required for every individual that makes up the GP or Managing Member** - does not apply to principals of publicly traded corporations.
- 2 For each property for which an uncorrected 8823 has been issued, provide a detailed explanation of the nature of the non-compliance, as well as a status statement.
- 3 List only tax credit development experience since 2005 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: Kevin Beard Controlling GP (CGP) or 'Named' Managing Member of Proposed property? Y
Y or N

Development #	Development Name/Location	Name of Ownership Entity and Phone Number	CGP or 'Named' Managing Member at the time of dev. (Y/N)*	Total Dev. Units	Total Low Income Units	Placed in Service Date	8609(s) Issue Date	Uncorrected 8823's? (Y/N) Explain "Y"
1	Golda Meir Apartments, Milwaukee, WI	Gold LIHTC LP, 312-234-9400	Y	127	126	n/a	n/a	N
2								
3								
4								
5								
6								
7								
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9								
10								
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8609 (per entity/development) for a total of 6.

1st PAGE TOTAL: 127 126

LIHTC as % of Total Units 99%

List of LIHTC Developments (Schedule A)



Development Name: Lakewood Plaza Apartments
 Name of Applicant: Lakewood Plaza Apartments, LLC

INSTRUCTIONS:

- 1 **A Schedule A is required for every individual that makes up the GP or Managing Member** - does not apply to principals of publicly traded corporations.
- 2 For each property for which an uncorrected 8823 has been issued, provide a detailed explanation of the nature of the non-compliance, as well as a status statement.
- 3 List only tax credit development experience since 2005 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: Kevin Beard Controlling GP (CGP) or 'Named' Managing Member of Proposed property? Y Y or N

Development #	Development Name/Location	Name of Ownership Entity and Phone Number	CGP or 'Named' Managing Member at the time of dev.? (Y/N)*	Total Dev. Units	Total Low Income Units	Placed in Service Date	8609(s) Issue Date	Uncorrected 8823's? (Y/N) Explain "Y"
1	Hidden Glen Apartments/290 N Stadium Drive, Bourbonnais, IL	Hidden Glen Apartments, LP/312-234-9400	Y	128	128	2008	2009	N
2	Lakewood Village 115 Glen St/4101 Beech St Grayslake/Island Lake	Lakewood Villages, LP/312-234-9400	Y	84	84	2014	2015	N
3	Buena Vista Tower 222 Locust St. Elgin, IL 60123	Buena Vista Apartments Limited Partnership/312-234-9400	Y	96	96	2014	2015	N
4	Dixon Square Apartments 1540 Freedom Walk Dixon, IL 61021	Dixon Square Apartments, LP/312-234-9400	Y	72	72	2016	2017	N
5	Mundelein Apartments 407 E Hawley St Mundelein, IL 60060	Mundelein Apartments, LP/312-234-9400	Y	40	40	2016	2017	N
6	Sangamon Terrace Apartments 6145 S Sangamon Terrace Chicago, IL 60621	Sangamon Terrace GP, LLC/312-234-9400	N	24	24	2013	2014	N
7	Aurora St Charles Senior Living 400 E New York St Aurora, IL 60505	Aurora St. Charles Senior Living, LP/312-234-9400	Y	60	60	2016	2017	N
8	Farwell Jarvis 1418 W Farwell Ave Chicago, IL 60621	FJ Apartments, LP./312-234-9400	Y	85	85	2016	2017	N
9	Oak Tree Towers 1120 Warren Ave Downers Grove, IL 60515	Oak Tree Senior LP/312-234-9400	Y	165	165	2017	2018	N
10	Independence Apartments 4022 N Elston Ave Chicago, IL	Independence Apartments, LP/312-234-9400	Y	44	44	2019	2020	N
11	Northtown Apartments 6800 N Western Ave Chicago, IL	Northtown Apartments, LP/312-234-9400	Y	44	44	2019	2020	N
12	Parkview Terrace Apartments 526 E 13th St Mishawaka, IN	Parview Terrace Apartments, LP/312-234-9400	Y	112	112	2012	2013	N
13	15th and North Apartments 1500 W North Ave Milwaukee, WI	15th and North Apartments LLC/312-234-9400	Y	136	126	2018	2019	N
14	Durand Plaza 3003 Durand Ave Racine, WI	EREG Durand Plaza, LLC/312-234-9400	Y	72	72	2018	2019	N
15	Neilan Park Apartments 11 Hurm Street Hamilton, OH	Neilan Park Apartments, LP/312-234-9400	Y	168	168	2019	not yet received	N
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8609 (per entity/development) for a total of 6.

ADD ADDITIONAL PROPERTIES USING NEXT TAB

E

Site Control
Documentation & Most
Recent Real Estate Tax
Assessment
(MANDATORY)

AGREEMENT OF PURCHASE AND SALE

ARTICLE I BASIC TERMS

- Effective Date:** July 31, 2019
- Seller:** Lakewood Plaza Associates, a Virginia limited partnership ("**Seller**")
- Purchaser:** EREG Housing Preservation LLC, an Illinois limited liability company, or its assignee ("**Purchaser**")
- Property:** The 200-unit apartment complex located at 5631 Tidewater Drive, Norfolk, Virginia known as Lakewood Plaza Apartments, consisting of (a) the Land, Improvements and Fixtures; (b) all right, title and interest of Seller in and to the Leases; (c) to the extent transferable, all right, title and interest of Seller in and to the Service Contracts and the Licenses and Permits; and (d) to the extent transferable, all of the Personal Property (collectively, the "**Project**").
- Purchase Price:** Fifteen Million Dollars (\$15,000,000)
- Deposit:** Two Hundred Thousand Dollars (\$200,000) to be delivered no later than 5:00 p.m. Chicago Time on the second (2nd) Business Day following the Effective Date, in accordance with Section 3.3. The term "Deposit" shall include the Additional Deposit.
- Due Diligence Period:** Period expiring at 5:00 p.m. Chicago Time on September 16, 2019.
- Closing Date:** The later of (i) forty-five (45) days from the expiration of the Due Diligence Period or (ii) thirty (30) days following HUD Approval (but for this purpose the date for HUD Approval may not occur more than one hundred (100) days from the Effective Date), or such other date to which Seller and Purchaser may hereafter agree in writing, subject to the Extension(s) set forth in Section 9.1.
- Seller's Notice Address:**
- Company: Lakewood Plaza Associates
Attn: Donnajean Heckman
Address: 5631 Tidewater Drive
Norfolk, Virginia 23509
Telephone: 757-853-5353
Fax: NA
E-Mail: donnajean.heckman@verizon.net

With a copy to: Company: Basnight, Kinser, Leftwich & Nuckolls, P.C.
Attn: Doug Kahle
Address: 308 Cedar Lakes Drive
Chesapeake, VA 23322
Telephone: (757) 547-9191
Fax: (757) 547-9135
E-Mail: dkahle@basnightkinser.com

Purchaser's Notice Address:

Company: EREG Housing Preservation LLC
Attn: Stephen Rappin
Address: 566 W. Lake Street, Suite 400
Chicago, Illinois 60661
Telephone: (312) 382-3222
Fax: (312) 382-3220
E-Mail: srappin@evergreenres.com

With a copy to: Company: Applegate & Thorne-Thomsen, P.C.
Attn: Paul Davis
Address: 425 South Financial Place, Suite 1900
Chicago, Illinois 60605
Telephone: (312) 491-2205
Fax: (312) 491-4411
E-Mail: pdavis@att-law.com

ARTICLE II
DEFINITIONS

2.1 Certain Definitions. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings assigned to them in this Section 2.1 as follows:

- (a) “**Additional Deposit**” has the meaning set forth in Section 3.3.
- (b) “**Affiliate**” of any entity means any person or entity that controls, is controlled by, or is under common control with such entity.
- (c) “**Agreement**” has the meaning set forth in Section 3.1(a).
- (d) “**Assignment of Contracts**” has the meaning set forth in Section 9.4(e).
- (e) “**Assignment of Leases**” has the meaning set forth in Section 9.4(d).
- (f) “**Business Day**” has the meaning set forth in Section 13.9.
- (g) “**Closing**” has the meaning set forth in Section 9.1.

- (h) “**Closing Date**” has the meaning set forth in Article I.
- (i) “**Closing Notices**” has the meaning set forth in Section 9.4(i).
- (j) “**Closing Statement**” has the meaning set forth in Section 9.2(a).
- (k) “**Code**” means the Internal Revenue Code of 1986, as amended, including U.S. Treasury Regulations in effect or proposed from time to time with respect thereto.
- (l) “**Commitment**” has the meaning set forth in Section 4.3(a).
- (m) “**Consultants**” has the meaning set forth in Section 4.1(a).
- (n) “**Deed**” means the special warranty deed in a form approved by Purchaser and Seller by which Seller shall transfer fee simple title to the Project to Purchaser, subject to Permitted Exceptions.
- (o) “**Deposit**” has the meaning set forth in Section 3.3.
- (p) “**Documents**” has the meaning set forth in Section 4.1(e).
- (q) “**Due Diligence Period**” has the meaning set forth in Article I.
- (r) “**Effective Date**” has the meaning set forth in Article I.
- (s) “**Engineering Reports**” means any existing third-party engineering or structural reports relating to the Project and described in Schedule 1.
- (t) “**Environmental Laws**” means all federal, state and local environmental laws, rules, statutes, directives, binding written interpretations, binding written policies, ordinances and regulations issued by any Governmental Entity and in effect as of the date of this Agreement with respect to or which otherwise pertain to or affect the Land or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Land or the Improvements, or any portion thereof and as same have been amended, modified or supplemented from time to time prior to the date of this Agreement, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.) (“**CERCLA**”), as amended by the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.) (“**RCRA**”), as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. § 6901 et seq.), the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), comparable state and local laws, and any and all rules and regulations that have become effective prior to the date of this Agreement under any and all of the aforementioned laws.

- (u) “**Environmental Reports**” means any existing third-party environmental reports relating to the Project and described in Schedule 1.
- (v) “**Escrow Agent**” means _____, _____, _____, (direct telephone number _____, mobile number _____, fax number _____, e-mail address (_____)). [To be provided by Seller]
- (w) “**Fixtures**” means all fixtures located at and affixed to the Improvements.
- (x) “**Governmental Entity**” means any federal, state or local government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign.
- (y) “**HAP Contract**” means the Housing Assistance Payments (HAP) Contract for the Project, evidencing a project based Section 8 operating subsidy for the Project.
- (z) “**Hazardous Materials**” means any pollutants, contaminants, hazardous or toxic substances, materials or wastes (including petroleum, petroleum by-products, radon, asbestos and asbestos-containing materials, polychlorinated biphenyls (“**PCBs**”), PCB-containing equipment, radioactive elements, infectious agents, and urea formaldehyde), as such terms are used in any Environmental Laws, but excluding solvents, cleaning fluids and other lawful substances used in the ordinary operation and maintenance of the Project, to the extent used and stored in compliance with Environmental Laws.
- (aa) “**HUD Approval**” has the meaning set forth in Section 8.1(d) hereof.
- (bb) “**Improvements**” means all buildings, improvements, parking lots, landscaping and other structures located on the Land.
- (cc) “**Land**” means the parcels of land more particularly described on Exhibit A attached hereto and made a part hereof, together with all of Seller’s right, title and interest in and to the appurtenances pertaining thereto, including, without limitation, easements, rights-of-way, air rights, subsurface rights, development rights and water rights appertaining thereto and adjacent streets, roads, alleys, strips and gores.
- (dd) “**Laws**” means all judgments, orders, decrees, statutes, laws, codes, ordinances, rules or regulations.
- (ee) “**Leases**” means all unexpired residential leases, subleases and occupancy agreements, including all modifications, addenda and/or amendments thereto, as applicable, for the use, possession or occupancy of any portion of the Improvements.
- (ff) “**Licenses and Permits**” means the licenses, permits, approvals, certificates of occupancy, dedications, subdivision maps and entitlements now or hereafter issued, approved or granted by any Governmental Entity in connection with the Land or Improvements, together with all renewals and modifications thereof.
- (gg) “**Major Loss**” has the meaning set forth in Section 10.3.

(hh) “**Permitted Exceptions**” means (i) all matters shown on or in the Commitment, any survey obtained by Purchaser, updates to any of the foregoing and Title Documents (other than those liens that Seller is obligated to remove as set forth in Section 4.3(d)) to which Purchaser does not timely object in accordance with the terms of this Agreement or with respect to which Purchaser ultimately waives any objection; (ii) any liens or other encumbrances affecting the Project caused by Purchaser, its Consultants or any of their respective agents, representatives or employees; (iii) applicable zoning and building ordinances and land use regulations; (iv) real estate taxes for the year of closing (which are paid in arrears in Virginia), tax liens and special assessment liens and other similar liens, in each case not yet delinquent or being contested in good faith in appropriate proceedings; (v) the rights of tenants under the Leases; (vi) Service Contracts; and (vii) the following Regulatory Agreements: [to come in title review] (collectively the “Regulatory and Use Agreements” and individually a “Regulatory and Use Agreement”).

(ii) “**Permitted Outside Parties**” has the meaning set forth in Section 4.1(e).

(jj) “**Personal Property**” means all of Seller’s right, title and interest in and to all tangible and intangible personal property owned by Seller and used primarily in the rental, operation, and maintenance of the Land or Improvements (excluding those items specifically excluded by the Bill of Sale), including, without limitation, (i) all warranties upon the Improvements, Fixtures and tangible personal property owned by Seller and used in connection with the Improvements, (ii) plans, specifications, engineering studies, reports, drawings, and prints relating to the construction, reconstruction, modification, and alteration of the Improvements and in the possession of Seller, (iii) all claims and causes of action arising out of or in connection with the Project after the Closing Date and (iv) the trade names of the Project. Notwithstanding anything to the contrary provided for herein, Seller shall perform an inventory of the Personal Property and deliver such list to Purchaser at least ten days prior to the expiration of the Due Diligence Period, and that specific list shall thereafter constitute and define the Personal Property under Section 2.1(hh).

(kk) “**Project**” has the meaning set forth in Article I.

(ll) “**Purchase Price**” means the purchase price of the Project as set forth in Article I.

(mm) “**Purchaser**” has the meaning set forth in Article I.

(nn) “**Rent Roll**” has the meaning set forth in Section 5.1(f).

(oo) “**Resident Notice Letter**” has the meaning set forth in Section 9.4(g).

(pp) “**Seller**” has the meaning set forth in Article I.

(qq) “**Seller Parties**”, collectively, and individually a “Seller Party”, means Seller and its direct and indirect partners, members, managers, agents, trustees, directors, shareholders, Affiliates, officers and employees and their respective heirs, successors, personal representatives and assigns.

(rr) “*Service Contracts*” means all agreements with respect to the operation, use and maintenance of the Project, excluding the Leases, but including any laundry lease, equipment lease, cable television and other telecommunications agreement affecting the Project.

(ss) “*Significant Portion*” means, with respect to the Project, any taking by condemnation or destruction or damage by fire or other casualty to the Project, where the parties reasonably estimate the proceeds from such condemnation or the cost to repair the damage or destruction to be in excess of twenty-five percent (25%) of the Purchase Price of the Project.

(tt) “*Title Company*” means Fidelity National Title Insurance Company.

(uu) “*Title Documents*” has the meaning set forth in Section 4.3(a).

(vv) “*Title Objection*” has the meaning set forth in Section 4.3(a).

2.2 Rules of Construction. Article and Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement. All references to “Article” or “Section” without reference to a document other than this Agreement are intended to designate articles and sections of this Agreement, and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Agreement as a whole and not to any particular Article or Section, unless specifically designated otherwise. The use of the term “including” shall mean in all cases “including but not limited to,” unless specifically designated otherwise. The Basic Terms set forth in Article I and all of the exhibits attached hereto are by this reference incorporated herein and made a part hereof.

ARTICLE III AGREEMENT OF PURCHASE AND SALE

3.1 Purchase and Sale.

(a) Subject to the terms of this Agreement of Purchase and Sale (this “*Agreement*”), Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, the Project for the Purchase Price, which shall be payable in the following manner:

- (i) Purchaser shall receive a credit in an amount equal to the Deposit against the Purchase Price for the Project; and
- (ii) Purchaser shall pay the balance of the Purchase Price for the Project, as adjusted in accordance with the terms of this Agreement, to Seller, by wire transfer in immediately available funds at Closing in accordance with Section 10.1.

(b) As additional consideration for the purchase and sale of the Project, at Closing Purchaser shall assume and perform all of the covenants and obligations of Seller and Seller’s predecessors in title pursuant to the HAP Contract, Licenses and Permits, Regulatory and Use Agreements, and the Leases and Service Contracts (including, without

limitation, those relating to any tenant deposits) that arise or are to be performed on or after the Closing Date; however, Purchaser shall not assume and perform the covenants and obligations of Seller (and its predecessors) under any Service Contracts which Purchaser has specifically identified to Seller as a "Seller to terminate" Service Contract, that is in fact terminable by Seller, by the Closing Date (taking into consideration when Purchaser provides Seller with written notice of its desire to terminate such Service Contract, and allotting not less than 5 Business Days thereafter to permit Seller to deliver a termination notice).

(c) In addition, at Closing Purchaser will pay a consulting fee in the amount of Five Hundred Thousand Dollars (\$500,000) to E&N LLC, a Virginia limited liability company.

3.2 Opening of Escrow. On the Effective Date, the parties shall open an escrow with the Escrow Agent and as promptly as practicable thereafter shall deposit a fully executed copy of this Agreement with the Escrow Agent.

3.3 Deposit; Additional Deposit. No later than 5:00 p.m. Chicago Time on the second (2nd) Business Day following the Effective Date, Purchaser shall deposit with Escrow Agent, by Federal Reserve wire transfer of immediately available funds, Two Hundred Thousand Dollars (\$200,000) as the initial earnest money deposit on account of Purchaser's obligations hereunder (the "**Deposit**"). Upon the expiration of the Due Diligence Period without termination of this Agreement by Purchaser as provided hereunder, the Deposit shall be non-refundable to Purchaser (except for a Seller default, and except as set forth in Section 8.3 herein). If Purchaser fails to deliver the Deposit as required hereunder, Purchaser shall be deemed to be in default under this Agreement, this Agreement shall terminate and neither party shall have any further liability to the other under this Agreement, except for the obligations and indemnities set forth in this Agreement that survive termination. Within two (2) Business Days following the expiration of the Due Diligence Period, if the Purchaser has not terminated this Agreement pursuant to its terms, the Purchase will make an "Additional Deposit" in the amount of Two Hundred Thousand Dollars (\$200,000.00) with the Escrow Agent.

3.4 Escrow Instructions. This Agreement shall constitute both an agreement between Purchaser and Seller and escrow instructions for the Escrow Agent with respect to the subject matter of this Agreement. Seller and Purchaser shall promptly execute and deliver to Escrow Agent any separate or additional escrow instructions requested by Escrow Agent which are consistent with the terms of this Agreement. Any separate or additional instructions shall not modify the provisions of this Agreement unless the parties agree otherwise and expressly set forth their desire to so modify such provisions.

3.5 Extension Fee. In the event that Purchaser shall exercise its option to extend the Closing Date pursuant to Section 9.1 below, Purchaser shall pay to the Escrow Agent the sum of Twenty-Five Thousand Dollars (\$25,000) by federal funds wire transfer (each an "**Extension Fee**") for each Extension (defined below). Purchaser hereby acknowledges and agrees that the Extension Fee is not refundable under any circumstances (other than a Seller default, and except as set forth in Section 8.3 herein) and shall be released on same terms as the Deposit, and once paid, shall be deemed to be part of the Deposit for all purposes of this Agreement. The Extension

Fee shall be credited against the Purchase Price in the event that Purchaser consummates the purchase of the Premises on or prior to the Closing Date (as extended).

ARTICLE IV
DUE DILIGENCE PERIOD; REVIEW OF TITLE

4.1 Access and Inspection.

(a) Purchaser shall have until the end of the Due Diligence Period to conduct its initial inspection of the Project. For the purpose of such inspection, Seller hereby grants to Purchaser and Permitted Outside Parties (the "**Consultants**") a license to enter upon the Project during regular business hours for the purpose of inspecting the condition or status of the Project, subject to the rights of tenants, upon at least forty-eight (48) hours prior notice (subject to the following sentence), which notice, notwithstanding Section 13.1, may be given in writing or email, provided that Purchaser has received written or email advance confirmation from Seller consenting to such entry. Notwithstanding anything to the contrary provided for herein, the time and date for such entry upon the Project shall be mutually agreed upon between Seller and Purchaser in advance, to accommodate the schedules of the necessary parties from Seller and Purchaser to be present during such visit. This scheduling may well take more than 48 hours' advance notice to arrange, and Purchaser is encouraged to provide as much lead time as possible to Seller to permit coordination of such meeting. Purchaser may not perform any intrusive or destructive testing (which definition of intrusive or destructive testing shall include, without limitation, any Phase II environmental or other testing of any soils, water, flooring or any other materials in, on or under the Project) unless the Purchaser repairs any damage to the Project. Seller shall have the right to have a representative present during any visits to or inspections of the Project. Purchaser may request any and all publicly available information about the Project.

(b) Purchaser will, or will cause the appropriate Consultant to, promptly pay when due the costs of all entry and inspections and examinations done with regard to the Project and promptly restore the Project to the condition in which the Project was found before any entry upon the Project and inspection or examination was undertaken. Prior to entry upon the Project to perform any tests or other work, Purchaser shall deliver to Seller a certificate of insurance evidencing commercial general liability (occurrence) insurance with limits of no less than \$1,000,000 per occurrence, \$2,000,000 aggregate, covering any accident arising in connection with the presence of Purchaser or any Consultant at the Project, naming Seller as an additional insured party.

(c) Purchaser shall keep the Project free from all liens caused by Purchaser, any Consultant or any agent or representative of Purchaser or any Consultant and hereby agrees to indemnify, defend and hold harmless the Seller Parties against all claims, actions, losses, liabilities, damages, costs and expenses, whether arising out of injury or death to persons or damage to any property, including property of tenants under Leases or otherwise, and including, but not limited to, reasonable attorneys' fees, costs of remediation and restoration, costs to release mechanic's and materialman's liens, and costs incurred, suffered by or claimed against any Seller Party caused by, related to, or arising out of, entry

upon the Project and any due diligence activities conducted by Purchaser, any Consultant or Permitted Outside Party or any agent or representative of Purchaser or any Consultant. The provisions of this Section 4.1(d) shall survive Closing and any termination of this Agreement and shall not be subject to any limitation of liability set forth in this Agreement.

(d) During the Due Diligence Period, Seller will make available to Purchaser for its inspection at the Property or such other place designated by Seller, information relating to the Project to the extent in the documents, information and reports listed on Schedule 1 attached hereto, all of which are to be delivered within fifteen (15) days of the Effective Date. See Schedule 1 for provisions for modification of Schedule 1 and delivery of the Documents by Seller. Purchaser acknowledges that some of the Documents may have been prepared by third parties and may have been prepared prior to Seller's ownership of the Project. Purchaser will have the right to interview Property staff during the Due Diligence Period, but any interviews will be coordinated by Seller. Seller will accommodate reasonable requests to meet with the Property manager and employees, but Purchaser may not contact any Property staff, managers or employees or tenants directly without the advance written consent of the Seller.

(e) Purchaser agrees that any information obtained by Purchaser or its Consultants, attorneys, partners, accountants, prospective lenders, investors or prospective investors (collectively, the "*Permitted Outside Parties*") in the conduct of its due diligence that is not otherwise publicly available shall be treated as confidential pursuant to Section 13.14 of this Agreement and shall be used only to evaluate the acquisition of the Project from Seller (and for use in any applications for financing or HUD Approval or other governmental approval). Purchaser further acknowledges that the due diligence items provided to Purchaser for review are proprietary and confidential in nature. Purchaser agrees not to divulge the contents of such due diligence items or any other information pertaining to the Project (other than information that is publicly available) except in strict accordance with this Section 4.1(f) and Section 13.14. Notwithstanding anything to the contrary herein, Seller shall not be required to provide, copy or make available to Purchaser (and the Documents do not include) any internal memoranda, appraisals and valuation reports and similar information or information covered by the attorney-client privilege.

(f) Purchaser and each of its Consultants entering the Project shall abide by all of the rules and regulations of the Project including, without limitation, all parking restrictions, all security and access requirements and any requests of Seller's personnel with respect to the use of telephones and other equipment at the Project, and Purchaser and each of its Consultants will use all reasonable efforts to minimize any disruption of the tenants, guests, employees or occupants of the Property in performing their inspections.

(g) After the Due Diligence Period, Purchaser shall continue to have the right to inspect the Project, in accordance with the restrictions and requirements set forth in this Section 4.1, but the Purchaser will not have the right to terminate the Agreement pursuant to Section 4.2 hereof based on the results of any such inspection.

4.2 Right to Terminate Agreement.

(a) In the event that Purchaser determines, prior to the expiration of the Due Diligence Period, that it does not want to proceed with the transaction as set forth in this Agreement, Purchaser shall have the right to terminate this Agreement by providing written notice (the "**Termination Notice**") to Seller prior to the expiration of the Due Diligence Period. In the event Purchaser delivers the Termination Notice prior to the expiration of the Due Diligence Period, except with respect to the obligations and indemnities set forth in this Agreement that survive termination, the Deposit shall be returned to Purchaser and this Agreement shall be null and void and the parties shall have no further obligation to each other hereunder. Upon such termination Purchaser shall return all Documents in its possession to Seller. If Purchaser fails to deliver the Termination Notice on or before expiration of the Due Diligence Period, this due diligence and feasibility contingency shall be deemed to have been waived, in which event this Agreement shall remain in full force and effect in accordance with the terms hereof.

(b) If Purchaser timely terminates its obligations under this Agreement pursuant to this Section 4.2 (or if this Agreement terminates for any other reason), then Purchaser shall provide to Seller, within five (5) Business Days after receipt of a request from Seller, all documents, items and materials furnished or otherwise made available to Purchaser by Seller, including all copies thereof made by Purchaser, without representation or warranty and at no cost to Seller.

4.3 Title Commitment.

(a) Within fifteen (15) Business Days after the Effective Date or prompter if received by Seller, Seller shall cause Title Company to issue a preliminary commitment for a standard coverage owner's policy of title insurance covering the Project (the "**Commitment**"), together with the documents evidencing all exceptions and restrictions shown on the Commitment (the "**Title Documents**"). Purchaser shall have until twenty (20) days after its receipt of the Title Documents and a survey (the "**Title Objection Deadline**") to provide Seller with written notice of any objections to matters shown on the Title Documents if Purchaser deems same unacceptable. Each objection sent in accordance with this Section 4.3(a) shall be referred to herein as a "**Title Objection.**"

(b) Subject to Section 4.3(c), in the event Seller receives any notice of Title Objection within the time period set forth in Section 4.3(a), Seller may elect (but shall not be obligated except as otherwise provided herein) to attempt to cure, or cause to be cured at its expense, any such Title Objection, and shall provide Purchaser with notice, within five (5) Business Days after Seller's receipt of any such objection, of such intention to cure any such Title Objection. A failure by Seller to respond to a Title Objection within such five-day period shall be deemed an election by Seller not to cure such Title Objection. In the event that Seller elects (or is deemed to have elected) not to attempt to cure any such Title Objection, or is unable to cure any such Title Objection to the reasonable satisfaction of Purchaser within ten (10) days after agreeing to attempt to cure such Title Objection (the "10-Day Period"), Seller shall so advise Purchaser by the end of the 10-Day Period, and Purchaser shall have the right to be exercised within five (5) Business Days thereafter to (i) terminate

this Agreement and receive a return of the Deposit or (ii) elect to waive such Title Objection and proceed to the Closing with no reduction in the Purchase Price. Failure of Purchaser to make such election in writing by the end of such three Business Days, shall be deemed Purchaser electing the option to waive such Title Objection under (ii) above. If Purchaser elects to proceed to the Closing, any and all Title Objections waived by Purchaser shall be deemed Permitted Exceptions. In the event of termination under clause (i) of this Section 4.3(b), the Deposit shall be returned to Purchaser and, except with respect to the obligations and indemnities set forth in this Agreement that survive termination, neither party shall have any further obligation to the other under this Agreement.

(c) If any supplemental title commitment or update issued on or after the date which is five (5) business days before the Title Objection Deadline discloses any matters not set forth on the original Title Commitment, then no later than five (5) business days after Purchaser's receipt of such supplemented or updated Title Commitment (together with copies of all exceptions), as applicable, Purchaser shall have the right to object to any such matter, in which event the same procedures for response, termination and waiver set forth above shall apply to such new objections. To the extent the resolution of any matters disclosed on the supplemental title commitment or update and objected to by Purchaser requires an extension of closing beyond the Closing Date, Seller shall have the right to extend the Closing Date for a reasonable period of time, not to exceed thirty (30) days, in order to address and materially satisfy such issues. Any matters set forth in the supplemental title commitment which Purchaser does not object to within five (5) business days shall be deemed Permitted Exceptions.

(d) Notwithstanding the foregoing provisions of this Section 4.3 and whether or not raised as part of Purchaser's Title Objections, Seller will (i) at or before Closing, cause the release of any mortgages, deeds of trust, ground leases, governmental tax liens (excluding real estate taxes and assessments not yet due and payable) or judgement liens placed upon the Project by Seller and (ii) at or before Closing cause the release of or bond over any mechanic's liens placed upon the Project by a third party in connection with work performed or alleged to have been performed on the Project solely on behalf of Seller. The liens Seller is obligated to release or bond over under this Section 4.3(d) shall not be Permitted Exceptions.

4.4 Survey. If available, Seller will deliver to Purchaser a copy of any survey contained in Seller's files. Purchaser may procure a survey or survey update, and Seller shall be provided a copy of the survey, at no cost, when complete.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER

5.1 Representations and Warranties of Seller. Subject to the provisions of Sections 5.2 and 6.5, Seller makes the following representations and warranties as of the Effective Date:

(a) Organization, Power, Authorization and Execution. Seller is a duly formed and validly existing entity under the laws of the jurisdiction of its formation, duly qualified to

do business and is validly existing in the jurisdiction in which the Project is located. Seller has the requisite limited liability company power and authority to carry on its business as now being conducted. This Agreement has been duly authorized by all necessary action (or, prior to Closing, will be) on the part of Seller. This Agreement has been duly executed and delivered and constitutes the valid and binding agreement of Seller, and is enforceable in accordance with its terms. The person executing this Agreement on behalf of Seller has the authority to do so. The execution and delivery of this Agreement, and performance by Seller of its obligations hereunder, do not violate any provision of any material agreement or judicial order to which Seller is subject.

(b) Consent. Except for the HUD Approval (defined below), no consent, approval or authorization by any individual or entity or any court, administrative agency or other governmental authority that has not already been obtained is required in connection with the execution and delivery of this Agreement or the performance of the transaction contemplated hereby.

(c) Not a Foreign Person. Seller is not a "foreign person" as that term is defined in the Federal Foreign Investment in Real Property Tax Act of 1980 or the 1984 Tax Reform Act, as amended.

(d) Bankruptcy. Seller has not (i) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (ii) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceedings, to hold, administer and/or liquidate all or substantially all of its property, or (iii) made an assignment for the benefit of creditors.

(e) Service Contracts. To Seller's knowledge (which shall be defined herein as the actual knowledge of Donnajean Heckman, without any additional investigation or inquiry whatsoever, and without imposing any obligation or liability whatsoever upon such individuals used to determine Seller's knowledge), Seller has not given or received any written notice of an uncured material default under any Service Contract.

(f) Leases and Rent Roll. (i) The Rent Roll lists all Leases affecting the Project (except for any laundry leases and equipment leases, which are Service Contracts), including each tenant's name, the space leased, the current rental rate, the amount of any security deposit made and not applied to any tenant default and the term of each Lease, as of the date set forth on the Rent Roll, (ii) all of the Leases will be assignable at Closing by Seller without the consent of any other party, and (iii) there have been no material adverse changes to the information contained in the Rent Roll since the date set forth on the Rent Roll.

(g) Compliance with Laws. Seller has not received written notice of any material violation of any Laws affecting any portion of the Project from any Governmental Entity that remains uncured and Seller has not received written notice from any Governmental Entity of any revocation or threatened revocation of any License or Permit.

(h) Litigation. There are no legal actions, suits or similar proceedings served, or to Seller's knowledge threatened, against Seller or Affiliate of Seller relating to the Project that (i) are not adequately covered by existing insurance or (ii) if adversely determined, would materially adversely affect the value of the Project, or continued operations thereof or Seller's ability to consummate the transactions contemplated by this Agreement.

(i) Non-Contravention. Subject to HUD Approval neither the execution and delivery of nor the performance by Seller of its obligations under this Agreement contravenes, conflicts with or constitutes a default under any of the charter documents of Seller or any applicable Laws binding upon Seller or the Project.

(j) Condemnation. To Seller's knowledge, Seller has not received any written condemnation notice from any Governmental Entity pertaining to all or any portion of the Project and, to Seller's knowledge, there are no condemnation proceedings pending or threatened with respect to all or any portion of the Project.

(k) Financial Information. To Seller's knowledge, all financial statements and furnished to Purchaser pursuant to Section 4.1 present or shall present fairly the financial condition of the Sale Property for the periods described therein. To Seller's knowledge, all operating statements, and other such information furnished to Purchaser pursuant to Section 4.1 are or will be accurate and complete in all material respects.

(l) Hazardous Materials. To Seller's knowledge: (i) all information in Seller's possession concerning Hazardous Materials on or below the Property has previously been given to Purchaser or shall be delivered to Purchaser pursuant to Section 4.1, and (ii) there has not occurred any destruction, disposal or storage on the Property of any Hazardous Materials, nor does any such Hazardous Material exist on, in, or beneath the Property. To Seller's knowledge, Seller has not received any notice of any pending proceeding or inquiry by any government authority with respect to the presence of any Hazardous Material on, in or under, or the release of any Hazardous Substance from the Property or from any real property adjoining or adjacent to the Property.

(m) Documents. For any Documents delivered to or made available to Purchaser by Seller (which are not the subject of a specific representation in this Section 5.1 above), to Seller's knowledge, the information provided in such Documents is not inaccurate or incomplete in any material respect.

5.2 Limited Liability. Subject to Section 6.5 below, the representations and warranties of Seller set forth in Section 5.1 shall survive Closing for a period of nine (9) months (the "**Survival Period**"), and any action for breach of a representation or warranty must be commenced, if at all, within the Survival Period.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF PURCHASER

6.1 Representations and Warranties of Purchaser. Purchaser represents and warrants as follows:

(a) Organization, Power. Purchaser is a duly formed and validly existing entity in good standing under the laws of the jurisdiction of its formation and prior to Closing will be duly organized in or qualified to transact business in the state where the Project is located. This Agreement has been duly authorized by all necessary action on the part of Purchaser. This Agreement has been duly executed and delivered and constitutes the valid and binding agreement of Purchaser, and is enforceable in accordance with its terms. The person executing this Agreement on behalf of Purchaser has the authority to do so. The execution and delivery of this Agreement, and performance by Purchaser of its obligations hereunder, do not violate any provision of any material agreement or judicial order to which Purchaser is subject.

(b) Non-Contravention. Neither the execution and delivery of nor the performance by Purchaser of its obligations under this Agreement contravenes, conflicts with or constitutes a default under any of the charter documents of Purchaser or any applicable Laws binding upon Purchaser.

(c) Consents. To Purchaser's knowledge, except for the HUD Approval, no consent, waiver, approval or authorization is required from any person or entity that has not already been obtained in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transaction contemplated hereby.

(d) Bankruptcy. Purchaser has not (i) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (ii) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceedings, to hold, administer and/or liquidate all or substantially all of its property, or (iii) made an assignment for the benefit of creditors.

6.2 Purchaser's Independent Investigation.

(a) Purchaser has been given, or will be given before the end of the Due Diligence Period, a full opportunity to inspect and investigate each and every aspect of the Project, either independently or through agents of Purchaser's choosing.

(b) **THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND PURCHASER, THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF SELLER AND PURCHASER, AND PURCHASER HAS CONDUCTED, OR WILL CONDUCT, ITS OWN INDEPENDENT EXAMINATION OF THE PROJECT AND RELATED MATTERS, INCLUDING BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, BEFORE THE EXPIRATION OF THE APPLICABLE REVIEW PERIODS SPECIFIED HEREIN. GIVEN THE AGE OF THE PROJECT, AND LIKE MANY PROJECTS OF SIMILAR AGE, THE PROJECT MAY CONTAIN VARIOUS HAZARDOUS MATERIALS, AND THE PROJECT MAY BE IN NEED OF MATERIAL REPAIRS, RENOVATIONS AND IMPROVEMENTS, AND SELLER AND SELLER PARTIES HAVE NOT MADE**

ANY REPRESENTATION OR WARRANTY WHATSOEVER REGARDING ANY SUCH MATTERS, EXCEPT AS SPECIFICALLY PROVIDED FOR IN SECTION 5.1 OF THIS AGREEMENT.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 5.1 OF THIS AGREEMENT, SELLER AND SELLER PARTIES ARE NOT MAKING AND HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR ASSURANCE, WHETHER ORAL OR WRITTEN, WHATSOEVER TO PURCHASER AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR ANY SELLER PARTY OR RELIED UPON BY PURCHASER WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROJECT, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY OR HABITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. THIS "AS IS" PROVISION, DISCHARGE, RELEASE AND ACKNOWLEDGMENT SHALL INCLUDE, WITHOUT LIMITATION, COMPLIANCE WITH ENVIRONMENTAL LAWS, THE PRESENCE OF HAZARDOUS SUBSTANCES, CONDITION OF THE PROJECTS OR THE AREA SURROUNDING THE PROJECT, AND ANY OTHER MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, AS TO ANY PERMITTED USE THEREOF, THE ZONING CLASSIFICATION THEREOF OR COMPLIANCE THEREOF WITH FEDERAL, STATE OR LOCAL LAWS, AS TO THE INCOME OR EXPENSES IN CONNECTION THEREWITH, OR AS TO ANY OTHER MATTER IN CONNECTION THEREWITH. PURCHASER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY PROVIDED FOR IN SECTION 5.1 OF THE AGREEMENT, NEITHER THE SELLER, ANY SELLER PARTY, OR ANY AGENT OR EMPLOYEE OF EITHER SELLER OR ANY SELLER PARTY OR ANY OTHER PARTY ACTING ON BEHALF OF SELLER HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY SUCH AGREEMENT, CONDITION, REPRESENTATION OR WARRANTY EITHER EXPRESSED OR IMPLIED. PURCHASER HEREBY FULLY AND FOREVER RELEASES AND DISCHARGES AND ACQUITS SELLER AND THE SELLER PARTIES FROM ANY AND ALL ACTIONS, COSTS, DAMAGES, EXPENSES, FINES, LIABILITIES, LOSSES, OBLIGATIONS, PENALTIES, SUITS (WHETHER IN TORT OR CONTRACT), KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, IN ANY WAY ARISING OUT OF, RESULTING FROM OR CONNECTED WITH PURCHASER'S ACQUISITION, OWNERSHIP, DEVELOPMENT OR USE OF THE PROJECT (OTHER THAN AS PROVIDED UNDER THIS AGREEMENT). THESE RELEASE, DISCHARGE AND ACQUIT PROVISIONS SHALL BE CONSTRUED AS BROADLY AS POSSIBLE TO FULLY AND FOREVER DISCHARGE AND RELEASE SELLER AND THE SELLER PARTIES FROM ALL SUCH LIABILITIES AND OBLIGATIONS, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (c) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER

KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PROJECT WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS," WITH ALL FAULTS (LATENT AND PATENT).

PURCHASER, WITH ITS COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT, AND UNDERSTANDS THE SIGNIFICANCE AND EFFECT THEREOF. PURCHASER ACKNOWLEDGES AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS SECTION 6.2(b) ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROJECT TO PURCHASER FOR THE PURCHASE PRICE OF THE PROJECT WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT. THE TERMS AND CONDITIONS OF THIS SECTION 6.2(b) WILL EXPRESSLY SURVIVE THE CLOSING.

PURCHASER ACCEPTS THE PROJECT AT THE TIME OF CLOSING IN THE SAME CONDITION AS THE SAME ARE AS OF THE DATE OF THE PURCHASER'S PHYSICAL INSPECTION OF THE PROJECT, AS IS-WHERE IS WITH ALL FAULTS, AS SUCH CONDITION SHALL HAVE CHANGED BY REASON OF REASONABLE WEAR AND TEAR, OR BY REASON OF ITS PRESENT CONDITION. WITHOUT LIMITING THE GENERALITY OF THE FORGOING, BUYER SPECIFICALLY ACKNOWLEDGES THAT THE FACT THAT ANY PORTION OF THE PROJECT OR ANY OF THE PERSONAL PROPERTY OR ANY EQUIPMENT OR MACHINERY THEREIN OR ANY PART THEREOF MAY NOT BE IN WORKING ORDER OR CONDITION AT THE CLOSING DATE BY REASON OF REASONABLE WEAR OR TEAR, OR BY REASON OF ITS PRESENT CONDITION, SHALL NOT RELIEVE BUYER OF ITS OBLIGATION TO COMPLETE CLOSING UNDER THIS AGREEMENT AND SHALL PAY THE FULL PURCHASE PRICE.

ARTICLE VII
INTERIM OPERATING COVENANTS AND OTHER AGREEMENTS

7.1 Interim Operating Covenants. Seller shall, from the Effective Date to the Closing Date (or earlier termination of this Agreement), do the following:

- (a) operate, repair, maintain and manage the Project in substantially the same manner as prior to the Effective Date, provided that Seller's maintenance obligations under this Section 7.1(a) shall not include any obligations to make capital expenditures not incurred in Seller's ordinary course of business or any other expenditure not incurred in Seller's ordinary course of business.

- (b) terminate any Leases only in the ordinary course of business and, except with respect to individual apartment Leases having a term of thirteen (13) months or less at rentals consistent with practices in effect immediately prior to the Effective Date (which may include any HUD-approved adjustments to rents), enter into new Leases and amendments, extensions and renewals of Leases only with Purchaser's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.
- (c) comply with all of the material terms, conditions and provisions to be performed or observed by the landlord under the Leases and not cause or allow to occur any material event of default with respect to any of Seller's obligations under the Leases.
- (d) not (i) sell, mortgage, pledge or otherwise transfer or dispose of all or any part of the Project or any interest therein, or (ii) enter into a binding agreement with any third party to sell all or any portion of the Project, other than with respect to (x) such items of tangible Personal Property as become obsolete, consumed or are disposed of in the ordinary course of business, or (y) in the event of a condemnation, which shall be governed by Article XI hereof.
- (e) not, without Purchaser's consent, enter into any new Service Contract that is not cancelable upon thirty (30) days' notice with no cost, premium or penalty; amend, extend or renew any Service Contract (unless such Service Contract as amended, extended or renewed is cancelable upon thirty (30) days' notice with no cost, premium or penalty); or cancel any Service Contract except in the event of a default by a service provider or in the ordinary course of business or if the canceled Service Contract is replaced with a new Service Contract that is cancelable upon thirty (30) days' notice with no cost, premium or penalty.
- (f) maintain in full force and effect existing insurance coverages or replacement insurance with coverage that is not less favorable.

7.2 Lease Enforcement. Prior to the Closing Date, Seller shall have the right, but not the obligation, to enforce the rights and remedies of the landlord under any Lease, by summary proceedings or otherwise (including, without limitation, the right to remove any tenant), and to apply all or any portion of any deposits then held by Seller toward any loss or damage incurred by Seller by reason of any defaults by tenants, and the exercise of any such rights or remedies shall not affect the obligations of Purchaser under this Agreement in any manner or entitle Purchaser to a reduction in, or credit or allowance against, the Purchase Price of the Project or give rise to any other claim on the part of Purchaser, provided that if Seller applies any portion of any security deposit toward the repair of any damage, the damaged property shall be restored to substantially the condition it was in prior to such damage.

7.3 Notifications. Seller shall promptly notify Purchaser if it receives notice of or otherwise becomes aware of any material change to the representations and warranties contained in Section 7.3 prior to Closing.

7.4 Management Agreements. Seller shall cause all management agreements pertaining to the Project to be terminated effective as of the Closing Date.

ARTICLE VIII
CONDITIONS PRECEDENT

8.1 Conditions Precedent to Obligation of Purchaser. The obligation of Purchaser to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion

- (a) Seller shall have delivered to or for the benefit of Purchaser all of the items required of Seller pursuant to Section 9.4.
- (b) Each of the representations and warranties set forth in Section 5.1 shall be true, complete and correct in all material respects at and as of the Closing Date, except for changes occurring prior to Closing that are not prohibited by this Agreement, which shall be updated in the certificate contemplated by Section 9.4.
- (c) Seller shall have performed, in all material respects, all of its covenants and obligations under this Agreement other than its obligation to deliver the items required of Seller pursuant to Section 9.4.
- (d) Purchaser shall have obtained, in form satisfactory to Purchaser in Purchaser's sole discretion, the consent of the Department of Housing and Urban Development ("**HUD**") to the sale of the Property (if required) and approval of a HAP Contract renewal, which shall include approval of: (i) transfer of the Regulatory and Use Agreements from Seller to Purchaser; (ii) approval of the release of the sales proceeds pursuant to this Agreement to Seller; (iii) the transfer of the existing HAP Contract for the Property; and (iv) approval of a renewal of the existing HAP Contract with terms acceptable to Purchaser (all such consents and approvals, the "**HUD Approval**"). Seller shall cooperate with and deliver to Purchaser and/or HUD any documents and information customarily required by HUD in order to secure the HUD Approvals.
- (e) Purchaser has confirmed that Purchaser will be able to obtain flood insurance on the Project at a cost and on terms satisfactory to Purchaser, but this shall be a condition to Closing only for the period of time extending one hundred (100) days after the Effective Date.

8.2 Conditions Precedent to Obligation of Seller. The obligation of Seller to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

- (a) Escrow Agent shall have received the Purchase Price of the Project as adjusted pursuant to, and payable in the manner provided for in, this Agreement, and Purchaser shall have provided written authority to Escrow Agent to release such amount to Seller in accordance with the Closing Statement.

- (b) Purchaser shall have delivered to or for the benefit of Seller all of the items required of Purchaser pursuant to Section 9.5.
- (c) Each of the representations and warranties set forth in Section 6.1 shall be true, complete and correct at and as of the Closing Date in all material respects.
- (d) Purchaser shall have performed, in all material respects, all of its covenants and obligations under this Agreement other than its obligation to deliver the items required of Purchaser pursuant to Section 9.5.
- (e) Receipt of the HUD Approval as described above.

8.3 Consequences of Failure of Condition. If any condition set forth in Section 8.1 is not satisfied or waived on or prior to the Closing Date, then the Purchaser, so long as it has acted in good faith and with due diligence in performing its obligations hereunder and cooperating with Seller in its performance hereunder, may terminate this Agreement by written notice delivered at or prior to the scheduled Closing Date; provided, however, in the event that Purchaser alleges that Seller has committed a default under this Agreement, permitting Purchaser to receive a refund of the Deposit and cancel this Agreement, and Seller has indeed defaulted under this agreement, Purchaser shall provide written notice of such event (the "**Seller Default Notice**") to Seller, and Seller shall have 30 days thereafter in which to cure such Seller default (it being agreed by the parties that the Seller cure period shall be shortened to five business days for the Seller's failure to convey the Property on the Closing Date if the conditions to Seller's obligations set forth in Section 8.2 above have been met). In the event that Seller cures such Seller Default, then this Agreement shall remain in full force and effect, and proceed to the Closing pursuant to its terms, and Seller shall retain the Deposit. If Seller fails to cure such Seller Default within such thirty (30) period (or shorter period for right to cure hereunder) then Purchaser may proceed pursuant to its rights described in this Agreement, including the right to receive a return of the Deposit. If any condition set forth in Section 8.2 is not satisfied or waived on or prior to the Closing Date, then Seller, so long as it has acted in good faith and with due diligence in performing its obligations hereunder and cooperating with Purchaser in its performance hereunder, may terminate this Agreement by written notice delivered at or prior to the scheduled Closing Date. In the event of a termination by Seller pursuant to this Section 8.3 (except with respect to the condition in Section 8.2(e)), the Escrow Agent will disburse the Deposit to Seller. In the event of termination of this Agreement, neither party shall have any further liability to the other under this Agreement, except for the obligations and indemnities set forth in this Agreement that survive termination.

8.4 Waiver by Purchaser. If Purchaser with actual knowledge of any breach by Seller of its representations, warranties, covenants or obligations hereunder nonetheless elects to proceed to Closing, then, upon the consummation of the Closing, Purchaser shall be deemed to have waived any such breach and shall have no claim against Seller with respect thereto.

ARTICLE IX CLOSING

9.1 Closing. Closing of the transaction contemplated by this Agreement ("**Closing**") shall take place by mail through escrow with the Title Company on the Closing Date; *provided*,

however, that Purchaser shall have the right to extend the Closing Date for up to two (2) thirty (30) day periods (each an "**Extension**"), by giving written notice to Seller of the same not less than ten (10) days prior to the Closing Date (as previously extended, if applicable) and by delivering and/or causing to be delivered to Escrow Agent the Extension Fee for each Extension (as applicable) as provided in Section 3.5 within two (2) Business Days of the notice. Prior to the Closing Date, Seller and Purchaser each shall give appropriate written escrow instructions, consistent with this Agreement, to the Title Company for the Closing in accordance with this Agreement and upon giving such instructions such party need not be physically present at the Closing. On the Closing Date, (i) Purchaser will cause Escrow Agent to (A) pay to Seller, by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price of the Project (subject to adjustments described in this Section 9.1 and Section 9.2), less any costs or other amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (B) pay all appropriate payees the other costs and amounts to be paid by Purchaser at Closing pursuant to the terms of this Agreement, and (ii) Seller will direct Escrow Agent to pay to the appropriate payees, out of the proceeds of Closing payable to Seller, all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement.

9.2 Prorations.

(a) Subject to the provisions of subsection (f) below, all monthly rents and other monthly income from the Project, personal property ad valorem taxes, and other operating expenses of the Project shall be prorated on the basis of actual days elapsed as of 11:59 p.m. on the day prior to the Closing Date, as if Purchaser were vested with title to the Property during the entire date of Closing, such that Purchaser shall have the benefit of the income and the burden of expenses for the date of Closing. Income and expenses for which actual bills are available at Closing shall be prorated based on such actual bills. Those items for which actual bills are not available at Closing shall be prorated based upon good faith estimates using bills from the previous month or year. Preliminary estimated Closing prorations for the Project shall be set forth on a preliminary closing statement to be prepared by Escrow Agent with the cooperation of Seller and Purchaser (collectively, the "**Closing Statement**") prior to Closing. The Closing Statement, once agreed upon, shall be signed by Purchaser and Seller and delivered to Escrow Agent for purposes of making the proration adjustment at Closing subject to the final cash settlement provided for above. No prorations will be made in relation to insurance premiums, and Seller's insurance policies will not be assigned to Purchaser. Purchaser shall take all steps necessary to effectuate the transfer of all utilities to its name as of Closing and, where necessary, post deposits with the utility companies. Seller shall be entitled to recover any and all deposits held by any utility company as of the date of Closing. The provisions of this Section 9.2(a) shall survive Closing for twelve (12) months.

(b) Rent and other sums that are due and payable to Seller by any tenant but are uncollected as of Closing shall not be prorated, but Purchaser shall cause the rent and other sums for the period prior to Closing to be remitted to Seller if, as and when collected, pursuant to the following sentence. Delinquent rents (net of third-party costs of collection) shall be applied as follows: (i) first, to current rent, (ii) then to the month of Closing, (iii) then to delinquent rent due for periods after the month of Closing, and (iv) then to delinquent rent due for periods (up to 60 days) prior to the month of Closing. Purchaser

shall promptly remit to Seller any such rent or other sums paid by tenants and attributable to periods before the Closing Date. Purchaser shall bill tenants who owe rent and other sums for periods prior to the Closing on a monthly basis for six (6) consecutive months following the Closing but shall have no obligation to enforce collection of any such past due or delinquent rents from or against any tenant. Seller shall have the right to sue to collect same but may not seek to evict any tenant or terminate any Lease. In the event that, after Closing, Seller receives any payments of rent or other sums due from tenants under Leases that relate to periods from and after the Closing Date, Seller shall promptly forward to Purchaser Purchaser's portion of such payments.

(c) Purchaser shall receive a credit at Closing for (i) all refundable, unapplied security deposits then held by Seller under the Leases, and (ii) all rent under the Leases paid in advance (to the extent not prorated as set forth above).

(d) Utility bills shall, to the extent possible, be apportioned between the period prior to Closing and the period subsequent to Closing. All fees that accrue to utility companies relating to periods from and after the Closing Date will be the obligation of Purchaser.

(e) The parties currently intend that the Seller will retain all existing reserves and escrows relating to the Project (except tenant security deposits), and the amount of those reserves has not been included in the Purchase Price.

(f) Notwithstanding the provisions of subsection (a) above, the parties agree that any net operating income of the Project for the fiscal year ending December 31, 2018, that has not been distributed to Seller because those funds are in a restricted account that requires HUD approval for distribution, will be distributed to Seller when HUD approves the release. For any funds held in such account for the fiscal year beginning January 1, 2019 and subsequent fiscal years, those funds will be distributed to Purchaser when HUD approves the release. Neither Purchaser nor Seller shall receive a Purchase Price credit or debit on the Closing Date with respect to such funds.

9.3 Closing Costs.

(a) Seller shall pay (i) Seller's attorneys' fees, (ii) one-half (1/2) of any escrow fees and sales taxes on such escrow fees (if any) pertaining to the sale of the Project, (iii) the cost of recording any lien releases required hereunder, (iv) all stamp taxes, transfer taxes (state, county and local) in accordance with local custom and documentary fees pertaining to the sale of the Project, if any, and (v) the premium for the standard Owner Title Policy (in the amount of the Purchase Price) for the Project.

(b) Purchaser shall pay (i) Purchaser's attorneys' fees, (ii) one-half (1/2) of any escrow fees and sales taxes on such escrow fees (if any) pertaining to the sale of the Project, (iii) any costs associated with any extended coverage for the Owner's Title Policy and all endorsements, (iv) any and all recording fees (except as set forth in Section 9.3(a)(iv) above), (v) any and all costs related to any financing that may be obtained by Purchaser in connection with its acquisition of the Project, (vi) all sales/use taxes on tangible personal property, (vii) all transfer taxes (state, county and local) in accordance with local custom,

and (viii) all costs of Purchaser's due diligence in connection with the transaction contemplated hereby, including but not limited to the cost of any survey update obtained by Purchaser.

(c) All other costs of Closing shall be borne by the party who incurred such costs.

9.4 Seller's Deliveries. Seller shall deliver or cause to be delivered the following (executed and acknowledged and in recordable form where appropriate) to Purchaser at Closing:

(a) the Deed, conveying to Purchaser the Project, subject only to Permitted Exceptions;

(b) a bill of sale for the Project substantially in the form attached hereto as **Exhibit C**;

(c) an assignment and assumption of Leases and security deposits for the Project substantially in the form attached hereto as **Exhibit D** (the "**Assignment of Leases**");

(d) an assignment and assumption of Service Contracts, Licenses and Permits and intangible property and Regulatory and Use Agreements for the Project substantially in the form attached hereto as **Exhibit E** (the "**Assignment of Contracts**");

(e) an affidavit certifying that Seller is not a foreign entity under the Foreign Investment in Real Property Act;

(f) a notice letter to all residents of the Project substantially in the form attached hereto as **Exhibit F** (modified as necessary to comply with applicable state law) (the "**Resident Notice Letter**");

(g) Assignment and Assumption of HAP Contract (the "**HAP Assignment**") and any other documents required by HUD in connection with the HUD Approvals;

(h) any other notices required by state or local laws or ordinances in connection with the sale of the Project, if any (collectively, the "**Closing Notices**");

(i) the Closing Statement;

(j) an affidavit in form reasonably acceptable to the Title Company sufficient to remove any exception for mechanic's and materialman's liens and parties in possession (except tenants under unrecorded Leases and Service Contracts), if necessary;

(k) a rent roll for the Project certified by Seller to Seller's knowledge and dated not more than ten (10) days prior to Closing;

(l) all of the Leases in effect at the Project as of the Closing Date and all files for existing tenants in Seller's possession, all of which may remain at the Project;

(m) the Service Contracts, Licenses and Permits and tangible Personal Property for the Project, all of which may remain at the Project;

(n) keys to the Project;

(o) evidence reasonably satisfactory to the Title Company that the persons executing the documents delivered by Seller pursuant to this Section 9.4 on behalf of Seller have full right, power, and authority to do so; and

(p) a certificate updating and, if necessary, modifying, Seller's representations and warranties to the Closing Date. Notwithstanding anything to the contrary provided for herein, in the event that Seller updates a representation or warranty as of the Closing Date, and is required to modify such representation or warranty to reflect a change in circumstances from the Effective Date, and such modification is not caused by a Seller Default under the terms of this Agreement, then such matter shall be deemed to update such representation and warranty, and shall not constitute a breach of such representation or warranty by Seller, and Seller shall have no liability or obligation whatsoever related to, or arising out of, such modified representation or warranty; provided, however, Purchaser shall retain any of its rights under Section 8.1(b) constituting Purchaser's Conditions Precedent to terminate this Agreement if any such representation or warranty is materially and adversely modified.

9.5 Purchaser's Deliveries. Purchaser shall deliver the following (executed and acknowledged where appropriate) to Seller at Closing:

(a) the Purchase Price of the Project by wire transfer in immediately available funds as provided in Section 3.1(a), adjusted as set forth on the Closing Statement;

(b) A counterpart of the Assignments of Leases;

(c) A counterpart of the Assignments of Contracts;

(d) A counterpart of the Resident Notice Letters;

(e) A counterpart to the HAP Assignment;

(f) the Closing Notices;

(g) the Closing Statement;

(h) If applicable, a sales/use tax return for sales/use tax due on the tangible personal property.

(i) evidence reasonably satisfactory to Seller and the Title Company that the person executing the documents delivered by Purchaser or any Affiliate of Purchaser, as applicable, pursuant to this Section 10.5 on behalf of such entities has full right, power, and authority to do so; and

(j) such other documents or items as may be reasonably required by Seller or the Title Company to effect the consummation of the transaction contemplated by this Agreement.

9.6 Closing Agent. Escrow Agent shall comply with all applicable federal, state and local reporting and withholding requirements relating to the close of the transactions contemplated

herein. Without limiting the foregoing, pursuant to Section 6045 of the Internal Revenue Code, Escrow Agent shall be designated the "closing agent" hereunder and shall be solely responsible for complying with the Tax Reform Act of 1986 with regard to reporting all settlement information to the Internal Revenue Service.

9.7 Possession. Purchaser shall be entitled to possession of the Property at 5:00 pm on the date the sale closes.

ARTICLE X CONDEMNATION AND CASUALTY

10.1 In General. If, prior to the Closing Date, the Project is destroyed or damaged by fire or other casualty or Seller receives notice of condemnation or sale in lieu of condemnation of the any portion of the Project, Seller will notify Purchaser of that event and provide Purchaser with details of the extent of the damage or condemnation, which details shall include information as to Seller's restoration plans, subject to Sections 10.2 and 10.3.

10.2 Minor Loss. Purchaser shall be bound to purchase the Project for the Purchase Price as required by the terms hereof without regard to the occurrence or effect of any damage to the Project or destruction of Improvements thereon or condemnation of any portion of the Project except as set forth below, provided that a Significant Portion of a Project is not (a) damaged or destroyed or (b) condemned in whole or part, in which event, Section 10.3 shall govern. Seller will not be obligated to repair or restore such damage or destruction or condemned portion of the Project, but Seller will either (i) if all insurance or condemnation proceeds have been received by Closing, credit to Purchaser at Closing an amount equal to (A) the amount of casualty insurance proceeds and condemnation proceeds collected by Seller as a result of such damage or destruction or condemnation, plus (B) the amount of any deductible payable under Seller's insurance policies (not to exceed the amount of loss not covered by insurance) and the amount of insurance proceeds that would have been collected by Seller but for the application of any "aggregate limits" under the insurance policies, or (ii) if any portion of the insurance proceeds or condemnation proceeds have not been received by Closing, credit to Purchaser at Closing an amount equal to (A) the amount of casualty insurance proceeds and condemnation proceeds collected by Seller prior to Closing as a result of such damage or destruction or condemnation plus (B) the amount of any deductible payable under Seller's insurance policies (not to exceed the amount of loss not covered by insurance) and the amount of insurance proceeds that would have been collected by Seller but for the application of any "aggregate limits" under the insurance policies and give Purchaser an assignment of Seller's rights to receive insurance or condemnation proceeds that have not been collected before the Closing. The proceeds of any rent insurance paid in respect of any casualty will be apportioned between Seller and Purchaser as if the same were rent, as and when received.

10.3 Major Loss. If a Significant Portion of the Project is damaged or destroyed or condemned (a "**Major Loss**"), then within fifteen (15) days after the occurrence of the damage or destruction or condemnation of a Significant Portion of the Project, Purchaser shall elect to either (a) proceed in accordance with the procedure set forth in Section 10.2 as if a Major Loss had not occurred or (b) terminate this Agreement. In the event of termination under this Section 10.3, the Deposit will be returned to Purchaser and, except with respect to the obligations and indemnities

set forth in this Agreement that survive termination, neither party shall have any further obligation to the other under this Agreement.

ARTICLE XI DEFAULT

11.1 Default by Purchaser. If any of the representations and warranties set forth in Section 6.1 are not true, complete and correct at and as of the Closing Date in all material respects or Purchaser otherwise defaults in performing any of its obligations under this Agreement resulting in the failure of Purchaser to purchase the Project, then Seller's sole and exclusive remedy shall be to retain the Deposit as liquidated damages for Purchaser's default. In such event, this Agreement will terminate and Seller shall retain the Deposit, and neither party will have any further liability hereunder with respect thereto other than with respect to the obligations and indemnities contained in this Agreement that survive termination. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty but is intended to constitute liquidated damages to Seller. Furthermore, Seller shall have all remedies available at law or in equity in the event of a breach by Purchaser of any obligations that survive termination of this Agreement.

11.2 Default by Seller. Seller and Purchaser agree that, if the purchase and sale of the Property is not completed in accordance with this Agreement because Seller material defaults under or materially breaches this Agreement, Purchaser shall be entitled, as Purchaser's sole remedy to either: (i) terminate this Agreement and upon termination the Deposit and all Extension Fees paid by Purchaser, if any, shall be returned to Purchaser; or (ii) Purchaser may demand and have specific performance of this Agreement. Purchaser shall be deemed to have elected to terminate this Agreement and receive back the Deposit and Extension Fees, if any, if Purchaser fails to file suit for specific performance against Seller in a court of competent jurisdiction, on or before the date which is thirty (30) days following the date upon which Closing was to have occurred. In no event shall Seller be liable for consequential, incidental, special or punitive damages, whether in contract, tort or under any other legal or equitable principle.

ARTICLE XII BROKERAGE COMMISSION

12.1 Brokers. Purchaser and Seller represent that they have not engaged the services of, nor have they or will they become liable to, any real estate agent or broker with respect to the transaction contemplated hereby, and both parties agree to indemnify, defend and hold the other harmless from and against any and all loss, cost, damage, liability and expense, including reasonable attorneys' fees, that either party may sustain, incur or be exposed to by reason of any claim for fees or commissions made through the other party. The provisions of this Section 12.1 will survive the Closing or termination of this Agreement.

ARTICLE XIII MISCELLANEOUS

13.1 Notices. Whenever any notice is required or permitted to be given under the terms of this Agreement, the same shall, except as otherwise expressly provided for in this Agreement, be given in writing and either sent by (a) a national overnight delivery service, delivery prepaid,

(b) hand delivery with written receipt acknowledged or (c) telecopy or electronic mail containing an executed attachment, followed by a copy sent in accordance with clause (a) or (b) of this Section 13.1 sent the same day as the telecopy or electronic mail, as the case may be, in each case to the address, facsimile number or e-mail address, as applicable, set forth in the Basic Terms of this Agreement. Any notice required or given hereunder shall be deemed received the same Business Day if sent by hand delivery, telecopy or electronic mail, the next Business Day if sent by overnight courier, provided that any notice received after 5:00 p.m. Chicago Time on any Business Day or received on any day that is not a Business Day shall be deemed to have been received on the following Business Day. Further, all notices given pursuant to this Agreement will be effective if executed and sent by counsel for Purchaser or Seller, as applicable.

13.2 Assignment; Successors and Assigns. Purchaser may not assign its rights hereunder to any third party without the prior written consent of Seller, except as provided in Section 13.13. Purchaser may assign its rights hereunder to an Affiliate of Purchaser without Seller's consent so long as (i) Purchaser notifies Seller of such assignment ten (10) days prior to the Closing, and (ii) the assignee(s) assume all of Purchaser's liabilities and obligations under this Agreement. No assignment, permitted or not, shall release Purchaser from liability for Purchaser's obligations hereunder. All rights and obligations of Seller and Purchaser under this Agreement shall inure to and be binding on their respective successors and permitted assigns. At Purchaser's request, made by Purchaser at least thirty (30) days prior to the Closing Date, on the Closing Date Seller will transfer the Project to a limited liability company of which the Seller is the sole member, and then Seller will transfer its interests in that limited liability company to Purchaser (instead of a transfer of the Project from Seller to Purchaser).

13.3 Severability. If any provision of this Agreement shall be in violation of any applicable law or unenforceable for any reason, the invalidity or unenforceability of such provision shall not invalidate or render unenforceable any other provision hereof, which other provisions shall remain in full force and effect.

13.4 Entire Agreement. This Agreement, together with the Schedules and Exhibits hereto, constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior discussions, understandings, agreements and negotiations between the parties hereto.

13.5 Modification. This Agreement may be modified only by a written amendment duly executed by Purchaser and Seller.

13.6 No Recordation. Neither this Agreement nor any memorandum or notice hereof may be recorded, and Purchaser agrees (a) not to file any notice of pendency or other instrument against the Project or any portion thereof in connection herewith, and (b) to indemnify Seller against all costs, expenses and damages, including, without limitation, reasonable attorneys' fees, incurred by Seller by reason of the filing by Purchaser of such notice of pendency or other similar instrument.

13.7 TIME OF THE ESSENCE. TIME IS OF THE ESSENCE WITH RESPECT TO EVERY PROVISION OF THIS AGREEMENT.

13.8 Presumption Against Draftsman. The parties acknowledge that each party and its counsel have participated in the negotiation and preparation of this Agreement. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing the Agreement to be drafted.

13.9 Days. If any action is required to be performed, or if any notice, consent or other communication is given, on a day that is not a Business Day, such performance shall be deemed to be required, and such notice, consent or other communication shall be deemed to be given, on the first Business Day following such non-Business Day. Unless otherwise specified herein, all references herein to a "day" or "days" shall refer to calendar days and not Business Days. A "**Business Day**" shall mean any day other than a Saturday, Sunday or any day on which commercial banks in Virginia, are authorized or obligated to close.

13.10 APPLICABLE LAW; JURISDICTION AND VENUE.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF VIRGINIA.**

(b) **FOR THE PURPOSES OF ANY SUIT, ACTION OR PROCEEDING INVOLVING THIS AGREEMENT, PURCHASER AND SELLER HEREBY EXPRESSLY SUBMIT TO THE JURISDICTION OF THE FEDERAL AND STATE COURTS SITTING IN THE STATE OF VIRGINIA, AND CONSENTS THAT ANY ORDER, PROCESS, NOTICE OF MOTION OR OTHER APPLICATION TO OR BY ANY SUCH COURT OR A JUDGE THEREOF MAY BE SERVED WITHIN OR WITHOUT SUCH COURT'S JURISDICTION BY REGISTERED MAIL OR BY PERSONAL SERVICE, PROVIDED THAT A REASONABLE TIME FOR APPEARANCE IS ALLOWED, AND PURCHASER AND SELLER AGREE THAT SUCH COURTS SHALL HAVE THE EXCLUSIVE JURISDICTION OVER ANY SUCH SUIT, ACTION OR PROCEEDING. IN FURTHERANCE OF SUCH AGREEMENT, PURCHASER AND SELLER AGREE, UPON THE REQUEST OF ANY PARTY, TO DISCONTINUE (OR AGREE TO THE DISCONTINUANCE OF) ANY SUCH SUIT, ACTION OR PROCEEDING PENDING IN ANY OTHER JURISDICTION.**

(c) **PURCHASER AND SELLER HEREBY IRREVOCABLY WAIVE ANY OBJECTION THAT EACH MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN ANY FEDERAL OR STATE COURT SITTING IN THE STATE OF VIRGINIA, AND HEREBY FURTHER IRREVOCABLY WAIVE ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.**

13.11 WAIVER OF JURY TRIAL. **PURCHASER AND SELLER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION,**

PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT.

13.12 Recovery of Legal Fees. In the event a party hereto files any action or suit against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, the prevailing party will be entitled to have and recover certain fees from the other party including all reasonable attorneys' fees and costs resulting therefrom. The provisions of this Section 13.12 shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

13.13 Like-Kind Exchange. Seller and Purchaser shall have the right to assign its respective rights under this Agreement (but without release of its respective obligations herein) to a third party who may act as a "qualified intermediary" with respect to the Project in accordance with the provisions of Section 1031 of the Code, and the Treasury Regulations promulgated thereunder. Such exchange shall be accomplished at no additional expense or delay to the other party, and the party requesting a like-kind exchange agrees to indemnify the other party against any claims or liabilities resulting solely from structuring the transaction as an exchange, rather than as a direct purchase.

13.14 Confidentiality. The terms of this Agreement and any and all documents and information obtained by Purchaser or the Permitted Outside Parties in the conduct of its due diligence are proprietary and confidential in nature and shall not be disclosed or conveyed to any person or entity without the prior written consent of Seller, which may be withheld in Seller's sole discretion. Notwithstanding anything to the contrary provided for herein, the parties agree that Purchaser shall indemnify and hold Seller harmless from any loss, damage, cost, (including, without limitation, reasonable attorneys' fees) injury or claim, in any way relating to, or arising out of, the breach of this confidentiality provision by Purchaser or the Permitted Outside Parties' failure to comply with the terms of this Confidentiality Agreement, and in addition, the parties agree that Seller shall be entitled to injunctive relief from a court of competent jurisdiction in the event of any such violation. Prior to Closing, neither party shall make any press releases relating to this Agreement without the prior written consent of the other party, which consent may be granted or denied in such other party's sole discretion. After Closing, each party shall consult with the other party before issuing, and provide the other party the opportunity to review and comment upon, any press release with respect to the transaction contemplated by this Agreement and will not issue any press release prior to such consultation.

13.15 Counterparts and Electronic Signatures. This Agreement may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same Agreement. Each party (i) has agreed to permit the use, from time to time, of telecopied or electronic signatures in order to expedite the transaction contemplated by this Agreement, (ii) intends to be bound by its telecopied or electronic signature, (iii) is aware that the other will rely on the telecopied or electronic signature, and (iv) acknowledges such reliance and waives any defenses (other than fraud) to the enforcement of any document based on the fact that a signature was sent by telecopy. As used herein, the term "**telecopied signature**" shall include any signature sent via facsimile or via email in portable document format ("**.pdf**").

13.16 Further Assurances. Each party shall, whenever and as often as it shall be requested to do so by the other party, execute, acknowledge and deliver, or cause to be executed,

acknowledged and delivered, any and all such other documents and do any and all other acts as may be necessary to carry out the intent and purpose of this Agreement.

13.17 Drafts Not an Offer. The parties hereto agree that the submission of a draft of this Agreement by one party to another is not intended by either party to be an offer to enter into a legally binding contract with respect to the purchase and sale of the Project. The parties shall be legally bound with respect to the purchase and sale of the Project pursuant to the terms of this Agreement only if and when the parties have been able to negotiate all of the terms and provisions of this Agreement in a manner acceptable to each of the parties in their respective sole discretion, and each of Seller and Purchaser have fully executed and delivered to each other a counterpart of this Agreement.

13.18 No Third Party Beneficiary. The provisions of this Agreement are not intended to benefit any third-party beneficiary.

13.19 Exculpation. No constituent shareholder, member or partner in or agent of Seller, nor any advisor, trustee, director, officer, employee, beneficiary, shareholder, member, manager, partner, participant, representative or agent of any partnership, limited liability company, corporation, trust or other entity that has or acquires a direct or indirect interest in Seller (including, without limitation, Donnajean Heckman), shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times. Purchaser and its successors and assigns and, without limitation, all other persons and entities, shall look solely to Seller's assets for the payment of any claim or for any performance, and Purchaser, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability.

[SIGNATURE PAGE TO FOLLOW]

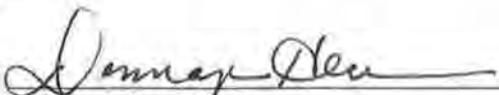
IN WITNESS WHEREOF, this Agreement has been executed by Seller and Purchaser as of the Effective Date.

SELLER:

Lakewood Plaza Associates, a Virginia limited partnership

By: National Housing Counsel, a Virginia limited partnership, its general partner

By: Urban Properties Inc., a Virginia corporation, its general partner

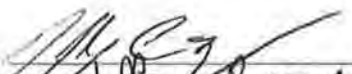
By: 

Name: Donnajean Heckman

Title: President

PURCHASER:

EREG Housing Preservation LLC, an Illinois limited liability company

By: 

Name: Jeffrey Roppin

Title: Manager

Exhibits:

Schedule 1 List of Diligence Documents to be provided by Seller

Exhibit A: Legal Description

Exhibit B: Intentionally Omitted

Exhibit C: Form of Bill of Sale

Exhibit D: Form of Assignment and Assumption of Leases

Exhibit E: Form of Assignment and Assumption of Service Contracts, Licenses and Permits and Intangible Property

Exhibit F: Form of Resident Notice Letter

Schedule 1

List of Diligence Documents
to be delivered by Seller

	<i><u>Item</u></i>	<i><u>Status</u></i>	<i><u>Results/Issues/Out</u></i>
1	CURRENT RENT ROLL w/Concessions, every six months for 2 years		
2	OPERATING STATEMENTS –3 years + YTD. AUDITS back 5 years		
3	TAX RETURNS AND DEPRECIATION SCHEDULE fixed asset listing per prior tax return (if available) – past 3 yrs		
4	ACTUAL COLLECTIONS, BANK DEPOSITS REPORTS, BANK STATEMENTS - Monthly for last 12 months		
5	AGED ACCOUNTS RECIEVABLES BALANCES – last 12 months		
6	SECURITY DEPOSIT SCHEDULE – current		
7	RENT COMPARABILITY STUDY (if Available)		
8	ANNUAL TURNOVER for 3 years		
9	CURRENT HAP CONTRACT AND MOST RECENT RENEWAL APPLICATION		
10	ANNUAL OCCUPANCY RATES – Last 3 years		
11	RENT SCHEDULE AND OCAF/AAF RENEWAL – past 3 years		
12	MANAGEMENT AND OCCUPANCY REVIEW (most recent)		
13	TENANT SELECTION PLAN		
14	INCOME TARGETING REPORT		
15	AFFIRMATIVE FAIR HOUSING MARKETING PLAN		
16	PLANS & SPECIFICATIONS – plans/drawings/floor plans		
17	ADA/504 ASSESSMENT		
18	COPY OF WAITING LIST		
19	USE AGREEMENT(s)		
20	REGULATORY AGREEMENT(s)		
21	Current year operating budget		
22	UTILITIES – (24 months of bills)		
23	COPIES OF 3 rd PARTY VENDOR LEASES/SERVICE		

	CONTRACTS – Extermination, Landscaping, snow removal plus leased copy machine, telephone system, security contract, fire prevention monitoring, property management software, elevator, etc.		
24	PERSONNEL SUMMARY/ Name/ Title/ Responsibilities/ Salary/ Bonus & Commission/Years of Service Structure/Benefits/Concessions Provided (i.e. housing etc.) 1. Verify if any of the employees work at any other properties 2. Verify accrued and unused vacation / sick days 3. A list of any employees who has an apartment unit as part of their compensation 4. Date of last review		
25	REAL ESTATE TAX – appeals/assessment (3 years bills, current assessment, any correspondence with local assessor)		
26	INSURANCE LOSS HISTORY (5 years)		
27	LEGAL - OPEN DISCRIMINATION, INSURANCE OR OTHER LEGAL CLAIMS - CURRENT		
28	POLICE REPORTS FOR PROPERTY Past 12 months		
29	All Mortgage docs		
30	REAC INSPECTION REPORT AND HQS REPORT (if applicable) – last 2 inspections		
31	CAPITAL IMPROVEMENTS/EXPENDITURES – last 5 years through YTD. Log of units painted/carpeted/roofs		
32	OPERATIONS MANUAL, MANUALS FOR EXISTING SYSTEMS		
33	WARRANTIES (roof, HVAC, paving, etc)		
34	PERSONAL PROPERTY SCHEDULE / INVENTORY that transfers with property		
35	APPLICABLE BUILDING CODE VIOLATIONS/NOTICES/past 5 years		
36	CERTIFICATES OF OCCUPANCY and Smoke Alarm Cert. (if available)		
37	#/TYPE OF ACCESSIBLE AND SPECIAL NEEDS UNITS AND WHERE LOCATED		
38	ENERGY AUDIT / USE ANALYSIS		
39	SURVEY		
40	PHASE I EPA/ENVIRONMENTAL INSPECTION (if available)		
41	CAPEX PHYSICAL NEEDS ASSESSMENT		
42	MOLD, RADON, TERMITE, ASBESTOS, LEAD PAINT REPORTS – as available		
43	CURRENT/PREVIOUS APPRAISAL(s)		
44	CURRENT TITLE REPORT		
45	Zoning reports or letters		
46	TRACS reports from HUD secure systems –		

	<ul style="list-style-type: none">○ Certification Query○ Voucher Query○ Late Recertification Query○ Project Evaluation Query○ Move in Move Out Query		
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EXHIBIT A

LEGAL DESCRIPTION

Exhibit B – Intentionally Omitted

EXHIBIT B (to Deed)
PERMITTED ENCUMBRANCES

EXHIBIT C

FORM OF BILL OF SALE

Lakewood Plaza Associates, a Virginia limited partnership ("**Seller**") for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby grants, bargains, sells, transfers and delivers to _____, a _____ ("**Purchaser**"), all of Seller's right, title and interest in and to all furniture, furnishings, fixtures, equipment, machinery, tools, parts and other tangible personal property (the "**Personal Property**") as set forth on Exhibit A annexed hereto and made a part hereof located at and used primarily in connection with the rental, operation and maintenance of the real property commonly known as _____ and more fully described on Exhibit B annexed hereto and made a part hereof and the improvements located thereon, but specifically excluding (i) all computer programs and related software owned by or under license or lease to Seller or any affiliate of Seller and (ii) all proprietary or confidential materials of Seller or any affiliate of Seller.

Seller makes no representation or warranty to Purchaser, express or implied, with respect to the foregoing Personal Property or the sale, transfer and conveyance made hereby, except that the Personal Property is owned by Seller and same is free of any liens or encumbrances.

EXECUTED to be effective as of _____, 2019.

Lakewood Plaza Associates, a Virginia limited partnership
By: National Housing Counsel, a Virginia limited partnership, its general partner
By: Urban Properties Inc., a Virginia corporation, its general partner

By: _____
Name: Donnajeane Heckman
Title: President

EXHIBIT A

PERSONAL PROPERTY

[To Be Completed By Seller As Provided For In This Agreement]

EXHIBIT B
LEGAL DESCRIPTION

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this "*Assignment*") is made effective as of _____, 2019 ("*Effective Date*") by and between Lakewood Plaza Associates, a Virginia limited partnership ("*Assignor*"), and _____, a _____ ("*Assignee*").

RECITALS

A. Assignor owns certain real property and the improvements located thereon (the "*Improvements*") commonly known as and more particularly described in Exhibit A attached hereto (the "*Project*");

B. Assignor is a party to certain unexpired leases, subleases and occupancy agreements, including all modifications, addenda and/or amendments thereto, for the use, possession or occupancy of space in the Improvements, which are more particularly described in Exhibit B attached hereto (collectively, the "*Leases*");

C. Pursuant to that certain Agreement of Purchase and Sale, effective as of _____, 2019, between Assignor and Assignee (the "*Sale Agreement*"), Assignee agreed to purchase the Project from Assignor and Assignor agreed to sell the Project to Assignee, on the terms and conditions contained therein;

D. Assignor desires to assign to Assignee all of Assignor's right, title and interest in and to the Leases and all refundable tenant deposits pertaining thereto (the "*Deposits*"); and

E. Assignee desires to accept the assignment of such right, title and interest in and to the Leases and the Deposits and to assume all of Assignor's rights and obligations thereunder on the terms and conditions below.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained and for other good and valuable consideration, the parties, intending to be legally bound, do hereby agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to the Leases and the Deposits.

2. Assignee hereby accepts the foregoing assignment by Assignor and assumes all of the covenants and obligations of Assignor, Assignor's predecessors in title and Assignor's subsidiaries pursuant to the Leases (including, without limitation, those relating to the Deposits) that arise and are attributable to events or omissions occurring on or after the Effective Date. Assignee hereby indemnifies Assignor for any losses, claims or damages arising from the Leases that are attributable to events or omissions occurring on or after the Effective Date.

3. Assignor hereby indemnifies Assignee for any losses, claims or damages arising from the Leases that are attributable to events or omissions occurring prior to the Effective Date.

4. In the event of any dispute between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the sole prevailing party's costs and expenses of such dispute, including, without limitation, reasonable attorneys' fees and costs.

5. This Assignment is made without representation, warranty (express or implied) or recourse of any kind, except as may be expressly provided herein or in the Sale Agreement.

6. Any rental and other payments under the Leases shall be prorated between the parties as provided in the Sale Agreement.

7. This Assignment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

8. This Assignment shall be governed by and construed in accordance with the laws of the jurisdiction in which the Project is located.

9. This Assignment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same instrument.

10. Assignee hereby expressly acknowledges and affirms the provisions of Sections 3.1(b), 5.2 and 6.2 of the Sale Agreement.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the Effective Date.

ASSIGNOR:

Lakewood Plaza Associates, a Virginia limited
partnership
By: National Housing Counsel, a Virginia limited
partnership, its general partner
By: Urban Properties Inc., a Virginia corporation,
its general partner

By: _____
Name: Donnajeane Heckman
Title: President

ASSIGNEE:

_____, a

By: _____
Name: _____
Title: _____

EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION OF SERVICE CONTRACTS, LICENSES AND PERMITS AND INTANGIBLE PROPERTY AND REGULATORY AND USE AGREEMENTS

THIS ASSIGNMENT AND ASSUMPTION OF SERVICE CONTRACTS, LICENSES AND PERMITS AND INTANGIBLE PROPERTY AND REGULATORY AND USE AGREEMENTS (this "*Assignment*") is made effective as of _____, 2019 ("*Effective Date*") by and between Lakewood Plaza Associates, a Virginia limited partnership ("*Assignor*") and _____, a _____ ("*Assignee*").

RECITALS

A. Assignor owns certain real property and the improvements located thereon (the "*Improvements*") commonly known as and more particularly described in Exhibit A attached hereto (the "*Project*");

B. Assignor has entered into certain agreements with respect to the operation, use and maintenance of the Project, excluding property management agreements, real property tax service agreements and all unexpired leases, subleases and occupancy agreements, but including any laundry lease, equipment lease, cable television and other telecommunications agreement affecting the Project, all of which are more particularly described in Exhibit B attached hereto or, if not described on Exhibit B, are cancelable with thirty (30) days' notice (collectively, the "*Service Contracts*");

C. Pursuant to that certain Agreement of Purchase and Sale, effective as of _____, 2019, between Assignor and Assignee (the "*Sale Agreement*"), Assignee agreed to purchase the Project from Assignor and Assignor agreed to sell the Project to Assignee, on the terms and conditions contained therein;

D. Assignor desires to assign to Assignee, to the extent assignable, all of Assignor's right, title and interest in and to (a) the Service Contracts, (b) all licenses, permits, approvals, certificates of occupancy, dedications, subdivision maps and entitlements issued, approved or granted by any governmental entity in connection with the Project, together with all renewals and modifications thereof (collectively, the "*Licenses and Permits*"), (c) warranties upon the Improvements, the fixtures affixed thereto and the tangible personal property used exclusively in connection therewith, (d) claims and causes of action arising out of or in connection with the Project attributable to events or omissions occurring after the Effective Date, (e) the trade name, (f) to the extent assignable, all plans, specifications, engineering studies, reports, drawings, and prints relating to the construction, reconstruction, modification, and alteration of the Improvements and in the possession of or under the control of Assignor and (g) all other intangible Personal Property located at and used primarily in connection with the rental, operation and maintenance of the Project (the items set forth in clauses (c) through (g) being referred to herein collectively as the "*Intangible Property*"); and Regulatory and Use Agreements;

E. Assignee desires to accept the assignment of such right, title and interest in and to the Service Contracts, Licenses and Permits, and Intangible Property and to assume all of Assignor's rights and obligations thereunder on the terms and conditions below.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained and for other good and valuable consideration, the parties, intending to be legally bound, do hereby agree as follows:

1. Assignor hereby assigns to Assignee, to the extent assignable, all of Assignor's right, title and interest in and to the (a) Service Contracts, (b) Licenses and Permits, (c) Intangible Property, and (d) Regulatory and Use Agreements.

2. Assignee hereby accepts the foregoing assignment by Assignor and assumes all of the covenants and obligations of Assignor and Assignor's predecessors in title pursuant to the Service Contracts, Licenses, Permits and Intangible Property, and Regulatory and Use Agreements that arise and are attributable to events or omissions occurring on or after the Effective Date. Notwithstanding anything to the contrary provided for herein, Assignee hereby agrees to indemnify and hold ASSIGNOR harmless from and against any cost (including without limitation reasonable attorneys' fees), damage, loss, injury, expense or claim, accruing on or after the Effective Date, in any way related to, or arising out of, the Service Contracts, Licenses and Permits, Intangible Property, and Regulatory and Use Agreements.

3. In the event of any dispute between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the sole prevailing party's costs and expenses of such dispute, including, without limitation, reasonable attorneys' fees and costs.

4. This Assignment is made without representation, warranty (express or implied) or recourse of any kind, except as may be expressly provided herein or in the Sale Agreement.

5. This Assignment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

6. This Assignment shall be governed by and construed in accordance with the laws of the jurisdiction in which the Project is located.

7. This Assignment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same instrument.

8. Assignee hereby expressly acknowledges and affirms the provisions of Sections 3.1(b), 5.2 and 6.2 of the Sale Agreement.

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IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the Effective Date.

ASSIGNOR:

Lakewood Plaza Associates, a Virginia limited partnership

By: National Housing Counsel, a Virginia limited partnership, its general partner

By: Urban Properties Inc., a Virginia corporation, its general partner

By: _____

Name: Donnajean Heckman

Title: President

ASSIGNEE:

_____, a

By: _____

Name: _____

Title: _____

EXHIBIT F

FORM OF RESIDENT NOTICE LETTER

_____, 20__

Re: _____

Dear Tenant:

This is to notify you that the project described above has been acquired by _____ . All rental payments should continue to be made to the property management office on site (or the night drop box), and other communications regarding your lease should be directed to the property manager at the property management office. Your security deposit in the amount of \$_____ has been transferred to the new owner who, shall from now on, have the responsibility for the return thereof.

Very truly yours,

PURCHASER:

_____,
a _____

By: _____

Name: _____

Title: _____

SELLER OR MANAGER:

_____,
a _____

By: _____

Name: _____

Title: _____

**AMENDMENT TO AGREEMENT OF
PURCHASE AND SALE**

This Amendment to Agreement of Purchase and Sale (this "**Amendment**") dated and effective as of September 16, 2019 is by and between Lakewood Plaza Associates, a Virginia limited partnership ("**Sellers**"), and EREG Housing Preservation LLC, an Illinois limited liability company ("**Purchaser**").

RECITALS

A. Seller and Purchaser have entered into that certain Agreement of Purchase and Sale with an Effective Date of July 31, 2019 (the "**Agreement**"); and

B. Seller and Purchaser now desire to amend the Agreement with respect to the terms, provisions and conditions contained herein.

NOW THEREFORE, in consideration of the promises, terms and conditions contained herein and such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Defined Terms. All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Agreement

2. Recitals. Seller and Purchaser hereby agree that the Recitals set forth hereinabove are true and correct and incorporated into this Amendment.

3. Due Diligence Period. The section of the Agreement in Article I entitled "Due Diligence Period" is hereby amended by deleting the phrase "September 16, 2019" and inserting in its stead the following: "October 16, 2019."

4. Miscellaneous. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same agreement. All signatures of the Parties may be transmitted by facsimile or electronic delivery, and each such facsimile signature or electronic delivery signature (including a pdf signature) will, for all purposes, be deemed to be the original signature of the Party whose signature it reproduces and be binding upon such Party. Except as expressly stated herein, all other terms and conditions of the Agreement shall remain in full force and effect. In the case of any conflict between this Amendment and the Agreement, the terms and conditions of this Amendment shall control.

5. Warranty of Authority. The signatories hereto represent that they have full and complete authority to bind their respective parties to this Amendment and that no other consent is necessary or required in order for the signatories to execute this Amendment on behalf of their respective parties.

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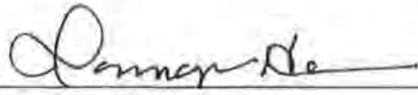
IN WITNESS WHEREOF, Purchaser and Seller have executed this Amendment on the date first above written.

SELLER:

Lakewood Plaza Associates, a Virginia limited partnership

By: National Housing Council, a Virginia limited partnership, its general partner

By: Urban Properties Inc., a Virginia corporation, its general partner

By: 
Name: Donnajean Heckman
Title: President

PURCHASER:

EREG Housing Preservation LLC, an Illinois limited liability company

By: 
Name: Jeffrey Rappin
Title: Manager

**SECOND AMENDMENT TO AGREEMENT OF
PURCHASE AND SALE**

This Second Amendment to Agreement of Purchase and Sale (this "**Amendment**") dated and effective as of August 28, 2020 is by and between Lakewood Plaza Associates, a Virginia limited partnership ("**Sellers**"), and EREG Housing Preservation LLC, an Illinois limited liability company ("**Purchaser**").

RECITALS

A. Seller and Purchaser have entered into that certain Agreement of Purchase and Sale with an Effective Date of July 31, 2019, as amended by that certain Amendment to Agreement of Purchase and Sale dated as of September 16, 2019 and as effectively modified pursuant to Section 10(g) of that certain Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated October 31, 2019 from Seller to Basnight, Kinser, Leftwich & Nuckolls, P.C., as Trustee, for the benefit of Purchaser, Jeffrey Rappin, Stephen Rappin and Kevin Beard (collectively, "**Lender**") securing a loan in the amount of \$3,000,000 from Lender to Seller (the "**Loan**") (as so amended, the "**Agreement**"); and

B. Seller and Purchaser now desire to further amend the Agreement with respect to the terms, provisions and conditions contained herein.

NOW THEREFORE, in consideration of the promises, terms and conditions contained herein and such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. Defined Terms. All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Agreement
2. Recitals. Seller and Purchaser hereby agree that the Recitals set forth hereinabove are true and correct and incorporated into this Amendment.
3. Circumstances. Seller and Purchaser acknowledge that certain required governmental actions, as well as a national pandemic, have delayed Purchaser's ability to complete the purchase of the Project.
4. Closing Date. The Closing Date is hereby established as October 30, 2020, subject to extension as set forth in Paragraph 7 below.
5. Loan Extension. In the event Purchaser is unable to cause Closing to occur by the Closing Date, Lender agrees to extend the Loan as set forth in the documents evidencing and securing the Loan. If Purchaser is unable to cause Closing to occur by December 31, 2020, then commencing on January 1, 2021 and at any time thereafter, Seller may provide notice of Seller's intent to prepay the Loan in Ninety (90) days (a "**Prepayment Notice**"), and Lender agrees that Seller may prepay the Loan at the end of such Ninety (90) day period, or if the Closing should occur within such period, on the date of Closing.
6. Deposits. Upon the effective date of this Amendment, the Deposit (currently in the amount of \$400,000) shall be released at the direction of Seller. If closing has not occurred

by October 30, 2020, then, on November 2, 2020 (the “**Posting Date**”), Purchaser shall make a non-refundable Additional Deposit in the amount of \$250,000 to be held in escrow pending Closing. If Closing has not occurred by December 31, 2020, then the Additional Deposit shall be released at the direction of Seller.

7. Extension of Closing Date. In the event the Closing does not occur by October 30, 2020, then the Closing Date shall be extended to November 30, 2020, and if Closing does not occur by such date, in subsequent periods of 30 days each (each an “**Extension Period**”) provided that Purchaser shall be obligated to pay to Seller a non-refundable extension fee of \$1,000 per day for each day following October 30, 2020 on which Closing does not occur through no fault of Seller (the “**Extension Fee**”). For each Extension Period, the Extension Fee shall be payable on the earlier of (i) the day of Closing, or (ii) the last day of the Extension Period. The Extension Fee shall be an addition to the Purchase Price. The parties acknowledge that delivery of a Prepayment Notice is not intended to impair Purchaser’s ability to complete the purchase of the Project prior to the time the Loan is prepaid, and Seller shall continue to proceed in good faith to accomplish Closing.

8. Miscellaneous. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same agreement. All signatures of the Parties may be transmitted by facsimile or electronic delivery, and each such facsimile signature or electronic delivery signature (including a pdf signature) will, for all purposes, be deemed to be the original signature of the Party whose signature it reproduces and be binding upon such Party. Except as expressly stated herein, all other terms and conditions of the Agreement shall remain in full force and effect. In the case of any conflict between this Amendment and the Agreement, the terms and conditions of this Amendment shall control.

9. Warranty of Authority. The signatories hereto represent that they have full and complete authority to bind their respective parties to this Amendment and that no other consent is necessary or required in order for the signatories to execute this Amendment on behalf of their respective parties.

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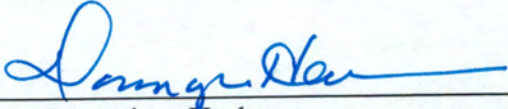
IN WITNESS WHEREOF, Purchaser and Seller have executed this Amendment on the date first above written.

SELLER:

Lakewood Plaza Associates, a Virginia limited partnership

By: National Housing Council, a Virginia limited partnership, its general partner

By: Urban Properties Inc., a Virginia corporation, its general partner

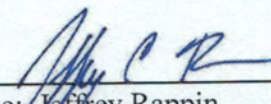
By:  _____

Name: Donnajeck Heckman

Title: President

PURCHASER:

EREG Housing Preservation LLC, an Illinois limited liability company

By:  _____

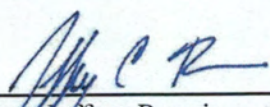
Name: Jeffrey Rappin

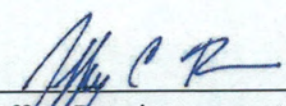
Title: Manager

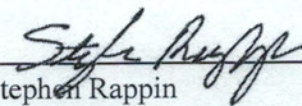
**ACKNOWLEDGEMENT AND CONSENT BY LENDER
FOR PARAGRAPH 5**

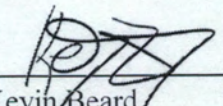
LENDER:

EREG Housing Preservation LLC, an Illinois limited liability company

By: 
Name: Jeffrey Rappin
Title: Manager


Jeffrey Rappin


Stephen Rappin


Kevin Beard

5820

BK 2694 PG 0747

SECOND

Commonwealth of Virginia

Deed of Trust

FHA Case No. 051-41003

THIS IS A CREDIT LINE DEED OF TRUST

Maximum aggregate amount of principal to be secured at any one time: \$2,722,700.00

Name of noteholder: WMF/HUNTOON, PAIGE ASSOCIATES LIMITED
Mailing address: 111 Pavonia Avenue, Jersey City, New Jersey 07310

This Deed of Trust, made and entered into this as of the 20th day of April in the year 19 95, by and between LAKEWOOD PLAZA ASSOCIATES, A VIRGINIA LIMITED PARTNERSHIP, having its office and place of business at 5631 Tidewater Drive, Norfolk, Virginia 23509, Grantor, a limited partnership, organized and existing under laws of the State of Virginia, party of the first part, and William S. Tennant, Trustee, party of the second part, with residence at 9305 Ludgate Drive, Alexandria, Virginia 22309.

Witnesseth, that for and in consideration of one dollar (\$1) cash in hand paid, the receipt whereof is hereby acknowledged, the said party of the first part does grant and convey with general warranty unto the said party of the second part in the following property in the City of Norfolk, the Commonwealth of Virginia, to wit:

See Exhibit "A" attached hereto and made a part hereof.

Together with the privileges and appurtenances to the same belonging, and all of the rents, issues, and profits which may arise or be had therefrom; and

Together with all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, and all cabinets, mantels, refrigerating plants and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, and all furniture, shades, awnings, screens, venetian blinds and other furnishings; and

Together with all building materials and equipment located on the premises and intended to be incorporated in the buildings or other improvements; and

Together with all articles of personal property now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected including all goods and chattels and personal property as are ever used or furnished in operating a building or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitutions therefor, whether or not the same are, or shall be attached to said building or buildings in any manner. All of the foregoing shall be deemed to be, remain and form part of the realty and are covered under this Deed of Trust.

This Conveyance is made in trust to secure payment of a just indebtedness of the party of the first part, WMF/HUNTOON, PAIGE ASSOCIATES LIMITED, a corporation organized and existing under the laws of the State of Delaware, in the principal sum of Two Million Seven Hundred Twenty-Two Thousand Seven Hundred and No/100ths Dollars (\$2,722,700.00), evidenced by its Note of even date herewith, bearing interest from date at the rate of Nine and One Quarter per centum (9.25%) per annum, said principal and interest being payable in monthly installments as provided in said note with a final maturity of May 1, 2027, which note is identified as being secured hereby by a certificate thereon. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

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And Also In Further Trust to secure payment of any note or notes given in renewal or extension of the aforesaid note, and to secure payment of any additional sum or sums which may be due or become due from the party of the first part to the Trustee(s) or the holder of the said note or its or their successors and assigns, under the provisions hereof ~~under the provisions of a certain Building Loan Agreement hereinafter mentioned;~~ and also to secure the performance on the part of the party of the first part of each covenant, condition, and agreement contained herein ~~or in said Building Loan Agreement hereinafter mentioned.~~

Also Upon The Further Trust that the said party of the first part shall remain in quiet and peaceable possession of the above-granted and described premises, and take the profits thereof to its own use, until default be made in the payment of any matter of indebtedness hereby secured or in the performance of any of the covenants herein provided; and also to secure the reimbursement to the holder of said note and to the party hereto of the second part, or substitute Trustee, or Trustees, and any purchasers or purchasers under any sale or sales as provided by this Trust, for any and all costs and expenses incurred in respect thereto, including reasonable counsel fees incurred or paid on account of any litigation at law or in equity which may arise in respect to this Trust, or to the indebtedness on the property heretofore mentioned, or in obtaining possession of the premises after any sale which may be made as hereinafter provided for.

Upon the full payment of said note, and the interest thereon, and all moneys advanced or expended, as herein provided, and all other proper costs, charges, commissions, half-commissions, and expenses, the party of the second part shall release and reconvey the above-described premises unto and at the cost of party of the first part.

That in the event of default in making any of the monthly payments provided for herein or in the note secured hereby, and if such default is not made good prior to the due date of the next such installment, or upon default in payment on demand of any money advanced by the holder of said note on account of any proper cost, charge, commission, or expense in and about the same, or on account of any tax or assessment or insurance or expense of litigation, with interest thereon at the rate specified in the note from date of such advance (it being hereby agreed that the holder of the note may pay the same and any sums so advanced by the holder of the note shall immediately attach as a lien hereunder, and be payable on demand) or upon failure or inability faithfully and fully to keep and perform any of the other conditions

or covenants herein provided; then upon any and every such default it is expressly covenanted and agreed by said party of the first part that the holder of the note hereby secured may, at its option, treat the whole principal debt as immediately due and payable, and shall in order to recover said principal debt or sum and interest thereon and other payments provided for herein, have the right then or thereafter at any time to sue thereon at law or in equity, or to enforce payment thereof by means of any remedies or provisions in these presents contained or as may be provided by law; and these rights shall exist notwithstanding that by the terms of said note it may not on its face be due.

In the event of default occurring as described in the preceding paragraph, then the Trustee, his successor, or any substitute Trustee, on being request so to do by the holder of the note, shall sell for cash the property hereby conveyed after first advertising the time, terms, and place of sale for five times in some newspaper having a general circulation in the county or city wherein the property lies, which cash shall be distributed by the Trustee in the following manner:

First, so much of the proceeds as may be necessary to defray the expense of executing this Trust, including a Trustee's commission of five per centum (5%) on the gross proceeds of sale hereunder, and all proper costs, charges, and expenses, including all attorneys' and other fees, and costs herein provided for, and all moneys advanced for costs, charges, or expense of litigation as aforesaid. Second, to discharge all taxes, levies, and assessments, with costs and interest, if they have priority over the lien of this deed, including the pro-rata thereof for the then-current year. Third, to discharge, in the order of their priority, if any, the remaining debts and obligations secured by this deed, and any liens of record inferior to this deed, with interest, Fourth, to the party of the first part or its assigns upon delivery of and surrender to the purchaser of possession of the premises as aforesaid, sold and conveyed, less the expense, if any, of obtaining possession. At any sale hereunder the Trustee, or any substitute Trustee, shall have authority at his discretion to require any bidder to deposit prior to receiving his bid or to knocking down the property to him, a bidder's deposit of not more than ten percent of his bid amount before his bid is received, which shall be refunded to the bidder unless the property is sold to him, otherwise to be applied to his credit in settlement, or should he fail to complete his purchase promptly, to be applied to pay the costs and expenses of sale, and the balance, if any, to be retained by the Trustee, or the substitute, as his compensation in connection with the sale.

Party of the first part hereby grants to the holder or holders of the note secured hereby the right and power to appoint a substitute Trustee or Trustees hereunder for any reason whatsoever by instrument of appointment duly executed and acknowledged by the holder or holders of the note and to be filed for record in the office wherein this Deed of Trust is recorded. Such power of appointment may be exercised as often as deemed necessary by the holder or holders of the note. Upon such appointment, the substitute Trustee or Trustees shall be vested with all the rights, powers, authority, and duties vested in the Trustee hereunder.

And the said party of the first part, in order more fully to protect the security of this Deed of Trust, does hereby covenant and agree as follows:

1. That it will pay the note at the times and in the manner provided therein;

2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed;

~~* 3. That the Regulatory Agreement, if any, executed by the party of the first part and the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Deed of Trust. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner, the holder of the note, at its option, may declare the whole of the indebtedness secured hereby to be due and payable. *See paragraph 20 hereof.~~

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the holder of the note for the purpose of discharging the debt hereby secured. Permission is hereby given to part of the first part so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;

5. That upon default hereunder the holder of the note shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;

6. That at the option of the party of the first part the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner if a partial prepayment results from an award in

condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income;

7. That the party of the first part will keep the improvements now existing or hereafter erected on the deeded property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner upon the insurance of the Deed of Trust and other hazards as may be required from time to time by the holder of the note, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies, in amounts not less than necessary to comply with the applicable coinsurance clause percentage, but in no event shall the amounts of coverage be less than eighty percent (80%) of the insurable values or not less than the unpaid balance of the insured Deed of Trust, whichever is the lesser, and in default thereof the holder of the note shall have the right to effect insurance. Such policies shall be endorsed with Standard Mortgagee clause with loss payable to the holder of the note and the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner as interest may appear, and shall be deposited with the holder of the note; The insurance carrier providing such**

That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the holder of the note, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;

8. That all awards of compensation in connection with condemnation for public use of or a taking of any of that property, shall be paid to the holder of the note to be applied to the amount due under the note secured hereby in (1) amounts equal to the next maturing installment or installments of principal and (2) with any balance to be credited to the next payment due under the note. That all awards of damages in connection with any condemnation for public use of or injury to any residue of that property, shall be paid to the holder of the note to be applied to a fund held for and on behalf of the party of the first part which fund shall, at the option of the holder of the note and with the prior approval of the Secretary of Housing and Urban Development, either be applied to the amount due under the note as specified in the

**insurance shall be chosen by the Grantor subject to approval by the Beneficiary, provided that such approval shall not be unreasonably withheld.

TRIALS
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preceding sentence, or be disbursed for the restoration or repair of the damage to the residue. No amount applied to the reduction of the principal amount due in accordance with (I) shall be considered an optional prepayment as the term is used in this Deed of Trust and the note secured hereby, nor relieve the party of the first part from making regular monthly payments commencing on the first day of the first month following the date of receipt of the award. The holder of the note is hereby authorized in the name of the party of the first part to execute and deliver valid acquittances for such awards and to appeal from such awards.

9. That, concurrently with, and in addition to, the monthly payments of interest or of principal and interest payable under the terms of the note secured hereby, party of the first part will pay to the holder of the note, monthly, on the first day of each month after the date hereof until the note is fully paid, the following sums:

(a) An amount sufficient to provide the holder of the note with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:

(I) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder of the note one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such holder of the note with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or

(II) Beginning with the first day of the month following an assignment of this instrument and the note secured hereby to the Secretary of Housing and Urban Development, a monthly service charge which shall be an amount equal to one-twelfth (1/12) of one-half (1/2) per centum of the average outstanding principal balance due on the note computed for each successive year beginning with the first of the month following such assignment, without taking into account delinquencies or prepayments.

(b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other property insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the holder of the note) less all sums already paid therefor divided by the number of months to elapse before one

month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by the holder of the note in trust to pay said ground rents, premiums, water rates, taxes, and special assessments.

(c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by holder of the note to the following items in the order set forth:

(I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development or service charge;

(II) ground rents, taxes, special assessments, water rates, property insurance premiums;

(III) interest on the note secured hereby;

(IV) amortization of the principal of said note.

10. Any excess funds accumulated under (b) of the next preceding paragraph remaining after payment of the items therein mentioned, shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such item exceeds the estimate therefor the party of the first part shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. In case of termination of the Contract of Mortgage Insurance by prepayment of the note and deed of trust in full, or otherwise (except as hereinafter provided), accumulations under (a) of the next preceding paragraph hereof not required to meet payments due under the Contract of Mortgage, shall be credited to the party of the first part. If the property is sold under foreclosure or is otherwise acquired by the holder of the note after default, any remaining balance of the accumulations under (b) of the next preceding paragraph shall be credited to the principal of the debt secured hereby as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under (a) thereof shall be likewise credited unless required to pay sums due the Secretary of Housing and Urban Development under the Contract of Mortgage Insurance;

11. That it will pay all ground rents, taxes, assessments, water rates, and other government or municipal charges, fines, impositions, for which provision has not been made by payments as hereinbefore provided and in default thereof the holder of the note secured hereby may pay the same; and that it will promptly deliver the official receipts therefor to the said holder;

12. That it will keep the mortgaged premises in

good order and repair and will not commit or permit any waste of the said premises, reasonable wear and tear excepted:

13. The party of the first part will not demolish or remove any building without the written consent of the holder of the note. In the event of default in the performance of any of the covenants, or conditions hereof, the Trustee, either in person or by agent, shall be entitled to the immediate possession of said premises and to receive and collect the rents, issues, and profits thereof, and if the party of the first part, after default and after demand for possession, remains in possession of said premises, the party of first part shall be tenant at will thereof of the Trustee, and shall at once surrender possession on demand to the Trustee, who may thereupon enter and take possession and collect the rents, issues, and profits of said premises and apply them, less five per centum (5%) thereof to be reserved as commission, in payment of the expenses incurred in obtaining possession and toward the repairs and insurance of said premises, and the payment of the taxes and assessments thereon and in redemption from sales therefor, and of the indebtedness secured hereby;

14. The Trustee may act hereunder and may sell and convey said premises under the power granted by this instrument although the Trustee has been, may now be, and may hereafter be attorney or agent of the holder of the note secured hereby or in respect to any matter or business whatsoever. The holder of said note may bid and become the purchaser at any sale under this Deed of Trust;

15. That party of the first part will not voluntarily create or permit to be created against the property subject to this Deed of Trust any lien or liens inferior or superior to the lien of this Deed of Trust and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises, other than the First Deed of Trust defined in paragraph 23 hereof.

16. The note (or notes) hereby secured is identified by the Trustee(s) signature; any exemptions are waived; and said note is subject to call upon default, and renewal or extension of the note is permitted;

17. That the improvements about to be made upon the premises above described and all plans and specifications comply with all municipal ordinances and regulations made or promulgated by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office;

18. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a Building Loan Agreement dated

, 19 , between the party of the first part and

which Building Loan Agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this Deed of Trust; and if the construction of the improvements to be made pursuant to said building Loan Agreement are not carried on with reasonable diligence, or are discontinued at any time for any reason other than strikes or lock-outs, the holder of the note secured hereby, after due notice to the party of the first part or any subsequent owner, is hereby vested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury, and to preserve and protect the personal property therein and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary either in its own name or in the name of the party of the first part, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the said holder of the note (exclusive of advances of the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by the Deed of Trust and shall be due and payable on demand with interest at the rate specified in the note, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum and other charges provided for herein shall, at the option of the holder of the note secured hereby, become due and payable on the failure of the party of the first part to keep and perform any of the covenants, conditions, and agreements of said building loan agreement. This covenant shall be terminated upon the making of the final advance as provided in said building loan agreement.

INITIALS
H. S. H.

(Continued on next page)

19. The party of the first part covenants and agrees that so long as the Deed of Trust and the said note secured hereby are insured or held under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, creed or national origin.

20. That a Regulatory Agreement dated December 1, 1972, recorded December 22, 1972, at Deed Book 1237, Page 640 in the Clerk's Office of the Circuit Court of the City of Norfolk, Virginia and which Regulatory Agreement is amended by documents entitled Use Agreement and Amendment of Existing Regulatory Agreement for Limited Dividend Mortgagors and Amendment to Amended Existing Regulatory Agreement (each executed by the Secretary and party of the first part) and each of which was recorded of even date herewith, all in the aforesaid official records (collectively, hereinafter sometimes referred to as the "Regulatory Agreement"), and that such Regulatory Agreement as amended by these aforesaid documents is hereby incorporated into and made a part of this Second Deed of Trust. Upon default under the Regulatory Agreement and upon request of the Federal Housing Commissioner, the Noteholder, at its option, may declare the whole of the indebtedness secured hereby to be due and payable. It is acknowledged by all parties that this incorporation shall not affect the priority of the First Deed of Trust, as described in Paragraph 23 hereof, or the Use Agreement and Amendment of Existing Regulatory Agreement for Limited Dividend Mortgagors over this Second Deed of Trust.

21. Notwithstanding any other provision herein or in the Note, it is agreed that the execution of the Note shall impose no personal liability upon the Grantor (nor any of its partners) for payment of the indebtedness evidenced thereby and in the event of a default, the holder of the Note shall look solely to the property subject to this Deed of Trust and to the rents, issues and profits thereof in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Grantor (nor any of its partners) except such judgment or decree as may be necessary to foreclose or bar its interest in the property subject to this Deed of Trust and all other property mortgaged, pledged, conveyed or assigned to secure payment of the Note; provided, that nothing in this condition and no action so taken shall operate to impair any obligation of the Grantor (nor any of its partners) under the Regulatory Agreement herein referred to and made a part hereof.

22. All references herein to the term "Deed of Trust" shall mean this Second Deed of Trust. All references herein to the term "Note" shall mean the Second Deed of Trust Note, of even date herewith.

23. This Second Deed of Trust is subordinate to:

- (a) The rights of the holder of that certain Deed of Trust securing H. & Val J. Rothschild, Inc. in the principal sum of \$3,455,700.00, dated December 1, 1972, and recorded December 22, 1972, in the Clerk's Office, Circuit Court, City of Norfolk, Virginia, in Deed Book 1237, Page 636 (the "First Deed of Trust"), which First Deed of Trust was modified by a certain Modification Agreement of Note and Deed of Trust dated September 1, 1974, recorded December 23, 1974, in Deed Book 1305, Page 701, in the aforesaid Clerk's Office;

assigned by margin from H. & Val Rothschild, Inc. to Federal National Mortgage Association, recorded December 23, 1974; assigned by margin from Federal National Mortgage Association to H. & Val Rothschild, Inc., recorded January 17, 1975; assigned by margin from H. & Val Rothschild to Government National Mortgage Association, recorded January 17, 1975; assigned by margin from Government National Mortgage Association to Manufacturer's Hanover Trust Company, recorded June 25, 1975, all in the aforesaid Clerk's Office; assigned by margin from Manufacturer's Hanover Trust Company to ILGWU National Retirement Fund.

- (b) A certain Use Agreement and Amendment of Existing Regulatory Agreement for Limited Dividend Mortgages between the Maker and the U.S. Department of Housing and Urban Development, dated as of April 20, 1995, and recorded of even date herewith, in the aforesaid Clerk's Office.

24. Notwithstanding the provisions of paragraph 9 hereof and other language herein to the contrary, it is understood and agreed that paragraphs 9(b) and 9(c)(ii) shall not be applicable until such time as the First Deed of Trust (as defined in paragraph 23) has been paid in full.

25. In the event that rental assistance is not extended under 24 CFR Part 248.153 or the Commissioner is unable to develop a revised package of incentives to the Maker comparable to the original Plan of Action as provided for in 24 CFR 241.1046(b), the Commissioner shall have the authority to require the holder of the Second Note to accelerate repayment of the Second Note at the request of the Commissioner, as provided for in 24 CFR 241.1045 and 24 CFR 241.1046(b). If the Commissioner is unable to extend the term of rental assistance for the full term of the contract entered into under 24 CFR Part 248, the Commissioner is authorized to take such actions as the Commissioner deems appropriate to avoid default, avoid disruption of the sound ownership and management of the property or otherwise minimize the cost to the Federal Government.

26. In the event the party of the first part commits a default under the First Deed of Trust and the holder thereof initiates a foreclosure proceeding, said default under the First Deed of Trust will constitute a default under this Second Deed of Trust.

BK 2694 PG 0754

In Witness Whereof, the said LAKEWOOD PLAZA ASSOCIATES, A VIRGINIA LIMITED PARTNERSHIP
----- partnership
----- party of the first part, has caused this deed to be duly executed in its corporate name by
NATIONAL HOUSING COUNCIL -----, its general partner, -----, and its
corporate seal to be duly affixed and attested by -----, its
-----, all of which has been done by due authority as of the date, month, and year first
hereinabove written.

INITIALS
H-L-H

LAKEWOOD PLAZA ASSOCIATES,
A VIRGINIA LIMITED PARTNERSHIP

By: NATIONAL HOUSING COUNCIL
a Virginia limited partnership
General Partner

By: URBAN PROPERTIES, INC.
a Virginia corporation
Sole General Partner

By: *Alan L. Hoffman*
Alan L. Hoffman
President

COMMONWEALTH OF VIRGINIA)
) ss:
CITY OF RICHMOND)

The foregoing instrument was acknowledged before me this 22 day of April,
1995 by Alan L. Hoffman, President of Urban Properties, Inc., a Virginia
corporation, the Sole General Partner of National Housing Council, a Virginia
limited partnership, General Partner of LAKEWOOD PLAZA ASSOCIATES, A VIRGINIA
LIMITED PARTNERSHIP, on behalf of the limited partnership.

My Commission Expires: 4-30-96

[SEAL]

[Signature]
Notary Public

BK 2694 PG 0755

Lakewood Plaza Apartments
Norfolk, Virginia
FHA Project No. 051-41003

EXHIBIT "A"

All of that certain parcel of land situate in the City of Norfolk, Commonwealth of Virginia described as follows:

Beginning at a point located on the westerly right-of-way line of Tidewater Drive, said point being 1,310.42 feet northerly of the northerly line of Willow Wood Drive and from the point of beginning thus established:

1. thence N 74° 30' 30" W, 137.11' to a point;
2. thence S 19° 09' 30" W, 10.00' to a point;
3. thence N 70° 50' 30" W, 100.00' to a point;
4. thence N 19° 09' 30" E, 320.00' to a point;
5. thence continuing N 19° 09' 30" E, 25.00' to a point;
6. thence S 84° 00' 00" E, 56.00' to a point;
7. thence S 62° 44' 49" E, 198.00' to a point on the westerly right-of-way line of Tidewater Drive;
8. thence S 21° 41' 07" W, 232.70' to a point;
9. thence N 68° 18' 53" W, 4.00' to a point;
10. thence S 21° 41' 07" W, 6.00' to a point;
11. thence S 68° 18' 53" E, 4.00' to a point;
12. thence S 21° 41' 07" W, 72.71' to the point of beginning.

Containing 1.8864 acres.

A. H. J. G.

BK 2694 PG 0756

VIRGINIA
IN THE CLERK'S OFFICE OF
NORFOLK
CIRCUIT COURT ON THE 24TH DAY OF
APRIL, 1995 AT 04:45PM
INSTRUMENT #950005020 WAS RECEIVED AND
UPON CERTIFICATION OF ACKNOWLEDGEMENT
THERE TO ANNEXED; ADMITTED TO RECORD.
THE STATE TAX IMPOSED BY SEC. 58.1-802
OF THE VIRGINIA CODE; HAS BEEN PAID IN
THE AMOUNT OF: \$1.00
STATE: \$1.00 LOCAL: \$0.00
TESTE: WILLIAM T. RYAN
(CLERK OF CIRCUIT COURT)

BY: *William T. Ryan* D.C.

DELIVERED TO:

James M. Gallagher

**DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND
FIXTURE FILING**

Dated: October 31, 2019
Location: 5631 Tidewater Drive
Norfolk, Virginia
Tax Map Number: GPIN 1439811589
Tax Parcel Identification Number: GPIN 1439811589
Consideration: \$3,000,000

**THIS INSTRUMENT WAS PREPARED OUTSIDE
THE COMMONWEALTH OF VIRGINIA BY AND
UPON RECORDATION RETURN TO:**

Richard K. Bonness, Esq.
Kutak Rock LLP
1650 Farnam St.
Omaha, Nebraska 68102

**DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND
FIXTURE FILING**

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (this “**Security Instrument**”) is made as of October 31, 2019, by **LAKWOOD PLAZA ASSOCIATES**, a Virginia limited partnership, as Trustor (“**Borrower**”), having its principal place of business (or residing) at 5631 Tidewater Drive, Norfolk, Virginia 23509, grantor for indexing purposes, in favor of **BASNIGHT, KINSER, LEFTWICH & NUCKOLLS, P.C.**, a Virginia professional corporation (“**Trustee**”), as trustee, having its principal place of business (or residing) at 308 Cedar Lakes Drive, Chesapeake, Virginia 23322, grantee for indexing purposes, for the benefit of **EREG HOUSING PRESERVATION LLC**, an Illinois limited liability company, **JEFFREY RAPPIN**, an individual, **STEPHEN RAPPIN**, an individual, and **KEVIN BEARD**, an individual (individually and collectively, “**Lender**”), having a mailing address at 566 West Lake Street, Suite 400, Chicago, Illinois 60661, grantee for indexing purposes.

W I T N E S S E T H:

WHEREAS, Borrower is the owner of the Premises (as hereinafter defined) and the Improvements (as hereinafter defined);

WHEREAS, pursuant to the terms of this Security Instrument and that certain Promissory Note in the principal amount of Three Million and No/100 Dollars (\$3,000,000) (the “**Loan**”), dated as of the date hereof, made by Borrower to the order of Lender (together with all extensions, renewals or modifications thereof, the “**Note**”), Lender has made, and Borrower has borrowed, the Loan; and

NOW, THEREFORE, to secure the payment the Loan in lawful money of the United States of America, to be paid with interest according to the Note (which together with the indebtedness, interest and all other sums due hereunder, and under the Note and the Other Documents (hereinafter defined), including applicable attorney fees and costs, and the Obligations (as defined in the Note) are collectively referred to herein as the “**Obligations**”), Borrower hereby irrevocably mortgages, gives, grants, bargains, sells, alienates, conveys, confirms, pledges, assigns, grants a security interest in, warrants and hypothecates to Trustee, its successors and assigns, in trust with power of sale and the right to entry and possession, for the benefit and security of Lender, all of its estate, right, title and interest in, to, and under any and all of the following described property (collectively, the “**Mortgaged Property**”), whether now owned or held or hereafter acquired:

(a) The real property described in Exhibit A (the “**Premises**”) and the buildings, structures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located thereon (collectively, the “**Improvements**”);

(b) all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Premises and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Borrower of, in and to the Premises and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(c) all machinery, equipment, fixtures (including all heating, air conditioning, plumbing, lighting, communications and elevator fixtures), building equipment, materials and supplies, and other property of every kind and nature, whether tangible or intangible, owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Premises and the Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Premises and the Improvements (collectively, the “**Equipment**”), including the proceeds of any sale or transfer of the foregoing, and, without limiting the generality of the foregoing, if any such Equipment is subject to any prior security interest or prior security agreement (as such terms are defined in the Uniform Commercial Code, as adopted and enacted in the state or states in which any of the Mortgaged Property is located), then the Mortgaged Property shall include all of the right, title and interest of Borrower in and to any such Equipment, together with all deposits and payments now or hereafter made by Borrower with respect to such Equipment;

(d) all awards, payments or compensation, including interest thereon, heretofore or hereafter made with respect to the Mortgaged Property for any injury or decrease in the value of the Mortgaged Property related to any exercise of the right of eminent domain or condemnation (including any transfer made in lieu of or in anticipation of the exercise of the rights or for a change of grade);

(e) all current and future leases, reciprocal easement agreements, and other agreements and arrangements (together with any extensions or renewals of the same without further or supplemental assignment) affecting the use, enjoyment or occupancy of, or the conduct of any activity upon or at the Premises and the Improvements heretofore or hereafter entered into (collectively, the “**Leases**”), all income, rents (including all percentage rents), issues, profits and revenues (including all oil and gas or other mineral royalties and bonuses) from the Mortgaged Property (collectively, the “**Rents**”) and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Obligations;

(f) all proceeds of, and any unearned premiums on, any insurance policies covering the Mortgaged Property, including the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property;

(g) the right, in the name and on behalf of Borrower, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Lender in the Mortgaged Property;

(h) all other property or collateral of any nature whatsoever, now or hereafter given as additional security for the payment of the Obligations, including property management agreements now or hereafter entered into with any person or entity providing management services to the Mortgaged Property, service contracts, common area agreements, licenses, permits, construction warranties and other contracts, agreements and instruments relating to the Mortgaged Property (including agreements pursuant to which Borrower acquired any of the Mortgaged Property, and including any security or indemnities given in connection therewith), security deposits, royalties, refunds, expense reimbursements, reserve or escrow deposits or accounts related to the Mortgaged Property or any Lease and all documents relating to each of the foregoing;

(i) all of Borrower’s right, title and interest in and to any tax credits available pursuant to Section 42, Section 38 or Section 48 of the Internal Revenue Code of 1986, as amended, all comparable state or local tax credit or tax incentives available to Borrower, the Mortgaged Property, or the partners or members thereof, all tax benefits and other property rights and distributions, and all of the proceeds and products thereof that would be available to be allocated by or to Borrower or any partner or member of Borrower;

(j) all Borrower's rights and interests in all agreements now or hereafter in existence providing for or relating to the construction, alteration, maintenance, repair, operation or management of the Mortgaged Property or any part thereof, as well as the plans and specifications therefor, and all copies thereof (together with the right to amend or terminate the same or waive the provisions of the foregoing) and any amendments, renewals and replacements thereof; to the extent permitted by the relevant authorities, all licenses, permits and approvals for the ownership, construction, maintenance, operation, use and occupancy of the Mortgaged Property or any part thereof and any amendments, renewals and replacements thereof; all Borrower's rights and interests in all warranties and guaranties from contractors, subcontractors, suppliers and manufacturers to the maximum extent permissible relating to the Mortgaged Property or any part thereof; all insurance policies covering or affecting the Mortgaged Property or any part thereof.

TO HAVE AND TO HOLD the Mortgaged Property unto and to the use and benefit of Trustee, and the successors and assigns of Trustee, forever, **IN TRUST, WITH POWER OF SALE**, to secure the payment to Lender of the Obligations at the time and in the manner provided for its payment in the Note, in this Security Instrument or in the Other Documents;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Borrower shall pay to Lender the Obligations at the time and in the manner provided in the Note, in this Security Instrument and in the Other Documents, and shall abide by and comply with each and every covenant and condition set forth herein, in the Note and the Other Documents in a timely manner, these presents and the estate hereby granted shall cease, terminate and be void, and Lender shall execute and deliver to Borrower a satisfaction, discharge or reconveyance of this Security Instrument, in recordable form.

Borrower hereby represents and warrants to and covenants and agrees with Lender as follows:

1. Payment of Obligations and Incorporation of Covenants, Conditions and Agreements.

Borrower will pay the Obligations at the time and in the manner provided in the Note, this Security Instrument and the Other Documents. All the covenants, conditions and agreements contained in: (a) the Note; and (b) any and all loan agreements, documents or instruments entered into in connection with the Note (other than the Note or this Security Instrument) (collectively, the "**Other Documents**") and, together with the Note and this Security Agreement, collectively, the "**Loan Documents**") now or hereafter executed by Borrower or others in favor of Lender, which wholly or partially secure or guaranty payment of the Note, provide for any indemnity in favor of or payment to Lender related to the Obligations, the Note or the Mortgaged Property, provide for any escrow or holdback arrangements or for any actions to be completed by Borrower subsequent to the date hereof, or are otherwise related to the Loan secured by this Security Instrument, are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein. Notwithstanding anything herein to the contrary, neither this Security Instrument nor any of the Other Documents shall secure the payment of any Environmental Damages (as defined in that certain Environmental Indemnity Agreement executed by Borrower in favor of Lender contemporaneously herewith (the "**Environmental Indemnity Agreement**")).

2. Warranty of Title.

Borrower warrants that Borrower has good title to the Mortgaged Property and has the right to mortgage, give, grant a security interest in, bargain, sell, alienate, convey, confirm, pledge, assign and hypothecate the same and that Borrower possesses an unencumbered fee estate in the Premises and the Improvements and that it owns the Mortgaged Property free and clear of all liens, encumbrances and

charges whatsoever except for those exceptions shown in the title insurance policy in favor of Lender insuring the lien of this Security Instrument. Such liens, encumbrances and charges accepted by Lender in Lender's title insurance policy constitute "**Permitted Encumbrances**". Borrower shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Security Instrument to Lender against the claims of all persons whomsoever.

3. Insurance Requirements.

(a) Borrower, at its sole cost and expense, will keep the Mortgaged Property insured during the entire term of this Security Instrument for the mutual benefit of Borrower and Lender against loss or damage by fire and against loss or damage by other risks and hazards covered by a standard extended coverage insurance policy providing "special" form coverage including fire, lightning, windstorm or hail, explosion, riot or civic commotion, aircraft or vehicles, smoke, vandalism, malicious mischief, burglary, theft, terrorism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet or water damage, and to the extent required by Lender, earthquake or any other risks insured against by persons operating like properties in the locality of the Mortgaged Property. Such insurance shall be in an amount not less than the lesser of (i) the then full replacement cost of the Mortgaged Property, without deduction for physical depreciation, or (ii) the outstanding principal balance of the Obligations; but in any event an amount sufficient to ensure that the insurer issuing the policies would not deem Borrower a co-insurer under the policies. The policies of insurance carried in accordance with this Section shall be paid annually in advance, shall contain the "Replacement Cost Endorsement" with a waiver of depreciation, and, if required by Lender, shall contain "Ordinance and Law" coverage.

(b) Borrower, at its sole cost and expense, for the mutual benefit of Borrower and Lender, shall also obtain and maintain during the entire term of this Security Instrument the following policies of insurance:

(i) Flood insurance (meeting the current requirement of the Federal Insurance Administration) if any part of the Mortgaged Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the Flood Disaster Protection Act of 1973 (and any successor act thereto) in an amount at least equal to the lesser of (A) the outstanding principal balance of the Obligations; (B) the maximum amount of coverage available to Borrower under the National Flood Insurance Program; or (C) the then full replacement cost of the Mortgaged Property, without deduction for physical depreciation.

(ii) General liability insurance on an "occurrence basis", in the amount of at least \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate against claims for bodily injury or property damage occurring on, in or about the Mortgaged Property.

(iii) Business Income or Rental Value insurance in an amount equal to the sum of the following for a period of at least twelve (12) months after the date of the fire or other casualty in question: (A) the total anticipated rental income (including percentage rents) payable by all tenants under Leases (whether or not such Leases are terminable in the event of a fire or casualty); (B) the total amount of all Taxes (hereinafter defined), Other Charges (hereinafter defined) or similar charges which a tenant is obligated to pay on Borrower's behalf; and (C) the fair rental value of any portion of the Mortgaged Property occupied by Borrower. The amount of such insurance shall be increased from time to time during the term of this Security Instrument as and when Lender requires, to reflect all rent, additional rent, increased rent and increased additional rent payable by all new or renewal tenants, and all increased profits or other income from the Mortgaged Property.

(iv) Boiler and Machinery Insurance if any steam boiler, air conditioning equipment, high pressure piping, machinery and equipment pressure vessels or similar apparatus now exists or is hereafter installed in the Improvements (excepting any such apparatus located within and serving individual residential units of the Improvements, if any).

(v) Such other insurance as may from time to time be reasonably required by Lender to protect its interests.

(c) All policies of insurance (individually, an “**Insurance Policy**”, and collectively, the “**Insurance Policies**”) required pursuant to this Security Instrument: (i) shall be issued by an insurer satisfactory to Lender, in its sole discretion; (ii) shall contain a mortgagee non-contribution clause satisfactory to Lender, in its sole discretion, naming Lender as the person to which all payments made by such insurance company shall be paid; (iii) shall be maintained throughout the term of this Security Instrument without cost to Lender; (iv) shall be assigned and delivered to Lender; (v) shall contain such provisions as Lender deems necessary or desirable to protect its interest including endorsements providing that none of Borrower, Lender or any other party shall be a co-insurer under the Insurance Policies and that Lender shall receive at least thirty (30) days’ prior written notice of any modification, termination or cancellation of the applicable Insurance Policy; and (vi) shall be satisfactory in form and substance to Lender and shall be approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. Borrower shall pay the premiums for such Insurance Policies (the “**Insurance Premiums**”) as the same become due and payable. Not later than thirty (30) days before the expiration date of each of the Insurance Policies, Borrower will deliver to Lender satisfactory evidence of the renewal of each expiring Insurance Policy.

(d) If insurance for earthquake or special hazards is obtained by Borrower in its sole discretion and without requirement of Lender, then Borrower, when obtaining such insurance coverage, shall meet the insurance requirements hereof except as to matters requiring Lender’s further approval, and such insurance coverage: (i) shall be within the meaning of a “**Insurance Policy**” or “**Insurance Policies**”; and (ii) shall be for the benefit of Lender and all proceeds thereof constitute additional security for the Obligations, and Lender shall have all rights with respect to and be entitled to receive all proceeds in the same manner it would receive any Insurance Proceeds (hereinafter defined) in the event the Mortgaged Property is damaged or destroyed by a Casualty (hereinafter defined) or by any risk or loss insured against.

(e) Borrower, at its sole cost and expense, shall provide to Lender a title insurance policy insuring the first priority lien of this Security Instrument, from a title insurance company acceptable to Lender, and in compliance with the Lender’s title insurance requirements.

4. Casualty Loss.

(a) If the Mortgaged Property is damaged or destroyed, in whole or in part, by fire or other casualty (a “**Casualty**”), Borrower shall give prompt notice thereof to Lender. Borrower hereby authorizes and empowers Lender to settle, adjust or compromise any claims for any insurance proceeds arising from any Casualty (the “**Insurance Proceeds**”), to receive such Insurance Proceeds and to retain and apply such Insurance Proceeds to the payment of all sums owed by Borrower to Lender except as otherwise set forth in Section 4(a)(i).

(i) All Insurance Proceeds resulting from a Casualty (or series of related Casualties) shall be paid to Lender and applied against the sums owed by Borrower to Lender; provided, however, that so long as no Event of Default has occurred, and no event has occurred that with notice or the passage of time, or both, would constitute an Event of Default, Lender shall not

exercise Lender's option to apply Insurance Proceeds to the payment of the sums owed by Borrower to Lender provided that all of the following conditions are met: (i) Lender determines that there will be sufficient funds to (a) restore and repair the Mortgaged Property to a condition approved by Lender, and (b) meet all operating costs and other expenses, payments for reserves and loan repayment obligations relating to the Mortgaged Property until completion of the restoration and repair of the project to a condition approved by Lender, (ii) Lender determines that the rental income of the Mortgaged Property, after restoration and repair of the Mortgaged Property to a condition approved by Lender, will be sufficient to meet all operating costs and other expenses, payments for any required reserves and loan repayment obligations relating to the Mortgaged Property, and (iii) an architect or engineer (employed by Lender at Borrower's expense) determines that such repairs or replacements may be effected within a period of six (6) months or less. Upon satisfaction of the foregoing requirements, Insurance Proceeds shall be applied in accordance with Section 4(b).

(ii) [Intentionally Omitted.]

(b) All disbursements of any portion of any Insurance Proceeds held by Lender shall be subject to all terms and conditions deemed necessary by Lender, including: (i) Lender's receipt of satisfactory requests for disbursements, paid bills and lien waivers, architect certificates or other certificates, and certificates or endorsements from title insurance companies; (ii) Borrower's deposit with Lender of any additional funds necessary to supplement the Insurance Proceeds, so as to cover, in advance, the entire cost of the necessary repairs or replacements to the Mortgaged Property as established by the certificate of an architect or engineer (employed by Lender at Borrower's expense); and (iii) Borrower's prompt and diligent completion of such repairs or replacements in accordance with plans and specifications submitted to and approved by Lender. Lender, whether in possession of the Premises or not, shall not have any obligation to advance or make funds other than the Insurance Proceeds, and any other funds deposited by Borrower with Lender pursuant to clause (b)(ii), available for the repair or replacement of the Mortgaged Property.

5. Payment of Taxes and Other Charges.

(a) Borrower shall pay or cause to be paid and discharged all taxes, assessments, water rates and sewer rents now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof (collectively, the "**Taxes**"), and all ground rents, utility charges, maintenance charges, other governmental impositions, and all other liens or charges whatsoever which may be or become a lien or charge against the Mortgaged Property (including mechanics and materialmen's liens, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises), now or hereafter related to, or levied, assessed or imposed against, the Mortgaged Property or any part thereof (collectively, the "**Other Charges**") as the same become due and payable. Borrower will deliver to Lender, promptly upon Lender's request, evidence satisfactory to Lender that the Taxes and Other Charges have been paid before the same becoming delinquent.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Taxes or Other Charges, provided that: (i) no Event of Default has occurred and shall be continuing; (ii) Borrower is permitted to do so under the provisions of any mortgage, deed of trust, ground lease, or other instrument which creates a superior or junior lien to this Security Instrument (it being understood that no such superior or junior liens will be permitted unless specifically allowed, in writing, by Lender); (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder; (iv) neither the Mortgaged Property nor any part

thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (v) Borrower shall have set aside adequate reserves (which Lender may at its option require to be placed in escrow with Lender) for the payment of the Taxes or Other Charges, together with all interest and penalties; and (vi) Borrower shall have furnished such security as may be required in the proceeding, or as may be requested by Lender to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon.

6. Escrowed Funds.

Borrower shall, at the option of Lender or its designee, pay to Lender or its designee on the first day of each calendar month one-twelfth of an amount which would be sufficient to pay all Insurance Premiums, Taxes and Other Charges payable, or estimated by Lender to be payable, during the next ensuing twelve (12) months (the aggregate of the amounts so held by Lender, the “**Escrowed Funds**”). Borrower hereby pledges to Lender and grants to Lender a security interest in and lien on any and all Escrowed Funds now or hereafter held by Lender as additional security for the payment of the Obligations. Lender will apply the Escrowed Funds to payments of Taxes, Other Charges and Insurance Premiums required to be made by Borrower pursuant hereto. If the amount of the Escrowed Funds held by Lender shall exceed the amounts required for the payment of the Taxes, Other Charges and Insurance Premiums described above, Lender shall, in its discretion, return any excess to Borrower or credit such excess against future payments to be made to the Escrowed Funds. If, at any time, the Escrowed Funds are not sufficient to pay the Taxes, Other Charges and Insurance Premiums described above, Borrower shall promptly pay to Lender, upon demand, an amount which Lender shall estimate as sufficient to make up the deficiency. Upon an Event of Default, Lender may apply any Escrowed Funds held by it to the payment of the following items in any order in its sole discretion:

- (a) Taxes and Other Charges;
- (b) Insurance Premiums;
- (c) Interest on the unpaid principal balance of the Note;
- (d) The unpaid principal balance of the Note; and

(e) All other sums payable pursuant to the Note, this Security Instrument and the Other Documents, including any amounts required to be deposited by Borrower pursuant to that certain Replacement Reserve Deposit Agreement, dated as of the date hereof, by and between Borrower and Lender and advances made by Lender pursuant to the terms of this Security Instrument.

Until expended or applied as above provided, the Escrowed Funds shall constitute additional security for the Obligations. The Escrowed Funds shall not constitute a trust fund and may be commingled with other monies held by Lender. No earnings or interest on the Escrowed Funds shall be payable to Borrower.

To the extent Borrower timely deposits all required Escrowed Funds with Lender, Borrower shall be relieved of any further obligation to directly pay, or to deliver to Lender any evidence of the payment of any Insurance Premiums, Taxes or Other Charges (before their expiration or delinquency).

7. Condemnation.

(a) Borrower shall promptly give Lender written notice of the actual or threatened commencement of any exercise of a right of condemnation or eminent domain affecting all or any part of the Mortgaged Property (each such event, a “**Condemnation**”), and shall deliver to Lender copies of any

and all papers served in connection with any such Condemnation. Notwithstanding any taking (including any transfer made in lieu of or in anticipation of the exercise of such taking) of all or any part of the Mortgaged Property through a Condemnation, Borrower shall continue to pay the Obligations at the time and in the manner provided for its payment in the Note, this Security Instrument and the Other Documents, and the Obligations shall not be reduced until any award or payment therefor shall have been received and applied by Lender (after deducting any expenses of collection, including reasonable attorney's fees) to the Obligations. Lender shall not be limited to the rate of interest paid on any such award or payment from a Condemnation ("**Condemnation Proceeds**") but shall be entitled to receive out of the Condemnation Proceeds interest at the rate then applicable under the Note. Borrower shall cause any Condemnation Proceeds payable to Borrower in any Condemnation to be paid directly to Lender and to retain and apply the Condemnation Proceeds to the payment of all sums owed by Borrower to Lender except as otherwise set forth in Section 7(a)(i).

(i) All Condemnation Proceeds resulting from a Condemnation (or series of related Condemnations) shall be paid to Lender and applied against the sums owed by Borrower to Lender; provided, however, that so long as no Event of Default has occurred, and no event has occurred that with notice or the passage of time, or both, would constitute an Event of Default and only a portion of the Mortgaged Property is subject to Condemnation, Lender shall not exercise Lender's option to apply Condemnation Proceeds to the payment of the sums owed by Borrower to Lender provided that all of the following conditions are met: (i) Lender determines that there will be sufficient funds to (a) restore and repair the Mortgaged Property to a condition approved by Lender, (b) meet all operating costs and other expenses, payments for reserves and loan repayment obligations relating to the Mortgaged Property until completion of the restoration and repair of the project to a condition approved by Lender, (ii) Lender determines that the rental income of the Mortgaged Property, after restoration and repair of the Mortgaged Property to a condition approved by Lender, will be sufficient to meet all operating costs and other expenses, payments for any required reserves and loan repayment obligations relating to the Mortgaged Property, and (iii) an architect or engineer (employed by Lender at Borrower's expense) determines that such repairs or replacements may be effected within a period of six (6) months or less. Upon satisfaction of the foregoing requirements, Condemnation Proceeds shall be applied in accordance with Section 7(b).

(ii) [Intentionally Omitted.]

(b) All disbursements of any portion of any Condemnation Proceeds held by Lender shall be subject to all terms and conditions deemed necessary by Lender, including: (i) Lender's receipt of satisfactory requests for disbursements, paid bills and lien waivers, architect certificates or other certificates, and certificates or endorsements from title insurance companies; (ii) Borrower's deposit with Lender of any additional funds necessary to supplement the Condemnation Proceeds, so as to cover, in advance, the entire cost of the necessary repairs or replacements to the Mortgaged Property as established by the certificate of an architect or engineer (employed by Lender at Borrower's expense); and (iii) Borrower's prompt and diligent completion of such repairs or replacements in accordance with plans and specifications submitted to and approved by Lender. Lender, whether in possession of the Premises or not, shall not have any obligation to advance or make funds available for the repair or replacement of the Mortgaged Property, other than the Condemnation Proceeds and any other funds deposited by Borrower with Lender pursuant to clause (b)(ii) for the repair or replacement of the Mortgaged Property.

(c) If the Mortgaged Property is sold, through foreclosure or otherwise, before the receipt by Lender of any Condemnation Proceeds, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive Condemnation Proceeds in an amount sufficient to fully satisfy the Obligations.

8. Leases and Rents.

Borrower does hereby absolutely and unconditionally assign to Lender all current and future Leases and Rents, it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. The terms and conditions of this assignment shall be governed by the Assignment of Leases and Rents (the “**Assignment of Leases**”) executed by Borrower in favor of Lender contemporaneously with this Security Instrument. Except as permitted pursuant to the Assignment of Leases, Borrower shall not enter into any future Leases of all or any part of the Mortgaged Property. This Section 8 is subject to and made in accordance with Section 55-220.1 of the Code of Virginia (1950), as amended.

9. Maintenance, Use and Management of Mortgaged Property.

(a) Borrower shall maintain the Mortgaged Property in good condition and repair and in such a manner as to allow the Mortgaged Property to remain consistently competitive in its market. The Improvements and the Equipment shall not be removed, demolished or materially altered (except for normal replacement of the Equipment) without the consent of Lender, not to be unreasonably withheld. Borrower shall promptly repair, replace or rebuild any part of the Mortgaged Property which may become damaged, worn or dilapidated, and shall also complete and pay for any structure at any time in the process of construction or repair on the Premises. Borrower shall promptly comply with all laws, orders and ordinances affecting the Mortgaged Property, Borrower, Borrower’s business and the use of the Mortgaged Property (including, without limitation, any statute, ordinance, rule or regulation relating to employment practices, pension benefits or environmental, occupational and health standards and controls).

(b) Without limiting any rights Lender or its selected representatives may possess under the Other Documents to inspect the Mortgaged Property, Lender shall have the right to conduct physical inspections of the Mortgaged Property to ensure Borrower is appropriately maintaining the Mortgaged Property. Following any such inspection, should Lender determine that the Mortgaged Property has not been maintained as required herein, Lender shall have the right to demand that Borrower complete corrective measures within a ninety (90)-day period of time. Failure of Borrower to complete such corrective measures within such period shall constitute an immediate Event of Default and shall entitle Lender to exercise all remedies available to it, including performing Borrower’s obligations hereunder.

(c) Borrower shall use and continuously operate and permit the use and continuous operation of the Premises and the Improvements in a manner as represented by Borrower to Lender at the time of closing the Loan.

(d) Unless Lender otherwise consents in writing, Borrower shall not initiate, join in, acquiesce in or consent to: (i) the removal or resignation of Property Manager (as defined in that certain Subordination of Management Agreement dated as of even date hereof between Borrower and Property Manager) for the Mortgaged Property; or (ii) if Property Manager is an entity affiliated with Borrower, the transfer of ownership, management or control of Property Manager to a person or entity other than Borrower, its managing member, manager, general partner or similar controlling entity in Borrower.

(e) Unless Lender otherwise consents in writing, Borrower shall not initiate, join in, acquiesce in or consent to: (i) any change, modification or alteration of the existing access to the Mortgaged Property; or (ii) any change in any private restrictive covenant, replat, easement, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Mortgaged Property or any part thereof. If, under applicable zoning provisions, the use of all or any portion of the

Mortgaged Property is or shall become a nonconforming use, Borrower will not cause or permit such nonconforming use to be discontinued or abandoned without the express written consent of Lender.

(f) So long as the Loan remains outstanding, Borrower shall establish and maintain with PNC Bank, National Association all depository and other bank accounts Lender determines are necessary to protect Lender's interest in the Mortgaged Property.

10. Sale of Mortgaged Property or Change in Borrower.

(a) Borrower acknowledges that Lender has examined and relied on the creditworthiness and experience of Borrower in agreeing to make the Loan, and that Lender has a valid interest in maintaining the value of the Mortgaged Property so as to ensure that should Borrower default in the repayment of the Obligations, Lender can recover the Obligations by a sale of the Mortgaged Property. None of Borrower, its general partner or managing member, as may be applicable, or any guarantor or indemnitor, shall dissolve or liquidate without the prior written consent of Lender.

(b) Borrower may not Transfer (hereinafter defined) the Mortgaged Property, nor allow any Change in Ownership (hereinafter defined), unless all of the following conditions shall have been satisfied: (i) Lender has received Borrower's written request for a Transfer or for a Change in Ownership (or any other request resulting in a new obligor under the Loan), and Lender shall have expressly approved such request in writing, subject to the satisfaction of all requirements hereunder; (ii) no Event of Default has occurred and no event has occurred that with notice or the passage of time, or both, would constitute an Event of Default; (iii) the proposed new owner/assignee of the Mortgaged Property (the "**New Borrower**") meets all of Lender's Underwriting Standards (hereinafter defined); (iv) the Mortgaged Property meets all of Lender's Underwriting Standards related to its financial condition, cash flow, operating income, physical condition, management and operation; (v) Borrower provides Lender such other information and documentation reasonably required by Lender, including engineering reports, appraisals, environmental reports and title endorsements; (vi) Borrower reimburses Lender for all underwriting and other costs ("**Underwriting Costs**") incurred by Lender in connection with such Transfer or Change in Ownership (including engineering or architect's fees, environmental studies, title searches, credit checks, title endorsements, appraisal fees and attorney fees); and (vii) Borrower remits to Lender an assumption fee in the amount of one percent (1%) of the outstanding balance of the Obligations as of the date of such Transfer or Change in Ownership. Borrower shall reimburse Lender for all Underwriting Costs incurred by Lender in connection with any request for Lender's consent to a Transfer or a Change in Ownership, whether or not any requested Transfer or Change in Ownership is approved or consummated. A failure to comply with any of the terms of this Section 10 shall constitute an Event of Default, and Lender may then declare the entire Obligations immediately due and payable upon any such Transfer or Change in Ownership.

(c) "**Lender's Underwriting Standards**" means the actual affordable multifamily loan underwriting standards of PNC Bank, National Association, or any successor entity that is then the owner or servicer of the Loan, in effect at the time of the proposed Transfer or Change in Ownership, or, if no such standards exist, such standards which are then customary for a commercial lender in connection with a mortgage loan of the size and type of Borrower's loan from Lender secured hereby.

(d) A "**Transfer**" means any sale, conveyance, alienation, mortgage, encumbrance, pledge or other transfer of the Mortgaged Property or any part thereof or interest therein, whether voluntary or involuntary or otherwise. Without limiting the generality of the foregoing, a Transfer is deemed to include: (i) an installment sales agreement wherein Borrower agrees to sell the Mortgaged Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Mortgaged Property for other than actual occupancy by a space tenant thereunder;

or (iii) a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents.

(e) A "**Change in Ownership**" means the sale, encumbrance, pledge, assignment, issuance or other transfer of any stock, partnership interests, membership interests, beneficial interests, or other direct or indirect ownership interests in Borrower, or in any corporation, partnership, limited liability company or trust owning any ownership interests in Borrower, or in any shareholder, partner, member or manager of Borrower, any Guarantor (as defined in Section 38) or any indemnitor, whether voluntary, involuntary or by operation of law. Additionally, notwithstanding the foregoing, the following shall not constitute a Change in Ownership; (i) the sale, transfer, conveyance or pledge of a limited partnership interest in Borrower; (ii) the sale, transfer, conveyance or pledge of any partnership interest in Borrower's limited partner or any interest in any person or entity directly or indirectly having an ownership interest in Borrower's limited partner; and (iii) the removal of the general partner by Borrower's limited partner and appointment by Borrower's limited partner of an additional or substitute general partner in accordance with Borrower's partnership agreement, provided that Borrower delivers prior notice thereof to Lender and any additional or substitute general partner of Borrower (A) is reasonably acceptable to Lender, including the substitute general partner's financial capability, and (B) becomes an obligor under any documents required hereunder.

(f) In connection with a Transfer, Borrower shall be released from liability for the Obligations only after: (i) all conditions for a Transfer have been satisfied; (ii) all documents deemed necessary by Lender have been executed, delivered, recorded and perfected; (iii) Lender has received a policy of title insurance (or similar assurance) reflecting the new ownership and the priority and perfection of Lender's security; (iv) the New Borrower has assumed all liability for the Obligations; and (v) all other reasonable requirements of Lender are satisfied.

(g) Notwithstanding the foregoing, Lender acknowledges and consents to that certain Agreement of Purchase and Sale dated as of July 31, 2019 (as modified or amended, the "PSA") between Borrower and EREG Housing Preservation LLC, an Illinois limited liability company ("EREG") concerning the Mortgaged Property. Borrower acknowledges that EREG is individually and collectively a Lender, and in consideration of value received from EREG, Borrower agrees that so long as the Loan is outstanding, EREG shall retain the right to purchase the Mortgaged Property on the terms set forth in the PSA.

11. No Other Encumbrances Permitted.

Except for financing liens placed against Borrower's inventory in the normal course of business, Borrower shall not, directly or indirectly, mortgage, pledge, hypothecate, encumber, assign or otherwise place a lien or security interest against the Mortgaged Property without in each instance obtaining the prior written consent of Lender, which consent may be determined in Lender's sole discretion. If Lender does consent to any additional mortgages or liens, it may require the modification of this Security Instrument, payment of an administrative fee in an amount determined by Lender and such other conditions as Lender shall determine in its sole discretion. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder to declare the Obligations immediately due and payable upon such encumbrance. This provision shall apply to every sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property regardless of whether voluntary or not or whether or not Lender has consented to any previous sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property.

12. Estoppel Certificates and No Default Affidavits.

(a) After request by Lender, Borrower shall within ten (10) business days furnish Lender with a statement, duly acknowledged and certified by Borrower, setting forth: (i) the amount of the original principal amount of the Note; (ii) the unpaid principal amount of the Note; (iii) the rate of interest of the Note; (iv) the date installments of interest or principal were last paid; (v) any offsets or defenses to the payment of the Obligations, if any; and (vi) that the Note, this Security Instrument and the Other Documents are valid, legal and binding obligations and have not been modified, or if modified, giving particulars of such modification.

(b) Within ten (10) business days after request by Lender, Borrower will furnish Lender with estoppel certificates, in form and content satisfactory to Lender, from all tenants specified by Lender (other than tenants under Leases for residential purposes, congregate care services or mini-warehouse storage rentals where such storage rental is less than ten percent (10%) of the rentable square footage of such storage facility (collectively, "**Residential Leases**"). If any tenant fails to provide such estoppel certificate, Borrower shall provide a certificate with respect to the tenancy of such tenant, in form and substance satisfactory to Lender.

13. Cooperation.

Borrower acknowledges that Lender and its successors and assigns may: (a) sell or assign this Security Instrument, the Note and any of the Other Documents to one or more investors as a whole loan; (b) sell or assign a participation interest in the Obligations to one or more investors; (c) deposit this Security Instrument, the Note and any of the Other Documents with a trust, which trust may sell certificates to investors evidencing an ownership interest in the trust assets; or (d) otherwise sell or assign the Obligations, the Note, this Security Instrument and any of the Other Documents, or any interest therein, to investors. The transactions referred to in subparagraphs (a) through (d) above are hereinafter referred to as "**Secondary Market Transactions**". Borrower shall cooperate in good faith with Lender in effecting any such Secondary Market Transaction and in addressing such matters as any party involved in a Secondary Market Transaction may require, including the provision of such information and documents relating to Borrower, any Guarantors, the Mortgaged Property and any tenants of the Improvements as Lender may reasonably request in connection with a Secondary Market Transaction. Lender shall have the right to provide to prospective investors any information in its possession, including financial statements relating to Borrower, any Guarantors, the Mortgaged Property and any tenant of the Improvements. Borrower acknowledges that certain information regarding the Loan and the parties thereto and the Mortgaged Property may be included in a private placement memorandum, prospectus or other disclosure documents. Prior to or in connection with a Secondary Market Transaction, Lender may assign or delegate all or part of the responsibility for servicing the Loan to one or more loan servicers. All references to Lender herein, in the Note or any Other Document, shall include all such loan servicers.

14. Books and Records; Accounting; Reporting Requirements.

(a) Borrower and Guarantor(s), if any, shall keep complete and accurate books and records of account in accordance with generally accepted accounting principles consistently applied ("**GAAP**"). Borrower shall deliver, or cause to be delivered, the reports and financial statements described below, all in form acceptable to Lender (collectively, the "**Reports**"), within the time period required.

(i) Within one hundred twenty (120) days after each fiscal year end, Borrower shall deliver to Lender audited financial statements; provided, however, if Borrower has no operating income in first year, Borrower shall deliver to Lender a modified report acceptable to Lender of each account of Borrower.

(ii) Within thirty (30) days after the close of each calendar month Borrower shall deliver, or cause to be delivered to Lender: (A) a rent roll and leasing status report for the preceding month dated as of the last day of the reporting period, (B) an itemized statement of revenues and operating expenses for the preceding month that covers that month and shows a calendar year to date analysis, (C) a balance sheet dated as of the end of the preceding month and (D) such other financial information and report pertaining to the Mortgaged Property and/or the Borrower as Lender may require.

(iii) Within thirty (30) days after the close of each fiscal year of Borrower, Borrower shall deliver, or cause to be delivered to Lender: (A) a rent roll as of the last day of the reporting period, certified by Borrower's chief financial officer (or other person acceptable to Lender); (B) an annual operating statement of the Mortgaged Property, certified by Borrower's chief financial officer (or other person acceptable to Lender); (C) an annual balance sheet and profit and loss statement of Borrower certified by Borrower's chief financial officer (or other person acceptable to Lender); and (D) a certification of Borrower of compliance with any applicable LIHTC program.

(iv) Within thirty (30) days after the close of each calendar quarter, Borrower shall deliver, or cause to be delivered to Lender the following, all to be certified by Borrower's chief financial officer (or other person acceptable to Lender): (A) a rent roll as of the last day of the reporting period; (B) a quarterly operating statement of the Mortgaged Property; and (C) a quarterly balance sheet and profit and loss statement of Borrower.

(v) Within ninety (90) days after the close of each fiscal year of Guarantor, if any, Borrower shall deliver, or cause to be delivered, to Lender a copy of Guarantor's, if any, annual balance sheet and profit and loss statement, to be certified by Guarantor's chief financial officer.

(vi) Within sixty (60) days after filing, Borrower shall deliver, or cause to be delivered to Lender a copy of Borrower's tax return, to be certified by Borrower's chief financial officer (or other person acceptable to Lender).

(b) Borrower shall supplement the required Reports and provide such other financial information in respect of Borrower, any Guarantor and the Mortgaged Property as Lender, from time to time, may request. Borrower acknowledges that, without timely delivery of complete and accurate Reports, Lender may not be able to execute a Secondary Market Transaction. Borrower agrees that failure to timely deliver any of the Reports shall be an Event of Default hereunder.

(c) By signing below Borrower and each person signing on behalf of Borrower provides written authorization to Lender or its designee (and any assignee or potential assignee hereof) authorizing review of Borrower's credit profile from one or more national credit bureaus. Such authorization shall extend to obtaining a credit profile in considering the Obligations or this Security Instrument and subsequently for the purposes of update, renewal or extension of such credit or additional credit and for reviewing or collecting the resulting account.

(d) Borrower shall keep true and correct financial records on a cash and accrual basis and shall maintain adequate reserves for all contingencies. Borrower shall promptly supply Lender with any financial statements and other information concerning its affairs and properties as Lender may reasonably request and shall promptly notify Lender of any materially adverse change in the physical condition of all or any part of the Mortgaged Property and of any occurrence of whatsoever nature (including any adverse determination in any litigation, arbitration or governmental investigation or proceeding by any national, federal, state, local or other government or political subdivision or any agency, authority, bureau, central

bank, commission, department or instrumentality of any of them, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic) that could materially adversely affect or impair (a) the then present or prospective financial condition or operations of Borrower, its general partner, manager or managing member, as may be applicable or any guarantor or indemnitor, (b) the value of all or any portion of the Mortgaged Property or (c) the ability of Borrower, its general partner, manager or managing member, as may be applicable, or any guarantor or indemnitor to perform its obligations as and when required under any of the Loan Documents, each as determined by Lender (any such occurrence, a “Material Adverse Change”).

15. Performance of Other Agreements.

Borrower shall observe and perform each and every term to be observed or performed by Borrower pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

16. Further Acts, Etc.

Borrower will, at Borrower’s cost, complete and deliver any such further acts or documents required by Lender, from time to time, to correct errors in the documenting of the Loan or to better assure, convey, assign, transfer, perfect or confirm unto Lender the property and rights intended to be given it in this Security Instrument, the Note or any Other Document. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender under the Note, this Security Instrument, the Other Documents and at law or in equity, including the rights and remedies described in this Section.

17. Recording of Security Instrument, Etc.

Except where otherwise prohibited by law, Borrower will pay all filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and subsequent release or reconveyance of this Security Instrument and the Note, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property and any instrument of further assurance and all federal, state, county and municipal, taxes, duties, imposts, assessments and charges arising out of or in connection with the same. Borrower shall hold harmless and indemnify Lender, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Security Instrument.

18. Events of Default.

The Obligations shall become immediately due and payable at the option of Lender, without notice or demand, upon any one or more of the following events (each an “Event of Default”):

- (a) Borrower fails to make the full and punctual payment of Taxes or Other Charges as required hereby;
- (b) Borrower fails to keep the Insurance Policies required hereby in full force and effect, or fails to promptly deliver copies thereof to Lender upon request;
- (c) a Transfer or a Change in Ownership occurs in violation of the provisions of this Security Instrument;

(d) Borrower is, at any time, in default beyond any applicable period of notice and cure under any other deed of trust, mortgage or security agreement covering any part of the Mortgaged Property whether it be superior or junior in priority to this Security Instrument (it not being implied by this clause that any such encumbrance will be permitted);

(e) the Mortgaged Property becomes subject to any mechanic's, materialman's or other lien (other than a lien for local real estate taxes and assessments not then due and payable, or any lien being contested by Borrower pursuant to its rights hereunder) and such lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) calendar days;

(f) Borrower fails to promptly and diligently cure any material violations of laws or ordinances affecting the Mortgaged Property;

(g) the occurrence of an Event of Default under the Note or any of the Other Documents;

(h) the occurrence of any uninsured or inadequately insured damage to or loss, theft or destruction of any of the Mortgaged Property; or

(i) the Mortgaged Property or any assets of Borrower are attached, seized, levied upon or subjected to a writ or distress warrant, or such come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors.

19. Lender's Right to Protect Security.

Lender is hereby authorized to do any one or more of the following, irrespective of whether an Event of Default has occurred: (a) appear in and defend any action or proceeding purporting to affect the security hereof or Lender's rights or powers hereunder; (b) purchase such insurance policies covering the Property as it may elect if Borrower fails to maintain the insurance coverage required hereunder; and (c) take such action as Lender may determine to pay, perform or comply with any impositions, Taxes, Other Charges or legal requirements, to cure any Event of Default and to protect its security in the Mortgaged Property. Any such acts or payments by Lender shall be at Lender's sole discretion, may be taken without notice to or demand on Borrower and will not release Borrower from any obligation hereunder. Lender is authorized to enter upon the Mortgaged Property for such purposes, or appear in, defend or bring any action or proceeding to protect its interest in the Mortgaged Property, to cause this Security Instrument to be foreclosed or to collect the Obligations. All such costs and expenses (including attorney fees) incurred by Lender in remedying any such Event of Default, in acting or making payments in Borrower's stead, or in appearing in, defending or bringing any of the foregoing actions or proceedings, shall bear interest at the Default Rate (as defined in the Note) after the date incurred by Lender until the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the above rate shall be deemed to constitute a portion of the Obligations and be secured by this Security Instrument and the Other Documents and shall be immediately due and payable upon demand by Lender therefor.

20. Lender's Remedies.

(a) Upon any Event of Default, Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Mortgaged Property, including any one or more of the following actions:

(i) declare the entire Obligations to be immediately due and payable;

(ii) institute proceedings to foreclose this Security Instrument, in which case the Mortgaged Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(iii) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Obligations then due and payable, subject to the continuing lien of this Security Instrument for the balance of the Obligations not then due;

(iv) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note or the Other Documents;

(v) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Instrument;

(vi) apply for the appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without notice and without regard for the adequacy of the security for the Obligations or the solvency of Borrower, any Guarantor or of any person, firm or other entity liable for the payment of the Obligations;

(vii) enforce Lender's interest in the Leases and Rents and enter into or upon the Mortgaged Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, and thereupon Lender may: (A) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Mortgaged Property and conduct the business thereat; (B) complete any construction on the Mortgaged Property in such manner and form as Lender deems advisable; (C) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property; (D) exercise all rights and powers of Borrower with respect to the Mortgaged Property, whether in the name of Borrower or otherwise, including the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Mortgaged Property and every part thereof; and (E) apply the receipts from the Mortgaged Property to the payment of the Obligations, after deducting therefrom all expenses (including reasonable attorney fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, assessments, Insurance Premiums and Other Charges in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of Lender, its counsel, agents and employees; or

(viii) pursue such other rights and remedies as may then be available at law and in equity. To the extent permitted presently or in the future by laws of the state in which the Premises and Improvements are located, Lender may institute a proceeding or proceedings, judicial, or nonjudicial, by advertisement or otherwise, for the complete or partial foreclosure of this Security Instrument or the complete or partial sale of the Mortgaged Property under a power of sale which power is hereby granted to Lender.

In the event of a sale, by foreclosure or otherwise, of less than all of the Mortgaged Property, this Security Instrument shall continue as a lien on the remaining portion of the Mortgaged Property.

(b) Upon the completion of any sale or sales made under or by virtue of this Security Instrument, Trustee or an officer of any court empowered to do so shall execute and deliver to the purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Trustee

is hereby irrevocably appointed the true and lawful attorney of Borrower, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property and rights so sold, and for that purpose Trustee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, and Borrower hereby ratifying and confirming all that Trustee or such substitute or substitutes shall lawfully do by virtue hereof. Any such sale or sales made under or by virtue of this Security Instrument, whether made under the power of sale herein or granted or under or by virtue of judicial proceedings or any judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Borrower in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Borrower and against any and all persons claiming or who may claim the same or any part thereof from, through or under Borrower.

(c) Upon any sale made by Trustee under or by virtue of this Security Instrument, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or any judgment or decree of foreclosure and sale, Lender may bid for and acquire the Mortgaged Property or any part thereof by credit bid (as determined by Lender in its sole discretion) all or a portion of the Obligations.

(d) No recovery of any judgment by Lender and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Borrower shall affect in any manner or to any extent the lien of this Security Instrument upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Lender hereunder, but such liens, rights, powers and remedies of Lender shall continue unimpaired as before.

(e) Lender may release, regardless of consideration and without the necessity for any notice to or a consent by any person or entity, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by this Security Instrument or the Other Documents or their stature as a first and prior lien and security interests in and to the Mortgaged Property. For payment of the Obligations, Lender may resort to any security in such order and manner as Lender may elect.

(f) Lender shall have all rights, remedies and recourses granted in this Security Instrument and the Other Documents or available at law or equity (including the Uniform Commercial Code), which rights: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively or concurrently against Borrower or others obligated under the Note, this Security Instrument and the Other Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Lender; (iii) may be exercised as often as occasion therefor shall arise and exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse; and (iv) are intended to be, and shall be, nonexclusive. No enforcement of any rights, remedies or recourse under the Note, this Security Instrument and the Other Documents or otherwise at law or equity shall be deemed to cure any Event of Default. The remedies provided for in this Security Instrument may be exercised in any order and as authorized by applicable law.

(g) To the extent permitted by applicable law, Trustee may adjourn from time to time any sale by it to be made under or by virtue of this Security Instrument by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by law, Trustee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

21. Changes in the Laws Regarding Taxation.

If any law is enacted or adopted or amended after the date of this Security Instrument which imposes a tax, either directly or indirectly, on the Obligations or Lender's interest in the Mortgaged Property, Borrower will pay such tax, with interest and penalties thereon, if any. In the event Lender is advised by counsel chosen by it that the payment of such tax or interest and penalties by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury, then in any such event, Lender shall have the option, by written notice of not less than ninety (90) days, to declare the entire Obligations immediately due and payable.

22. Documentary Stamps.

If at any time the United States of America, any state thereof or any subdivision of any such state shall require revenue or other stamps to be affixed to the Note or this Security Instrument, or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

23. Usury Laws.

This Security Instrument, the Other Documents and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the Obligations or any other charges at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Rate (as defined in the Note) which Borrower is permitted by law to contract or agree to pay. If by the terms of this Security Instrument, the Other Documents or the Note, Borrower is at any time required or obligated to pay any such amounts at a rate in excess of such Maximum Rate, the rate of interest under the Note shall be deemed to be immediately reduced to such Maximum Rate and the interest payable shall be computed at such Maximum Rate and all previous payments in excess of such Maximum Rate shall be deemed to have been payments in reduction of the principal and not on account of the interest due hereunder.

24. Right of Entry.

Lender and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times, and, in the absence of a continuing Event of Default, upon twenty-four (24) hours' notice (which notice may be given by telephone).

25. Reasonable Use and Occupancy.

In addition to the rights which Lender may have herein, upon any Event of Default, Lender, at its option, may require Borrower to pay monthly in advance to Lender, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be occupied by Borrower, or may require Borrower to vacate and surrender possession of the Mortgaged Property to Lender or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise.

26. Security Instrument.

This Security Instrument is both a real property deed of trust and a "security agreement" within the meaning of the Uniform Commercial Code adopted and enacted by the state or states where any of the Mortgaged Property is located (the "**Uniform Commercial Code**"), made by and between Borrower, as debtor, and Lender, as secured party. Borrower hereby grants to Lender, as secured party, and by and

between Borrower, as debtor, and Trustee, as security for the Obligations, a security interest in the Mortgaged Property to the full extent that the Mortgaged Property may be subject to the Uniform Commercial Code (that portion of the Mortgaged Property subject to the Uniform Commercial Code being herein referred to as the “**Collateral**”). If an Event of Default shall occur, Lender and Trustee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Lender or Trustee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Lender or Trustee, Borrower shall at its expense assemble the Collateral and make it available to Lender or Trustee at a convenient place acceptable to Lender or Trustee. Borrower shall pay to Lender or Trustee on demand any and all expenses, including legal expenses and attorney fees, incurred or paid by Lender and/or Trustee Lender in protecting the interest in the Collateral and in enforcing the rights hereunder with respect to the Collateral. Any notice of sale, disposition or other intended action by Lender and/or Trustee with respect to the Collateral sent to Borrower in accordance with the provisions hereof at least ten (10) days before such action, shall constitute commercially reasonable notice to Borrower. The Collateral may be sold in such manner, portions, order or parcels as Lender may determine with or without having first taken possession of same. The right of sale arising out of any Event of Default shall not be exhausted by any one or more sales or attempted sales, any other action, proceeding, or other exercise of a remedy, and the liens granted by this Security Instrument shall continue unimpaired. The proceeds of any disposition of the Collateral, or any part thereof, may be applied by Lender to the payment of the Obligations in such priority and proportions as Lender in its discretion shall deem proper.

27. Actions and Proceedings.

Lender or Trustee has the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Borrower, which Lender, in its discretion, decides should be brought to protect its interest in the Mortgaged Property. Lender shall, at its option, be subrogated to the lien of any deed of trust, mortgage or other security instrument discharged in whole or in part by the Obligations, and any such subrogation rights shall constitute additional security for the payment of the Obligations.

28. Waiver of Counterclaim.

Borrower hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Lender arising out of or in any way connected with this Security Instrument, the Note, any of the Other Documents or the Obligations.

29. Recovery of Sums Required to Be Paid.

Lender shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Obligations as the same become due, without regard to whether or not the balance of the Obligations shall be due, and without prejudice to the right of Lender or Trustee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Borrower existing at the time such earlier action was commenced.

30. Marshalling and Other Matters.

Borrower hereby waives, to the extent permitted by law, the benefit of all appraisalment, valuation, stay, extension, reinstatement, redemption and similar laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Mortgaged Property or any part thereof or

any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Borrower, on behalf of each and every person acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Security Instrument and on behalf of all persons to the extent permitted by applicable law.

31. Access Laws.

(a) Borrower agrees that the Mortgaged Property shall at all times comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all similar state and local laws and ordinances related to access and all rules, regulations and orders issued pursuant thereto including the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively, the “Access Laws”).

(b) Notwithstanding any provisions set forth herein or in any other document regarding Lender’s approval of alterations of the Mortgaged Property, Borrower shall not alter the Mortgaged Property in any manner which would increase Borrower’s responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender. The foregoing shall apply to tenant improvements constructed by Borrower or by any of its tenants. Lender may condition any such approval upon receipt of a certificate of an architect, engineer or other person acceptable to Lender regarding compliance with applicable Access Laws.

(c) Borrower agrees to give prompt notice to Lender of the receipt by Borrower of any complaints related to any violations of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

32. Notices.

Except as otherwise specified herein, any notice, consent, request or other communication required or permitted hereunder shall be in writing and shall be deemed properly given if delivered in accordance with the notice requirements contained in the Note. The notice to Trustee shall be sent to the address provided above.

33. Authority.

(a) Borrower (and the undersigned representative of Borrower, if any) has full power, authority and right to execute, deliver and perform its obligations pursuant to this Security Instrument, and to deed, mortgage, give, grant, bargain, sell, alienate, convey, confirm, pledge, hypothecate and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Security Instrument on Borrower’s part to be performed.

(b) Borrower represents and warrants that Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and the related Treasury Department regulations, including temporary regulations.

34. Waiver of Notice.

Borrower shall not be entitled to any notices of any nature whatsoever from Lender or Trustee except with respect to matters for which this Security Instrument specifically and expressly provides for the giving of notice by Lender or Trustee to Borrower and except with respect to matters for which Lender or Trustee is required by applicable law to give notice, and Borrower hereby expressly waives the right to receive any other notice.

35. Remedies of Borrower.

In the event that a claim or adjudication is made that Lender has acted unreasonably or unreasonably delayed acting in any case where by law or under the Note, this Security Instrument or the Other Documents it has an obligation to act reasonably or promptly, Lender shall not be liable for any monetary damages, and Borrower's remedies shall be limited to injunctive relief or declaratory judgment.

36. Nonwaiver.

The failure of Lender and/or Trustee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Security Instrument. Borrower shall not be relieved of Borrower's obligations hereunder by reason of: (a) the failure of Lender and/or Trustee to comply with any request of Borrower or any Guarantor to take any action to foreclose this Security Instrument or otherwise enforce any of the provisions hereof, of the Note or the Other Documents; (b) the release, regardless of consideration, of the whole or any part of the Mortgaged Property, or of any person liable for the Obligations or any portion thereof; or (c) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Instrument or the Other Documents. Lender may resort for the payment of the Obligations to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender and/or Trustee may take action to recover the Obligations, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender and/or Trustee thereafter to foreclose this Security Instrument. The rights and remedies of Lender and/or Trustee under this Security Instrument and the Other Documents shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender and/or Trustee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Lender and/or Trustee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

37. Bankruptcy.

(a) In the event of the filing of any voluntary or involuntary petition under the Bankruptcy Code by or against Borrower (other than an involuntary petition filed by or joined by Lender), Borrower shall not assert, or request any other party to assert, that the automatic stay under Section 362 of the Bankruptcy Code shall operate or be interpreted to stay, interdict, condition, reduce or inhibit the ability of Lender to enforce any rights its has by virtue of this Security Instrument or any other rights that Lender has, whether now or hereafter acquired, against any Guarantor. Further, Borrower shall not seek a supplemental stay or any other relief, whether injunctive or otherwise, pursuant to Section 105 of the Bankruptcy Code or any other provision therein to stay, interdict, condition, reduce or inhibit the ability of Lender to enforce any rights it has by virtue of this Security Instrument against any Guarantor. The waivers contained in this Section are a material inducement to Lender's willingness to make the Loan, and Borrower acknowledges and agrees that no grounds exist for equitable relief which would bar, delay or impede the exercise by Lender of its rights and remedies against Borrower or any Guarantor.

(b) In the event the Mortgaged Property or any portion thereof or interest therein becomes property of any bankruptcy estate or subject to any state or federal insolvency proceeding, then Lender shall immediately become entitled, in addition to all other relief to which Lender may be entitled under this Security Instrument, to obtain: (a) an order from the Bankruptcy Court or other appropriate court granting immediate relief from any automatic stay laws (including Section 362 of the Bankruptcy Code) so to permit Lender to pursue its rights and remedies against Borrower as provided under this Security Instrument and all other rights and remedies of Lender at law and in equity under applicable state law; and (b) an order from the Bankruptcy Court prohibiting Borrower's use of all "cash collateral" as defined

under Section 363 of the Bankruptcy Code. In connection with any such orders, Borrower shall not contend or allege in any pleading or petition that Lender does not have sufficient grounds for relief from the automatic stay. Any bankruptcy petition or other action taken by Borrower to stay, condition or inhibit Lender from exercising its remedies are hereby admitted by Borrower to be in bad faith, and Borrower further admits that Lender would have just cause for relief from the automatic stay to take such actions authorized by state law.

38. Definitions.

Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument (including pronouns) shall include the corresponding masculine, feminine or neuter forms, and the singular form such words shall include the plural and vice versa. The word "**Borrower**" shall mean "each Borrower and any subsequent owner or owners of the Mortgaged Property or any part thereof or any interest therein"; the word "**Lender**" shall mean "Lender and its successors and assigns"; the word "**Trustee**" shall mean "Trustee" and any successor trustee under this Security Instrument; the word "**Note**" shall mean "the Note and any other evidence of indebtedness secured by this Security Instrument"; the word "**person**" shall include an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, trust, unincorporated association, government, governmental authority and any other entity; and the words "**Mortgaged Property**" shall include any portion of the Mortgaged Property and any interest therein. Additionally, the word "**Guarantor**" shall mean any person or entity guaranteeing or indemnifying payment of the Obligations or any portion thereof or performance by Borrower of any of the terms of this Security Instrument, the Note or the Other Documents.

39. Homestead.

Borrower hereby waives and renounces all homestead and exemption rights provided by the constitution and the laws of the United States and of any state, in and to the Mortgaged Property or any part thereof.

40. Assignments.

This Security Instrument will be binding upon and inure to the benefit of Borrower and Lender and their respective heirs, executors, administrators, successors and assigns; provided, however, that Borrower may not assign this Security Instrument in whole or in part without Lender's prior written consent and only in compliance with Section 10, and Lender at any time may assign this Security Instrument in whole or in part. Any assignee or transferee of Lender shall be entitled to all the benefits afforded Lender under this Security Instrument.

41. [Intentionally Omitted.]

42. Single Purpose Entity.

Until the Obligations have been paid in full in cash to Lender, Borrower's organizational documents will provide that Borrower's sole business purpose shall be the acquisition, ownership and operation of the Mortgaged Property or to otherwise engage in any lawful business. Borrower shall at all times during the term of the Note conduct its business affairs in compliance with such organizational documents. In addition, Borrower represents and warrants to, and covenants and agrees with Lender that Borrower has not and shall not: (a) engage in any business or activity other than the ownership, operation and maintenance of the Mortgaged Property and activities incidental thereto; (b) acquire or own any material assets other than (i) the Mortgaged Property, and (ii) such incidental personal property as may be

necessary for the operation of the Mortgaged Property; (c) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case Lender's prior written consent; (d) fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization or formation, or without the prior written consent of Lender, amend, modify, terminate or fail to comply with the provisions of Borrower's partnership agreement, articles or certificate of incorporation, articles or certificates of organization, operating agreement, or similar organizational documents, as the case may be, as same may be further amended or supplemented, if such amendment, modification, termination or failure to comply would adversely affect the ability of Borrower to perform its obligations hereunder, under the Note or under the Other Documents; (e) own any subsidiary or make any investment in, any person or entity without the prior written consent of Lender; (f) commingle its assets with the assets of any of its general partners, managing members, managers, shareholders, affiliates, principals or of any other person or entity; (g) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Obligations, excepting trade payables (which must be paid when due) incurred by Borrower in the ordinary course of its business of owning and operating the Mortgaged Property; (h) fail to maintain its records, books of account and bank accounts separate and apart from those of the general partners, managing members, managers, shareholders, principals and affiliates of Borrower, the affiliates of a general partner, manager or managing member of Borrower, and any other person or entity; (i) enter into any contract or agreement with any general partner, managing member, manager, shareholder, principal or affiliate of Borrower, any Guarantor or any indemnitor, or any general partner, managing member, manager, shareholder, principal or affiliate thereof, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any general partner, managing member, manager, shareholder, principal or affiliate of Borrower, any Guarantor or any indemnitor, or any general partner, managing member, manager, shareholder, principal or affiliate thereof; (j) seek the dissolution or winding up in whole, or in part, of Borrower; (k) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any general partner, managing member, manager, shareholder, principal or affiliate of Borrower, or any general partner, managing member, manager, shareholder, principal or affiliate thereof or any other person; (l) hold itself out to be responsible for the debts of another person; (m) make any loans to any third party; (n) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not (i) to mislead others as to the identity with which such other party is transacting business, or (ii) to suggest that Borrower is responsible for the debts of any third party (including any general partner, managing member, manager, shareholder, principal or affiliate of Borrower, or any general partner, managing member, manager, shareholder, principal or affiliate thereof); (o) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations; or (p) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors.

43. Fixture Filing.

This Security Instrument shall be deemed a fixture filing within the meaning of any applicable uniform commercial code, and for such purpose, the following information is given:

Name, address and identification number of Borrower:	Lakewood Plaza Associates, a Virginia limited partnership 5631 Tidewater Drive Norfolk, Virginia 23509
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Identification No.: L0075715

Name and address of Secured Party: EREG Housing Preservation LLC, Jeffrey Rappin, Stephen Rappin and Kevin Beard
566 West Lake Street, Suite 400
Chicago, Illinois 60661

Description of the type (or items) of property: See the Recitals herein.

Description of real estate to which the collateral is attached or upon which it is or will be located: See Exhibit A.

Some of the above described collateral is or is to become fixtures upon the above-described real estate, and this fixture filing is to be filed for record in the public real estate records.

44. Authorization to Obtain Credit Reports.

By signing below, Borrower provides written authorization to Lender or its designee (and any assignee or potential assignee hereof) authorizing review of Borrower's credit profile from one or more national credit bureaus. Such authorization shall extend to obtaining a credit profile in considering the Obligations or this Security Instrument and subsequently for the purposes of update, renewal or extension of such credit or additional credit and for reviewing or collecting the resulting account.

45. Preservation of Rights.

No delay or omission on Lender's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Lender's action or inaction impair any such right or power. Lender's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Lender may have under other agreements at law or in equity.

46. Illegality.

If any provision contained in this Security Instrument should be invalid, illegal or unenforceable in any respect, it shall not affect or impair the validity, legality and enforceability of the remaining provisions of this Security Instrument.

47. Changes in Writing.

No modification, amendment or waiver of, or consent to any departure by Borrower from, any provision of this Security Instrument will be effective unless made in a writing signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower will entitle Borrower to any other or further notice or demand in the same, similar or other circumstance. Notwithstanding the foregoing, Lender may modify this Security Instrument or any of the Other Documents for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that Lender shall send a copy of any such modification to Borrower (which notice may be given by electronic mail).

48. Entire Agreement.

This Security Instrument, the Note and the Other Documents constitute the entire agreement by and between Borrower and Lender with respect to the Loan and supersede all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

49. Counterparts.

This Security Instrument may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Security Instrument by email transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Security Instrument by email transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by email transmission.

50. Sole Discretion of Lender.

Wherever pursuant to this Security Instrument, Lender makes any judgment or determination (including any judgment of items being satisfactory or acceptable) or exercises any right given to it to approve or disapprove any arrangement, term or condition or decides if any arrangement, term or condition is satisfactory to Lender, the judgment or determination of Lender or decision of Lender to approve or disapprove or to decide that arrangements, terms or conditions are satisfactory or not satisfactory shall be in the sole and absolute discretion of Lender and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

51. Interpretation.

In this Security Instrument, unless Lender and Borrower otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Security Instrument unless otherwise indicated; and references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Security Instrument. Section headings in this Security Instrument are included for convenience of reference only and shall not constitute a part of this Security Instrument for any other purpose. Unless otherwise specified in this Security Instrument, all accounting terms shall be interpreted and all accounting determinations shall be made in accordance with GAAP. If this Security Instrument is executed by more than one party as Borrower, the obligations of such persons or entities will be joint and several. Time is of the essence in the performance of this Security Instrument. An Event of Default shall continue unless expressly waived in writing by Lender. Lender and Borrower acknowledge and agree that the Note, Security Instrument and Other Documents shall not be interpreted "for" or "against" any party as drafter of such documents, given that the Note, Security Instrument and Other Documents have been reviewed and negotiated by sophisticated business persons represented by competent counsel, and the interpretations described in this Section shall also control and apply to the Other Documents notwithstanding anything therein to the contrary.

52. Applicable Law; Jurisdiction.

This Security Instrument shall be governed and construed in accordance with the laws of the state in which the Premises and Improvements encumbered by this Security Instrument are located. Insofar as the laws of the state affecting this Security Instrument are in conflict with any provision of this Security Instrument, the laws of the state shall govern. Any provision which becomes invalid as a result of being in conflict with applicable state law shall not invalidate the remaining provisions of this Security Instrument. Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in the county or judicial district where the Premises and Improvements are located; provided that nothing contained in this Security Instrument will prevent Lender from bringing any action, enforcing any award or judgment or exercising any rights against Borrower individually, against any security or against any property of Borrower within any other county, state or other foreign or domestic jurisdiction. Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Security Instrument.

53. Payment of Expenses.

Borrower agrees to pay on demand all costs and expenses of Lender, including (a) all costs and expenses in connection with the preparation, review, negotiation, execution, delivery and administration of the Loan Documents, or any amendments, extensions and increases to any of the Loan Documents (including the cost of a title insurance policy and all policy endorsements, settlement and escrow charges, recording charges, transfer, documentary, ad valorem, business and mortgage taxes, the cost of appraisals and reappraisals of Mortgaged Property and attorneys' fees and expenses), as Lender, in its sole discretion, requires; (b) all losses, costs and expenses in connection with the enforcement, protection and preservation of Lender's rights or remedies under the Loan Documents or in connection with legal advice relating to the rights or responsibilities of Lender (including, court costs, attorneys' fees and expenses of accountants and appraisers); and (c) any and all stamp and other taxes payable or determined to be payable in connection with the execution and delivery of the Loan Documents, and all liabilities to which Lender may become subject as the result of delay in payment or omission to pay such taxes. The provisions of this paragraph shall survive the satisfaction of this Security Instrument and the repayment of any and all of the obligations hereunder and under the Loan Documents.

54. Additional Terms and Provisions.

Certain additional and supplemental terms and provisions of this Security Instrument are set forth in this Section. The terms and provisions of this Section control and supersede any conflicting terms and provisions contained in this Security Instrument.

(a) **[Intentionally Omitted.]**

(b) **Representations and Warranties.** In addition to the representations and warranties contained herein and in the Loan Documents, Borrower hereby represents and warrants to Lender as follows:

(i) Each of Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor (other than individuals) are duly organized, validly existing and in good standing under the laws of the state in which they were formed. Each of such party has full power and authority to own and operate their respective properties, to conduct their respective affairs as now being conducted, to execute and deliver the Loan Documents to be or purporting to have been executed and delivered by them, and to perform their respective obligations under the Loan Documents.

(ii) Each of Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor, complied in all respects with the provisions of every statute, regulation, decision, instrument, agreement or resolution by which it, he or she or any of its, his or her business or property is bound; and the execution and delivery by Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor of the Loan Documents, and the performance thereof has been duly authorized by all action necessary or requisite on the part of Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor.

(iii) None of the execution, the delivery or the performance by Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor of the provisions of any of the Loan Documents does or will, with notice or lapse of time, or both, conflict with or constitute a default under any statute, rule, regulation, decree, decision, resolution, instrument, document or agreement by which Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor or any of their respective businesses or properties is bound.

(iv) Each of the Loan Documents is in full force and effect and is valid, binding and enforceable upon the party or parties thereto in accordance with its terms; and there exists no (i) Event of Default, or (ii) default or condition or event which, with notice or passage of time, or both, will constitute a default under the Loan Documents.

(v) There is no pending or threatened litigation or governmental investigation (or any basis therefor known to Borrower, its general partner, manager or managing member, as may be applicable, or any guarantor or indemnitor) which questions the capacity, ability or authority of any such party to execute, deliver and perform the provisions of the Loan Documents, or, if determined adversely to any such party, could reasonably be expected to result in a Material Adverse Change.

(vi) Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor are not the subject of any pending: (i) petition in bankruptcy (voluntary or otherwise); (ii) assignment for the benefit of creditors; (iii) petition for the appointment of a receiver or trustee or seeking reorganization, arrangement, composition, extension or adjustment of any obligations of any such party; or (iv) other action or proceeding brought under any federal or state bankruptcy laws or any similar laws. There are no unsatisfied judgments against Borrower or any such party.

(vii) The information, financial statements and other financial data furnished by Borrower, its general partner, manager or managing member, as may be applicable, and any guarantor or indemnitor to Lender are true and correct and present fairly in all material respects the financial condition of any such party in accordance with GAAP applied on a consistent basis.. No Material Adverse Change in any such party has occurred after the date of such financial statements and other financial information except as disclosed to Lender in writing.

(viii) Neither Borrower nor any person or entity owning a beneficial interest in Borrower is a "foreign person," "foreign corporation," "foreign partnership," "foreign trust," or "foreign estate" under the provisions of Section 1445 of the Internal Revenue Code.

(ix) Borrower (i) is not an investment company within the meaning of the Investment Company Act of 1940 (referred to herein as the "Act") and (ii) is not relying on the exceptions contained in Section 3(c)(1) or Section 3(c)(7) of the Act in making such determination. In

addition, at all times during the term of the Loan, Borrower (i) will not be an investment company within the meaning of the Act and (ii) will not rely on the exceptions contained in Section 3(c)(1) or Section 3(c)(7) of the Act in making such determination.

(x) The representations and warranties made in this Security Instrument and the other Loan Documents shall survive the delivery thereof and shall be deemed to be made continuously until the Obligations have been paid in full in cash.

(xi) Borrower has good and indefeasible fee simple title in and to the Premises and Improvements, subject only to Permitted Encumbrances.

(xii) All licenses, permits, consents, approvals and authorizations to construct the Improvements and to occupy and operate the Premises and Improvements have been obtained and are valid and in full force and effect, including all licenses, permits, consents, approvals and authorizations required under federal, state or local laws, statutes, regulations, rules, codes, ordinances and orders with respect to subdivision, zoning, access to public streets, curb cuts, drainage, safety, building, fire protection, environmental and energy matters. No notice has been received by Borrower that it has failed to obtain any required license, permit, authorization, certificate or approval from all applicable national, federal, state, local or other government or political subdivisions or agencies, authorities, bureaus, central banks, commissions, departments or instrumentalities of any of them, or any courts, tribunals, grand juries or arbitrators, in each case whether foreign or domestic (each, an “Official Body”), with oversight or jurisdiction over the development, construction, use, occupancy and operation of the Premises and Improvements in accordance with its intended uses. To Borrower’s actual knowledge after due inquiry, Borrower has complied with, and the Premises and Improvements are in compliance with, all laws, statutes, rules, regulations, codes, ordinances and insurance requirements applicable to the Premises and Improvements related to the construction, use, occupancy or operation of the Premises and Improvements, including those related to zoning, building, land use, the environment, pollution control, fire, health and safety. There are presently no pending actions or proceedings of any kind instituted by any Official Body against Borrower based upon any charge or complaint that any part of the Premises and Improvements is in material noncompliance with, or is being used, operated or occupied unlawfully or in violation of, any applicable laws, and, as of the date hereof, no notice has been received by Borrower that any such action or proceeding is imminent or is being considered.

(xiii) All roads necessary for the full utilization of the Improvements for their intended purposes have either been completed or the necessary rights-of-way therefor have been acquired by any appropriate Official Body or dedicated to public use and accepted by said Official Body.

(xiv) Borrower will apply the proceeds of the Loan for its own account and not as an agent, nominee or trustee for any other party or entity. No part of the proceeds of the Loan will be used for agricultural, personal, family or household purposes or for the purpose (whether immediate, incidental or ultimate) of “purchasing” or “carrying” any “margin security,” as such terms are defined in Regulation G (12 C.F.R., Chapter II, Part 207) of the Board of Governors of the Federal Reserve System or for the purpose of reducing or retiring any indebtedness which was originally incurred for any such purpose.

(c) **Concerning Trustee.** Trustee shall be under no duty to take any action except as expressly required hereunder or by law, or to perform any act which would impose upon Trustee any expense or liability, or require Trustee to institute or defend any suit in respect hereof, unless properly indemnified to Trustee’s reasonable satisfaction. Trustee, by acceptance of this Security Instrument,

covenants to perform and fulfill the trusts herein created, being liable, however, only for willful negligence or misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation in lieu thereof for any services rendered by Trustee hereunder. Trustee may resign at any time upon giving thirty (30) days' notice to Lender. In the event the death, removal, resignation, refusal or inability to act of Trustee or any duly appointed successor Trustee, or in Lender's sole discretion for any reason whatsoever, Lender, from time to time without notice and without specifying any reason therefor without applying to any court, may select and appoint a successor trustee by an instrument recorded wherever this Security Instrument is recorded and all powers, rights, duties and authority of Trustee hereunder shall thereupon become vested in such successor. Such successor trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Lender. The procedure provided for in this Security Instrument for the appointment of a successor Trustee shall be in addition to and not in exclusion of any other provisions for such an appointment, by law or otherwise.

(d) **Trustee's.** Borrower shall pay all costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with Trustee's performance of its duties hereunder and such costs, fees and expenses shall be secured by this Security Instrument.

(e) **Indemnification.** Borrower shall protect, defend, indemnify and save harmless Lender, Lender and Trustee from and against all liabilities, obligations, claims, demands, damages, penalties, causes of action, losses, fines, costs and expenses (including without limitation reasonable attorney fees and expenses) (the "**Indemnified Obligations**"), imposed upon, incurred by or asserted against Lender or Trustee by reason of: (i) ownership of this Security Instrument, the Mortgaged Property or any interest therein or receipt of any Rents; (ii) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (iii) any use, non-use or condition in, on or about the Mortgaged Property or any part thereof or on adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (iv) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof; (v) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release or threatened release of any Hazardous Substance (as defined in the Environmental Indemnity Agreement) on, from or affecting: (A) the Mortgaged Property; or (B) any other property by reason of any use or ownership of the Mortgaged Property or any action or inaction by Borrower; (vi) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to any Hazardous Substance; (vii) any lawsuit brought or threatened, settlement reached, or government order relating to any Hazardous Substance on, from or affecting: (A) the Mortgaged Property; or (B) any other property by reason of any use or ownership of the Mortgaged Property or any action or inaction by Borrower; (viii) any violation of the Environmental Laws (as defined in the Environmental Indemnity Agreement), which are based upon or in any way related to any Hazardous Substance including, without limitation, the costs and expenses of any remedial action, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses; and (ix) any failure of the Mortgaged Property to comply with any Access Laws. Any amounts payable to Lender or Trustee by reason of the application of this indemnification shall be secured by this Security Instrument and the Other Documents, shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender or Trustee until paid. The obligations and liabilities of Borrower under this Section shall survive any termination, satisfaction or assignment of this Security Instrument and the exercise by Lender or Trustee of any of their respective rights or remedies hereunder, including, but not limited to, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure. The foregoing indemnification shall not relate to Indemnified Obligations arising from Lender's or Trustee's gross negligence or willful misconduct.

(f) **Indebtedness.** With the exception of (a) trade payables (which must be paid when due) incurred by Borrower in the ordinary course of its business of owning and operating the Premises and Improvements; (b) the Loan and (c) any loans subordinate to the Loan, Borrower shall not at any time incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation).

(g) **State Specific Provisions.**

(i) **Inconsistencies.** In the event of any inconsistencies between the terms and conditions of this Section 54(g) and the other provisions of this Security Instrument, the terms and conditions of this Section 54(g) shall control and be binding.

(ii) **Maturity Date.** The maturity date of the indebtedness evidenced by the Note and the Other Documents is October 31, 2021.

(iii) **Power of Sale.** If Lender elects to sell Borrower's interest in the Mortgaged Property by exercise of the power of sale herein contained, Lender shall notify Trustee, or its successors, in the manner then required by the applicable law in the Commonwealth of Virginia. Upon receipt of such notice of Lender and at the direction of Lender, Trustee shall cause to be recorded, published and delivered such notices of default and notices of sale as may then be required by applicable law and by this Security Instrument. Trustee shall, only at the direction of Lender and without demand on Borrower, after such time as may then be required by applicable law and after notice of default and notice of sale having been given as required by applicable law of the Commonwealth of Virginia, sell the Mortgaged Property at the time and place of sale fixed by it in such notice of sale, either as whole or in separate lots or parcels or items as Lender shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, or as otherwise may then be required in accordance with the laws of the Commonwealth of Virginia or judicial rules or procedures relating to the foreclosure of deeds of trust. Upon receipt of payment, Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied, which deed or deeds shall contain recitals of compliance with all applicable law relating to the exercise of the power of sale and sale of the property described therein. The recitals in such deed or deeds of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Borrower or Lender, may purchase at such sale. Trustee may in the manner provided by applicable law postpone sale of all or any portion of the Mortgaged Property.

(iv) **Application of Foreclosure Sale Proceeds.** The proceeds of such sale of sales under this Security Instrument, whether under the assent to a decree, the power of sale, or by equitable foreclosure, shall be held by Trustee and applied as follows: FIRST, to discharge all expenses incurred in connection with such sale or in preparing the Mortgaged Property for such sale, including obtaining possession and reasonable attorney fees incurred, including, among other things, a reasonable commission to Trustee; SECOND, to discharge all taxes, levies and assessments, with costs and interest if they have priority over the lien of this Security Instrument, including the due pro rata portion thereof for the then current year; THIRD, to discharge in the order of their priority, if any, the remaining debts and obligations secured hereby, and any liens of record inferior to this Security Instrument, with lawful interest; and FOURTH, the residue of the proceeds, if any, shall be paid to Borrower or its assigns; provided, however, that Trustee, with respect to such residue, shall not be bound by any inheritance, devise, conveyance, assignment or lien of or upon Borrower's equity without actual notice thereof prior to distribution.

(v) Statutory Conditions. This Security Instrument is made under and pursuant to the provisions of Sections 55-58.1, 55-59, 55-59.1 through 55-59.4 and 55-60 of the Virginia Code, as amended, and shall be construed to impose and confer upon the parties hereto and Lender all the rights, duties, and obligations prescribed by said Sections 55-58.1, 55-58.2, 55-59, 55-59.1 through 55-59.4 and 55-60, as amended, except as herein otherwise restricted, expanded or changed, including without limitation the following rights, duties and obligations described in short form:

- (A) All exemptions are hereby waived.
- (B) Subject to call on default.
- (C) Renewal, extension, or reinstatement permitted.
- (D) Substitution of trustee permitted.
- (E) Any trustee may act.

(vi) Maximum Principal Indebtedness. Notwithstanding anything else in this Security Instrument to the contrary, the maximum amount of principal debt secured by this Security Instrument, not including funds disbursed to protect the security of this Security Instrument, shall not exceed at any one time \$7,200,000.

(vii) Acceleration Upon Transfer. If any conveyance, sale, mortgage, encumbrance, pledge or other form of transfer, other than any transfer permitted under the relevant terms of the Security Instrument, occurs without the prior written consent of Lender, then Lender shall have the absolutely right, at its option, without prior notice or demand, to declare all sums hereby secured by this Security Instrument and the Note immediately due and payable. Consent to one transfer shall not be deemed to be a waiver of the right to require consent to future transfers, which Lender may deny in its sole discretion. Without limiting the generality of the foregoing, the following provision is set forth herein in order to comply with the Code of Virginia, if such requirements are applicable to the Mortgaged Property. **NOTICE: THE LOAN SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE MORTGAGED PROPERTY CONVEYED.**

55. WAIVER OF JURY TRIAL.

BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS SECURITY INSTRUMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS SECURITY INSTRUMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER'S MAKING OF THE LOAN. BORROWER ACKNOWLEDGES AND AGREES THAT THE OBLIGATIONS EVIDENCED OR SECURED BY THIS SECURITY INSTRUMENT ARE EXEMPTED TRANSACTIONS UNDER THE TRUTH IN LENDING ACT, 15 U.S.C. SECTION 1601, ET SEQ.

[Remainder of page intentionally left blank; signature page follows.]

IN THE EVENT ANY OF THE INDEBTEDNESS SECURED HEREBY IS PAYABLE UPON DEMAND, NEITHER THIS SECURITY INSTRUMENT NOR ANYTHING CONTAINED HEREIN SHALL BE DEEMED TO ALTER, LIMIT, OR OTHERWISE IMPINGE UPON THE DEMAND CHARACTER OF SUCH INDEBTEDNESS.

Borrower acknowledges that it has read and understood all the provisions of this Security Instrument, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

IN WITNESS WHEREOF, intending to be legally bound, Borrower has executed this Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing to be effective as of the day and year first above written.

BORROWER:

LAKWOOD PLAZA ASSOCIATES, a Virginia limited partnership

By: NATIONAL HOUSING COUNCIL, a Virginia limited partnership, its general partner

By: URBAN PROPERTIES, INC., a Virginia corporation, its general partner

By: *Donna Jean Heckman*
Name: Donna Jean Heckman
Title: President

STATE OF Virginia)
COUNTY OF Chesapeake) ss.

This instrument was acknowledged before me on Oct 31st 2019 by Donna Jean Heckman as President of Urban Properties, Inc., in its capacity as general partner of National Housing Council, a Virginia limited partnership, in its capacity as general partner of Lakewood Plaza Associates, a Virginia limited partnership.

Samantha L. Miller
Notary Public

[SIGNATURE PAGE 1 OF 1 OF DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING]



EXHIBIT A

Legal Description

The following real property located in Norfolk, Virginia more particularly described as:

All of that certain parcel of land situate in the City of Norfolk, Commonwealth of Virginia described as follows: Beginning for the same at a point in the western line of Tidewater Drive, which point is North 590.55 feet from the intersection of the western line of Tidewater Drive and the northern line of Blanche Drive and running the following 8 courses and distances 1) S. 30° 23' 00" W 83.59 feet, thence 2) N. 74° 30' 30" W 147.85 feet, thence 3) S. 19° 09' 30" W 10.00 feet, thence 4) N. 70° 50' 30" W 100 feet, thence 5) N. 10° 09' 30" E 345.00 feet, thence 6) S. 84° 00' 00" E 56.00 feet, thence 7) S 62° 44' 49" E 221.93 feet, thence 8) S 21° 48' 00" W 225.00 feet to the point of beginning, containing 2.042 acres.

Instrument Control Number

Commonwealth of Virginia
Land Record Instruments
Cover Sheet - Form A

090025820

2009 OCT 30 PM 4: 18

[ILS Cover Sheet Agent Online 1.1.6]

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A
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C Date of Instrument [10/30/2009]
O Instrument Type [DOT]

P Number of Parcels [1]

Number of Pages [50]

(Box for Deed Stamp Only)

City County [Norfolk]

First and Second Grantors

Last Name	First Name	Middle Name	Suffix
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
LAKEWOOD PLAZA ASSOCIATES			

First and Second Grantees

Last Name	First Name	Middle Name	Suffix
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Lawyers Title Realty Services, Inc.			
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Wachovia Multifamily Capital, Inc.			

Grantee Address (Name) [Lawyers Title Realty Services, Inc., Trustee]
 (Address 1) [150 West Main Street; Suite 16]
 (Address 2) []
 (City, State, Zip) [Norfolk] [VA] [23510]
 Consideration [4,000,000.00] Existing Debt [0.00] Assumption Balance [0.00]

Prior Instr. Recorded at: City County [Norfolk] Percent in this Juris. (%) [100]

Book [1237] Page [635] Instr. No []

Parcel Identification No (PIN) [25306005]

Tax Map Num. (if different than PIN) [25306005]

Short Property Description [Tidewater Dr at Willow Wood Dr]

Current Property Addr. (Address 1) [5631 Tidewater Drive]

(Address 2) []

(City, State, Zip) [Norfolk] [VA] [23509]

Instrument Prepared by [Pender & Coward, P. C.]

Recording Paid for by [Pender & Coward, P. C.]

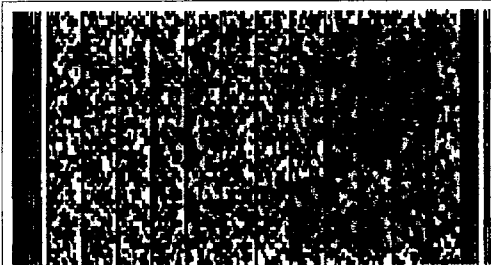
Return Recording to (Name) [Pender & Coward, P. C.]

(Address 1) [222 Central Park Ave., Su. 400]

(Address 2) []

(City, State, Zip) [Virginia Beach] [VA] [23462]

Customer Case ID [LAKEWOOD P] [CS-277987]



Prepared by, and after recording
return to:

Blank Rome LLP
405 Lexington Avenue
New York, New York 10174
Attn: Deborah A. Franzblau, Esq.

MULTIFAMILY DEED OF TRUST,
ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT

(VIRGINIA)

Lakewood Plaza Apartments
5631 Tidewater Drive
Norfolk, Virginia 23509

FANNIE MAE MULTIFAMILY SECURITY INSTRUMENT -
VIRGINIA

Form 4047 06/09

131418.00474/6781496v.4

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**MULTIFAMILY DEED OF TRUST,
ASSIGNMENT OF RENTS AND
SECURITY AGREEMENT**

THIS MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (the "**Instrument**") is dated as of the 30th day of October, 2009, by **LAKEWOOD PLAZA ASSOCIATES, A VIRGINIA LIMITED PARTNERSHIP**, a limited partnership organized and existing under the laws of Virginia, whose address is 10720 Shallowford Road, Roswell, Georgia 30075 ("**Borrower**"), to Lawyers Title Realty Services, Inc., a Virginia corporation, a resident of the City/County of Norfolk, Virginia, as trustee ("**Trustee**"), for the benefit of **WACHOVIA MULTIFAMILY CAPITAL, INC.**, a corporation organized and existing under the laws of Delaware, whose address is The Seagram Building, 375 Park Avenue - NY4060, New York, New York 10152, as mortgagee, as beneficiary ("**Lender**").

Borrower, in consideration of the Indebtedness and the trust created by this Instrument, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the Mortgaged Property, including the Land located in City of Norfolk, Commonwealth of Virginia and described in Exhibit A attached to this Instrument.

TO SECURE TO LENDER the repayment of the Indebtedness evidenced by Borrower's Multifamily Note payable to Lender, dated as of the date of this Instrument, and maturing on **November 1, 2019**, the principal amount of **\$4,000,000.00**, and all renewals, extensions and modifications of the Indebtedness, and the performance of the covenants and agreements of Borrower contained in the Loan Documents.

Borrower represents and warrants that Borrower is lawfully seized of the Mortgaged Property, has the right, power and authority to grant, convey and assign the Mortgaged Property, and that the Mortgaged Property is unencumbered. Borrower covenants that Borrower will warrant and defend generally the title to the Mortgaged Property against all claims and demands, subject to any easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy issued to Lender contemporaneously with the execution and recordation of this Instrument and insuring Lender's interest in the Mortgaged Property.

Covenants. Borrower and Lender covenant and agree as follows:

1. DEFINITIONS.

The following terms, when used in this Instrument (including when used in the above recitals), shall have the following meanings:

(a) "**Borrower**" means all persons or entities identified as "Borrower" in the first paragraph of this Instrument, together with their successors and assigns.

(b) **"Collateral Agreement"** means any separate agreement between Borrower and Lender for the purpose of establishing replacement reserves for the Mortgaged Property, establishing a fund to assure completion of repairs or improvements specified in that agreement, or assuring reduction of the outstanding principal balance of the Indebtedness if the occupancy of or income from the Mortgaged Property does not increase to a level specified in that agreement, or any other agreement or agreements between Borrower and Lender which provide for the establishment of any other fund, reserve or account.

(c) **"Environmental Permit"** means any permit, license, or other authorization issued under any Hazardous Materials Law with respect to any activities or businesses conducted on or in relation to the Mortgaged Property.

(d) **"Event of Default"** means the occurrence of any event listed in Section 22.

(e) **"Fixtures"** means all property which is so attached to the Land or the Improvements as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

(f) **"Governmental Authority"** means any board, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

(g) **"Hazardous Materials"** means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" within the meaning of any Hazardous Materials Law.

(h) **"Hazardous Materials Laws"** means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative

rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to Borrower or to the Mortgaged Property. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. Section 2601, *et seq.*, the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*, and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, *et seq.*, and their state analogs.

(i) **"Impositions"** and **"Imposition Deposits"** are defined in Section 7(a).

(j) **"Improvements"** means the buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements and additions.

(k) **"Indebtedness"** means the principal of, interest on, and all other amounts due at any time under, the Note, this Instrument or any other Loan Document, including prepayment premiums, late charges, default interest, and advances as provided in Section 12 to protect the security of this Instrument.

(l) [Intentionally omitted]

(m) **"Key Principal"** means (A) the natural person(s) or entity identified as such at the foot of this Instrument; (B) the natural person or entity who signed either the Acknowledgement and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability or the Exceptions to Non-Recourse Guaranty (or is otherwise a guarantor on the Indebtedness); and (C) any person or entity who becomes a Key Principal after the date of this Instrument and is identified as such in an assumption agreement, or another amendment or supplement to this Instrument or who otherwise signs either the Acknowledgement and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability or Exceptions to Non-Recourse Guaranty (or any other guaranty of the Indebtedness).

(n) **"Land"** means the land described in Exhibit A.

(o) **"Leases"** means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals.

(p) **"Lender"** means the entity identified as "Lender" in the first paragraph of this Instrument and its successors and assigns, or any subsequent holder of the Note.

(q) **"Loan Documents"** means the Note, this Instrument, all guaranties, all indemnity agreements, all Collateral Agreements, O&M Programs, and any other documents now or in the

future executed by Borrower, Key Principal, any guarantor or any other person in connection with the loan evidenced by the Note, as such documents may be amended from time to time.

(r) **"Loan Servicer"** means the entity that from time to time is designated by Lender to collect payments and deposits and receive notices under the Note, this Instrument and any other Loan Document, and otherwise to service the loan evidenced by the Note for the benefit of Lender. Unless Borrower receives notice to the contrary, the Loan Servicer is the entity identified as "Lender" in the first paragraph of this Instrument.

(s) **"Mortgaged Property"** means all of Borrower's present and future right, title and interest in and to all of the following:

- (1) the Land;
- (2) the Improvements;
- (3) the Fixtures;
- (4) the Personalty;
- (5) all current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefitting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;
- (6) all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Borrower obtained the insurance pursuant to Lender's requirement;
- (7) all awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof;
- (8) all contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower now or in the future, including

cash or securities deposited to secure performance by parties of their obligations;

- (9) all proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds;
- (10) all Rents and Leases;
- (11) all earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the loan secured by this Instrument and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;
- (12) all Imposition Deposits;
- (13) all refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated);
- (14) all tenant security deposits which have not been forfeited by any tenant under any Lease; and
- (15) all names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property.

(t) **"Note"** means the Multifamily Notes described on page 1 of this Instrument, including the Acknowledgment and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability (if any), and all schedules, riders, allonges and addenda, as such Multifamily Note may be amended from time to time.

(u) **"O&M Program"** is defined in Section 18(a).

(v) **"Personalty"** means all equipment, inventory, general intangibles which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, including furniture, furnishings, machinery, building materials, appliances, goods, supplies, tools, books, records (whether in written or electronic form), computer equipment (hardware and software) and other tangible personal property (other than Fixtures) which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, and any operating agreements relating to the Land or the Improvements, and any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements and all other intangible property and

rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land.

(w) **"Property Jurisdiction"** is defined in Section 30(a).

(x) **"Rents"** means all rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, including subsidy payments received from any sources (including, but not limited to payments under any Housing Assistance Payments Contract), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and deposits forfeited by tenants.

(y) **"Taxes"** means all taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a lien, on the Land or the Improvements.

(z) **"Transfer"** means (A) a sale, assignment, transfer, or other disposition (whether voluntary, involuntary or by operation of law); (B) the grant, creation, or attachment of a lien, encumbrance, or security interest (whether voluntary, involuntary or by operation of law); (C) the issuance or other creation of a direct or indirect ownership interest; or (D) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity.

(aa) **"Bankruptcy Event"** means any one or more of the following: (i) the commencement of a voluntary case under one or more of the Insolvency Laws by the Borrower; (ii) the acknowledgment in writing by the Borrower that it is unable to pay its debts generally as they mature; (iii) the making of a general assignment for the benefit of creditors by the Borrower; (iv) an involuntary case under one or more Insolvency Laws against the Borrower; (v) the appointment of a receiver, liquidator, custodian, sequestrator, trustee or other similar officer who exercises control over the Borrower or any substantial part of the assets of the Borrower provided that any proceeding or case under (iv) or (v) above is not dismissed within 90 days after filing.

(bb) **"Borrower Affiliate"** means, as to either Borrower or Key Principal, (i) any entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of Borrower or of Key Principal, (ii) any corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by Borrower or by Key Principal, (iii) any partner, shareholder or, if a limited liability company, member of Borrower or Key Principal, or (iv) any other entity that is related (to the third degree of consanguinity) by blood or marriage to Borrower or Key Principal.

(cc) **"Insolvency Laws"** means the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, together with any other federal or state law affecting debtor and creditor rights or relating to the bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding, as amended from time to time, to the extent applicable to the Borrower.

2. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.

This Instrument is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subject to a security interest under the Uniform Commercial Code, whether acquired now or in the future, and all products and cash and non-cash proceeds thereof (collectively, "UCC Collateral"), and Borrower hereby grants to Lender a security interest in the UCC Collateral. Borrower hereby authorizes Lender to file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest and Borrower agrees, if Lender so requests, to execute and deliver to Lender such financing statements, continuation statements and amendments. Borrower shall pay all filing costs and all costs and expenses of any record searches for financing statements that Lender may require. Without the prior written consent of Lender, Borrower shall not create or permit to exist any other lien or security interest in any of the UCC Collateral. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Instrument or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender's other remedies. This Instrument constitutes a financing statement with respect to any part of the Mortgaged Property which is or may become a Fixture.

3. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all Rents. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all Rents and to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Borrower. Promptly upon request by Lender, Borrower agrees to execute and deliver such further assignments as Lender may from time to time require. Borrower and Lender intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of Rents, and for no other purpose, Rents shall not be deemed to be a part of the "Mortgaged Property," as that term is defined in Section 1(s). However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents shall be included as a part of the Mortgaged Property and it is the intention of the Borrower that in this circumstance this Instrument create and perfect a lien on Rents in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) After the occurrence of an Event of Default, Borrower authorizes Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender, and Borrower shall, upon Borrower's receipt of any Rents from any sources (including, but not limited to subsidy payments under any Housing Assistance Payments Contract), pay the total amount of such receipts to the Lender. However, until the occurrence of an

Event of Default, Lender hereby grants to Borrower a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender and to apply all Rents to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, including Imposition Deposits, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, Taxes and insurance premiums (to the extent not included in Imposition Deposits), tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Borrower free and clear of, and released from, Lender's rights with respect to Rents under this Instrument. From and after the occurrence of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Borrower's license to collect Rents shall automatically terminate and Lender shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Borrower shall pay to Lender upon demand all Rents to which Lender is entitled. At any time on or after the date of Lender's demand for Rents, Lender may give, and Borrower hereby irrevocably authorizes Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Lender, no tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and no tenant shall be obligated to pay to Borrower any amounts which are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Borrower shall not interfere with and shall cooperate with Lender's collection of such Rents.

(c) Borrower represents and warrants to Lender that Borrower has not executed any prior assignment of Rents (other than an assignment of Rents securing indebtedness that will be paid off and discharged with the proceeds of the loan evidenced by the Note), that Borrower has not performed, and Borrower covenants and agrees that it will not perform, any acts and has not executed, and shall not execute, any instrument which would prevent Lender from exercising its rights under this Section 3, and that at the time of execution of this Instrument there has been no anticipation or prepayment of any Rents for more than two months prior to the due dates of such Rents. Borrower shall not collect or accept payment of any Rents more than two months prior to the due dates of such Rents.

(d) If an Event of Default has occurred and is continuing, Lender may, regardless of the adequacy of Lender's security or the solvency of Borrower and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Lender in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this Instrument, or for such other purposes as Lender in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Lender's security, without regard to Borrower's solvency and without the necessity of giving prior notice (oral or written) to Borrower, Lender may

apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver *ex parte* if permitted by applicable law. Lender or the receiver, as the case may be, shall be entitled to receive a reasonable fee for managing the Mortgaged Property. Immediately upon appointment of a receiver or immediately upon the Lender's entering upon and taking possession and control of the Mortgaged Property, Borrower shall surrender possession of the Mortgaged Property to Lender or the receiver, as the case may be, and shall deliver to Lender or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents. In the event Lender takes possession and control of the Mortgaged Property, Lender may exclude Borrower and its representatives from the Mortgaged Property. Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred under this Section 3 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

(e) If Lender enters the Mortgaged Property, Lender shall be liable to account only to Borrower and only for those Rents actually received. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Lender under this Section 3, and Borrower hereby releases and discharges Lender from any such liability to the fullest extent permitted by law.

(f) If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes shall become an additional part of the Indebtedness as provided in Section 12.

(g) Any entering upon and taking of control of the Mortgaged Property by Lender or the receiver, as the case may be, and any application of Rents as provided in this Instrument shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Instrument.

4. ASSIGNMENT OF LEASES; LEASES AFFECTING THE MORTGAGED PROPERTY.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all of Borrower's right, title and interest in, to and under the Leases, including Borrower's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Borrower's right, title and interest in, to and under the Leases. Borrower and Lender intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases shall not be deemed to be a part of the "Mortgaged Property,"

as that term is defined in Section 1(s). However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases shall be included as a part of the Mortgaged Property and it is the intention of the Borrower that in this circumstance this Instrument create and perfect a lien on the Leases in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) Until Lender gives notice to Borrower of Lender's exercise of its rights under this Section 4, Borrower shall have all rights, power and authority granted to Borrower under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, the permission given to Borrower pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall automatically terminate. Borrower shall comply with and observe Borrower's obligations under all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) Borrower acknowledges and agrees that the exercise by Lender, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and the Improvements. The acceptance by Lender of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Lender to take any action under this Instrument or to expend any money or to incur any expenses. Lender shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Mortgaged Property. Prior to Lender's actual entry into and taking possession of the Mortgaged Property, Lender shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property; or (iii) be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Borrower shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and shall be that of Borrower, prior to such actual entry and taking of possession.

(d) Upon delivery of notice by Lender to Borrower of Lender's exercise of Lender's rights under this Section 4 at any time after the occurrence of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Lender immediately shall have all rights, powers and authority granted to Borrower under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Borrower shall, promptly upon Lender's request, deliver to Lender an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Lender, shall be for initial terms of at least six months and not more than two years,

and shall not include options to purchase. If customary in the applicable market, residential Leases with terms of less than six months may be permitted with Lender's prior written consent.

(f) Borrower shall not lease any portion of the Mortgaged Property for non-residential use except with the prior written consent of Lender and Lender's prior written approval of the Lease agreement. Borrower shall not modify the terms of, or extend or terminate, any Lease for non-residential use (including any Lease in existence on the date of this Instrument) without the prior written consent of Lender. Borrower shall, without request by Lender, deliver an executed copy of each non-residential Lease to Lender promptly after such Lease is signed. All non-residential Leases, including renewals or extensions of existing Leases, shall specifically provide that (1) such Leases are subordinate to the lien of this Instrument (unless waived in writing by Lender); (2) the tenant shall attorn to Lender and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a foreclosure sale or by Lender in any manner; (3) the tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a foreclosure sale may from time to time request; (4) the Lease shall not be terminated by foreclosure or any other transfer of the Mortgaged Property; (5) after a foreclosure sale of the Mortgaged Property, Lender or any other purchaser at such foreclosure sale may, at Lender's or such purchaser's option, accept or terminate such Lease; and (6) the tenant shall, upon receipt after the occurrence of an Event of Default of a written request from Lender, pay all Rents payable under the Lease to Lender.

(g) Borrower shall not receive or accept Rent under any Lease (whether residential or non-residential) for more than two months in advance.

5. PAYMENT OF INDEBTEDNESS; PERFORMANCE UNDER LOAN DOCUMENTS; PREPAYMENT PREMIUM.

Borrower shall pay the Indebtedness when due in accordance with the terms of the Note and the other Loan Documents and shall perform, observe and comply with all other provisions of the Note and the other Loan Documents. Borrower shall pay a prepayment premium in connection with certain prepayments of the Indebtedness, including a payment made after Lender's exercise of any right of acceleration of the Indebtedness, as provided in the Note.

6. EXCULPATION.

Borrower's personal liability for payment of the Indebtedness and for performance of the other obligations to be performed by it under this Instrument is limited in the manner, and to the extent, provided in the Note.

7. DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES.

(a) Borrower shall deposit with Lender on the day monthly installments of principal or interest, or both, are due under the Note (or on another day designated in writing by Lender), until the Indebtedness is paid in full, an additional amount sufficient to accumulate with Lender the entire sum required to pay, when due (1) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Mortgaged Property, (2) the premiums for fire and other hazard insurance, rent loss insurance and such other insurance as Lender may require under Section 19, (3) Taxes, and (4) amounts for other charges and expenses which Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of liens on the Mortgaged Property, or otherwise to protect Lender's interests, all as reasonably estimated from time to time by Lender. The amounts deposited under the preceding sentence are collectively referred to in this Instrument as the "**Imposition Deposits**". The obligations of Borrower for which the Imposition Deposits are required are collectively referred to in this Instrument as "**Impositions**". The amount of the Imposition Deposits shall be sufficient to enable Lender to pay each Imposition before the last date upon which such payment may be made without any penalty or interest charge being added. Lender shall maintain records indicating how much of the monthly Imposition Deposits and how much of the aggregate Imposition Deposits held by Lender are held for the purpose of paying Taxes, insurance premiums and each other obligation of Borrower for which Imposition Deposits are required. Any waiver by Lender of the requirement that Borrower remit Imposition Deposits to Lender may be revoked by Lender, in Lender's discretion, at any time upon notice to Borrower.

(b) Imposition Deposits shall be held in an institution (which may be Lender, if Lender is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency. Lender shall not be obligated to open additional accounts or deposit Imposition Deposits in additional institutions when the amount of the Imposition Deposits exceeds the maximum amount of the federal deposit insurance or guaranty. Lender shall apply the Imposition Deposits to pay Impositions so long as no Event of Default has occurred and is continuing. Unless applicable law requires, Lender shall not be required to pay Borrower any interest, earnings or profits on the Imposition Deposits. Borrower hereby pledges and grants to Lender a security interest in the Imposition Deposits as additional security for all of Borrower's obligations under this Instrument and the other Loan Documents. Any amounts deposited with Lender under this Section 7 shall not be trust funds, nor shall they operate to reduce the Indebtedness, unless applied by Lender for that purpose under Section 7(e).

(c) If Lender receives a bill or invoice for an Imposition, Lender shall pay the Imposition from the Imposition Deposits held by Lender. Lender shall have no obligation to pay any Imposition to the extent it exceeds Imposition Deposits then held by Lender. Lender may pay an Imposition according to any bill, statement or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement or estimate or into the validity of the Imposition.

(d) If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition exceeds the amount reasonably deemed necessary by Lender, the excess shall be credited against future installments of Imposition Deposits. If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition is less than the amount

reasonably estimated by Lender to be necessary, Borrower shall pay to Lender the amount of the deficiency within 15 days after notice from Lender.

(e) If an Event of Default has occurred and is continuing, Lender may apply any Imposition Deposits, in any amounts and in any order as Lender determines, in Lender's discretion, to pay any Impositions or as a credit against the Indebtedness. Upon payment in full of the Indebtedness, Lender shall refund to Borrower any Imposition Deposits held by Lender.

8. COLLATERAL AGREEMENTS.

Borrower shall deposit with Lender such amounts as may be required by any Collateral Agreement and shall perform all other obligations of Borrower under each Collateral Agreement.

9. APPLICATION OF PAYMENTS.

If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, then Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Neither Lender's acceptance of an amount which is less than all amounts then due and payable nor Lender's application of such payment in the manner authorized shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Indebtedness, Borrower's obligations under this Instrument and the Note shall remain unchanged.

10. COMPLIANCE WITH LAWS.

Borrower shall comply with all laws, ordinances, regulations and requirements of any Governmental Authority and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, regulations, requirements and covenants pertaining to health and safety, construction of improvements on the Mortgaged Property, fair housing, zoning and land use, and Leases. Borrower also shall comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits. Borrower shall at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 10. Borrower shall take appropriate measures to prevent, and shall not engage in or knowingly permit, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Mortgaged Property, or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property. Borrower represents and warrants to Lender that no portion of the Mortgaged Property has been or will be purchased with the proceeds of any illegal activity.

11. USE OF PROPERTY.

Unless required by applicable law, Borrower shall not (a) except for any change in use approved by Lender, allow changes in the use for which all or any part of the Mortgaged Property is being used at the time this Instrument was executed, (b) convert any individual dwelling units or

common areas to commercial use, (c) initiate or acquiesce in a change in the zoning classification of the Mortgaged Property, or (d) establish any condominium or cooperative regime with respect to the Mortgaged Property.

12. PROTECTION OF LENDER'S SECURITY.

(a) If Borrower fails to perform any of its obligations under this Instrument or any other Loan Document, or if any action or proceeding (including a Bankruptcy Event) is commenced which purports to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Lender at Lender's option may make such appearances, disburse such sums and take such actions as Lender reasonably deems necessary to perform such obligations of Borrower and to protect Lender's interest, including (1) payment of fees and out-of-pocket expenses of attorneys, accountants, inspectors and consultants, (2) entry upon the Mortgaged Property to make repairs or secure the Mortgaged Property, (3) procurement of the insurance required by Section 19, and (4) payment of amounts which Borrower has failed to pay under Sections 15 and 17.

(b) Any amounts disbursed by Lender under this Section 12, or under any other provision of this Instrument that treats such disbursement as being made under this Section 12, shall be added to, and become part of, the principal component of the Indebtedness, shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the "Default Rate", as defined in the Note.

(c) Nothing in this Section 12 shall require Lender to incur any expense or take any action.

13. INSPECTION.

Lender, its agents, representatives, and designees may make or cause to be made entries upon and inspections of the Mortgaged Property (including environmental inspections and tests) during normal business hours, or at any other reasonable time.

14. BOOKS AND RECORDS; FINANCIAL REPORTING.

(a) Borrower shall keep and maintain at all times at the Mortgaged Property or the management agent's offices, and upon Lender's request shall make available at the Mortgaged Property, complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property, and copies of all written contracts, Leases, and other instruments which affect the Mortgaged Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection at any reasonable time by Lender.

(b) Borrower shall furnish to Lender:

- (1) (i) except as provided in clause (ii) below, within 45 days after the end of each fiscal quarter of Borrower, a statement of income and expenses for Borrower's operation of the Mortgaged Property on a year-to-date basis as of the end of each fiscal quarter, (ii) within 120 days after the end of each fiscal year of Borrower, (A) a statement of income and expenses for Borrower's operation of the Mortgaged Property for such fiscal year, (B) a statement of changes in financial position of Borrower relating to the Mortgaged Property for such fiscal year, and (C) when requested by Lender, a balance sheet showing all assets and liabilities of Borrower relating to the Mortgaged Property as of the end of such fiscal year; and (iii) any of the foregoing at any other time upon Lender's request;
- (2) (i) except as provided in clause (ii) below, within 45 days after the end of each fiscal quarter of Borrower, and (ii) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Lender's request, a rent schedule for the Mortgaged Property showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by Lender;
- (3) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Lender's request, an accounting of all security deposits held pursuant to all Leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to access information regarding such accounts;
- (4) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Lender's request, a statement that identifies all owners of any interest in Borrower and the interest held by each, if Borrower is a corporation, all officers and directors of Borrower, and if Borrower is a limited liability company, all managers who are not members;
- (5) upon Lender's request, a monthly property management report for the Mortgaged Property, showing the number of inquiries made and rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender;
- (6) upon Lender's request, a balance sheet, a statement of income and expenses for Borrower and a statement of changes in financial position of Borrower for Borrower's most recent fiscal year; and

- (7) if required by Lender, within 30 days of the end of each calendar month, a monthly statement of income and expenses for such calendar month on a year-to-date basis for Borrower's operation of the Mortgaged Property.

(c) Each of the statements, schedules and reports required by Section 14(b) shall be certified to be complete and accurate by an individual having authority to bind Borrower, and shall be in such form and contain such detail as Lender may reasonably require. Lender also may require that any statements, schedules or reports be audited at Borrower's expense by independent certified public accountants acceptable to Lender.

(d) If Borrower fails to provide in a timely manner the statements, schedules and reports required by Section 14(b), Lender shall have the right to have Borrower's books and records audited, at Borrower's expense, by independent certified public accountants selected by Lender in order to obtain such statements, schedules and reports, and all related costs and expenses of Lender shall become immediately due and payable and shall become an additional part of the Indebtedness as provided in Section 12.

(e) If an Event of Default has occurred and is continuing, Borrower shall deliver to Lender upon written demand all books and records relating to the Mortgaged Property or its operation.

(f) Borrower authorizes Lender to obtain a credit report on Borrower at any time.

15. TAXES; OPERATING EXPENSES.

(a) Subject to the provisions of Section 15(c) and Section 15(d), Borrower shall pay, or cause to be paid, all Taxes when due and before the addition of any interest, fine, penalty or cost for nonpayment.

(b) Subject to the provisions of Section 15(c), Borrower shall pay the expenses of operating, managing, maintaining and repairing the Mortgaged Property (including insurance premiums, utilities, repairs and replacements) before the last date upon which each such payment may be made without any penalty or interest charge being added.

(c) As long as no Event of Default exists and Borrower has timely delivered to Lender any bills or premium notices that it has received, Borrower shall not be obligated to pay Taxes, insurance premiums or any other individual Imposition to the extent that sufficient Imposition Deposits are held by Lender for the purpose of paying that specific Imposition. If an Event of Default exists, Lender may exercise any rights Lender may have with respect to Imposition Deposits without regard to whether Impositions are then due and payable. Lender shall have no liability to Borrower for failing to pay any Impositions to the extent that any Event of Default has occurred and is continuing, insufficient Imposition Deposits are held by Lender at the time an Imposition becomes due and payable or Borrower has failed to provide Lender with bills and premium notices as provided above.

(d) Borrower, at its own expense, may contest by appropriate legal proceedings, conducted diligently and in good faith, the amount or validity of any Imposition other than insurance premiums, if (1) Borrower notifies Lender of the commencement or expected commencement of such proceedings, (2) the Mortgaged Property is not in danger of being sold or forfeited, (3) Borrower deposits with Lender reserves sufficient to pay the contested Imposition, if requested by Lender, and (4) Borrower furnishes whatever additional security is required in the proceedings or is reasonably requested by Lender, which may include the delivery to Lender of the reserves established by Borrower to pay the contested Imposition.

(e) Borrower shall promptly deliver to Lender a copy of all notices of, and invoices for, Impositions, and if Borrower pays any Imposition directly, Borrower shall promptly furnish to Lender receipts evidencing such payments.

16. LIENS; ENCUMBRANCES.

Borrower acknowledges that, to the extent provided in Section 21, the grant, creation or existence of any mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance (a "Lien") on the Mortgaged Property (other than the lien of this Instrument) or on certain ownership interests in Borrower, whether voluntary, involuntary or by operation of law, and whether or not such Lien has priority over the lien of this Instrument, is a "Transfer" which constitutes an Event of Default.

17. PRESERVATION, MANAGEMENT AND MAINTENANCE OF MORTGAGED PROPERTY.

(a) Borrower (1) shall not commit waste or permit impairment or deterioration of the Mortgaged Property, (2) shall not abandon the Mortgaged Property, (3) shall restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, whether or not insurance proceeds or condemnation awards are available to cover any costs of such restoration or repair, (4) shall keep the Mortgaged Property in good repair, including the replacement of Personalty and Fixtures with items of equal or better function and quality, (5) shall provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Lender under a contract approved by Lender in writing, and (6) shall give notice to Lender of and, unless otherwise directed in writing by Lender, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument. Borrower shall not (and shall not permit any tenant or other person to) remove, demolish or alter the Mortgaged Property or any part of the Mortgaged Property except in connection with the replacement of tangible Personalty.

(b) If, in connection with the making of the loan evidenced by the Note or at any later date, Lender waives in writing the requirement of Section 17(a)(5) above that Borrower enter into a written contract for management of the Mortgaged Property and if, after the date of this Instrument, Borrower intends to change the management of the Mortgaged Property, Lender shall have the right to approve such new property manager and the written contract for the management of the

Mortgaged Property and require that Borrower and such new property manager enter into an Assignment of Management Agreement on a form approved by Lender. If required by Lender (whether before or after an Event of Default), Borrower will cause any Affiliate of Borrower to whom fees are payable for the management of the Mortgaged Property to enter into an agreement with Lender, in a form approved by Lender, providing for subordination of those fees and such other provisions as Lender may require. "Affiliate of Borrower" means any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls Borrower (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

18. ENVIRONMENTAL HAZARDS.

(a) Except for matters covered by a written program of operations and maintenance approved in writing by Lender (an "O&M Program") or matters described in Section 18(b), Borrower shall not cause or permit any of the following:

- (1) the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials on or under the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;
- (2) the transportation of any Hazardous Materials to, from, or across the Mortgaged Property;
- (3) any occurrence or condition on the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws; or
- (4) any violation of or noncompliance with the terms of any Environmental Permit with respect to the Mortgaged Property or any property of Borrower that is adjacent to the Mortgaged Property.

The matters described in clauses (1) through (4) above are referred to collectively in this Section 18 as "Prohibited Activities or Conditions".

(b) Prohibited Activities and Conditions shall not include the safe and lawful use and storage of quantities of (1) pre-packaged supplies, cleaning materials and petroleum products customarily used in the operation and maintenance of comparable multifamily properties, (2)

cleaning materials, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Mortgaged Property; and (3) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Mortgaged Property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws.

(c) Borrower shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date of this Instrument) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Borrower shall not lease or allow the sublease or use of all or any portion of the Mortgaged Property to any tenant or subtenant for nonresidential use by any user that, in the ordinary course of its business, would cause or permit any Prohibited Activity or Condition.

(d) If an O&M Program has been established with respect to Hazardous Materials, Borrower shall comply in a timely manner with, and cause all employees, agents, and contractors of Borrower and any other persons present on the Mortgaged Property to comply with the O&M Program. All costs of performance of Borrower's obligations under any O&M Program shall be paid by Borrower, and Lender's out-of-pocket costs incurred in connection with the monitoring and review of the O&M Program and Borrower's performance shall be paid by Borrower upon demand by Lender. Any such out-of-pocket costs of Lender which Borrower fails to pay promptly shall become an additional part of the indebtedness as provided in Section 12.

(e) Borrower represents and warrants to Lender that, except as previously disclosed by Borrower to Lender in writing:

- (1) Borrower has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;
- (2) to the best of Borrower's knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed;
- (3) except to the extent previously disclosed by Borrower to Lender in writing, the Mortgaged Property does not now contain any underground storage tanks, and, to the best of Borrower's knowledge after reasonable and diligent inquiry, the Mortgaged Property has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Property which has been previously disclosed by Borrower to Lender in writing, that tank complies with all requirements of Hazardous Materials Laws;
- (4) Borrower has complied with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Borrower has obtained all Environmental Permits required for the operation of the Mortgaged Property

in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;

- (5) no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit;
- (6) there are no actions, suits, claims or proceedings pending or, to the best of Borrower's knowledge after reasonable and diligent inquiry, threatened that involve the Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition; and
- (7) Borrower has not received any complaint, order, notice of violation or other communication from any Governmental Authority with regard to air emissions, water discharges, noise emissions or Hazardous Materials, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property.

The representations and warranties in this Section 18 shall be continuing representations and warranties that shall be deemed to be made by Borrower throughout the term of the loan evidenced by the Note, until the Indebtedness has been paid in full.

(f) Borrower shall promptly notify Lender in writing upon the occurrence of any of the following events:

- (1) Borrower's discovery of any Prohibited Activity or Condition;
- (2) Borrower's receipt of or knowledge of any complaint, order, notice of violation or other communication from any Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property; and
- (3) any representation or warranty in this Section 18 becomes untrue after the date of this Agreement.

Any such notice given by Borrower shall not relieve Borrower of, or result in a waiver of, any obligation under this Instrument, the Note, or any other Loan Document.

(g) Borrower shall pay promptly the costs of any environmental inspections, tests or audits ("**Environmental Inspections**") required by Lender in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Lender's consent to any Transfer under Section 21, or required by Lender following a reasonable determination by Lender that Prohibited Activities or

Conditions may exist. Any such costs incurred by Lender (including the fees and out-of-pocket costs of attorneys and technical consultants whether incurred in connection with any judicial or administrative process or otherwise) which Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12. The results of all Environmental Inspections made by Lender shall at all times remain the property of Lender and Lender shall have no obligation to disclose or otherwise make available to Borrower or any other party such results or any other information obtained by Lender in connection with its Environmental Inspections. Lender hereby reserves the right, and Borrower hereby expressly authorizes Lender, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by Lender with respect to the Mortgaged Property. Borrower consents to Lender notifying any party (either as part of a notice of sale or otherwise) of the results of any of Lender's Environmental Inspections. Borrower acknowledges that Lender cannot control or otherwise assure the truthfulness or accuracy of the results of any of its Environmental Inspections and that the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount which a party may bid at such sale. Borrower agrees that Lender shall have no liability whatsoever as a result of delivering the results of any of its Environmental Inspections to any third party, and Borrower hereby releases and forever discharges Lender from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any of Lender's Environmental Inspections.

(h) If any investigation, site monitoring, containment, clean-up, restoration or other remedial work ("**Remedial Work**") is necessary to comply with any Hazardous Materials Law or order of any Governmental Authority that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, Borrower shall, by the earlier of (1) the applicable deadline required by Hazardous Materials Law or (2) 30 days after notice from Lender demanding such action, begin performing the Remedial Work, and thereafter diligently prosecute it to completion, and shall in any event complete the work by the time required by applicable Hazardous Materials Law. If Borrower fails to begin on a timely basis or diligently prosecute any required Remedial Work, Lender may, at its option, cause the Remedial Work to be completed, in which case Borrower shall reimburse Lender on demand for the cost of doing so. Any reimbursement due from Borrower to Lender shall become part of the Indebtedness as provided in Section 12.

(i) Borrower shall cooperate with any inquiry by any Governmental Authority and shall comply with any governmental or judicial order which arises from any alleged Prohibited Activity or Condition.

(j) Borrower shall indemnify, hold harmless and defend (i) Lender, (ii) any prior owner or holder of the Note, (iii) the Loan Servicer, (iv) any prior Loan Servicer, (v) the officers, directors, shareholders, partners, employees and trustees of any of the foregoing, and (vi) the heirs, legal representatives, successors and assigns of each of the foregoing (collectively, the "**Indemnitees**") from and against all proceedings, claims, damages, penalties and costs (whether initiated or sought by Governmental Authorities or private parties), including fees and out-of-pocket expenses of attorneys and expert witnesses, investigatory fees, and remediation costs, whether incurred in

connection with any judicial or administrative process or otherwise, arising directly or indirectly from any of the following:

- (1) any breach of any representation or warranty of Borrower in this Section 18;
- (2) any failure by Borrower to perform any of its obligations under this Section 18;
- (3) the existence or alleged existence of any Prohibited Activity or Condition;
- (4) the presence or alleged presence of Hazardous Materials on or under the Mortgaged Property or any property of Borrower that is adjacent to the Mortgaged Property; and
- (5) the actual or alleged violation of any Hazardous Materials Law.

(k) Counsel selected by Borrower to defend Indemnitees shall be subject to the approval of those Indemnitees. However, any Indemnitee may elect to defend any claim or legal or administrative proceeding at the Borrower's expense.

(l) Borrower shall not, without the prior written consent of those Indemnitees who are named as parties to a claim or legal or administrative proceeding (a "Claim"), settle or compromise the Claim if the settlement (1) results in the entry of any judgment that does not include as an unconditional term the delivery by the claimant or plaintiff to Lender of a written release of those Indemnitees, satisfactory in form and substance to Lender; or (2) may materially and adversely affect Lender, as determined by Lender in its discretion.

(m) Lender agrees that the indemnity under this Section 18 shall be limited to the assets of Borrower and Lender shall not seek to recover any deficiency from any natural persons who are general partners of Borrower.

(n) Borrower shall, at its own cost and expense, do all of the following:

- (1) pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Section 18;
- (2) reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Section 18; and
- (3) reimburse Indemnitees for any and all expenses, including fees and out-of-pocket expenses of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this

Section 18, or in monitoring and participating in any legal or administrative proceeding.

(o) In any circumstances in which the indemnity under this Section 18 applies, Lender may employ its own legal counsel and consultants to prosecute, defend or negotiate any claim or legal or administrative proceeding and Lender, with the prior written consent of Borrower (which shall not be unreasonably withheld, delayed or conditioned), may settle or compromise any action or legal or administrative proceeding. Borrower shall reimburse Lender upon demand for all costs and expenses incurred by Lender, including all costs of settlements entered into in good faith, and the fees and out-of-pocket expenses of such attorneys and consultants.

(p) The provisions of this Section 18 shall be in addition to any and all other obligations and liabilities that Borrower may have under applicable law or under other Loan Documents, and each Indemnitee shall be entitled to indemnification under this Section 18 without regard to whether Lender or that Indemnitee has exercised any rights against the Mortgaged Property or any other security, pursued any rights against any guarantor, or pursued any other rights available under the Loan Documents or applicable law. If Borrower consists of more than one person or entity, the obligation of those persons or entities to indemnify the Indemnitees under this Section 18 shall be joint and several. The obligation of Borrower to indemnify the Indemnitees under this Section 18 shall survive any repayment or discharge of the Indebtedness, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Instrument.

19. PROPERTY AND LIABILITY INSURANCE.

(a) Borrower shall keep the Improvements insured at all times against such hazards as Lender may from time to time require, which insurance shall include but not be limited to coverage against loss by fire and allied perils, general boiler and machinery coverage, and business income coverage. Lender's insurance requirements may change from time to time throughout the term of the Indebtedness. If Lender so requires, such insurance shall also include sinkhole insurance, mine subsidence insurance, earthquake insurance, and, if the Mortgaged Property does not conform to applicable zoning or land use laws, building ordinance or law coverage. If any of the Improvements is located in an area identified by the Federal Emergency Management Agency (or any successor to that agency) as an area having special flood hazards, and if flood insurance is available in that area, Borrower shall insure such Improvements against loss by flood.

(b) All premiums on insurance policies required under Section 19(a) shall be paid in the manner provided in Section 7, unless Lender has designated in writing another method of payment. All such policies shall also be in a form approved by Lender. All policies of property damage insurance shall include a non-contributing, non-reporting mortgage clause in favor of, and in a form approved by, Lender. Lender shall have the right to hold the original policies or duplicate original policies of all insurance required by Section 19(a). Borrower shall promptly deliver to Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums. At least 30 days prior to the expiration date of a policy, Borrower shall

deliver to Lender the original (or a duplicate original) of a renewal policy in form satisfactory to Lender.

(c) Borrower shall maintain at all times commercial general liability insurance, workers' compensation insurance and such other liability, errors and omissions and fidelity insurance coverages as Lender may from time to time require.

(d) All insurance policies and renewals of insurance policies required by this Section 19 shall be in such amounts and for such periods as Lender may from time to time require, and shall be issued by insurance companies satisfactory to Lender.

(e) Borrower shall comply with all insurance requirements and shall not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage that this Instrument requires Borrower to maintain.

(f) In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to Lender. Borrower hereby authorizes and appoints Lender as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claims under policies of property damage insurance, to appear in and prosecute any action arising from such property damage insurance policies, to collect and receive the proceeds of property damage insurance, and to deduct from such proceeds Lender's expenses incurred in the collection of such proceeds. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 19 shall require Lender to incur any expense or take any action. Lender may, at Lender's option, (1) hold the balance of such proceeds to be used to reimburse Borrower for the cost of restoring and repairing the Mortgaged Property to the equivalent of its original condition or to a condition approved by Lender (the "Restoration"), or (2) apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due. To the extent Lender determines to apply insurance proceeds to Restoration, Lender shall do so in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily properties.

(g) Lender shall not exercise its option to apply insurance proceeds to the payment of the Indebtedness if all of the following conditions are met: (1) no Event of Default (or any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default) has occurred and is continuing; (2) Lender determines, in its discretion, that there will be sufficient funds to complete the Restoration; (3) Lender determines, in its discretion, that the net operating income generated by the Mortgaged Property after completion of the Restoration will be sufficient to support a debt service coverage ratio not less than the greater of (A) the debt service coverage ratio as of the date of this Instrument (based on the final underwriting of the Mortgaged Property) or (B) the debt service coverage ratio immediately prior to the loss (in each case, Lender's determination shall include all operating costs and other expenses, Imposition Deposits, deposits to reserves and loan repayment obligations relating to the Mortgaged Property); (4) Lender determines, in its discretion, that the Restoration will be completed before the earlier of (A) one year before the maturity date of the Note or (B) one year after the date of the loss or casualty; and (5) upon Lender's request, Borrower provides Lender evidence of the availability during and after the Restoration of the insurance required to be maintained by Borrower pursuant to this Section 19.

(h) If the Mortgaged Property is sold at a foreclosure sale or Lender acquires title to the Mortgaged Property, Lender shall automatically succeed to all rights of Borrower in and to any insurance policies and unearned insurance premiums and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

20. CONDEMNATION.

(a) Borrower shall promptly notify Lender of any action or proceeding relating to any condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect (a "Condemnation"). Borrower shall appear in and prosecute or defend any action or proceeding relating to any Condemnation unless otherwise directed by Lender in writing. Borrower authorizes and appoints Lender as attorney-in-fact for Borrower to commence, appear in and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any Condemnation and to settle or compromise any claim in connection with any Condemnation. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 20 shall require Lender to incur any expense or take any action. Borrower hereby transfers and assigns to Lender all right, title and interest of Borrower in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

(b) Lender may apply such awards or proceeds, after the deduction of Lender's expenses incurred in the collection of such amounts, at Lender's option, to the restoration or repair of the Mortgaged Property or to the payment of the Indebtedness, with the balance, if any, to Borrower. Unless Lender otherwise agrees in writing, any application of any awards or proceeds to the Indebtedness shall not extend or postpone the due date of any monthly installments referred to in the Note, Section 7 of this Instrument or any Collateral Agreement, or change the amount of such installments. Borrower agrees to execute such further evidence of assignment of any awards or proceeds as Lender may require.

21. TRANSFERS OF THE MORTGAGED PROPERTY OR INTERESTS IN BORROWER.

(a) The occurrence of any of the following events shall constitute an Event of Default under this Instrument:

- (1) a Transfer of all or any part of the Mortgaged Property or any interest in the Mortgaged Property;
- (2) a Transfer of a Controlling Interest in Borrower;
- (3) a Transfer of a Controlling Interest in any entity which owns, directly or indirectly through one or more intermediate entities, a Controlling Interest in Borrower;

(4) a Transfer of all or any part of a Key Principal's ownership interests in Borrower, or in any other entity which owns, directly or indirectly through one or more intermediate entities, an ownership interest in Borrower (other than a Transfer of an aggregate beneficial ownership interest in the Borrower of 49% or less of such Key Principal's original ownership interest in the Borrower and which does not otherwise result in a Transfer of the Key Principal's Controlling Interest in such intermediate entities or in the Borrower);

(5) if Key Principal is an entity, (A) a Transfer of a Controlling Interest in Key Principal, or (B) a Transfer of a Controlling Interest in any entity which owns, directly or indirectly through one or more intermediate entities, a Controlling Interest in Key Principal;

(6) if Borrower or Key Principal is a trust, the termination or revocation of such trust; unless the trust is terminated as a result of the death of an individual trustor, in which event Lender must be notified and such Borrower or Key Principal must be replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged);

(7) if Key Principal is a natural person, the death of such individual; unless the Lender is notified and such individual is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged);

(8) the merger, dissolution, liquidation, or consolidation of (i) Borrower, (ii) any Key Principal that is a legal entity, or (iii) any legal entity holding, directly or indirectly, a Controlling Interest in the Borrower or in any Key Principal that is an entity;

(9) a conversion of Borrower from one type of legal entity into another type of legal entity (including the conversion of a general partnership into a limited partnership and the conversion of a limited partnership into a limited liability company), whether or not there is a Transfer; if such conversion results in a change in any assets, liabilities, legal rights or obligations of Borrower (or of Key Principal, guarantor, or any general partner of Borrower, as applicable), by operation of law or otherwise; and

(10) a Transfer of the economic benefits or right to cash flows attributable to the ownership interests in Borrower and/or, if Key Principal is an entity, Key Principal, separate from the Transfer of the underlying ownership interests, unless the Transfer of the underlying ownership interests would otherwise not be prohibited by this Agreement

Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default in order to exercise any of its remedies with respect to an Event of Default under this Section 21.

(b) The occurrence of any of the following events shall not constitute an Event of Default under this Instrument, notwithstanding any provision of Section 21(a) to the contrary:

- (1) a Transfer to which Lender has consented;
- (2) except as provided in Section 21(a)(6) and (7), a Transfer that occurs by devise, descent, pursuant to the provisions of a trust, or by operation of law upon the death of a natural person;
- (3) the grant of a leasehold interest in an individual dwelling unit for a term of two years or less not containing an option to purchase;
- (4) a Transfer of obsolete or worn out Personalty or Fixtures that are contemporaneously replaced by items of equal or better function and quality, which are free of liens, encumbrances and security interests other than those created by the Loan Documents or consented to by Lender;
- (5) the grant of an easement, servitude, or restrictive covenant if, before the grant, Lender determines that the easement, servitude, or restrictive covenant will not materially affect the operation or value of the Mortgaged Property or Lender's interest in the Mortgaged Property, and Borrower pays to Lender, upon demand, all costs and expenses incurred by Lender in connection with reviewing Borrower's request;
- (6) the creation of a tax lien or a mechanic's, materialman's, or judgment lien against the Mortgaged Property which is bonded off, released of record, or otherwise remedied to Lender's satisfaction within 45 days after Borrower has actual or constructive notice of the existence of such lien; and
- (7) the conveyance of the Mortgaged Property at a judicial or non-judicial foreclosure sale under this Instrument.

(c) Lender shall consent to a Transfer that would otherwise violate this Section 21 if, prior to the Transfer, Borrower has satisfied each of the following requirements:

- (1) the submission to Lender of all information required by Lender to make the determination required by this Section 21(c);
- (2) the absence of any Event of Default;
- (3) the transferee meets all of the eligibility, credit, management, and other standards (including any standards with respect to previous relationships between Lender and the transferee and the organization of the transferee) customarily applied by Lender at the time of the proposed Transfer to the approval of borrowers in connection with the origination or purchase of similar mortgage finance structures on similar multifamily

properties, unless partially waived by Lender in exchange for such additional conditions as Lender may require;

(4) the Mortgaged Property, at the time of the proposed Transfer, meets all standards as to its physical condition that are customarily applied by Lender at the time of the proposed Transfer to the approval of properties in connection with the origination or purchase of similar mortgage finance structures on similar multifamily properties, unless partially waived by Lender in exchange for such additional conditions as Lender may require;

(5) if transferor or any other person has obligations under any Loan Document, the execution by the transferee or one or more individuals or entities acceptable to Lender of an assumption agreement (including, if applicable, an Acknowledgement and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability) that is acceptable to Lender and that, among other things, requires the transferee to perform all obligations of transferor or such person set forth in such Loan Document, and may require that the transferee comply with any provisions of this Instrument or any other Loan Document which previously may have been waived by Lender;

(6) if a guaranty has been executed and delivered in connection with the Note, this Instrument or any of the other Loan Documents, the Borrower causes one or more individuals or entities acceptable to Lender to execute and deliver to Lender a substitute guaranty in a form acceptable to Lender;

(7) Lender's receipt of all of the following:

(A) a non-refundable review fee in the amount of \$3,000 and a transfer fee equal to 1 percent of the outstanding Indebtedness immediately prior to the Transfer; and

(B) Borrower's reimbursement of all of Lender's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, to the extent such expenses exceed \$3,000; and

(8) Borrower has agreed to Lender's conditions to approve such Transfer, which may include, but are not limited to (A) providing additional collateral, guaranties, or other credit support to mitigate any risks concerning the proposed transferee or the performance or condition of the Mortgaged Property, and (B) amending the Loan Documents to (i) delete any specially negotiated terms or provisions previously granted for the exclusive benefit of transferor and (ii) restore to original provisions of the standard Fannie Mae form multifamily loan documents, to the extent such provisions were previously modified.

(d) For purposes of this Section, the following terms shall have the meanings set forth below:

(1) **"Initial Owners"** means, with respect to Borrower or any other entity, the persons or entities who on the date of the Note, directly or indirectly, own in the aggregate 100% of the ownership interests in Borrower or that entity.

(2) A Transfer of a **"Controlling Interest"** shall mean:

(A) with respect to any entity, the following:

(i) if such entity is a general partnership or a joint venture, a Transfer of any general partnership interest or joint venture interest which would cause the Initial Owners to own less than 51% of all general partnership or joint venture interests in such entity;

(ii) if such entity is a limited partnership, (A) a Transfer of any general partnership interest, or (B) a Transfer of any partnership interests which would cause the Initial Owners to own less than 51% of all limited partnership interests in such entity;

(iii) if such entity is a limited liability company or a limited liability partnership, (A) a Transfer of any membership or other ownership interest which would cause the Initial Owners to own less than 51% of all membership or other ownership interests in such entity, (B) a Transfer of any membership, or other interest of a manager, in such entity that results in a change of manager, or (C) a change of the non-member manager;

(iv) if such entity is a corporation (other than a Publicly-Held Corporation) with only one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than 51% of voting stock in such corporation;

(v) if such entity is a corporation (other than a Publicly-Held Corporation) with more than one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than a sufficient number of shares of voting stock having the power to elect the majority of directors of such corporation; and

(vi) if such entity is a trust (other than a Publicly-Held Trust), the removal, appointment or substitution of a trustee of such trust other than (A) in the case of a land trust, or (B) if the trustee of such trust after such removal, appointment, or substitution is a trustee identified in the trust agreement approved by Lender; and/or

(B) any agreement (including provisions contained in the organizational and/or governing documents of Borrower or Key Principal) or Transfer not specified in clause (A), the effect of which, either immediately or

after the passage of time or occurrence of a specified event or condition, including the failure of a specified event or condition to occur or be satisfied, would (i) cause a change in or replacement of the Person that controls the management and operations of the Borrower or Key Principal or (ii) limit or otherwise modify the extent of such Person's control over the management and operations of Borrower or Key Principal.

(3) "**Publicly-Held Corporation**" shall mean a corporation the outstanding voting stock of which is registered under Section 12(b) or 12(g) of the Securities and Exchange Act of 1934, as amended.

(4) "**Publicly-Held Trust**" shall mean a real estate investment trust the outstanding voting shares or beneficial interests of which are registered under Section 12 (b) or 12 (g) of the Securities Exchange Act of 1934, as amended.

(e) Lender shall be provided with written notice of all Transfers under this Section 21, whether or not such Transfers are permitted under Section 21(b) or approved by Lender under Section 21(c), no later than 10 days prior to the date of the Transfer."

22. EVENTS OF DEFAULT.

The occurrence of any one or more of the following shall constitute an Event of Default under this Instrument:

(a) any failure by Borrower to pay or deposit when due any amount required by the Note, this Instrument or any other Loan Document;

(b) any failure by Borrower to maintain the insurance coverage required by Section 19;

(c) any failure by Borrower to comply with the provisions of Section 33;

(d) fraud or material misrepresentation or material omission by Borrower, or any of its officers, directors, trustees, general partners or managers, Key Principal or any guarantor in connection with (A) the application for or creation of the Indebtedness, (B) any financial statement, rent roll, or other report or information provided to Lender during the term of the Indebtedness, or (C) any request for Lender's consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement;

(e) any (i) Event of Default under Section 21 and/or (ii) occurrence of a Bankruptcy Event;

(f) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Lender's reasonable judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property;

(g) any failure by Borrower to perform any of its obligations under this Instrument (other than those specified in Sections 22(a) through (f)), as and when required, which continues for a period of 30 days after notice of such failure by Lender to Borrower, but no such notice or grace period shall apply in the case of any such failure which could, in Lender's judgment, absent immediate exercise by Lender of a right or remedy under this Instrument, result in harm to Lender, impairment of the Note or this Instrument or any other security given under any other Loan Document;

(h) any failure by Borrower to perform any of its obligations as and when required under any Loan Document other than this Instrument which continues beyond the applicable cure period, if any, specified in that Loan Document; and

(i) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust or deed to secure debt on the Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable.

23. REMEDIES CUMULATIVE.

Each right and remedy provided in this Instrument is distinct from all other rights or remedies under this Instrument or any other Loan Document or afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.

24. FORBEARANCE.

(a) Lender may (but shall not be obligated to) agree with Borrower, from time to time, and without giving notice to, or obtaining the consent of, or having any effect upon the obligations of, any guarantor or other third party obligor, to take any of the following actions: extend the time for payment of all or any part of the Indebtedness; reduce the payments due under this Instrument, the Note, or any other Loan Document; release anyone liable for the payment of any amounts under this Instrument, the Note, or any other Loan Document; accept a renewal of the Note; modify the terms and time of payment of the Indebtedness; join in any extension or subordination agreement; release any Mortgaged Property; take or release other or additional security; modify the rate of interest or period of amortization of the Note or change the amount of the monthly installments payable under the Note; and otherwise modify this Instrument, the Note, or any other Loan Document.

(b) Any forbearance by Lender in exercising any right or remedy under the Note, this Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Lender of payment of all or any part of the Indebtedness after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments on account of the Indebtedness or to exercise any remedies for any failure to make prompt payment. Enforcement by Lender of any security for the

Indebtedness shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right available to Lender. Lender's receipt of any awards or proceeds under Sections 19 and 20 shall not operate to cure or waive any Event of Default.

25. LOAN CHARGES.

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

26. WAIVER OF STATUTE OF LIMITATIONS.

Borrower hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce any Loan Document.

27. WAIVER OF MARSHALLING.

Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Instrument, the Note, any other Loan Document or applicable law. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Instrument waives any and all right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Instrument.

28. FURTHER ASSURANCES.

Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements, transfers and assurances as Lender may require from time to time in order to better assure, grant, and convey to

Lender the rights intended to be granted, now or in the future, to Lender under this Instrument and the Loan Documents.

29. ESTOPPEL CERTIFICATE.

Within 10 days after a request from Lender, Borrower shall deliver to Lender a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement, (i) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Note; (iii) the date to which interest under the Note has been paid; (iv) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Instrument or any of the other Loan Documents (or, if the Borrower is in default, describing such default in reasonable detail); (v) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and (vi) any additional facts requested by Lender.

30. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.

(a) This Instrument, and any Loan Document which does not itself expressly identify the law that is to apply to it, shall be governed by the laws of the jurisdiction in which the Land is located (the "Property Jurisdiction").

(b) Borrower agrees that any controversy arising under or in relation to the Note, this Instrument, or any other Loan Document shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Note, any security for the Indebtedness, or any other Loan Document. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

31. NOTICE.

(a) All notices, demands and other communications ("**notice**") under or concerning this Instrument shall be in writing. Each notice shall be addressed to the intended recipient at its address set forth in this Instrument, and shall be deemed given on the earliest to occur of (1) the date when the notice is received by the addressee; (2) the first Business Day after the notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (3) the third Business Day after the notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested. As used in this Section 31, the term "Business Day" means any day other than a Saturday, a Sunday or any other day on which Lender is not open for business.

(b) Any party to this Instrument may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 31.

Each party agrees that it will not refuse or reject delivery of any notice given in accordance with this Section 31, that it will acknowledge, in writing, the receipt of any notice upon request by the other party and that any notice rejected or refused by it shall be deemed for purposes of this Section 31 to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

(c) Any notice under the Note and any other Loan Document which does not specify how notices are to be given shall be given in accordance with this Section 31.

32. SALE OF NOTE; CHANGE IN SERVICER.

The Note or a partial interest in the Note (together with this Instrument and the other Loan Documents) may be sold one or more times without prior notice to Borrower. A sale may result in a change of the Loan Servicer. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given notice of the change.

33. SINGLE ASSET BORROWER.

Until the Indebtedness is paid in full, Borrower (a) shall not acquire any real or personal property other than the Mortgaged Property and personal property related to the operation and maintenance of the Mortgaged Property; (b) shall not operate any business other than the management and operation of the Mortgaged Property; and (c) shall not maintain its assets in a way difficult to segregate and identify.

34. SUCCESSORS AND ASSIGNS BOUND.

This Instrument shall bind, and the rights granted by this Instrument shall inure to, the respective successors and assigns of Lender and Borrower. However, a Transfer not permitted by Section 21 shall be an Event of Default.

35. JOINT AND SEVERAL LIABILITY.

If more than one person or entity signs this Instrument as Borrower, the obligations of such persons and entities shall be joint and several.

36. RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY.

(a) The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Lender and Borrower.

(b) No creditor of any party to this Instrument and no other person shall be a third party beneficiary of this Instrument or any other Loan Document. Without limiting the generality of the preceding sentence, (1) any arrangement (a "**Servicing Arrangement**") between the Lender and

any Loan Servicer for loss sharing or interim advancement of funds shall constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness, (2) Borrower shall not be a third party beneficiary of any Servicing Arrangement, and (3) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

37. SEVERABILITY; AMENDMENTS.

The invalidity or unenforceability of any provision of this Instrument shall not affect the validity or enforceability of any other provision, and all other provisions shall remain in full force and effect. This Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Instrument. This Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought.

38. CONSTRUCTION.

The captions and headings of the sections of this Instrument are for convenience only and shall be disregarded in construing this Instrument. Any reference in this Instrument to an "Exhibit" or a "Section" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Instrument or to a Section of this Instrument. All Exhibits attached to or referred to in this Instrument are incorporated by reference into this Instrument. Any reference in this Instrument to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time. Use of the singular in this Agreement includes the plural and use of the plural includes the singular. As used in this Instrument, the term "including" means "including, but not limited to."

39. LOAN SERVICING.

All actions regarding the servicing of the loan evidenced by the Note, including the collection of payments, the giving and receipt of notice, inspections of the Property, inspections of books and records, and the granting of consents and approvals, may be taken by the Loan Servicer unless Borrower receives notice to the contrary. If Borrower receives conflicting notices regarding the identity of the Loan Servicer or any other subject, any such notice from Lender shall govern.

40. DISCLOSURE OF INFORMATION.

Lender may furnish information regarding Borrower or the Mortgaged Property to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase or securitization of the Indebtedness, including trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.

41. NO CHANGE IN FACTS OR CIRCUMSTANCES.

All information in the application for the loan submitted to Lender (the "**Loan Application**") and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan Application are complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

42. SUBROGATION.

If, and to the extent that, the proceeds of the loan evidenced by the Note are used to pay, satisfy or discharge any obligation of Borrower for the payment of money that is secured by a pre-existing mortgage, deed of trust or other lien encumbering the Mortgaged Property (a "**Prior Lien**"), such loan proceeds shall be deemed to have been advanced by Lender at Borrower's request, and Lender shall automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

43. ACCELERATION; REMEDIES.

At any time during the existence of an Event of Default, Lender, at Lender's option, may declare the Indebtedness to be immediately due and payable without further demand, and may invoke the power of sale and any other remedies permitted by Virginia law or provided in this Instrument or in any other Loan Document. Borrower acknowledges that the power of sale granted by this Instrument may be exercised by Lender without prior judicial hearing. Borrower has the right to bring an action to assert that an Event of Default does not exist or to raise any other defense Borrower may have to acceleration and sale. Lender shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees and costs of documentary evidence, abstracts and title reports.

If Lender invokes the power of sale, Lender or Trustee shall deliver a copy of a notice of sale to Borrower in the manner prescribed by Virginia law. Trustee shall give public notice of the sale in the manner prescribed by Virginia law and shall sell the Mortgaged Property in accordance with Virginia law. Trustee, without demand on Borrower, shall sell the Mortgaged Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone the sale of all or any part of the Mortgaged Property by public announcement at the time and place of any previously scheduled sale or by advertising in accordance with Virginia law. Lender or Lender's designee may purchase the Mortgaged Property at any sale.

Trustee shall deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Mortgaged Property so sold with special warranty of title. The recitals in Trustee's deed shall be prima facie evidence of the truth of the statements made in the recitals. Trustee shall apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including Trustee's fees of 5% of the gross sale price, attorneys' fees and costs of title

evidence; (b) to the discharge of all Taxes, if any, as provided by Virginia law; (c) to the Indebtedness in such order as Lender, in Lender's discretion, directs; and (d) the excess, if any, to the person or persons legally entitled to the excess, including, if any, the holders of liens inferior to this Instrument in the order of their priority, provided that Trustee has actual notice of such liens. Trustee shall not be required to take possession of the Mortgaged Property before the sale or to deliver possession of the Mortgaged Property to the purchaser at the sale.

44. RELEASE.

Upon payment of the Indebtedness, Lender shall request Trustee to release this Instrument and shall deliver the Note to Trustee. Trustee shall release this Instrument. Borrower shall pay Trustee's reasonable costs incurred in releasing this Instrument.

45. SUBSTITUTE TRUSTEE.

Lender may from time to time, in Lender's discretion, remove Trustee and appoint a successor trustee to any Trustee appointed under this Instrument. Without conveyance of the Mortgaged Property, the successor trustee shall succeed to all the title, power and duties conferred upon the predecessor Trustee and by applicable law.

46. STATUTORY PROVISIONS.

The following provisions of Section 55-60, Code of Virginia (1950), as amended, are made applicable to this Instrument:

Exemptions waived
Subject to all upon default
Renewal or extension permitted
Substitution of trustee permitted
Any trustee may act

47. WAIVER OF TRIAL BY JURY.

BORROWER AND LENDER EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS INSTRUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

ATTACHED EXHIBITS. The following Exhibits are attached to this Instrument:

- Exhibit A Description of the Land (required).
- Exhibit B Modifications to Instrument
- Exhibit B-1 Modifications to Instrument (Section 8 HAP Contract)

IN WITNESS WHEREOF, Borrower has signed and delivered this Instrument or has caused this Instrument to be signed and delivered by its duly authorized representative.

BORROWER:

**LAKEWOOD PLAZA ASSOCIATES, A
VIRGINIA LIMITED PARTNERSHIP, a Virginia
limited partnership**

By: **NATIONAL HOUSING COUNSEL, A
VIRGINIA LIMITED PARTNERSHIP, a
Virginia limited partnership, its general partner**

By: **URBAN PROPERTIES, INC., a
Virginia corporation, its general partner**

By: Victoria J. Hoffman
Name: Victoria J. Hoffman
Title: President

GEORGIA ACKNOWLEDGMENT

Individual and Corporate

Signed, sealed, and delivered in the presence of:

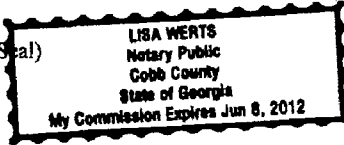
Victoria J. Hoffa (Seal)

Witness Print Name

Leslie L. Cronk (Seal)

Notary Public Print Name

(Seal) L. WERTS (Seal)



KEY PRINCIPAL

Key Principal

Name: Victoria J. Hoffman

Address: 10720 Shallowford Road, Roswell, Georgia 30075

EXHIBIT A

All of that certain parcel of land situate in the City of Norfolk, Commonwealth of Virginia described as follows:

Beginning at a point located on the westerly right-of-way of Tidewater Drive, said point being 1,310.42 feet northerly of the northerly line of Willow Wood Drive and from the point of beginning thus established:

1. thence N 74° 30' 30" W, 137.11' to a point
 2. thence S 19° 09' 30" W, 10.00' to a point;
 3. thence N 70° 50' 30" W, 100.00' to a point;
 4. thence N 19° 09' 30" E, 320.00' to a point;
 5. thence continuing N 19° 09' 30" E, 25.00 to a point;
 6. thence S 84° 00' 00" E, 56.00' to a point;
 7. thence S 62° 44' 49" E, 198.00' to a point on the westerly right-of-way line of Tidewater Drive;
 8. thence S 21° 41' 07" W, 232.70' to a point;
 9. thence N 68° 18' 53" W, 4.00' to a point;
 10. thence S 21° 41' 07" W, 6.00' to a point;
 11. thence S 68° 18' 53" E, 4.00 to a point;
 12. thence S 21° 41' 07" W, 72.71' to the point of beginning
- Containing 1.8864 acres

EXHIBIT B
MODIFICATIONS TO INSTRUMENT

The following modifications are made to the text of the Instrument that precedes this Exhibit:

1. The paragraph of this Instrument is hereby deleted and the following is substituted in its place:

“TO SECURE TO LENDER the repayment of the Indebtedness evidenced by Borrower’s Multifamily Notes payable to Lender, dated as of the date of this Instrument, and maturing on **December 1, 2014 and November 1, 2019**, the aggregate principal amount of **\$4,000,000.00**, and all renewals, extensions and modifications of the Indebtedness, and the performance of the covenants and agreements of Borrower contained in the Loan Documents.”

2. Section 18(m) of this Instrument is hereby deleted and the following is substituted in its place:

“(m) Lender agrees that the indemnity under this Section 18 shall be limited to the assets of Borrower and Lender shall not seek to recover any deficiency from any Key Principal or any natural persons who are general partners of Borrower.”

[INITIALS FOLLOW ON THE NEXT PAGE]

BORROWER'S INITIALS: WJL

EXHIBIT B-1
MODIFICATIONS TO INSTRUMENT
(Section 8 HAP Contract)

1. The following new Section is added to the Instrument after the last numbered Section:

"48. SECTION 8 HAP CONTRACT.

(a) Borrower is a party to that certain Housing Assistance Payments Contract between the Borrower and the United States Department of Housing and Urban Development ("HUD") identified as HAP Contract Number VA36-M000-198 dated April 22, 1995, as subsequently amended (the "HAP Contract"), for the Mortgaged Property (HUD Project No. 051-44050), which HAP Contract has been collaterally assigned to Lender and Fannie Mae pursuant to that certain Assignment of Housing Assistance Payments Contract (the "Assignment of HAP Contract") from Borrower to Lender and Fannie Mae.

(b) Borrower represents that Borrower has at all times been and presently is in full compliance with the HAP Contract and that Borrower has not in the past defaulted and is presently not in default under the HAP Contract.

(c) Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) under the HAP Contract or the Assignment of HAP Contract shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorneys' fees incurred by Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default, event of default or breach under the HAP Contract or under the Assignment of HAP Contract, shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument."

2. All capitalized terms used in this Exhibit not specifically defined herein shall have the meanings set forth in the text of the Instrument that precedes this Exhibit.

BORROWER'S INITIALS: JH

Section 8 HAP Contract Modifications to Instrument

131418.00474/6781496v.3

INSTRUMENT #090025828
RECORDED IN THE CLERK'S OFFICE OF
NORFOLK ON
OCTOBER 30, 2009 AT 04:18PM
1997-2009 Fannie Mae
GEORGE E. SCHAEFER, CLERK
RECORDED BY: TLD



CITY OF NORFOLK, VIRGINIA

Daun S. Hester, City Treasurer

PO Box 3215
Norfolk, Virginia 23514-3215

PIN Number: 2530-6005
Fiscal Year: 2019/2020
Quarter: 3
Bill Date: 02/27/2020
Due Date: 03/31/2020

Print Date: 04/16/2020

REAL ESTATE TAX STATEMENT

Account # : 628795

Customer : LAKEWOOD PLAZA ASSOCIATES

Legal Address

5631 TIDEWATER DR

Legal Description

PT SITE 1 & 2

MTG Code	ASSESSMENT				RATES		Accrued Deferral	TAXES			
	Land	Improvement	Abatement	Total	Tax Rate	Annual		Relief	Net	Quarter	
	632,000	10,419,000	0	11,051,000	\$1.25		138,137.52	0.00	138,137.52	34,534.38	
								Prior		0.00	
								Penalty		0.00	
								Interest		0.00	
								Deferral Interest		0.00	
								Misc Fees		0.00	
								Credits		0.00	
								Total Due		34,534.38	

For name changes or assessment inquiries please contact the Real Estate Assessor at 757-664-4732
 For senior/disabled citizen tax relief please contact the Department of Human Services at 757-823-1130
 For payment inquiries, please contact the City Treasurer at 757-664-7800 or 757-664-7849.
See Back Page For Online/Phone Payment Instructions and Other Important Information.

Your cancelled check will serve as your receipt. If you would like a receipt, please enclose a self addressed, stamped envelope and return entire bill with your payment.

To avoid penalty of 10% or \$10.00, whichever is greater and 8% interest per annum, the quarterly installment must be received by 03/31/2020. The penalty shall in no case exceed the amount due.

LAKEWOOD PLAZA ASSOCIATES
5631 TIDEWATER DRIVE, EXECUTIVE SUITES

12923

6710

0.00

0.00

34534.38

04/29/20

00012923

\$ 34534.38

City of Norfolk

F

Third-Party RESNET
Rater Certification
(MANDATORY)



Appendix F
RESNET Rater Certification of Development Plans

ADDITIONAL INFORMATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
NEW CONSTRUCTION - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

***PLEASE NOTE: RATERS MUST HAVE COMPLETED 500+ RATINGS IN ORDER TO CERTIFY THIS FORM.

In addition provide HERS rating documentation as specified in the manual

New Construction - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
CERTIFICATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

CC Rehabilitation - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
OR: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

Adaptive Reuse - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
CERTIFICATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

Additional Optional Certifications

ADDITIONAL INFORMATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
CERTIFICATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

Earthcraft Certification - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
CERTIFICATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

LEED Certification - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
CERTIFICATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

National Green Building Standard (NGBS) - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
CERTIFICATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

Enterprise Green Communities - PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.
CERTIFICATION: PROVIDE THE FOLLOWING INFORMATION TO THE RATER TO SUPPORT YOUR RATING.

***Please Note Raters must have completed 500+ ratings in order to certify this form

Signed: [Signature]

Date: [Date]

Printed Name: [Name]

RESNET Rater

Resnet Provider Agency
[Agency Name]

Signature [Signature]

Provider Contact and Phone/Email

[Contact Information]

Home Energy Rating Certificate

Projected Report

Rating Date:
Registry ID: Unregistered
Ekotrope ID: mvoOnWXv

HERS® Index Score:

76

Your home's HERS score is a relative performance score. The lower the number, the more energy efficient the home. To learn more, visit www.hersindex.com

Annual Savings

\$537

*Relative to an average U.S. home

Home:

TBD
Norfolk, VA 23324

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]	Annual Cost
Heating	13.1	\$135
Cooling	1.4	\$48
Hot Water	11.4	\$114
Lights/Appliances	8.6	\$296
Service Charges		\$199
Generation (e.g. Solar)	0.0	\$0
Total:	34.5	\$793

This home meets or exceeds the criteria of the following:

Rating Completed by:

Energy Rater: John Semmelhack
RESNET ID: 4837591

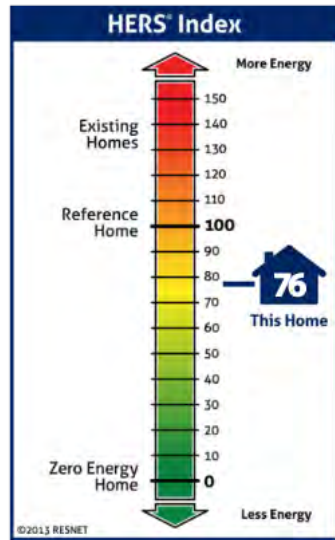
Rating Company: Ecovative Energy

Rating Provider: Viridiant
1431 W. Main Street, Richmond, VA 23220



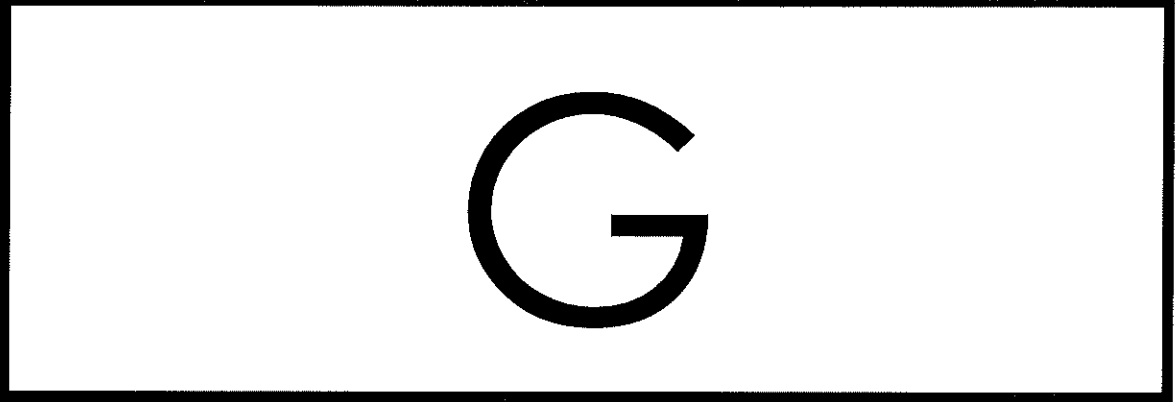
John Semmelhack

John Semmelhack, Certified Energy Rater
Digitally signed: 2/28/20 at 4:54 PM



Home Feature Summary:

Home Type:	Apartment, inside unit
Model:	N/A
Community:	N/A
Conditioned Floor Area:	632 ft ²
Number of Bedrooms:	1
Primary Heating System:	Boiler • Natural Gas • 0.862 Adjusted Efficiency
Primary Cooling System:	Air Conditioner • Electric • 13 SEER
Primary Water Heating:	Water Heater • Natural Gas • 0.61 Energy Factor
House Tightness:	5.95 ACH50
Ventilation:	None
Duct Leakage to Outside:	Untested
Above Grade Walls:	R-5
Ceiling:	Vaulted Roof, R-25
Window Type:	U-Value: 0.3, SHGC: 0.3
Foundation Walls:	N/A



G

Zoning Certification Letter
(MANDATORY)

Zoning Certification

DATE:

TO: Virginia Housing Development Authority
 601 South Belvidere Street
 Richmond, Virginia 23220
 Attention: JD Bondurant

RE: ZONING CERTIFICATION

Name of Development: Lakewood Plaza Apartments

Name of Owner/Applicant: EREG Housing Preservation LLC, an Illinois limited liability company

Name of Seller/Current Owner: Lakewood Plaza Associates, a Virginia Limited Partnership

The above-referenced Owner/Applicant has asked this office to complete this form letter regarding the zoning of the proposed Development (more fully described below). This certification is rendered solely for the purpose of confirming proper zoning for the site of the Development. It is understood that this letter will be used by the Virginia Housing Development Authority solely for the purpose of determining whether the Development qualifies for credits available under VHDA's Qualified Allocation Plan.

DEVELOPMENT DESCRIPTION:

Development Address:

Lakewood Plaza Apartments
5631 Tidewater Drive
Norfolk, VA 23509

Legal Description:

All of that certain parcel of land situated in the City of Norfolk, Commonwealth of Virginia described as follows: Beginning for the same at a point in the western line of Tidewater Drive, which point is North 590.55 feet from the intersection of the western line of Tidewater Drive and the northern line of Blanca Drive and running the following B courses and distances
1) S. 30G 23' 00" W B3.59 feet, thence 2) N. 74G 30' 30" W 147.85 feet, thence 3) S. 19° 09' 30" W 10.00 feet, thence 4) N. 70° 50' 30" W 100 feet, thence
5) N. 10° 09' 30" E 345.00 feet, thence 6) S. 84° 00' 00" E 56.00 feet, thence 7) S 62° 44' 49" E 221.93 feet, thence 8) S 21° 48' 00" W 225.00 feet to the point of beginning, containing 2.042 acres.

Proposed Improvements:

<input type="checkbox"/> New Construction:	<u> </u> # Units	<u> </u> # Buildings	<u> </u> Approx. Total Floor Area Sq. Ft.
<input type="checkbox"/> Adaptive Reuse:	<u> </u> # Units	<u> </u> # Buildings	<u> </u> Approx. Total Floor Area Sq. Ft.
<input checked="" type="checkbox"/> Rehabilitation:	<u>200</u> # Units	<u>1</u> # Buildings	<u>179,236</u> Approx. Total Floor Area Sq. Ft.

Zoning Certification, cont'd

Current Zoning: MF-HR (Multifamily High Rise) allowing a density of _____ units per acre, and the following other applicable conditions: _____

Other Descriptive Information:

LOCAL CERTIFICATION:

Check one of the following as appropriate:

- The zoning for the proposed development described above is proper for the proposed residential development. To the best of my knowledge, there are presently no zoning violations outstanding on this property. No further zoning approvals and/or special use permits are required.

- The development described above is an approved non-conforming use. To the best of my knowledge, there are presently no zoning violations outstanding on this property. No further zoning approvals and/or special use permits are required.



Signature

Jeremy Sharp

Printed Name

Zoning Administrator

Title of Local Official or Civil Engineer

(757) 823-1087

Phone:

2/11/20

Date:

NOTES TO LOCALITY:

1. Return this certification to the developer for inclusion in the tax credit application package.
2. Any change in this form may result in disqualification of the application.
3. If you have any questions, please call the Tax Credit Allocation Department at (804) 343-5518.

H

Attorney's Opinion
(MANDATORY)

March 15, 2021

TO: Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220

RE: 2021 Tax Credit Reservation Request

Name of Development: Lakewood Plaza Apartments
Name of Owner: Lakewood Plaza Apartments LLC

Gentlemen:

This undersigned firm represents the above-referenced Owner as its counsel. It has received a copy of and has reviewed the completed application package dated March 15, 2021 (of which this opinion is a part) (the "Application") submitted to you for the purpose of requesting, in connection with the captioned Development, a reservation of low income housing tax credits ("Credits") available under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"). It has also reviewed Section 42 of the Code, the regulations issued pursuant thereto and such other binding authority as it believes to be applicable to the issuance hereof (the regulations and binding authority hereinafter collectively referred to as the "Regulations").

Based upon the foregoing reviews and upon due investigation of such matters as it deems necessary in order to render this opinion, but without expressing any opinion as to either the reasonableness of the estimated or projected figures or the veracity or accuracy of the factual representations set forth in the Application, the undersigned is of the opinion that:

1. It is more likely than not that the inclusion in eligible basis of the Development of such cost items or portions thereof, as set forth in Parts VIII and IX of the Application form, complies with all applicable requirements of the Code and Regulations.
2. The calculations (a) of the Maximum Allowable Credit available under the Code with respect to the Development in Part VIII of the Application form and (b) of the Estimated Qualified Basis of each building in the Development in Part IX of the Application form comply with all applicable requirements of the Code and regulations, including the selection of credit type implicit in such calculations.
3. The information set forth in Subpart VII-C of the Application form as to proposed rents satisfies all applicable requirements of the Code and Regulations.

4. The site of the captioned Development is controlled by the Owner, as identified in Subpart II-A of the Application.
5. It is more likely than not that the representations made under Subpart I-F of the Application form as to the Development's compliance with or exception to the Code's minimum expenditure requirements for rehabilitation projects are correct.
6. After reasonable investigation, the undersigned has no reason to believe that the representations made under Subpart I-E of the Application form as to the Development's compliance with or eligibility for exception to the ten-year "look-back rule" requirement of Code §42(d)(2)(B) are not correct.

Finally, the undersigned is of the opinion that, if all information and representations contained in the Application and all current law were to remain unchanged, upon the placement in service of each building of the Development, the Owner would be eligible under the applicable provisions of the Code and the Regulations to an allocation of Credits in the amount(s) requested in the Application.

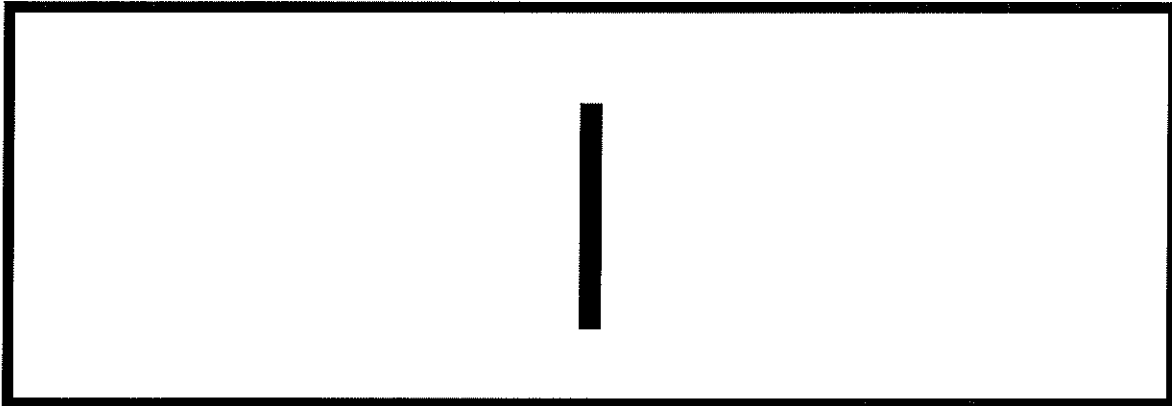
This opinion is rendered solely for the purpose of inducing the Virginia Housing Development Authority ("VHDA") to issue a reservation of Credits to the Owner. Accordingly, it may be relied upon only by VHDA and may not be relied upon by any other party for any other purpose.

This opinion was not prepared in accordance with the requirements of Treasury Department Circular No. 230. Accordingly, it may not be relied upon for the purpose of avoiding U.S. Federal tax penalties or to support the promotion or marketing of the transaction or matters addressed herein.

Sincerely,

Applegate + Thorne-Thomsen, P.C.

Applegate & Thorne-Thomsen, P.C.



Nonprofit Questionnaire

(MANDATORY for points or pool)

**This Section is not
Applicable**

J

Relocation Plan

(MANDATORY, if tenants are displaced)

Lakewood Plaza Relocation Plan

February 27, 2020

This Relocation Plan (“Plan”) is intended to establish a set of policies and strategies that support the fair and equitable treatment of residents who will be relocated on a short-term basis due to the rehabilitation activities at Lakewood Plaza (“Property”).

The overarching goal is to provide a relocation strategy that will minimize, to the greatest extent feasible, resident hardships resulting from short-term relocation. The Plan will serve as the Owner’s relocation guide to govern the Owner’s relocation activities and responsibilities.

Interior Apartment work for typical units will include kitchen and bath upgrades, replacement of flooring and window and door replacements.

Participants

The Participants in this plan include the Owner, Management Agent, and VHDA. Contacts for Ownership and Management Agent are:

Owner: Stephen Rappin:
Lakewood Plaza Apartments, LLC
566 West Lake Street, Suite 400
Chicago, IL 60661

Management Agent: Evergreen Real Estate Services, LLC
Mary S. Mauney
566 West Lake Street, Suite 400
Chicago, IL 60661

Owner and Management Agent will develop the plan; obtain approval from VHDA and other regulatory bodies, as needed; oversee implementation of the plan; and provide periodic reports, as requested.

VHDA will approve the plan and monitor relocation activities to determine compliance and enforce provisions of the plan.

Estimated Start dates of plan: 7/7/2020 through 7/31/2021

Relocation Program: Basic Actions

1. The scope of work will require the overnight relocation of residents for approximately 10 days in the majority of units (typical units). Units identified for ADA rehab will have additional work done and a longer overnight relocation of approximately 21 days will be required. For these tenants, items will be stored in pods on site during the rehab.
2. Management will inform residents of the rehabilitation that will be taking place and what actions will be necessary on their part to enable the work to be completed efficiently. If it will be necessary for the resident to pack items and /or move them away from certain parts of their

home to allow the contractors to work on a certain day in typical units. In ADA units, resident possessions will be stored offsite during the rehabilitation period. Residents will be given ample notice to allow them time to pack their possessions.

- a. This Information will be available in writing (“Information Notice”) and distributed to each household. In addition, Management will hold a general Resident Meeting where detailed explanations can be given, and questions answered if necessary. At that time Management will give each resident a customized booklet that will include required preparation, information on rehab work being done throughout the property and specific rehab work that will occur in their unit and, if available, a work schedule that will show what days rehab will occur in each unit and a reasonable accommodation policy.
3. At this time Management intends to offer residents a cash stipend to make other living arrangements during the rehab. They may go to live with family/friends during the relocation. If this is not possible, a hotel room at an extended stay hotel will be secured for them.
 - a. Determine through household interviews the specific needs of each individual or family to include necessary reasonable accommodations that will be required for the household to relocate. If help with packing possessions is required, we will first offer a stipend for the resident to pay family to help pack items.
4. Provide any services necessary to ensure that the relocation process does not result in different or separate treatment on account of race, color, creed, religion, sex, national origin, family status, handicap, age, ancestry, unfavorable military discharge, receipt of government assistance or marital status; and. A relocation coordinator will be hired to monitor community room, assist with notice delivery and open and close doors for contractors.

Relocation Cost:

There is \$200,0000 in available relocation funds at Lakewood Plaza. The following is the basic cost estimate for Relocation:

Packing Boxes and Materials residents to pack	\$ 7,500
Assistance with Packing and Moving/Storage of possessions during ADA rehab	\$ 10,000
Stipend for 190 households in typical units for 10 days	\$ 95,500
Resident Stipend for 10 ADA units	\$ 12,000
Advisory Services Staff-monitor community room, assistance with notices, opening and closing doors for contractors and help with TIC process	\$ 25,000
Storage pod rental and moving help for ADA unit possessions	\$ 20,000
Contingency for reasonable accommodations/hotel stays	\$ 40,000
TOTAL	\$ 200,000

K

Documentation of
Development Location

K.1

Revitalization Area
Certification

**This Section is not
Applicable**



Chesapeake & Interstate Pilots

Roland Dr

Roland Dr

Roland Dr

Promenade Pointe Apartments

Tidewater Dr

Sunshine Ave

Brightley Rd

NORVIEW MART

Catlee

Wayne Creek

Norview Ave

Sunshine Ave

5631 Tidewater Drive

Norview Ave

Norfolk Dental Care

Lakewood Gardens

Norview Ave

Thornton Hall Nursing & Rehabilitation Center

168

K.3

Surveyor's Certification of
Proximity to Public
Transportation



March 18, 2020

Ref: 88021.76

Virginia Housing Development Authority
601 South Belvidere Street
Richmond, VA 23220-6500

Engineer's Confirmation of Proximity to Transportation

Re: 2020 Tax Credit Reservation Request
Lakewood Plaza Apartments
Lakewood Plaza Apartments LLC

Ladies and/or Gentlemen,

This letter is submitted to you in support of the Owner's Application for Reservation of Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code of 1986, as amended.

Based upon due investigation of the site and any other matters as it deemed necessary this firm confirms that: the main street boundary entrance to the property is within:

- 2,640 feet or 1/2 mile of the nearest access point to an existing commuter rail, light rail or subway station; **or**
- 1,320 feet or 1/4 mile of the nearest access point to an existing public bus stop.

This information was confirmed through www.gohrt.com.

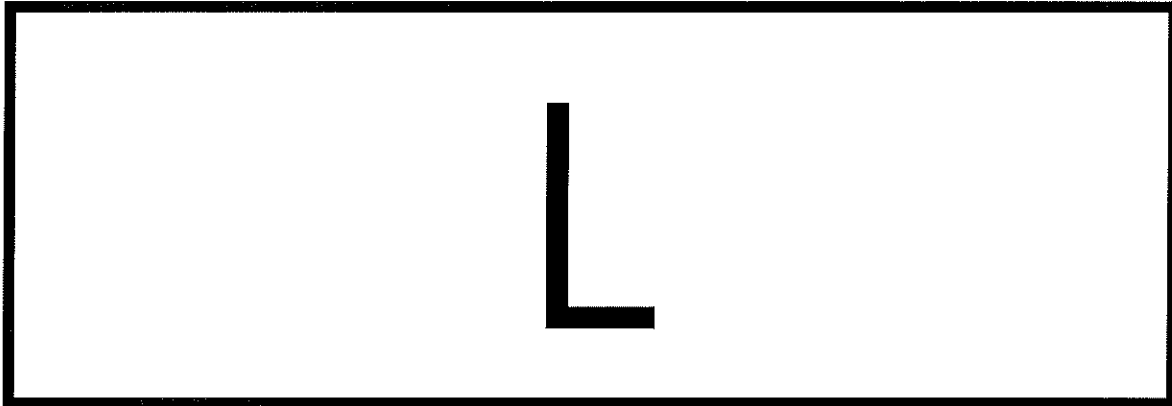
Sincerely,

Vanasse Hangen Brustlin, Inc.

Kenneth E. Rodman Jr, PE
Principal
krodman@vhb.com

Engineers | Scientists | Planners | Designers

Two Columbus Center
4500 Main Street, Suite 400
Virginia Beach, Virginia 23462
P 757.490.0132
F 757.490.0136



PHA/Section 8 Notification
Letter

PHA or Section 8 Notification Letter

DATE: 3/12/2020

TO: Virginia Housing Development Authority
601 South Belvidere Street
Richmond, VA 23220

RE: PROPOSED AFFORDABLE HOUSING DEVELOPMENT

Name of Development: Lakewood Plaza Apartments
Name of Owner: Lakewood Plaza Apartments LLC

I would like to take this opportunity to notify you of a proposed affordable housing development to be completed in your jurisdiction. We are in the process of applying for federal low-income housing tax credits from the Virginia Housing Development Authority (VHDA). We expect to make a representation in that application that we will give leasing preference to households on the local PHA or Section 8 waiting list. Units are expected to be completed and available for occupancy beginning on 7/7/2021 (date).

The following is a brief description of the proposed development:

Development Address:
5631 Tidewater Drive, Norfolk VA 23509

Proposed Improvements:

<input type="checkbox"/> New Constr.:	_____	# units	_____	# Bldgs
<input type="checkbox"/> Adaptive Reuse:	_____	# units	_____	# Bldgs
<input checked="" type="checkbox"/> Rehabilitation:	<u>200</u>	# units	<u>1</u>	# Bldgs

Proposed Rents:

<input checked="" type="checkbox"/> Efficiencies:	\$ <u>893.00/1527.00</u>	/ month
<input checked="" type="checkbox"/> 1 Bedroom Units:	\$ <u>1527.00</u>	/ month
<input type="checkbox"/> 2 Bedroom Units:	\$ _____	/ month
<input type="checkbox"/> 3 Bedroom Units:	\$ _____	/ month
<input type="checkbox"/> 4 Bedroom Units:	\$ _____	/ month

Other Descriptive Information:

PHA or Section 8 Notification Letter

We appreciate your assistance with identifying qualified tenants.

If you have any questions about the proposed development, please call me at (314) 384-3248.

Please acknowledge receipt of this letter by signing below and returning it to me.

Sincerely yours,

Carissa Stone-Acox


Name

Project Manager

Title

To be completed by the Local Housing Authority or Sec 8 Administrator:

Seen and Acknowledged By: _____

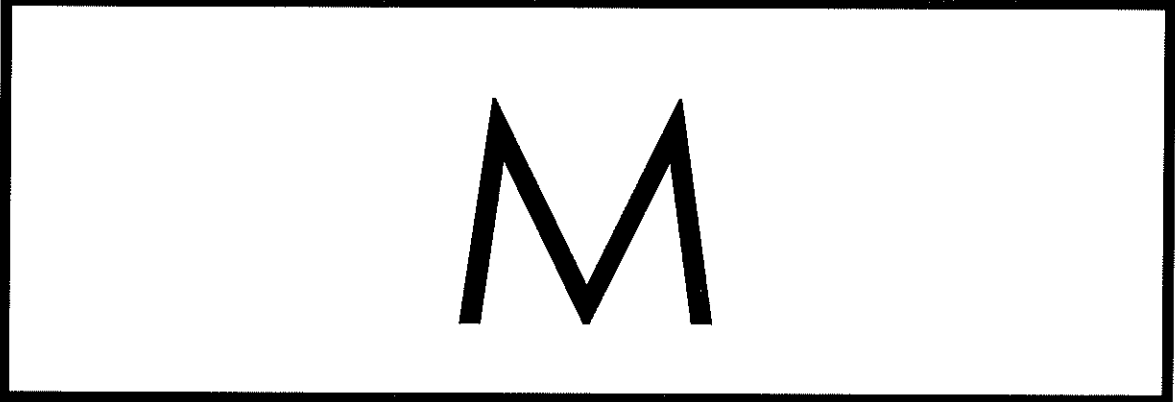


Printed Name: Ronald Jackson

Title: Executive Director

Phone: (757) 533-4683

Date: 8/20/2020



M

Locality CEO Response
Letter



Locality CEO Letter

3/13/2020

Date

JD Bondurant
Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220

VHDA Tracking Number:

Development Name:

Name of Owner/Applicant:

Lakewood Plaza Apartments

Lakewood Plaza Apartments LLC

Dear Mr. Bondurant:

The construction or rehabilitation of the above-named development and the allocation of federal housing tax credits available under IRC Section 42 for said development will help to meet the housing needs and priorities of Elderly Low Income Tenants. Accordingly, the City of Norfolk supports the allocation of federal housing tax credits requested by Lakewood Plaza Apartments LLC for this development.

Yours truly,

Signature

Dr. Larry H. Filer II

[CEO Name]

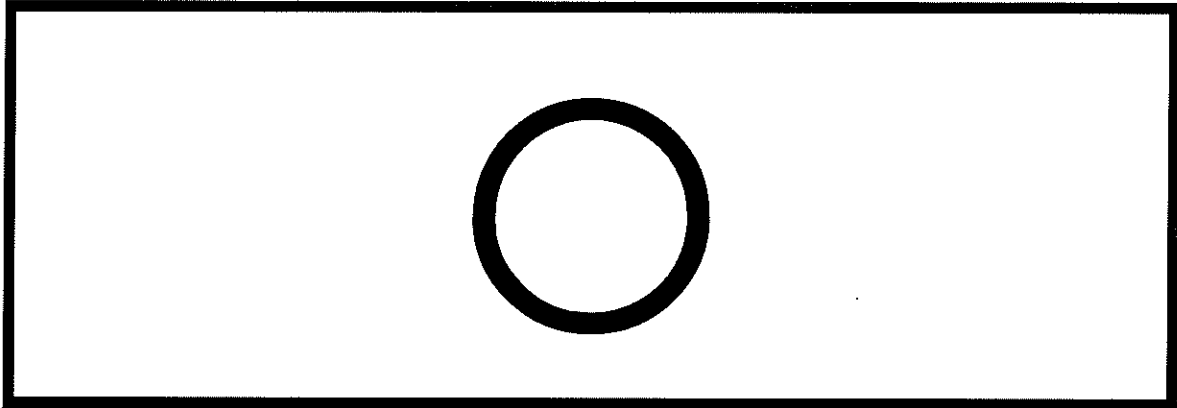
City Manager, City of Norfolk

[Title]

N

Homeownership Plan

**This Section is not
Applicable**



Plan of Development
Certification Letter

Plan of Development Certification

DATE: 3/18/2020

TO: Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220
Attention: JD Bondurant

RE: PLAN OF DEVELOPMENT CERTIFICATION

Name of Development:	Lakewood Plaza Apartments
Name of Owner/Applicant:	Lakewood Plaza Apartments LLC
Name of Seller/Current Owner:	Lakewood Plaza Associates

The above-referenced Owner/Applicant has asked this office to complete this form letter regarding the site plan of the proposed Development (more fully described below). This certification is rendered solely for the purpose of confirming the status of plan of development or site plan approval of the Development. It is understood that this letter will be used by the Virginia Housing Development Authority solely for the purpose of determining whether the Development qualifies for points available under VHDA's Qualified Allocation Plan.

DEVELOPMENT DESCRIPTION:

Development Address:

5631 Tidewater Drive

Norfolk VA 23509

Legal Description:

All of that certain parcel of land situate in the City of Norfolk, Commonwealth of Virginia described as follows: Beginning for the same at a point in the western line of Tidewater Drive which point is North 590.55 feet from the intersection of the western line of Tidewater Drive and the northern line of Blanche Drive and running the following B courses and distances 1) S. 30G 23' 00" W B3.59 feet, thence 2) N. 74G 30' 30" W 147.85 feet, thence 3) S. 19° 09' 30" W 10.00 feet, thence 4) N. 70° 50' 30" W 100 feet, thence 5) N. 10° 09' 30" E 345.00 feet, thence 6) S. 84° 00' 00" E 56.00 feet thence 7) S 62° 44' 49" E 221.93 feet, thence B) S 21° 48' 00" W 225.00 feet to the point of beginning, containing 2.042 acres, to the point of beginning, containing 2.042 acres

Plan of Development Number: _____

Proposed Improvements:

<input type="checkbox"/> New Construction:	_____	# Units	_____	# Buildings	_____	Total Floor Area
<input type="checkbox"/> Adaptive Reuse:	_____	# Units	_____	# Buildings	_____	Total Floor Area
<input checked="" type="checkbox"/> Rehabilitation:	198	# Units	1	# Buildings	165718.14	Total Floor Area

Other Descriptive Information:

LOCAL CERTIFICATION:

Check one of the following as appropriate:

- The proposed development described above has an approved final plan of development or site plan (as applicable to the site). No further plan of development or site plan approval is required before issuance of a building permit.
- The proposed development is an existing development with proposed renovations and no additional plan of development approval is needed.

The above plan of development approval is in effect until: _____

Paula M. Shea

Signed

Paula M. Shea

Printed Name

Chief Planner

Title

757-664-4772

Phone

03/19/2020

Date

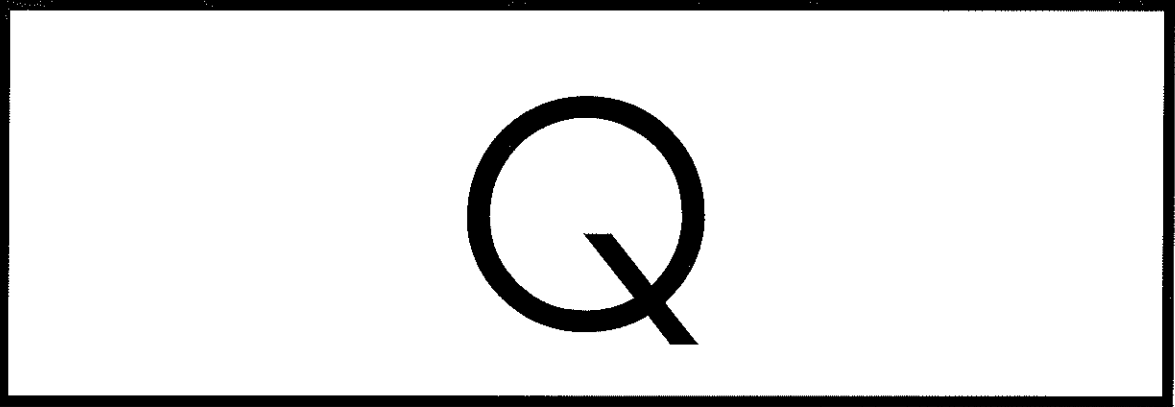
NOTES TO LOCALITY:

1. Return this certification to the developer for inclusion in the tax credit application package.
2. Any change in this form may result in a reduction of points under the scoring system. If you have any questions, please call the Tax Credit Allocation Department at (804) 343-5518.

P

Copies of 8609s to
Certify Developer
Experience and
Partnership agreements

**THIS INFORMATION HAS BEEN
INCLUDED AS A SEPARATE
DOCUMENT FOR REVIEW BY
VHDA LEGAL TEAM**



Q

Documentation of Rental
Assistance

Schedule 1

List of Diligence Documents to be delivered by Seller

	<i>Item</i>	<i>Status</i>	<i>Results/Issues/Que</i>
1	CURRENT RENT ROLL w/Concessions, every six months for 2 years		
2	OPERATING STATEMENTS -3 years + YTD. AUDITS back 5 years		
3	TAX RETURNS AND DEPRECIATION SCHEDULE fixed asset listing per prior tax return (if available) - past 3 yrs	SENT 9/15/19	SCHEDULE 1 TAX RETURNS
4	ACTUAL COLLECTIONS, BANK DEPOSITS REPORTS, BANK STATEMENTS - Monthly for last 12 months		
5	AGED ACCOUNTS RECIEVABLES BALANCES - last 12 months		
6	SECURITY DEPOSIT SCHEDULE - current		
7	RENT COMPARABILITY STUDY (if Available)	NIA	
8	ANNUAL TURNOVER for 3 years		
9	CURRENT HAP CONTRACT AND MOST RECENT RENEWAL APPLICATION	sent 8/13/19	HAP CONTRACT
10	ANNUAL OCCUPANCY RATES - Last 3 years		
11	RENT SCHEDULE AND OCAF/AAF RENEWAL - past 3 years		
12	MANAGEMENT AND OCCUPANCY REVIEW (most recent)	sent 8/13/19	MOR
13	TENANT SELECTION PLAN	sent 8/13/19	TENANT SELECT PLAN
14	INCOME TARGETING REPORT	sent 8/13/19	SCHEDULE 1 INCOME TARGET
15	AFFIRMATIVE FAIR HOUSING MARKETING PLAN		
16	PLANS & SPECIFICATIONS - plans/drawings/floor plans		
17	ADA/504 ASSESSMENT		
18	COPY OF WAITING LIST	sent 8/13/19	WAIT LIST
19	USE AGREEMENT(s)		
20	REGULATORY AGREEMENT(s)		
21	Current year operating budget		
22	UTILITIES - (24 months of bills)		
23	COPIES OF 3 rd PARTY VENDOR LEASES/SERVICE		

U.S. Department of Housing and Urban Development

Office of Housing

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

PRESERVATION RENEWAL CONTRACT

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Preservation Renewal Contract. The instructions are not part of the Renewal Contract

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U.S. Department of Housing and Urban Development
Office of Housing

Project-based Section 8

**HOUSING ASSISTANCE PAYMENTS
PRESERVATION RENEWAL CONTRACT¹**

1 CONTRACT INFORMATION²

PROJECT

Section 8 Project Number: VA36M000198

Section 8 Project Number of Expiring Contract: Same

FHA Project Number (if applicable): 051-44050

Project Name: Lakewood Plaza

Project Description:³

This property is located at 5631 Tidewater Drive, Norfolk, VA 23509-1457. It consists of 191 section 8 units and 9 non-section 8 units in Norfolk City County.

Plan of Action

During the term of the Renewal Contract, the Owner shall operate the project in accordance with the Plan of Action, as submitted to HUD on _____, _____ (the "POA Submission") and as approved and/or amended by HUD on 02-02-1995 ("HUD's POA Approval Letter") (the POA Submission as amended by HUD's POA Approval Letter is hereinafter referred to as the "Plan of Action").

Use Agreement or Regulatory Agreement

During the term of the Renewal Contract, the Owner shall operate the Project in accordance with the Use Agreement or/and Regulatory Agreement. The Use Agreement and/or the Regulatory Agreement (as amended, if applicable) in effect at execution of this contract is/are described as follows:⁴

The Use Agreement and Regulatory Agreement between Lakewood Plaza Associates and the Secretary of Housing and Urban Development, dated April 24, 1995 and recorded in deed book 2694 at page 0734 in the Circuit Clerk's office in the City of Norfolk, Virginia.

Attached hereto as **Exhibit B** is HUD's POA Approval Letter and, if applicable, copies of any provisions from the following documents necessary to understand the rental adjustment provisions: the POA Submission, Use Agreement or Regulatory Amendment.

EXHIBIT A

05-11-09P02:17 RCVD

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

Section 8 Contract Number: VA36M000198
FHA Project Number (if applicable): 051-44050
Effective Date of the Rent Increase (if applicable): 05/01/2009

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
191	1 BR	\$615	\$0	\$615

NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

PARTIES TO RENEWAL CONTRACT**Name of Contract Administrator⁵**

JEFFERSON COUNTY ASSISTED HOUSING CORPORATION

Address of Contract Administrator

500 OFFICE PARK DRIVE SUITE 300
BIRMINGHAM, AL 35223

Name of Owner⁶

Lakewood Plaza Associates

Address of Owner

P.O. Box 10244
Norfolk, Virginia 23513-0244

2 TERM AND FUNDING OF RENEWAL CONTRACT

- a The Renewal Contract begins on 05/01/2009⁷ and shall run for a period of 20 (Twenty)⁸ year(s).
- b Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of \$ \$864,797.00,⁹ an amount sufficient to provide housing assistance payments for approximately 240¹⁰ months of the first annual increment of the Renewal Contract term.
- c HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

3 DEFINITIONS

ACC. Annual contributions contract.

Anniversary. The annual recurrence of the date of the first day of the term of the Renewal Contract.

Contract units. The units in the Project that are identified in **Exhibit A** by size and applicable contract rents.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384), as amended.

PHA. Public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 et seq.).

Preservation Project. A project that is subject to a HUD-approved Plan of Action under the Emergency Low -Income Housing Preservation Act of 1987 (12 U.S.C. § 1715/ note) or the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. § 4113).

Project. The housing described in section 1 of the Renewal Contract. The housing is a Preservation Project.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. § 1437f).

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

4 RENEWAL CONTRACT

a Parties

- (1) The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).
- (2) If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA).
Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (applicable requirements), section 10 (statutory changes during term), and section 11 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. § 1437f), and section 524(e)(1) of the MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

- (1) The purpose of the Renewal Contract is to renew the expiring contract for an additional term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract. Such payments provide to the owner rent benefits comparable to those provided under the Plan of Action in accordance with section 524(e)(1) of the MAHRA.

- (2) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

- a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).
- b Any and all provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:
 - (1) Identification of contract units by size and applicable contract rents;
 - (2) The amount of the monthly contract rents;
 - (3) Contract rent adjustments; and
 - (4) Project account (sometimes called "HAP reserve" or "project reserve") as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. § 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.
- c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, and until contract rents for units in the Project are adjusted in accordance with section 6b, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in **Exhibit A**, which is attached to and, by this reference, is hereby made a part of the Renewal Contract.

b Contract rent adjustments in accordance with the Plan of Action

During the term of the Plan of Action, the Contract Administrator shall adjust the amounts of the monthly contract rents in accordance with the Plan of Action. See **Exhibit B**.

c Procedure for rent adjustments during renewal term

- (1) To adjust contract rents during the term of the Renewal Contract the Contract Administrator shall give the Owner notice with a revised **Exhibit A** that specifies the adjusted contract rent amounts.
- (2) The revised **Exhibit A** shall specify the adjusted contract rent amount for each bedroom size as determined by the Contract Administrator in accordance with this section. The adjustment notice by the Contract Administrator to the Owner shall specify when the adjustment of contract rent is effective.
- (3) Notice of rent adjustment by the Contract Administrator to the Owner shall automatically constitute an amendment of the Renewal Contract.

d No other adjustments

Except for contract rent adjustments in accordance with this section, there shall not be any other adjustments of the contract rents during the term of the Renewal Contract. Special adjustments shall not be granted.

7 OWNER WARRANTIES

- a** The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.
- b** The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

- a** Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.
- b** If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent) shall not be applicable.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

- a** This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.
- b** If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

- a** The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.
- b** The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.
- c** If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

- a** Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.
- b** A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator

JEFFERSON COUNTY ASSISTED HOUSING CORPORATION

By: *Eric M. McCarroll*
Signature of authorized representative

for ERIC Q. STRONG, CHIEF EXECUTIVE OFFICER

Name and official title

Date *May 1. 2009*

U.S. Department of Housing and Urban Development

By: *Charles Famuliner*
Signature of authorized representative

Charles C Famuliner, Authorized Agent, Richmond Multifamily Program Center

Name and official title

Date *5/6/09*

Owner

Name of Owner

Lakewood Plaza Associates

By: *National Housing Council, General Partner*
By: *Urban Properties, Inc., its General Partner*

By: *Victoria J. Hoffman, President*
Signature of authorized representative

VICTORIA J. HOFFMAN

Name and title

Date *4/28/09*

EXHIBIT A

05-11-09P02:17 RCVD

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS**

Section 8 Contract Number: VA36M000198
FHA Project Number (if applicable): 051-44050
Effective Date of the Rent Increase (if applicable): 05/01/2009

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
191	1 BR	\$615	\$0	\$615

NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

R

Documentation of
Operating Budget

**This Section is not
Applicable
(Operating Budget
Info is already
included in the
application)**

S

Supportive Housing
Certification

**This Section is not
Applicable**

T

Funding Documentation



October 21st, 2019

Via Email

Jeffrey & Stephen Rappin
Evergreen Real Estate Group
566 West Lake Street
Suite 400
Chicago, IL 60661

**Re: Lakewood Plaza, LP (the "Partnership")
Lakewood Plaza, Norfolk, Virginia (the "Property")**

Dear Jeff & Steve:

Thank you for the opportunity to present this letter of intent to make an equity investment in your Partnership, subject to completion of PNC's underwriting and approval process. This letter of intent outlines certain terms and conditions that would be the basis of a partnership agreement (the "Partnership Agreement"), to be entered into among the general partner(s) listed below, an equity fund sponsored by PNC Bank, National Association ("PNC") or PNC directly, as the limited partner (the "Limited Partner") and a corporation affiliated with PNC as the special limited partner (the "Special Limited Partner").

Based on the information you provided to us, we have prepared this letter of intent under the following terms and assumptions:

1. TRANSACTION PARTICIPANTS

Partners

General Partner Interests	0.01%	A to-be-formed single-purpose for-profit entity (the "General Partner")
Limited Partner Interests	99.98%	PNC or an affiliate
Special Limited Partner Interests	<u>0.01%</u>	PNC or an affiliate
	100.00%	

Other Participants

Developer:	EREG Housing Preservation LLC
Property Manager:	Evergreen Real Estate Services, LLC
Contractor:	TBD
Guarantor:	Jeff Rappin; Steve Rappin; Kevin Beard

Property

The property will have 200 apartment units and is located in Norfolk, Virginia. The total development costs for the project are estimated to be \$33,222,130. The property will have no market rate units and 200 tax credit units in 1 residential building and will include on-site laundry facilities, a community room. A portion of the apartments (191-units) shall be covered by a Section 8 HAP rental subsidy contract, which shall extend through the LIHTC Compliance Period.

2. PARTNERSHIP TAX CREDITS

	<u>NEW CONSTRUCTION</u>	<u>ACQUISITION</u>
Annual Tax Credit Reservation	\$330,495	\$586,529
Annual Tax Credit Generated	\$330,495	\$586,529
Assumed Tax Credit Rate	3.25%	3.25%
Tax Credit Rate Locked at Admission	Yes	Yes
Total Qualified Basis	\$10,169,067	\$18,047,031

3. PROJECT TIMING AND TAX CREDIT DELIVERY

<u>KEY PROJECT BENCHMARKS</u>	<u>ESTIMATED DATE</u>
Limited Partner Admission	<i>October 2020*</i>
Construction Start	October 2020
Construction Completion	June 2021
Leasing Start	October 2020
Leasing Completion	July 2021
Mortgage Loan Commencement / Stabilized Occupancy	October 2021
Receipt of State Designation (form 8609(s))	January 2022

**Limited Partner Admission will be permitted prior to October 2020, assuming financial forecast and pricing assumptions show the ability to maintain PNC's investment yield at the time of LOI execution.*

<u>YEAR</u>	<u>NEW CONST/REHAB TAX CREDITS \$</u>
2021	\$875,341
2022-2030	\$917,024 (annually)
2031	\$41,683

4. LIMITED PARTNER CAPITAL CONTRIBUTIONS

Assuming the foregoing material assumptions are accurate and subject to the terms and conditions set forth in this letter of intent, including without limitation Section 14 (Due Diligence and Termination), and to the terms and conditions which would be included in the Partnership Agreement, PNC would agree to make capital contribution(s) to the Partnership payable in installments. The total capital contribution of \$8,344,084 (the "capital contribution") would be based upon the total projected federal low income housing

tax credits to be delivered to the Limited Partner and Special Limited Partner multiplied by 91.00% (the "Tax Credit Price"). Each installment would be due within ten (10) business days of PNC's receipt and approval of documentation evidencing the satisfaction of the conditions to such installment(s) and to all previous installment(s) as follows:

FIRST INSTALLMENT \$1,668,817 or 20.00% of \$8,344,084

- A. Fully executed Partnership Agreement.
- B. Letter issued under Section 42(m)(2) of the IRS Code containing a determination that the project meets the requirements of the Qualified Allocation Plan.
- C. Acceptable owner's title insurance commitment and proforma of policy and endorsements.
- D. Fully executed construction loan documents.
- E. Fully executed bridge loan documents.
- F. Valid written permanent loan commitment(s).
- G. Tax exempt bond funding and receipt of bond certification opinions.
- H. The closing draw, including all supporting documentation.
- I. Closing and full funding of all secondary loans less required retainage.
- J. Unqualified tax opinion from PNC's legal counsel and satisfactory local counsel opinion.
- K. Construction Commencement or Notice to Proceed.
- L. A new Section 8 HAP (or AHAP) Contract extending through the term of the Compliance Period.

SECOND INSTALLMENT \$468,014 or 5.61% of \$8,344,084

- A. Lien-free construction completion of the improvements in a workman like manner.
- B. Receipt of the architect's certificate of substantial completion (AIA Form G704).
- C. Updated title search.
- D. ALTA/ACSM as-built survey.
- E. Receipt of certificates of occupancy for each building.
- F. Final inspection by PNC's construction consultant confirming completion.
- G. Evidence of Radon test results satisfactory to PNC.
- H. Receipt of the draft cost certification from the project accountant.
- I. Evidence that at least 150% of the estimated cost to complete all outstanding punch list items has been held back from this installment.
- J. Verification that the Partnership and project are properly covered by insurance.
- K. Verification that the conditions of the previous installment(s) have been met.
- L. Full disbursement of the construction loan less retainage.

THIRD INSTALLMENT \$3,942,740 or 47.25% of \$8,344,084

- A. Updated title search.
- B. Verification that the Bridge Loan will be paid off with this Installment.
- C. Verification that the Partnership and project are properly covered by insurance.
- D. Verification that the conditions of the previous installment(s) have been met.
- E. No sooner than October 5th, 2021, or equivalent to 12-months from Limited Partnership Admission, if applicable.

FOURTH INSTALLMENT \$2,077,308 or 24.90% of \$8,344,084

- A. Satisfaction of the conditions for achievement of Stabilized Occupancy (hereinafter defined).

- B. Mortgage Loan Commencement (hereinafter defined).
- C. Satisfactory completion of all punch list items.
- D. Receipt of the final cost certification from the project accountant.
- E. Evidence of filing of Form(s) 8609.
- F. 100% initial occupancy by tax credit qualified residents.
- G. Updated title search.
- H. Verification that the Partnership and project are properly covered by insurance.
- I. Verification that the conditions of the previous installment(s) have been met.

FIFTH INSTALLMENT \$187,205 or 2.24% of \$8,344,084

- A. Final Determination by the Special Limited Partner that all Development Completion Obligations as defined in Section 9 (General Partner(s) Obligations), if any, have been satisfied.
- B. Receipt of Form K-1 for the first Fiscal Year of tax credit occupancy.
- C. Receipt of Form(s) 8609 and recorded LURA.
- D. Updated title policy and/or date/down thereto.
- E. Verification that the Partnership and project are properly covered by insurance.
- F. Verification that the conditions of the previous installment(s) have been met.

Stabilized Occupancy shall mean, for a period of three (3) consecutive months occurring immediately prior to Mortgage Loan Commencement, the achievement of:

- A. Ninety percent (90%) or greater physical occupancy by tenants paying contract rents under written leases;
- B. Eighty percent (80%) or greater economic occupancy as determined by the actual rental collections divided by the gross potential rent; and
- C. A minimum monthly Debt Service Coverage of 1.15x for each year of the compliance period, forward looking.

Evidence of Stabilized Occupancy shall be subject to the review and approval by the Special Limited Partner.

Mortgage Loan Commencement shall mean the first date following the latest to occur of (i) final construction completion and lease-up, (ii) determination by the mortgage lender and the Special Limited Partner of the final principal amount of the mortgage loan and (iii) satisfaction of the Debt Service Coverage test.

Debt Service Coverage shall mean the following calculation: operating revenue, less operating expenses (including the obligation to fund replacement reserves) divided by "must-pay" debt service on any mortgage loan (excluding debt service on loans payable from available cash flow), all utilizing the underwriting assumptions set forth in Section 12.

Funding (Draw) Process

Construction related installment(s) would be funded by PNC monthly following the achievement of the above benchmarks and upon receipt and approval of each draw request (during the construction or rehabilitation period) and supporting documentation acceptable to PNC. During the construction or rehabilitation period, draw documentation would include, but not be limited to, the following: Application and Certification For Payment (AIA Document G702 and G703), support documentation of expenditures, documentation review and written confirmation from the project inspecting architect and a third-party

inspecting company approved by PNC, updated title endorsement, copies of change orders, updated construction budget, if applicable, and Conditional Waiver and Release Upon Progressive Payment (lien waiver) executed by the General Partner, General Contractor and subcontractors (as required by PNC).

The General Partner would be required to provide copies of each draw request, all change orders and all supporting documentation to the Limited Partner simultaneously with submission to the construction lender. The Limited Partner would have the right to approve change orders in excess of an amount to be determined during due diligence as well as those that change the scope of work or quality of materials utilized and those that would adversely affect timing of completion of construction.

5. PAYMENT OF DEVELOPER FEES

The Partnership would be expected to pay a total development fee of \$3,000,000, or other amount as allowed by the State Agency, from PNC's capital contribution(s), and/or from cash flow from operations.

<u>CAPITAL CONTRIBUTION(S)</u>	<u>FEE \$</u>	<u>Payable FEE %</u>
FIRST	\$468,014	25.00%*
SECOND	\$468,014	25.00%*
THIRD	\$0	0.00%*
FOURTH	\$748,822	40.00%*
FIFTH	<u>\$187,205</u>	<u>10.00%*</u>
TOTAL CASH FEE	<u>\$1,872,055</u>	<u>62.40%</u>
DEFERRED FEE	<u>\$1,127,945</u>	<u>37.60%</u>
TOTAL DEVELOPER FEE	<u>\$3,000,000</u>	<u>100.00%</u>

**Denotes percentage of cash paid fee*

Consent for approval of the development fee draws during construction or rehabilitation, if applicable, would be withheld should any change orders or changes in timing occur which would have an adverse effect on the overall projected construction budget. To the extent PNC's capital contribution(s) or other funding sources would not be sufficient to pay the full development fee within thirteen years of the completion of construction, including interest at 6.00% or other rate to be determined during underwriting, the General Partner would be obligated to contribute capital to the Partnership to enable it to pay the remaining balance of the development fee.

6. DISTRIBUTION OF NET CASH FLOW

Beginning in the first year in which the achievement of Stabilized Occupancy has occurred, available net cash flow generated by the project after payment of operating expenses, debt service and replacement reserve deposits would be distributed within 45 days of the end of the year as follows:

- A. To PNC, \$75 per unit as a cumulative annual investors services fee, increasing 3.00% per year.
- B. To PNC, as a reimbursement for any fees, debts or liabilities owed to PNC.
- C. To the required replenishment of the Operating Reserve Account (hereinafter defined).
- D. To the extent taxable income is allocated to PNC, an amount equal to the taxable income multiplied by the sum of the highest corporate tax rate for federal and state for the current year.
- E. To the Developer, until payment in full of the development fee.

- F. To the General Partner, payment of a non-cumulative incentive management fee (the "Incentive Management Fee") and, thereafter, to the extent that the Incentive Management Fee exceeds 12% of gross revenues, a distribution to the General Partner as a preferred return ("Preferred Return"), provided however, that in the event the distribution under this paragraph is paid as a Preferred Return, then in such event, there shall also be a gross income allocation to the General Partner for that Fiscal Year in an amount equal to such Preferred Return.
- G. To the General Partner, as a reimbursement for any fees, debts or liabilities owed to the General Partner or subordinate loans.
- H. Any remaining net cash flow shall be distributed 90.00% to the General Partner and 10.00% to PNC.

Interest reserve draws would be limited to that amount of monthly debt service which exceeds available net cash flow. The total amount of fees and distributions to the General Partner in its capacity as General Partner would not be permitted to exceed 90.00% of available net cash flow annually. No distribution of net cash flow would be made prior to Stabilized Occupancy at any time without the consent of the Special Limited Partner.

7. SALE OF THE PROPERTY OR PNC'S PARTNERSHIP INTERESTS

Option to Purchase the Property

The General Partner(s) would be granted an option (the "Option") to acquire either the project (the "Asset Option") or the Limited Partner Interests and Special Limited Partner Interests (the "Partnership Interests" and the option to acquire being referred to as "the Interests Option"); and the Limited Partner and the Special Limited Partner being sometimes referred to collectively as the "Limited Partners") during such time in a manner conforming to the requirements of Section 42 of the Internal Revenue Code (the "Code"), as determined by tax counsel to PNC. The Option would expire one year after the end of the Compliance Period or terminate in the event the General Partner is removed. The purchase price of the project if acquired pursuant to the Asset Option would be the:

Greater of (A) the fair market value of the project and (B) the sum of all outstanding debt secured by mortgages on the project and any other obligations of the Partnership, including loans from any partner plus \$1.00 and all debts, exit taxes, fees, and obligations owed, if any, to the Limited Partners. The Option Period for the Asset Option would commence twelve-months prior to the end of the fifteen year compliance period (the "Compliance Period"), which will be subject to Limited Partner Consent prior to exercising the Option, and will extend for a twenty-four month period.

The purchase price of the limited partner interests if acquired pursuant to the Interests Option shall be the sum of:

(A) the fair market value of the partnership interests and (B) exit taxes payable in connection with the sale of the interests plus:

All debts, fees, and obligations owed, if any, to the Limited Partners.

The Option Period for the Interest Option will have a term of 24-months and would commence upon the earlier of (1) twelve-months prior to the end of the Compliance Period or (2) such time as the Limited Partner has a \$0 or negative capital account at any time after the end of the Credit Period (provided, if the Interest Option closing occurs prior to the last day of the Compliance Period, such transfer shall include an

assignment and assumption agreement reasonably acceptable to the Investment Members which will address such matters as release and indemnity of the Limited Partner from and after the effective date of such assignment and assumption and the continuation and ratification of the guarantees of the Managing Member and Guarantors for Tax Credit recapture and certain ongoing compliance reporting obligations with respect to the Tax Credit).

If the General Partner has not acquired either the project or the Partnership Interests by the expiration of the Option Period, the General Partner shall, using a real estate broker of PNC's choice, begin marketing the project in an effort to sell the project to a third-party buyer. In addition, the Limited Partner may begin soliciting offers for the purchase of its Partnership Interests. If a bona-fide third-party purchase offer is received for either the project or the Partnership Interests which PNC desires to accept, a copy would be forwarded to the General Partner. If the General Partner does not purchase the project or the Partnership Interests at the bona-fide third-party purchase price within thirty (30) days of being presented the offer, then the project or the Partnership Interests could be sold by PNC and the proceeds, if the project is sold, distributed as described in Section 8 (Distribution of Net Cash Proceeds Upon Sale or Refinancing).

The fair market value of the project or the Partnership Interests shall be determined by mutual agreement of the parties or, in the absence of such agreement the General Partner and the Limited Partners shall select a mutually acceptable specialized affordable housing real estate appraiser (the "Appraiser") who shall determine the fair market value of the Project or the Partnership Interest, as applicable. Any appraiser selected shall be an MAI appraiser with at least five (5) years of experience in valuing income-restricted multifamily rental property. In determining the fair market value, the appraisal may take into account (among other factors) any title restrictions, discounts for lack of marketability, liquidity or control, and the requirement that the Project remain dedicated for the use of low income households pursuant to any restrictions under any loan agreements or regulatory agreements. Notwithstanding anything to the contrary, the minimum price for the Partnership Interests shall not be less than the sum of (i) the fair market value of the interests, and (ii) all debts, exit taxes and fees (to the extent that fair market value proceeds, as described above, fall short of any exit taxes and fees that accrue to the Limited Partners), and obligations, if any, owed to Limited Partners.

Limited Partner Put

Notwithstanding anything to the contrary contained herein, the tax credit pricing assumption assumes that the Limited Partners shall have the right exercisable in their sole and absolute discretion to put their Partnership Interests at any time following the end of the credit period to the General Partner or its designee for a price equal to the sum of the following: (i) one thousand and No/100ths Dollars (\$1,000.00); (ii) the Limited Partners' costs and expenses incurred in connection with the transfer of their Partnership Interests; and (iii) all amounts due and owing to the Limited Partners including, but not limited to any adjustment amounts, investor services fees, debts or other obligations. Such transfer shall be made pursuant to an assignment and assumption agreement reasonably acceptable to the Limited Partners (which will address such matters as release and indemnity of the Limited Partners from and after the effective date of such assignment and assumption and, if during the Compliance Period, the continuation and ratification of the guarantees of the General Partner and Guarantor for tax credit recapture in accordance with the Partnership Agreement and certain ongoing compliance reporting obligations with respect to the tax credits).

8. DISTRIBUTION OF PROCEEDS FROM THE SALE OR REFINANCING OF THE PROJECT

Proceeds from the sale or refinancing of the project would be distributed as follows:

- A. To the payment of all debts and liabilities of the Partnership, excluding those owed to the General Partner.
- B. To the setting up of any reserves deemed reasonably necessary by PNC for contingency and/or conditional or unmatured liabilities.
- C. To the payment of any unpaid fees, exit taxes, or obligations, if any, owed to PNC.
- D. To the repayment of secondary loans.
- E. To the payment of any unpaid fees, debts or liabilities owed to the General Partner(s) including subordinate loans
- F. The balance, 90.00% to the General Partner, 0.01% to the Special Limited Partner and 9.99% to the Limited Partner.

9. GENERAL PARTNER(S) OBLIGATIONS

The General Partner and Guarantor would be required to perform or guarantee the customary duties and obligations of the General Partner, consistent with the representations and warranties, to ensure the successful development, maintenance, and operation of the property, including but not limited to maximizing tax credits and cash flow, maintaining insurance, setting up reserves, satisfying guarantees, prohibiting detrimental activities at the property, and working with the Limited Partner and Special Limited Partner on issues impacting the property and Partnership, including seeking consent on material matters. A summary of the obligations are outlined herein.

Development Completion

The Developer and the General Partner would be required to guarantee timely lien-free construction completion of all improvements substantially in accordance with the approved plans and specifications and without material defect. The Developer and the General Partner would be required to fund any development cost overruns through Stabilized Occupancy. Construction cost overruns funded by the General Partner(s) may be reimbursed by the Partnership if an analysis by PNC of the projected Limited Partner capital account does not project a potential reallocation of benefits.

Operating Deficits

Following the achievement of Stabilized Occupancy, the General Partner would be required to guarantee the funding of any operating deficits for 60 months, in an amount not to exceed 6 months foreclosable debt service, operating expenses and replacement reserves, currently estimated to be \$1,328,487. Such operating deficits would be reduced first by deferring payment of fees or expenses, including the management fee due to any entity affiliated with the General Partner or Guarantor. Any advances funded by the General Partner(s) may be reimbursed by the Partnership if an analysis by PNC of the projected Limited Partner capital account does not project a potential reallocation of benefits. Prior to the termination of the operating deficit guarantee, the Operating Reserve Account would be required to be fully funded, and the property would be required to have maintained Stabilized Occupancy calculated in a similar manner as the original calculation, but based on actual results and a 5.00% vacancy factor, for the four consecutive quarters period immediately prior to termination of the operating deficit guarantee period. In addition to the aforementioned, if the project benefits from a property tax exemption or abatement, the General Partner) and Guarantor shall guarantee all deficits associated with the loss or reduction of the exemption or abatement.

Subsidy Contract/Appropriations Guaranty

The General Partner and Guarantor would be required to guarantee the deficits that result from any reduction in rental subsidy. In the event the rental subsidy contract is terminated or not renewed, as the case may be, the General Partner and Guarantor will guarantee the deficits that occur prior to re-tenanting the property to Stabilized Occupancy for the balance of the Compliance Period.

Tax Credit Recapture

In the event of a recapture of tax credits, the General Partner would be obligated to reimburse the Limited Partner the amount of the recaptured tax credits plus any associated penalties, interest or additional taxes due as a capital contribution. The General Partner would not be liable for a recapture event caused by a change in law or arising as a result of a sale, transfer or assignment of a Partnership Interest by the Limited or Special Limited Partner.

Repurchase Obligations

If certain sponsor, development, operational or tax credit benchmarks (such as placement in service, failure to receive historic designation, if applicable, issuance of 8609s, Mortgage Loan Commencement or Stabilized Occupancy) are not achieved by outside dates to be specified in the operating agreement for the Partnership, or if an event of default has occurred with respect to any loan on the project, or there is a bankruptcy of the General Partner or Guarantor (other than Kevin Beard, to the extent the Net Worth and Liquidity Covenants can be met by the other combined Guarantors and the General Partner Operating Agreement provides decision making consent to the majority ownership interests), the General Partner will be obligated to repurchase the Partnership Interests for a price equal to (a) the sum of (i) the amount of the previously contributed capital, plus (ii) interest on the amount of the previously contributed capital at 12% per annum, plus (iii) recapture penalties and expenses, minus (b) the amount paid for credits taken and not subject to recapture.

General Partner Removal

The Partnership Agreement shall contain provisions for the removal of the General Partner with cause. Upon request by the Special Limited Partner, any amounts owed by the Partnership to the General Partner and/or its affiliates shall be repaid by a General Partner capital contribution or assigned to the Special Limited Partner upon removal.

Net Worth and Liquidity

The General Partner, Developer and/or Guarantor would covenant to maintain aggregate net worth and aggregate liquidity of \$5,000,000 and \$1,000,000, respectively, until the expiration of the operating deficit guarantee period in support of their respective obligations, along with any additional parameters determined by PNC. Liquidity will be defined as unrestricted cash and unencumbered marketable securities held solely in the name of the General Partner and/or the Guarantor.

Guarantor

The Guarantor would be required to unconditionally guarantee all obligations of the General Partner and Developer.

10. PARTNERSHIP RESERVE(S)

Operating Reserves

The development budget would be required to include a funded operating reserve (the "Operating Reserve") equal to 6 months of operating expenses, replacement reserves and must-pay debt service, currently estimated to be \$1,328,487 to be funded from the Fourth Installment and to be held in an account at PNC Bank (the "Operating Reserve Account"). The Operating Reserve may be utilized before any operating deficit guarantee obligation is funded. Funds in the Operating Reserve Account may be released following the tenth (10th) year of Compliance Period at a rate of 20% per year until the end of the Compliance Period. Conditions for release include the Operating Reserve Account being fully funded up to the PNC required amount in each given year and the property is operating at 90% occupancy, with a 1.15x Debt-Service Coverage Ratio, forward looking.

11. TAX CREDIT ADJUSTMENTS

At PNC's discretion, the Partnership would be permitted to elect to defer the placed in service election and receipt of the tax credits for any individual building which is not 100% tax credit qualified by December 31st of that year. The timing and amount of the tax credits received by PNC is a critical component of its return. To the extent the actual tax credit delivery differs from the projections provided in Section 3 (Project Timing and Tax Credit Delivery), then PNC's capital contribution(s) would be modified as outlined below:

- A. **Form(s) 8609 Tax Credit Decrease** - If the annual tax credit allocation on the form(s) 8609 is less than the amount forecast, then the next capital contribution(s) would be reduced by an amount equal to the total amount of credits that will not be received multiplied by the Tax Credit Price. If the remaining capital contribution(s) are not sufficient, then the General Partner(s) will be required to contribute the difference as capital. Upon such event, the forecasted tax credit schedule would be restated without change to the lease-up schedule attached to the Partnership Agreement upon closing.
- B. **Form(s) 8609 Tax Credit Increase** - If the annual tax credit allocation on the form(s) 8609 is more than the amount forecast, then the final capital contribution would be increased by an amount equal to the total amount of the additional credits multiplied by the Tax Credit Price. Upon such event, the forecasted tax credit schedule would be restated without change to the lease-up schedule attached to the Partnership Agreement upon closing. The amount of the increase, along with any other increase, would be limited to 10% of the capital contribution.
- C. **Tax Credit Delivery Delay** - If the annual amount of tax credit forecasted to be delivered is delayed, then the next capital contribution(s) would be reduced by an amount equal to the difference between the forecasted credits and actual credits minus the net present value of the delayed tax credit utilizing a discount factor of 10%. If the remaining capital contribution(s) are not sufficient, then the General Partner(s) would be required to contribute the difference as capital.
- D. **Tax Credit Delivery Acceleration** - If the annual amount of the forecasted tax credit to be delivered is accelerated, then the final capital contribution would be increased by an amount equal to the net present value of the accelerated tax credit utilizing a discount factor of 10%. The amount of the increase, along with any other increase, would be limited to 10% of the capital contribution.

12. FINANCING

The General Partner shall provide to PNC for its review and approval, copies of any grant agreements, loan commitments or financing documents for all financing sources. All of the financing sources listed below are assumed to be from qualified commercial lenders and qualify for the 4% tax credit applicable percentage except for certain soft, non-foreclosable financing, which shall be funded at closing. The minimum foreclosable Debt Service Coverage ratio would be 1.15 or such higher Debt Service Coverage ratio as may be required by the permanent lender(s). All financing commitments would be required to provide the Limited Partner with notice and cure rights, unrestricted transferability of its interests to PNC affiliates, and the ability to remove the General Partner for cause without lender consent according to the terms of the Partnership Agreement. All interim financing sources shall be committed and closed prior to admission of PNC to the Partnership. The maturity of any interim financing (including extensions) would be required to exceed the expected Mortgage Loan Commencement date by a reasonable period, which shall be determined by PNC during underwriting. All permanent financing would be required to non-recourse to the Partnership. The anticipated sources are as follows:

Interim Source(s)

<u>Lender</u>	<u>Amount</u>	<u>Index</u>	<u>Spread</u>	<u>Rate</u>	<u>Funding-Type</u>
PNC Agency Loan (Immediate)	\$23,750,000	N/A	N/A	4.25%	Immediate
PNC Bridge Loan	\$3,942,740	1-mo LIBOR	2.25%	4.75%	Draw

Permanent Source(s)

<u>Lender</u>	<u>Cash Flow</u>	<u>Amount</u>	<u>Rate</u>	<u>Term</u>	<u>Amort</u>
VHDA Loan (Immediate)	No	\$23,750,000	4.25%	420mo	420mo

Underwriting Assumptions

For purposes of underwriting, all assumed monthly non-subsidized rent levels will provide at least a 10% rental advantage to comparable market rate units, and rental assistance will be assumed not to be renewed after the end of the initial contract period. It is also assumed the depreciable lives of the real and personal property is 30 and 5 years respectively. It is also assumed that the Partnership will elect to take accelerated depreciation on personal property and site work. To the extent delays in completion prevent the usage of this accelerated depreciation, the price of the tax credits will be discounted in an amount sufficient to offset the loss in yield to the ILP. A vacancy rate of the higher of market or 5.00% will be utilized. Income and expenses will be trended at 2% and 3%, respectively, unless available HUD AMI or market information warrants different escalators and operating expenses for purposes of Debt Service Coverage shall be the higher of underwritten or actual except for taxes and insurance which shall be based on actuals. The projected sources/uses, net operating income, and tax credit delivery assumptions are attached. Within six months after placement in service, the Partnership would be required to deposit monthly into a Replacement Reserve Account \$29.17 (\$350 per unit per year) or such higher amount as determined by the third party construction consultant or lender increasing thereafter by 3% annually. It is also assumed that all related party loans or loans from entities affiliated with the General Partner, Developer, or Guarantor shall be soft in all respects, subordinate to any PNC financing, and non-foreclosable while PNC is a partner or lender in

the transaction. Insurance premiums will be underwritten at premiums readily available on a stand-alone basis.

13. PROPERTY MANAGEMENT, ACCOUNTING, CONTRACTOR AND INSURANCE

Property Manager

The property manager would be required to be approved by PNC. The General Partner would be required to provide or cause the property management agent (the "Property Manager") to provide management reports to the Limited Partner in a timely manner concerning operations, occupancy, and other information essential to the management of the project including, at a minimum: operating reports, tax credit tenant eligibility reports, tax credit occupancy reports, annual operating budgets, certificates of insurance, property management agreement, management plan, tax credit monitoring, audit and lender correspondence, inspection reports, and tax credit certification documentation as updated and/or received by the General Partner and Property Manager.

All property management agreements would be for a one-year term and be required to include a termination clause allowing either the General Partner or the Property Manager to terminate the agreement by giving a 60-day advance written notice to the other party. Upon the occurrence of certain events, including any material violations, negligence or misconduct or inadequate reporting, the Special Limited Partner would have the option to replace the Property Manager. If the Property Manager is an affiliate of the General Partner, the Developer, or the Guarantor, the Property Manager would also be required to agree to defer or accrue the management fee, if necessary, to prevent an operating deficit or a default under the permanent mortgage loan(s). If the general partner is a non-profit performing supportive services, it shall also agree to accrue any related overhead associated with performing such services, if necessary, to prevent an operating deficit or a default under the permanent mortgage loan(s).

Partnership's Accountants Obligations

The Partnership's accountant would be required to have prior experience with low income housing tax credits and to be approved by PNC. The General Partner would be required to provide or cause the Partnership's accountant to provide federal and state tax returns by February 15th of each year and audited Partnership financial statements by March 1st of each year. Any delays beyond the agreed upon report date(s) may result in a \$100 per day penalty to the General Partner.

Real Estate Title Insurance

The Partnership would be required to obtain an extended ALTA owner's title insurance policy in an amount not less than the sum of the permanent mortgage(s), the General Partner and Limited Partner's capital contribution(s) and any other permanent sources of funds such as grants, with all standard exceptions deleted or approved along with fairways, non-imputation and any other requested endorsements.

General Contractor and Contract

The construction contract would be required to be for a fixed price contract in form and substance acceptable to PNC including retainage, draw provisions, and allowances, and the General Contractor would be required to be bonded in a manner satisfactory to the Limited Partner and a hard cost contingency would be required outside of the construction contract in an amount no less than 10% of all hard costs, general conditions, and contractor profit and overhead, subject to review and acceptance by the third-party inspecting architect.

Commercial Property Insurance

The Partnership would be required to obtain insurance from acceptable carriers with a minimum rating of A: Class VII by A.M. Best or "A" by Standard & Poor's, naming the Partnership and the Limited Partner as a named insured party and containing a minimum of the following (along with such other insurance as PNC might from time to time require): commercial general liability coverage of \$1,000,000 per occurrence / \$2,000,000 general aggregate; umbrella/excess liability insurance of \$4,000,000 per occurrence and in the aggregate; builders risk insurance through the completion of construction; all risk, fire and extended coverage in an amount equal to the full replacement value; worker's compensation insurance; 12 months business interruption insurance; earthquake insurance (in earthquake zones); flood insurance coverage (in flood zones); wind coverage, including a deductible of no greater than 3%, in hurricane zones.

14. DUE DILIGENCE AND TERMINATION

During the due diligence period, PNC will conduct a due diligence review and negotiate with the General Partner, in good faith, the terms and provisions of mutually acceptable legal documentation. The due diligence review will include, without limitation, the verification of factual representations made by the General Partner, a review of the property and Partnership documents, a site visit and an evaluation of the following: the experience and expertise of the General Partner, General Contractor, architect and Property Manager; the financial condition of the Guarantor; property area market; an appraisal of the property; a zoning report; the construction schedule; the total development budget; the residual potential of the property; property title, title insurance and available endorsements; capital account analysis; Phase I environmental assessment and all subsequent environmental reports; and other relevant factors. PNC may also commission consultants to perform market analysis, construction, insurance, and environmental reviews.

The price and terms included in this letter of intent are premised upon the information provided by the General Partner and the admission of PNC to the Partnership as a limited partner by the end of the month of admission projected in Section 3 herein and are subject to the completion of the due diligence review and approval of the transaction by PNC's investment committee ("IC"). If, at any time, any event occurs and becomes known to the General Partner(s) which causes the assumptions and statements contained herein to be untrue or misleading, the General Partner(s) agrees to immediately notify PNC of the event(s) and will provide information which will correct the assumptions and/or statements.

The General Partner and PNC acknowledge that, except as specifically set forth in this Section 14 - Due Diligence and Termination, no legally enforceable relationship shall exist between General Partner and PNC unless and until IC shall have approved the proposed transaction and the parties shall have executed the Partnership Agreement and any other required transaction and financing documents. PNC reserves the right, at its option, to decline the proposed transaction or to propose new terms upon which a transaction could be approved at any time during the due diligence period.

Exclusive Right to Acquire

The General Partner grants PNC the exclusive right to acquire the Partnership Interests commencing on the date of the initial execution of this letter of intent by the General Partner and terminating 60 days after receipt by PNC of all due diligence documents. The due diligence documents to be delivered are more fully described in the syndication binder that will be sent to the General Partner upon receipt of a fully executed copy of this letter.

Good Faith

In the event this transaction is not consummated for any reason, including but not limited to: (i) failure of the General Partner to negotiate in good faith, (ii) failure to provide due diligence documentation, (iii) sale or intent to sell an interest in the Partnership to another purchaser, or (iv) any misrepresentation of a material factual matter, the General Partner shall reimburse PNC for all of its due diligence and transaction costs, including but not limited to legal expenses, appraisals and market studies, environmental, insurance and engineering reviews, and site visits.

Due Diligence Costs

PNC expects to incur due diligence and legal costs in the amount of \$83,000 for the underwriting and admission of PNC or its affiliates as Limited Partner to the Partnership. **These costs will be paid by PNC.** However, to the extent the normal and customary due diligence costs exceed this amount, the General Partner shall reimburse PNC for any excess costs. Such reimbursement agreement shall be in addition to any other obligations in this letter of intent. PNC will provide the Developer and General Partner with periodic updates as to the costs incurred.

Confidentiality

The General Partner acknowledges that this letter of intent contains confidential information and agrees not to disclose either orally or in writing its contents to any third party other than the General Partner's accountant(s) and attorney(s), the applicable state tax credit agency, and the General Partner's financing sources with respect to the property, without the express prior written consent of PNC, and further agrees to advise its representatives that the representatives shall not disclose either orally or in writing the contents of this letter of intent.

Sale to a Third Party

The General Partner acknowledges that if PNC approves the investment and acquires the Limited Partner and Special Limited Partner Interests, those partnership interests may be sold or assigned in whole or part. In connection therewith, PNC may disclose to PNC's investors or proposed investors the information previously supplied about the transaction, the Partnership, Developer, General Partner and the Guarantor. The General Partner, Developer, and Guarantor shall supply PNC such further information its counsel or its investor(s) may require to effectuate a sale or assignment. The Partnership, General Partner, Developer and Guarantor each further agree to execute such documents, agreements, and instruments as may be necessary or expedient to facilitate the sale or assignment of the Limited Partner and/or Special Limited Partner Interests including, but not limited to, updated or revised Partnership counsel opinions.


If this letter of intent correctly reflects our understanding and agreement concerning the framework of the proposed investment, please so indicate by signing in the space below and returning the original. If not signed and returned to PNC within 15 business days from the date of this letter of intent PNC will cease evaluating the opportunity. The timing assumptions included herein are a critical component to the investment structure and time is of the essence. The General Partner agrees to cooperate in providing information necessary to receive preliminary investor approval, which shall include but not be limited to, financial statements, project information, market study, tax credit application, and authorization to perform

background and credit reference checks. The executed letter will not be considered final if it includes handwritten markups.

Should you have any questions, please do not hesitate to call. We look forward to working with you on this and future partnerships.

Sincerely:

PNC Bank, National Association

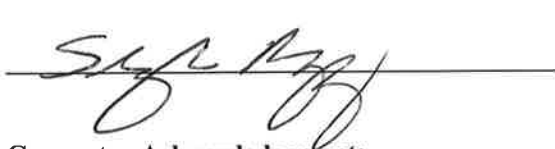
A handwritten signature in black ink, appearing to read "Todd Krumwiede", written over a horizontal line.

Todd Krumwiede, Vice President

Date: **October 21st, 2019**

Agreed and Accepted:

Lakewood Plaza, LP
the Managing Partner



Date 10/22/19

Guarantor Acknowledgement:


Evergreen Real Estate Group


Title: Chairman
Date: 10/22/19

Jeff Rappin

Steve Rappin


Date: 10/22/19


Date: 10/22/19

Kevin Board


Date: 10/22/2019

ATTACHED: PROJECTIONS

October 9th, 2019

Jeffrey & Stephen Rappin
Evergreen Real Estate Group
566 West Lake Street
Suite 400
Chicago, IL 60661

RE: Proposed Bridge Loan in the amount of \$3,942,740 (the "Credit Facility") for Lakewood Plaza, LP, a Virginia limited partnership (the "Partnership").

Dear Jeff & Steve:

PNC Bank, National Association ("PNC"), is pleased to advise you of its proposal (the "Proposal") to extend the Credit Facility, subject to the terms and conditions of the attached Summary of Terms and Conditions (the "Summary") and this letter (the "Proposal Letter"). We are providing this Proposal as a format for discussions, which we hope will result in a mutually acceptable agreement. *This Proposal does not create or constitute a commitment by or obligation on the part of PNC.*

If approved by PNC, the Credit Facility will be documented in one or more definitive credit agreements and other agreements, instruments, certificates, and documents called for by the credit agreement(s) or otherwise required (collectively, the "Credit Documents"), to be delivered at the closing of the Credit Facility (the "Closing").

The Partnership hereby agrees to pay all any costs and expenses incurred by PNC in connection with the transactions contemplated hereby, including those incurred in connection with the negotiation, preparation, due diligence, execution, delivery and enforcement of this Proposal Letter and the Credit Documents regardless of whether a commitment is issued or the Credit Facility is consummated

The terms contained in this Proposal Letter are confidential and, except for disclosure to the Partnership's partners, the Partnership's employees, professional advisors retained by the Partnership in connection with this transaction, or as may be required by law, may not be disclosed in whole or in part to any other person or entity without prior written consent of PNC. This Proposal Letter is solely for the benefit of the Partnership and no other person or entity shall obtain any rights hereunder or be entitled to rely or claim reliance upon the terms and conditions hereof.

[SIGNATURE PAGE FOLLOWS]

If the foregoing accurately sets forth your understanding, please indicate your acceptance hereof by signing the enclosed copy of this Proposal Letter and returning it to **Todd Krumwiede**, PNC Bank, National Association, 1 North Franklin, Suite 2100, Chicago, IL 60606 or via email at Todd.Krumwiede@PNC.com at or before 5 p.m. EST on October 31st, 2019 the time at which the this Proposal Letter (if not so accepted prior thereto) will terminate.

We are pleased to have this opportunity and are very much looking forward to working with you.

Sincerely,

PNC Bank, National Association

Signature:



Name: Todd Krumwiede

Title: Vice President

Date: October 9th, 2019

Agreed to and accepted:

Evergreen Real Estate Group

Signature:

Name: Jerry C. Rappin

Title: Chairman

Date: 10/22/19

This is the Summary of Terms and Conditions (the "Summary") that is referenced in the Proposal Letter of PNC Bank, National Association dated October 9th, 2019 (the "Proposal Letter").

SUMMARY OF TERMS AND CONDITIONS

- Borrower** Lakewood Plaza, LP, a Virginia limited partnership (the "Borrower").
- Lender** PNC Bank, National Association and its successors and assigns (the "Lender" or "PNC").
- Guarantors** Joint and several guarantees of completion and repayment shall be provided by the General Partner(s), Jeff Rappin, Steve Rappin, and Kevin Beard, or individuals or entities acceptable to PNC (the "Guarantor(s)"). The developer shall provide a guarantee of lien free completion.
- Project** Lakewood Plaza (the "Project"), a 200-unit apartment project to be located in Norfolk, Virginia. The Project is being constructed under the Low Income Housing Tax Credit Program. All of the residential rental units in the Project will serve families making 60% or less of the area median income.
- Credit Facility** An equity bridge loan (the "Bridge Loan") in the amount of \$3,942,740 will be provided to facilitate the construction and bridging of capital contributions, and will be repaid from equity provided by the investment limited partner of Borrower.
- Loan Documents** The notes, mortgages, assignments of leases and rents, assignments of construction documents, assigned capital contributions, guaranties, environmental indemnity agreements, financing statements, the loan commitment, and all other agreements, instruments and documents to be executed in connection with the Credit Facility.
- Loan Term** The Bridge Loan will have a term of twenty-four (24) months. Subject to approval by the Lender, two six (6) month extension periods for the Bridge Loan will be made available at the option of the Borrower provided that for such extension: (i) no Event of Default has occurred and is continuing; (ii) the Funding Agreement with the investment limited partner remains in place and (iii) the Extension Fee is paid (collectively, the "Conditions for Extensions").
- Loan Payments** Interest accruing from the funding of the Bridge Loan shall be payable monthly in arrears on the first day of each calendar month. The entire principal amount of and any outstanding interest on the Bridge Loan will be repaid upon the earlier of: a) the achievement of all of the conditions for the Third Installment of the investment limited partner's capital contribution; or b) maturity of the Credit Facility.
- Interest Rates** Interest during the term of the Bridge Loan shall accrue at Daily LIBOR plus 225 basis points. Interest on borrowings is calculated on an actual number of days elapsed over a year consisting of 360 days and is payable monthly in arrears.

Notwithstanding the foregoing, if Daily LIBOR as determined above (prior to application of the applicable spread) would be less than zero (0.00), such rate shall be deemed to be zero (0.00). If it is determined that Daily Libor is not available, then the rate will be the Base Rate, without the application of the applicable spread, as stated above. "Base Rate" shall mean the highest of (i) the Prime Rate with no spread or (ii) the sum of the Federal Funds Open Rate plus one hundred (100) basis points (1.00%).

Default Rate	Upon the occurrence and during the continuation of a default under the Credit Facility (and after the expiration of any applicable notice and cure period), all principal outstanding on the Credit Facility shall bear interest at a rate equal to 4% in excess of the then-current interest rate..
Commitment Fees	Bridge Loan: 0.50% of the Loan Amount The Commitment Fees shall be payable to and earned by the Lender at closing, unless otherwise directed by the Lender. If the Lender has received and used any portion of the Commitment Fees to pay any costs required to be paid by the Borrower pursuant to this Summary or any commitment letter to which this Summary is later attached, the Borrower shall reimburse the Lender for all such costs upon the Lender's request or if the commitment letter expires or is terminated.
Extension Fee	0.25% of the Loan Amount, payable to and earned by the Lender at the time of the extension request.
Loan Prepayment	The Bridge Loan may be prepaid in whole or in part without penalty or premium. Any amounts so prepaid may not be re-borrowed.
Change Orders	The Lender shall have the right to approve change orders in excess of (A) for any single line item, the lesser of \$50,000 or 10% of the original Project Budget amount for such line item, or (B) \$150,000 in the aggregate when combined with all prior or current changes.
Expenses	The reasonable, out-of-pocket expenses incurred by the Lender shall be paid by the Borrower. These include fees and expenses of the Lender's legal counsel, appraiser, inspecting architect and environmental consultant, and other expenses which the Lender may incur in the negotiation, preparation, due diligence, execution and delivery of any Commitment Letter to which this Summary is later attached and the Loan Documents. The Lender's attorney fees are fixed for the Closing at \$16,000, plus expenses. This fixed fee is only applicable if there is limited negotiation of the Loan Documents, all parties fully comply with the Lender's Closing requirements, and the Closing occurs in a typical and timely fashion, with no matters or issues requiring substantial additional attorney time, such as unusual survey, title or legal opinion matters. The Borrower shall be responsible for all time spent by the Lender's counsel, at such counsel's standard hourly billing rates, resulting from negotiation of the Loan Documents, preparing new Loan Documents or significant revisions to the Lender's standard Loan Documents, or handling any such unusual matters or issues. Expenses include such items as courier services, recording and filing fees, title or lien searches and

other customary disbursements related to the Closing. Payment by the Borrower of expenses described above shall not be contingent upon the closing of the Credit Facility.

Collateral

The Bridge Loan shall be secured by a Funding Agreement providing for a date certain repayment of the Bridge Loan and an assignment of capital contributions from the investment limited partner. In addition to the Funding Agreement, the Bridge Loan shall be secured by: a) a second priority perfected assignment of the construction contract, subcontracts, architectural agreements, plans and specifications, permits and all other construction-related documents (b) a second priority perfected security interest in all other assets of the Borrower related to the Project, and (c) an assignment of partnership interests in the borrower.

Environmental Indemnity

The Borrower, Guarantors and other persons or entities specified by the Lender shall indemnify and hold the Lender harmless from all liability and costs relating to the environmental condition of the Project and the presence thereon of hazardous materials.

Third Party Reports

All reports (which with the Appraisal Report (hereinafter defined) are referred to as the "Reports") including, but not limited to environmental, architectural, engineering, and special earthquake hazard, if applicable, are to be received prior to closing, as specified by the Lender herein and in the Loan Documents, and in form and content acceptable to the Lender in its sole discretion.

Loan Fundings

Construction draws will be permitted monthly during construction subsequent to satisfactory review of draw requests by the Lender and its inspecting architect. Interest reserve draws will be limited to the amount of interest expense less net cash flow from the Project until break-even interest coverage is achieved.

Construction Budget

A detailed construction budget shall be provided by the Borrower identifying all proposed hard and soft construction costs. The budget shall contain hard and soft cost contingencies and allowances deemed acceptable by the Lender and its inspecting architect. The general contractor's fee and general conditions shall be paid in proportion to the amount of the general contract completed. Developer's overhead funded during construction shall not exceed an amount approved by Lender. The budget shall also contain adequate interest reserves as detailed above and the sources and uses shall remain balanced at all times.

Additional Covenants

Certain other affirmative and negative covenants customary for transactions of similar type and size.

Events of Default

Events of default customary for transactions of similar type and size.

Representation and Warranties

The Borrower represents and warrants that the statements contained in all documentation provided to the Lender and all other representations or statements

made by or on behalf of the Borrower to the Lender in connection with this Summary and any commitment letter to which it may later be attached are true and complete and do not omit any fact or information material to the Lender's evaluation of the Project, the requested Credit Facility and the Borrower's compliance with the conditions for the closing. The Borrower acknowledges that the Lender has relied on this warranty and representation in issuing this Summary and any commitment letter to which it may later be attached.

**Reporting
Requirements**

Such reporting requirements as may be specified by the Lender.

Required Insurance

The Borrower shall maintain such insurance coverages as may be specified by the Lender.

**Other
Requirements**

a) Single Purpose Entity. The Borrower will be formed as a single-asset entity. The Borrower's organizational documents will be drafted or amended to prohibit the Borrower from owning any project other than the Project and the personal property incidental to the operation of the Project. In the event that the Loan Amount is in excess of \$20,000,000, the Borrower must be a special purpose bankruptcy remote entity (with, among other requirements, an independent director).

b) Closing. The Loan Documents must be executed and the conditions for Closing and the Bridge Loan must be satisfied prior to the expiration of any commitment letter which may be issued by the lender.

c) Inspection and Advertising. The Lender and its agent may inspect the Project upon notice to the Borrower prior to and after the closing and the Lender may provide information regarding the Project and the Bridge Loan in its advertising upon receipt of consent of the Borrower, not to be unreasonably withheld.

d) Relationship. The Borrower and the Lender shall not be deemed to be partners in a joint venture and the Lender shall have no liability for any actions or obligations of the Borrower.

e) Tax Credit Equity. Tax Credit Equity in the projected amount of \$8,344,084 shall be contributed to the project in a manner satisfactory to PNC.

f) Underwriting Assumptions. Attached are the initial projections used in determining the proposed loan amount. Closing shall be subject to final underwriting by the Lender, the Lender obtaining all necessary internal approvals, and satisfaction of the conditions set forth herein and in the Loan Documents. The underwritten achievable restricted and market rents, if applicable, must provide a minimum rental advantage relative to market rental rates of 10%.

g) Closing Requirements. Assuming the Lender agrees to make available the Credit Facility, the Borrower's execution of the Loan Documents must take place at the offices of the title company (the "Title Company") or the Borrower's

counsel prior to September 1st, 2020, unless extended by Lender, so that the Title Company or the Borrower's counsel can prepare and deliver certified copies of such documents to the Lender and Lender's counsel.

h) Prohibition on Liens. Any debt secured by the Project, other than the Credit Facility, will be prohibited without the advance written consent of the Lender. If approved, such debt shall be subordinate to the Credit Facility, non-foreclosable and paid from available cash flow or repaid upon stabilization from equity.

Material Adverse Change

Assuming the Lender agrees to make available the Credit Facility, the Lender's obligation to provide the Credit Facility will be expressly conditioned on the fact that there has been no material adverse change with respect to the collateral securing the Credit Facility or the financial condition, business, operations, properties or prospects of the Borrower, its partner(s), and/or the Guarantor(s) from the information submitted to the Lender for its underwriting of the Credit Facility.

Governing Law Commonwealth of Virginia.

Conditions Precedent to closing

The Lender's obligation to close the Bridge Loan is subject to the Lender's and its counsel's review and approval of and satisfaction with customary due diligence, including without limitation the items set forth herein and in any Commitment Letter to which this Summary is later attached, no later than 90 days from the date the tax credits are awarded, and as otherwise deemed necessary by the Lender, including without limitation the following:

- (a) Plans and specifications.
- (b) Development budget.
- (c) Guaranteed maximum price or lump sum general contract.
- (d) Soil reports and environmental assessments/reliance letters.
- (e) Architectural, engineering, and (if applicable) special earthquake hazard reports.
- (f) Title insurance binder for issuance of an acceptable policy and ALTA survey, each showing any encumbrances, easements, or other physical conditions applicable to the Project. The title policy and survey shall be in form and substance as required by the Lender.
- (g) Subdivision of the land and zoning for the Project, as applicable.
- (h) Issuance of all necessary permits, licenses, and approvals for construction, road improvements, and utilities.
- (i) Insurance.
- (j) Payment and performance bonds, if required.
- (k) Financial condition of the Borrower, Guarantor(s) and general contractor.
- (l) Market study demonstrating the Project's feasibility, including information regarding market demand, lease-up assumptions, market rents, and other relevant market conditions.
- (m) All documentation relating to the Credit Facility.

- (n) Evidence that the Borrower has been allocated low income housing tax credits from the appropriate allocating agency in an amount which will provide the equity provided for in the Borrower's financial projections. Such equity shall be provided by the Tax Credit Equity Investor.
- (o) An opinion of the Borrower's and Guarantor's legal counsel as to the enforceability of the Loan Documents and other such matters as the Lender may require.
- (p) The Lender's receipt and review of all required due diligence information with no adverse change from any information previously submitted.
- (q) The Lender's approval of the manager of the Project and of the property management agreement. In the event such manager or agreement has been reviewed and approved at the time of the issuance of a commitment letter then evidence satisfactory to the Lender that there has been no adverse change in the financial condition or capabilities of the manager of the Project or the terms of the property management agreement.
- (r) Satisfactory investigation of the liquidity and financial condition of the tax credit equity investor in support of its obligation within the Funding Agreement.
- (s) Other conditions as deemed appropriate by the Lender.

This Summary of Terms and Conditions is not a commitment and does not create any obligation on the part of PNC or any other Bank. This outline is only a brief description of the principal terms of the suggested facility and is intended for discussion purposes only.

Attachment to Summary of Terms and Conditions

This document contains important information about your rights, and disclosures to which you are entitled, pursuant to certain statutory and regulatory requirements. Consent you provide for further consideration of this application is also included. Please read and retain a copy for your records.

USA Patriot Act/Customer Identification Program: *Important Information About Procedures for Opening a New Account* To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask you your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying information.

Notice to Borrower/Appraisal: You are entitled to receive a copy of each written appraisal and valuation developed in connection with an application for credit to be secured by a first lien on a 1-4 family residential dwelling at least three (3) business days prior to your closing date. We will make every effort to deliver a copy at least three (3) business days prior to your closing date, however, in the unlikely event that we experience a delay in the delivery your closing may be postponed. By providing your e-mail address to PNC, you agree to the electronic delivery of appraisals and valuations. If you prefer copies in written form, contact PNC at: 855-201-1604.

Important Information about Phone Calls: By providing telephone number(s) to us, now or at any later time, you authorize PNC and its affiliates and designees to contact you regarding your account(s) with PNC or its affiliates, whether such accounts are your individual accounts or business accounts for which you are a contact, at such numbers using any means, including but not limited to placing calls using an automated dialing system to cell, VoIP or other wireless phone number, or leaving prerecorded messages or sending text messages, even if charges may be incurred for the calls or text messages. You consent that any phone call with us may be monitored or recorded by us. You may tell us at any time that you do not want to be contacted at a wireless number by an automated dialing system.

Consumer Credit Reports: You authorize PNC or its designees (and any assignee or potential assignee) to obtain personal credit profiles from one or more national credit bureaus. This authorization extends to obtaining a credit profile(s) in considering this application and subsequently for the purposes of update, renewal, modification or extension of such credit or additional credit and for reviewing or collecting the resulting account.

Email Communication: By providing an email address to us you authorize us to communicate via email.

Notice for Denial: If you have applied for credit and your request is denied you have the right to a written statement of the specific reasons for denial. To obtain the statement, please write to **PNC Real Estate, 300 Fifth Avenue, PT-PTWR-15-1, Pittsburgh, PA 15222, ATTN: Nichole Redmond**, within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for denial within 30 days of receiving your request for the statement.

ECOA Notice: The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance

with this law concerning this creditor is: Bureau of Consumer Financial Protection, 1700 G Street NW, Washington, DC 20006.

State Disclosures

Notice to Ohio Residents: The Ohio laws against discrimination require that all creditors make credit equally available to all creditworthy customers, and that reporting agencies maintain credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law.

Notice to New York Residents: Upon request you will be informed whether or not a consumer report was requested, and if it was, of the name and address of the consumer reporting agency that furnished the report.

Notice to Vermont Residents: You authorize PNC to obtain credit reports about you now and in the future for all legitimate purposes associated with this application or account, including but not limited to evaluating the application and renewing, modifying, reviewing and taking collection on the account.



A Division of Cedar Rapids Bank & Trust

February 4, 2021

Ms. Reina Abboud
NORTHMARQ
7204 Glen Forest Drive
Suite 202
Richmond, VA 23226

Dear Reina:

Thank you for giving Cedar Rapids Bank & Trust ("CRBT") this opportunity to provide you, and your client Evergreen Real Estate Group, with this 4% LIHTC tax exempt construction to permanent term bond/loan commitment letter for their Lakewood Plaza Apartments Acquisition Rehab Section 8 HAP Contract project located in Norfolk, VA (the "Project"). The Project is expected to generate Section 42 tax credits ("Tax Credits).

The following outlines the general loan terms and conditions for your review and consideration:

I. Tax Exempt Bond Terms

Borrower: Lakewood Plaza Apartments, LLC.

Bond/Loan Amount: Lesser of: (a) \$20,000,000 (b) the amount necessary to provide a 1.15 to 1.00 debt service coverage ratio with respect to the Project measured at the funding of the Loan, or (c) the amount such that the loan amount will not exceed 90% of the As Completed Rent Restricted Stabilized Appraised Value.

Tax Exempt Interest Rate: The estimated tax exempt interest rate as of February 4, 2021 is 4.06%. The interest rate shall be hedged by a swap agreement that is calculated to immediately fund (no forward rate lock is required), with the underlying Loan accruing interest at the sum of 79% of 30 Day Libor plus 2.00%.

Rate estimates above will continue to fluctuate based on the Market until such time that the Swap Documents is executed, which will occur simultaneous with the funding of the loan. Upon commencing the swap and locking your interest rate, the swap obligations arise, and if the loan is cancelled for any reason, you will be 100%

responsible for paying any and all of the yield maintenance make whole fees charged to CRBT resulting from unwinding the swap per the terms of the executed swap documents along with all of CRBT's credit underwriting, legal, or other out-of-pocket expenses.

Prepayment and Additional Swap Collateral:

Pre-payable. Standard yield maintenance Swap "Make Whole or In the Money" prepayment termination provisions will apply as specified in the Swap Documents. These obligations will be additionally secured by a second mortgage on the Property and second priority security interest in the general partner interest in the Borrower, accounts and other personal property of Borrower.

Loan Origination Fee:

\$10,000.

Maturity Date:

18 years

Repayment Terms:

Amortize the loan over 35 years, with all unpaid principal and interest due at maturity of the 18 year term.

Bond/Loan Amount:

Lesser of: (a) \$7,000,000 (b) the amount necessary to provide a 1.15 to 1.00 debt service coverage ratio with respect to the Project measured at the funding of the Loan, or (c) the amount such that the loan amount will not exceed 90% of the As Completed Rent Restricted Stabilized Appraised Value.

Tax Exempt Interest Rate:

The estimated tax exempt interest rate as of February 4, 2021 is 4.06%. The interest rate shall be hedged by a swap agreement that is calculated to immediately fund and includes a 6 month forward rate lock with a loan start date of September 1, 2021, with the underlying Loan accruing interest at the sum of 79% of 30 Day Libor plus 2.00%.

Rate estimates above will continue to fluctuate based on the Market until such time that the Swap Documents is executed, which will occur simultaneous with the funding of the loan. Upon commencing the swap and locking your interest rate, the swap obligations arise, and if the loan is cancelled for any reason, you will be 100% responsible for paying any and all of the yield maintenance make whole fees charged to CRBT resulting from unwinding the swap per the terms of the executed swap documents along with all of CRBT's credit underwriting, legal, or other out-of-pocket expenses.

Prepayment and Additional Swap Collateral:

Pre-payable. Standard yield maintenance Swap "Make Whole or In the Money" prepayment termination provisions will apply as specified in the Swap Documents. These obligations will be additionally secured by a second mortgage on the Property and second priority security interest in the general partner interest in the Borrower, accounts and other personal property of Borrower.

Loan Origination Fee:

\$10,000.

Maturity Date:	17.5 years
Repayment Terms:	Amortize the loan over 35 years, with all unpaid principal and interest due at maturity of the 17.5 year term.
Guarantors:	During construction/rehabilitation, Full Unlimited Guarantees from individuals and or entities as required by Lender. Upon loan Conversion, Non-Recourse Carve out Guarantees from the Developer/Owners and the General Partner. For Conversion of the project to occur, a minimum occupancy of 90% and a DSCR of 1.15 for 90 consecutive days must be achieved prior to Lender agreeing to the project converting from construction to the term loan. In addition, the Tax Credit Investor's requirements for Stabilization must occur.
Use of Proceeds:	First to purchase the property, with all excess proceeds being escrowed in a restricted money market account at CRBT to be used for approved construction draws required to complete the project. Until Conversion, all funds necessary for development of the property, including Borrower and LP Capital Contributions, need to be deposited into development accounts. All Accounts to be held by CRBT.
Disbursements:	Lender requires that the development sources and uses at all times be in balance, and accordingly, that all Borrower owner equity required for the rehabilitation be funded and disbursed prior to draws on the Loan Facility. Lender may, in its discretion, approve disbursement of the Loan Facility on a more accelerated disbursement schedule (including full disbursement of the Loan Facility ahead of disbursement of other debt financing).
Collateral and Priority:	<p>First Real Estate Mortgage on the real property for the project referred to as Lakewood Plaza Apartments located at 5631 Tidewater Drive, Norfolk, VA 23509, and an assignment of rents and leases of the real property.</p> <p>First priority security interest in: general partner interest in the Borrower, accounts and other personal property of Borrower.</p>
Reserves:	Reserve requirements will match Tax Credit Equity Investor requirements. Reserves Accounts will be required to be held at CRBT.
Financial Covenant:	Borrower will be required to maintain an 80% occupancy rate throughout the project rehabilitation process, unless the Lender in its sole discretion grants a waiver to this covenant. Lender reserves the right to request monthly financial statements if DSCR falls below 1.05.
Security Documents:	Borrower's loans shall be governed by loan documents which will contain terms and conditions that will be satisfactory to both the Borrower. All loan documents will be prepared by Lender's legal counsel, Winthrop & Weinstine, Minneapolis, MN.

II. GENERAL CONDITIONS PRECEDENT TO CLOSING:

Due Diligence:

The Lender will need as part of necessary due diligence, and as a condition to making the Credit Facility available, the following, but not limited to:

- (i) Appraisal including a Market and Feasibility Study
- (ii) Borrower, General Partner, Sponsor and Guarantors Financial Statements and Tax Returns;
- (iii) CRBT acknowledges that there is a 13 bps bond admin fee that is to be paid to NHRA annually. This will be paid out of cash flow from the project and is a payment outside of the CRBT debt payment.
- (iv) Phase I environmental report;
- (v) 42(m) letters issued by the allocating agency and bond issuer with respect to the Project;
- (vi) Financial statements of Investor, if requested by Lender;
- (vii) Organizational documents and operating agreements of Borrower, General Partner, Corporate Guarantor, in form and substance acceptable to Lender;
- (viii) Documents evidencing Investor's obligation to contribute the Tax Credit Equity to Borrower in form and substance acceptable to Lender;
- (ix) Lender's Title Insurance commitment and pro-forma policy in a form and substance acceptable to Lender;
- (x) An ALTA survey of the Project;
- (xi) The Borrower and all related entities obtaining all necessary approvals and making all necessary filings to obtain the Tax Credits;
- (xii) The receipt of insurance coverage for the Project acceptable to Lender;
- (xiii) Any general information concerning the Borrower, the sponsor, the Project, and financing that has not already been provided to Lender, such as the following:
 - 1. Developer resume/biography;
 - 2. Previous Tax Credit Development Experience;
 - 3. Project Overview;
 - 4. Discussion and details of ownership structure for Project;
 - 5. Project timeline;
 - 6. Overall sources and uses for entire Project;
 - 7. Detailed breakdown of Tax Credits;
 - 8. Identification and background/resume of architect;
 - 9. Any agreements with the city where the Project is located (e.g., development agreements, etc.); and
- (xiv) Other items as requested during further review.

If the Borrower accepts the terms of this proposal letter and Lender formally credit underwrites and approves this loan credit facility, the closing and funding of the loans would be subject to, but not limited to the following conditions and requirements:

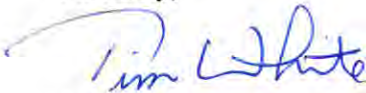
1. The execution of all loan and security documents prepared by Lender in such form and containing such terms, conditions and provisions that Lender's legal counsel deems reasonably necessary.

2. Evidence of the Borrower's organization, good standing, capacity, and authority to borrow and to execute the loan documents, and to operate its business in the jurisdictions where it does so. These documents to include but are not limited to, the Borrower's articles of organization, operating agreement and borrowing resolution.
3. Draw monitoring and inspections will be required with each draw request and this expense will be paid for by the Borrower.
4. Clean Financial/credit and background checks on the Developer Sponsors/Owners.
5. The Borrower shall reimburse Lender for all reasonable out-of-pocket project legal and credit due diligence and documentation expenses incurred in connection with the transaction.
6. A \$35,000 good faith deposit/commitment fee is required with this signed term sheet. In the event the Lender does not credit approve the loan, the \$35,000 will be fully refunded to the Borrower less any amounts used for 3rd party reports or other underwriting expenses. In the event the Borrower does not close the loan for any reason after it is formally credit approved, the \$35,000 will be fully retained by the Lenders to offset expenses. If the loan is approved and funded, any balance remaining that was not used for 3rd party reports or other underwriting expenses can either be applied to closing costs or returned to the Borrower if requested.

This commitment letter outlines the basic structure and terms of the credit facilities that was formally credit approved at Lender committee on November 4, 2020, and is still subject to legal preparation and approval of all loan documentation required for this transaction as prepared by Lenders Legal Counsel, Winthrop & Weinstine.

If you have any questions or need additional information regarding the contents of this letter, please let me know.

Sincerely,



Tim White
Senior Vice President
Specialty Finance Group

CERTIFICATE OF ALLOCATION
OF PRIVATE ACTIVITY BOND AUTHORITY

On behalf of the Virginia Department of Housing and Community Development (DHCD), the undersigned hereby certifies, as follows:

1. Pursuant to the Virginia Private Activity Bond Allocation Guidelines, DHCD has made the following allocation of private activity bond authority in the Commonwealth:

Allocation Date: January 19, 2021

Issuing Entity: Norfolk Redevelopment and Housing Authority

Locality: City of Norfolk

Amount: \$20,000,000


Project: Lakewood Plaza Apartments

Bond Type: Multi-family residential

Expiration Date: May 19, 2021

2. Without independent investigation and based, in part, on filings made with DHCD, the foregoing issue of bonds for this project issued on or prior to the expiration date, and with respect to which a copy of IRS Form 8038 shall have been received by DHCD prior to 5:00 p.m. on the expiration date, when added to all private activity bonds issued after December 31, 2020 and on or prior to such expiration date will not exceed the 2021 State Ceiling on private activity bonds for the Commonwealth of Virginia, as established by the provisions of the Internal Revenue Code of 1986; and therefore, the issue of Bonds meets the requirements of Section 146 of the Internal Revenue Code of 1986, as amended, (relating to volume cap on private activity bonds).

Witness my signature this 19th day of January 2021



Kyle Flanders, Senior Policy Analyst
Virginia Department of Housing and Community Development



EVERGREEN
Real Estate Group

March 11, 2021

Virginia Housing Development Authority
601 S Belvidere Street
Richmond VA, 23220

Development Name: Lakewood Plaza Apartments
Development Location: 5631 Tidewater Drive, Norfolk, VA 23509

RE: 2020 Federal Low Income Housing Tax Credit Program Application-Funding Documentation

Dear Tax Credit Department:

Per the tax credit application, the total amount of bonds are to equal \$27,000,000. Due to an end of year deadline, we were unable to apply for the allocation of the full amount of bonds with the Department of Housing and Community Development (DHCD). On January 19, 2021, we were allocated \$20,000,000 in private activity bonds from DHCD. Through the guidance of our bond counsel, we will apply for the remaining \$7,000,000 when more private bonds are available for allocation.

Please let me know if you have any questions or concerns.

Best Regards,

Carissa Stone-Acox

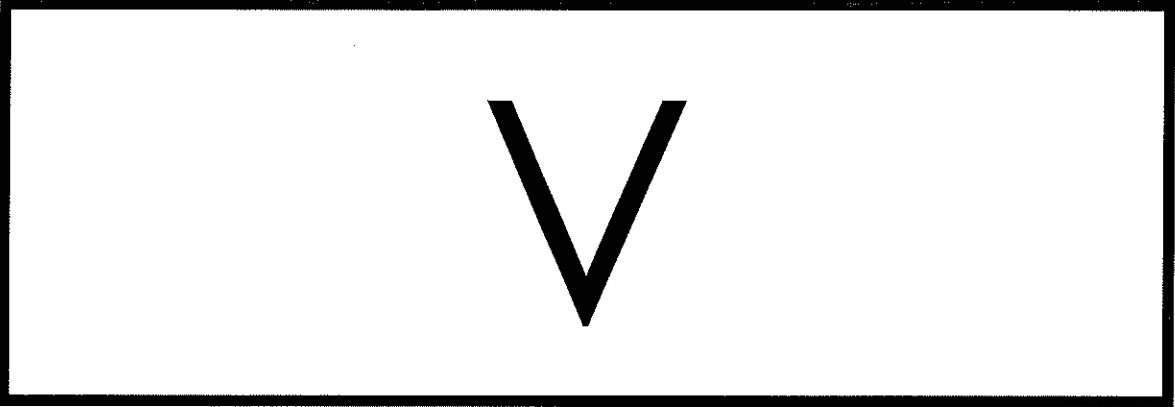
Carissa Stone-Acox

Project Manager

U

Documentation to
Request Exception to
Restriction-Pools with
Little/No Increase in Rent
Burdened Population


**This Section is not
Applicable**



V

Nonprofit or LHA Purchase
Option or Right of First
Refusal

**This Section is not
Applicable**



W

Internet Safety Plan and
Resident Information
Form

Internet Safety Plan for Seniors

General Safety & Security

1. **Make sure your passwords are unique and secure.** Use strong passwords that don't include any personal information, and try to avoid dictionary words and common phrases. Many websites recommend a mix of lower and uppercase letters, numbers, and symbols. In addition, never use the same password for more than one account.
2. **Use anti-malware software and other protective tools.** Be sure that your computer has some sort of trusted security software installed, and set it to automatically update so that you're protected against the latest risks. Ask an expert or trusted tech-savvy person if you're unsure what to install.
3. **Don't download unknown attachments and software.** Never download documents, images, or software if you don't know and trust the source. Scammers and hackers will often disguise viruses and other malware as "free" software tools or interesting content to download.
4. **Consider authorizing a trusted friend or family member to access your accounts.** In case of emergency, it can be difficult or impossible for trusted friends and family to access online email, bank, and file storage accounts. Plan ahead and work with an attorney to authorize someone you trust to access your accounts.

Email and Social Media

5. **Understand "spam" filters.** Spam refers to unwanted, unsolicited emails. Most email providers have spam filters that remove these emails from your main inbox.
6. **Use social media privacy settings.** Be aware of what you're posting on any social media sites, and use privacy settings to restrict access to your posts to people you trust with personal information.
7. **Report any and all instances of abuse.** Cyberbullying may be associated with children and teens, but that doesn't mean that adults don't get abused online. Don't respond. Instead, report abuse - both to the platform you're on and to people who can help, and remember that abuse is not your fault.
8. **Know the signs of a scam.** If it's too good to be true, it usually is. Offers of low-priced or free big-ticket items such as vacations, electronics, and medicines are usually scam attempts. On the other hand, scammers will sometimes send you requests for money from friends' personal accounts; never reply or send funds without first verifying the request with the person in some other way.

Money and Purchasing

9. **Look for secure websites.** Whenever you're prompted to enter your payment information into a website, first check that the website is secure. In the URL bar at the top of your internet browser, look for "https://" for a secure site. (The "s" stands for secure.)
10. **Understand and avoid phishing attempts.** Be wary of links to sites that ask you to make a purchase or enter your payment information. One common scam, "phishing," makes a phony site look like a trusted site, then gives your information to the scammer. Look for grammatical errors, spelling mistakes, and URLs that look different than you're used to. When in doubt, enter the web address you know to be correct directly into the URL bar.
11. **Do not enter personal or payment information into an unknown site.** On a similar note, be sure to verify the website if you're going to enter personal or payment information. Look for reviews of online retailers, and in the case of banking or government portals, never respond to requests for information. Banks and government agencies will never solicit passwords, Social Security numbers, or payment information.
12. **Monitor your financial accounts.** Even when you take every precaution, there is a chance that your payment information may be leaked or stolen from a trusted vendor. Watch your bank accounts and credit cards for unauthorized purchases.

Meeting New People

13. **Exercise caution.** Unfortunately, not everyone on the internet is who they say they are. There are many online opportunities to meet new people, from dating sites to hobby groups and forums, but not everyone is trustworthy. Be cautious when interacting with new people, and don't give out too much personal information where people can find it.
14. **Do not send money to new acquaintances.** Similarly, to personal information, some people will use the relative anonymity of the internet to get close to their targets, then request money and never be heard from again. Don't be swayed by stories of personal tragedy or requests for money to visit unless you're positive of the person's good intentions.
15. **When meeting up in person, be safe.** If you choose to meet someone from a dating website or a friend you met online, choose a public place and let a friend or family member know where you're going and who you're meeting. You can never be too safe, even if you feel you know the person well.

Well-being and Health

16. **Know fact from fiction.** Websites such as news publishers and health advice blogs often make money by attracting visitors to view and click ads on their pages, and will publish sensational headlines to get those views. Not everything published on a website is true, no matter how official it may look.
17. **Avoid self-diagnosis and armchair healthcare advice.** It's incredibly easy to look up your symptoms on a search engine and find a list of possible diseases, or a forum discussing a diagnosis. Only a licensed healthcare professional who understands your health background should make diagnoses and prescribe treatments. Attempting to use the internet to do so could mean the condition goes untreated or becomes worse.
18. **Follow up with a professional.** Of course, not every piece of health advice on the internet is life and death. There are many helpful resources online for nutrition advice, well-being, and fitness, but it's always good to consult a professional before making any changes that could impact your health, such as a new diet or exercise plan.

The internet is a helpful tool for staying connected and getting informed, but there are some risks inherent to its use. By educating yourself, you can stay safe from the unpleasant aspects of technology while continuing to reap the benefits.



X

Marketing Plan

For units meeting accessibility requirements of HUD section

504

Note to all applicants/respondents: This form was developed with Nuance, the official HUD software for the creation of HUD forms. HUD has made available instructions for downloading a free installation of a Nuance reader that allows the user to fill-in and save this form in Nuance. Please see <http://portal.hud.gov/hudportal/documents/huddoc?id=nuancereaderinstall.pdf> for the instructions. Using Nuance software is the only means of completing this form.

Affirmative Fair Housing Marketing Plan (AFHMP) - Multifamily Housing

U.S. Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity

OMB Approval No. 2529-0013
(exp.12/31/2016)

1a. Project Name & Address (including City, County, State & Zip Code) Lakewood Plaza 5631 Tidewater Drive Norfolk VA 23509	1b. Project Contract Number 051-44050-LDAH	1c. No. of Units 200
1d. Census Tract 0021.00		
1e. Housing/Expanded Housing Market Area Housing Market Area: Zip Code and City of Norfolk		

1f. Managing Agent Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address
 Evergreen Real Estate Services, LLC, 566 West Lake Street, Suite #400, Chicago, Cook County, IL 60661; 312-382-3228
 mmauney@evergreenreg.com

1g. Application/Owner/Developer Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address
 Lakewood Plaza Apartments LLC, 566 West Lake Street, Suite #400, Chicago, Cook County, IL 60661; 312-234-9400
 jrappin@evergreenreg.com

1h. Entity Responsible for Marketing (check all that apply)
 Owner Agent Other (specify) _____
 Position, Name (if known), Address (including City, County, State & Zip Code), Telephone Number & Email Address
 Evergreen Real Estate Services, LLC, 566 West Lake Street, Suite #400, Chicago, Cook County, IL 60661; 312-382-3228
 mmauney@evergreenreg.com

1i. To whom should approval and other correspondence concerning this AFHMP be sent? Indicate Name, Address (including City, State & Zip Code), Telephone Number & E-Mail Address.
 Mary Mauney, Evergreen Real Estate Services, LLC, 566 W. Lake Street #400, Chicago, IL 60661; 312-382-3228
 mmauney@evergreenreg.com

2a. Affirmative Fair Housing Marketing Plan
 Plan Type Date of the First Approved AFHMP:
 Reason(s) for current update:

2b. HUD-Approved Occupancy of the Project (check all that apply)
 Elderly Family Mixed (Elderly/Disabled) Disabled

2c. Date of Initial Occupancy

2d. Advertising Start Date
 Advertising must begin *at least* 90 days prior to initial or renewed occupancy for new construction and substantial rehabilitation projects.
 Date advertising began or will begin
For existing projects, select below the reason advertising will be used:
 To fill existing unit vacancies
 To place applicants on a waiting list (which currently has individuals)
 To reopen a closed waiting list (which currently has individuals)

3a. Demographics of Project and Housing Market Area

Complete and submit Worksheet 1.

3b. Targeted Marketing Activity

Based on your completed Worksheet 1, indicate which demographic group(s) in the housing market area is/are *least* likely to apply for the housing without special outreach efforts. (check all that apply)

- White American Indian or Alaska Native Asian Black or African American
 Native Hawaiian or Other Pacific Islander Hispanic or Latino Persons with Disabilities
 Families with Children Other ethnic group, religion, etc. (specify)

4a. Residency Preference

Is the owner requesting a residency preference? If yes, complete questions 1 through 5.
If no, proceed to Block 4b.

(1) Type

(2) Is the residency preference area:

The same as the AFHMP housing/expanded housing market area as identified in Block 1e?

The same as the residency preference area of the local PHA in whose jurisdiction the project is located?

(3) What is the geographic area for the residency preference?

(4) What is the reason for having a residency preference?

(5) How do you plan to periodically evaluate your residency preference to ensure that it is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a)?

Complete and submit Worksheet 2 when requesting a residency preference (see also 24 CFR 5.655(c)(1)) for residency preference requirements. The requirements in 24 CFR 5.655(c)(1) will be used by HUD as guidelines for evaluating residency preferences consistent with the applicable HUD program requirements. See also HUD Occupancy Handbook (4350.3) Chapter 4, Section 4.6 for additional guidance on preferences.

4b. Proposed Marketing Activities: Community Contacts

Complete and submit Worksheet 3 to describe your use of community contacts to market the project to those least likely to apply.

4c. Proposed Marketing Activities: Methods of Advertising

Complete and submit Worksheet 4 to describe your proposed methods of advertising that will be used to market to those least likely to apply. Attach copies of advertisements, radio and television scripts, Internet advertisements, websites, and brochures, etc.

3a. Demographics of Project and Housing Market Area

Complete and submit Worksheet 1.

3b. Targeted Marketing Activity

Based on your completed Worksheet 1, indicate which demographic group(s) in the housing market area is/are *least* likely to apply for the housing without special outreach efforts. (check all that apply)

- White American Indian or Alaska Native Asian Black or African American
 Native Hawaiian or Other Pacific Islander Hispanic or Latino Persons with Disabilities
 Families with Children Other ethnic group, religion, etc. (specify)

4a. Residency Preference

Is the owner requesting a residency preference? If yes, complete questions 1 through 5.
If no, proceed to Block 4b.

(1) Type

(2) Is the residency preference area:
The same as the AFHMP housing/expanded housing market area as identified in Block 1e?

The same as the residency preference area of the local PHA in whose jurisdiction the project is located?

(3) What is the geographic area for the residency preference?

(4) What is the reason for having a residency preference?

(5) How do you plan to periodically evaluate your residency preference to ensure that it is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a)?

Complete and submit Worksheet 2 when requesting a residency preference (see also 24 CFR 5.655(c)(1)) for residency preference requirements. The requirements in 24 CFR 5.655(c)(1) will be used by HUD as guidelines for evaluating residency preferences consistent with the applicable HUD program requirements. See also HUD Occupancy Handbook (4350.3) Chapter 4, Section 4.6 for additional guidance on preferences.

4b. Proposed Marketing Activities: Community Contacts

Complete and submit Worksheet 3 to describe your use of community contacts to market the project to those least likely to apply.

4c. Proposed Marketing Activities: Methods of Advertising

Complete and submit Worksheet 4 to describe your proposed methods of advertising that will be used to market to those least likely to apply. Attach copies of advertisements, radio and television scripts, Internet advertisements, websites, and brochures, etc.

5a. Fair Housing Poster

The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Check below all locations where the Poster will be displayed.

Rental Office Real Estate Office Model Unit Other (specify)

5b. Affirmative Fair Housing Marketing Plan

The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check below all locations where the AFHMP will be made available.

Rental Office Real Estate Office Model Unit Other (specify)

5c. Project Site Sign

Project Site Signs, if any, must display in a conspicuous position the HUD approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Check below all locations where the Project Site Sign will be displayed. Please submit photos of Project signs.

Rental Office Real Estate Office Model Unit Entrance to Project Other (specify)

The size of the Project Site Sign will be x
The Equal Housing Opportunity logo or slogan or statement will be x

6. Evaluation of Marketing Activities

Explain the evaluation process you will use to determine whether your marketing activities have been successful in attracting individuals least likely to apply, how often you will make this determination, and how you will make decisions about future marketing based on the evaluation process.

Applicants will be asked how they heard about the property on the application. The source of information about the property will be maintained on a Marketing Log so that future marketing activities can be evaluated.

Applications that are sent to community groups will be identified with a number in the application. As applications are returned, the community group will be entered into the log if the community group's number is identified on the application. If no applications are received or the application log reflects no response from a community group, that group will be contacted by the Manager to determine if they have been distributing our information. Groups that do not distribute the information will be eliminated from the marketing outreach and other groups serving a similar population will be identified.

Annual, the Marketing Log will be reviewed to determine future marketing activities

7a. Marketing Staff

What staff positions are/will be responsible for affirmative marketing?

Regional Supervisor with assistance from the Manager.

7b. Staff Training and Assessment: AFHMP

- (1) Has staff been trained on the AFHMP?
- (2) Has staff been instructed in writing and orally on non-discrimination and fair housing policies as required by 24 CFR 200.620(c)?
- (3) If yes, who provides instruction on the AFHMP and Fair Housing Act, and how frequently?

Management agent; orientation at hire; annually, thereafter.

- (4) Do you periodically assess staff skills on the use of the AFHMP and the application of the Fair Housing Act?
- (5) If yes, how and how often?

During Regional Supervisor visits and annually at the Fair Housing Training

7c. Tenant Selection Training/Staff

- (1) Has staff been trained on tenant selection in accordance with the project's occupancy policy, including any residency preferences?
- (2) What staff positions are/will be responsible for tenant selection?

Manager, with review by the Regional Supervisor.

7d. Staff Instruction/Training:

Describe AFHM/Fair Housing Act staff training, already provided or to be provided, to whom it was/will be provided, content of training, and the dates of past and anticipated training. Please include copies of any AFHM/Fair Housing staff training materials.

All staff receive Fair Housing training at hire through an orientation package (see attached). This orientation package is used at various times during the year to update training of all staff.

Annual Fair Housing training is required of all leasing staff and documentation of attendance is maintained in the employee file.

The training content includes an overview of the Fair Housing Laws, reasonable accommodations and specific fair housing issues that impact property management (see attached training materials).

8. Additional Considerations Is there anything else you would like to tell us about your AFHMP to help ensure that your program is marketed to those least likely to apply for housing in your project? Please attach additional sheets, as needed.

N/A.

9. Review and Update

By signing this form, the applicant/respondent agrees to implement its AFHMP, and to review and update its AFHMP in accordance with the instructions to item 9 of this form in order to ensure continued compliance with HUD's Affirmative Fair Housing Marketing Regulations (see 24 CFR Part 200, Subpart M). I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (See 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

John D. Kennedy 10/3/19

Name (type or print)

John Kennedy

Title & Name of Company

Executive Vice President of Operations, Evergreen Real Estate Services, LLC

For HUD-Office of Housing Use Only

Reviewing Official:

For HUD-Office of Fair Housing and Equal Opportunity Use Only

Approval

Disapproval

Signature & Date (mm/dd/yyyy)

Signature & Date (mm/dd/yyyy)

Name
(type
or
print)

[Empty box for Name]

Name
(type
or
print)

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Title

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Title

[Empty box for Title]

Public reporting burden for this collection of information is estimated to average six (6) hours per initial response, and four (4) hours for updated plans, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid Office of Management and Budget (OMB) control number.

Purpose of Form: All applicants for participation in FHA subsidized and unsubsidized multifamily housing programs with five or more units (see 24 CFR 200.615) must complete this Affirmative Fair Housing Marketing Plan (AFHMP) form as specified in 24 CFR 200.625, and in accordance with the requirements in 24 CFR 200.620. The purpose of this AFHMP is to help applicants offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability. The AFHMP helps owners/agents (respondents) effectively market the availability of housing opportunities to individuals of both minority and non-minority groups that are least likely to apply for occupancy. Affirmative fair housing marketing and planning should be part of all new construction, substantial rehabilitation, and existing project marketing and advertising activities.

An AFHM program, as specified in this Plan, shall be in effect for each multifamily project throughout the life of the mortgage (24 CFR 200.620(a)). The AFHMP, once approved by HUD, must be made available for public inspection at the sales or rental offices of the respondent (24 CFR 200.625) and may not be revised without HUD approval. This form contains no questions of a confidential nature.

Applicability: The form and worksheets must be completed and submitted by all FHA subsidized and unsubsidized multifamily housing program applicants.

INSTRUCTIONS:

Send completed form and worksheets to your local HUD Office, Attention: Director, Office of Housing

Part 1: Applicant/Respondent and Project

Identification. Blocks 1a, 1b, 1c, 1g, 1h, and 1i are self-explanatory.

Block 1d- Respondents may obtain the Census tract number from the U.S. Census Bureau (<http://factfinder2.census.gov/main.html>) when completing Worksheet One.

Block 1e- Respondents should identify both the housing market area and the expanded housing market area for their multifamily housing projects. Use abbreviations if necessary. A **housing market area** is the area from which a multifamily housing project owner/agent may reasonably expect to draw a substantial number of its tenants. This could be a county or Metropolitan Division. The U.S. Census Bureau provides a range of levels to draw from.

An **expanded housing market area** is a larger geographic area, such as a Metropolitan Division or a Metropolitan Statistical Area, which may provide additional demographic diversity in terms of race, color, national origin, religion, sex, familial status, or disability.

Block 1f- The applicant should complete this block only if a Managing Agent (the agent cannot be the applicant) is implementing the AFHMP.

Part 2: Type of AFHMP

Block 2a- Respondents should indicate the status of the AFHMP, i.e., initial or updated, as well as the date of the first approved AFHMP. Respondents should also provide the reason (s) for the current update, whether the update is based on the five-year review or due to significant changes in project or local demographics (See instructions for Part 9).

Block 2b- Respondents should identify all groups HUD has approved for occupancy in the subject project, in accordance with the contract, grant, etc.

Block 2c- Respondents should specify the date the project was/will be first occupied.

Block 2d- For new construction and substantial rehabilitation projects, advertising must begin at least 90 days prior to initial occupancy. In the case of existing projects, respondents should indicate whether the advertising will be used to fill existing vacancies, to place individuals on the project's waiting list, or to re-open a closed waiting list. Please indicate how many people are on the waiting list when advertising begins.

Part 6 - Evaluation of Marketing Activities.

Respondents should explain the evaluation process to be used to determine if they have been successful in attracting those individuals identified as least likely to apply. Respondents should also explain how they will make decisions about future marketing activities based on the evaluations.

Part 7- Marketing Staff and Training.

Block 7a - Respondents should identify staff positions that are/will be responsible for affirmative marketing.

Block 7b - Respondents should indicate whether staff has been trained on the AFHMP and Fair Housing Act.

Please indicate who provides the training and how frequently. In addition, respondents should specify whether they periodically assess staff members' skills in using the AFHMP and in applying the Fair Housing Act. They should state how often they assess employee skills and how they conduct the assessment.

Block 7c - Respondents should indicate whether staff has been trained on tenant selection in accordance with the project's occupancy policy, including residency preferences (if any). Respondents should also identify those staff positions that are/will be responsible for tenant selection.

Block 7d - Respondents should include copies of any written materials related to staff training, and identify the dates of past and anticipated training.

Part 8 - Additional Considerations.

Respondents should describe their efforts not previously mentioned that were/are planned to attract those individuals least likely to apply for the subject housing.

Part 9 - Review and Update.

By signing the respondent assumes responsibility for implementing the AFHMP. Respondents must review their AFHMP every five years or when the local Community Development jurisdiction's Consolidated Plan is updated, or when there are significant changes in the demographics of the project or the local housing market area. When reviewing the plan, the respondent should consider the current demographics of the housing market area to determine if there have been demographic changes in the population in terms of race, color, national origin, religion, sex, familial status, or disability. The respondent will then determine if the population least to likely to apply for the housing is still the population identified in the AFHMP, whether the advertising and publicity cited in the current AFHMP are still appropriate, or whether advertising sources should be modified or expanded. Even if the demographics of the housing market area have not changed, the respondent should determine if the outreach currently being performed is reaching those it is intended to reach as measured by project occupancy and applicant data. If not, the AFHMP should be updated. The revised AFHMP must be submitted to HUD for approval. HUD may review whether the affirmative marketing is actually being performed in accordance with the AFHMP. If based on their review, respondents determine the AFHMP does not need to be revised, they should maintain a file documenting what was reviewed, what was found as a result of the review, and why no changes were required. HUD may review this documentation.

Notification of Intent to Begin Marketing.

No later than 90 days prior to the initiation of rental marketing activities, the respondent must submit notification of intent to begin marketing. The notification is required by the AFHMP Compliance Regulations (24 CFR 108.15). The Notification is submitted to the Office of Housing in the HUD Office servicing the locality in which the proposed housing will be located. Upon receipt of the Notification of Intent to Begin Marketing from the applicant, the monitoring office will review any previously approved plan and may schedule a pre-occupancy conference. Such conference will be held prior to initiation of sales/rental marketing activities. At this conference, the previously approved AFHMP will be reviewed with the applicant to determine if the plan, and/or its proposed implementation, requires modification prior to initiation of marketing in order to achieve the objectives of the AFHM regulation and the plan.

OMB approval of the AFHMP includes approval of this notification procedure as part of the AFHMP. The burden hours for such notification are included in the total designated for this AFHMP form.

**Worksheet 1: Determining Demographic Groups Least Likely to Apply for Housing Opportunities
(See AFHMP, Block 3b)**

In the respective columns below, indicate the percentage of demographic groups among the project's residents, current project applicant data, census tract, housing market area, and expanded housing market area (See instructions to Block 1e). If you are a new construction or substantial rehabilitation project and do not have residents or project applicant data, only report information for census tract, housing market area, and expanded market area. The purpose of this information is to identify any under-representation of certain demographic groups in terms of race, color, national origin, religion, sex, familial status, or disability. If there is significant under-representation of any demographic group among project residents or current applicants in relation to the housing/expanded housing market area, then targeted outreach and marketing should be directed towards these individuals least likely to apply. Please indicate under-represented groups in Block 3b of the AFHMP. **Please attach maps showing both the housing market area and the expanded housing market area.**

Demographic Characteristics	Project's Residents	Project's Applicant Data	Census Tract	Housing Market Area	Expanded Housing Market Area
% White		33.3	83.55	45.2	49.8
% Black or African American		59.26	7.55	52.0	45.2
% Hispanic or Latino		0.0	3.91	5.3	6.6
% Asian		0.0	0.00	2.1	4.4
% American Indian or Alaskan Native		7.4	0.00	1.7	1.5
% Native Hawaiian or Pacific Islander		0.0	0.00	0.1	0.4
% Persons with Disabilities		0.0		12.4	12.6
% Families with Children under the age of 18					
Other (specify)					
Not Specified					

Worksheet 2: Establishing a Residency Preference Area (See AFHMP, Block 4a)

Complete this Worksheet if you wish to continue, revise, or add a residency preference, which is a preference for admission of persons who reside or work in a specified geographic area (see 24 CFR 5.655(c)(1)(ii)). If a residency preference is utilized, the preference must be in accordance with the non-discrimination and equal opportunity requirements contained in 24 CFR 5.105(a). This Worksheet will help show how the percentage of the population in the residency preference area compares to the demographics of the project's residents, applicant data, census tract, housing market area, and expanded housing market area. **Please attach a map clearly delineating the residency preference geographical area.**

Demographic Characteristics	Project's Residents (as determined in Worksheet 1)	Project's Applicant Data (as determined in Worksheet 1)	Census Tract (as determined in Worksheet 1)	Housing Market Area (as determined in Worksheet 1)	Expanded Housing Market Area (as determined in Worksheet 1)	Residency Preference Area (if applicable)
% White						
% Black or African American						
% Hispanic or Latino						
% Asian						
% American Indian or Alaskan Native						
% Native Hawaiian or Pacific Islander						
% Persons with Disabilities						
% Families with Children under the age of 18						
Other (specify)						
Not Specified						

Worksheet 3: Proposed Marketing Activities –Community Contacts (See AFHMP, Block 4b)

For each targeted marketing population designated as least likely to apply in Block 3b, identify at least one community contact organization you will use to facilitate outreach to the particular population group. This could be a social service agency, religious body, advocacy group, community center, etc. State the names of contact persons, their addresses, their telephone numbers, their previous experience working with the target population, the approximate date contact was/will be initiated, and the specific role they will play in assisting with the affirmative fair housing marketing. Please attach additional pages if necessary.

Targeted Population(s)	Community Contact(s), including required information noted above.
	See attached listings

Worksheet 4: Proposed Marketing Activities – Methods of Advertising (See AFHMP, Block 4c)

Complete the following table by identifying your targeted marketing population(s), as indicated in Block 3b, as well as the methods of advertising that will be used to market to that population. For each targeted population, state the means of advertising that you will use as applicable to that group and the reason for choosing this media. In each block, in addition to specifying the media that will be used (e.g., name of newspaper, television station, website, location of bulletin board, etc.) state any language(s) in which the material will be provided, identify any alternative format(s) to be used (e.g. Braille, large print, etc.), and specify the logo(s) (as well as size) that will appear on the various materials. Attach additional pages, if necessary, for further explanation. Please attach a copy of the advertising or marketing material.

Targeted Population(s)→ Methods of Advertising ↓	Targeted Population:	Targeted Population:	Targeted Population:
Newspaper(s)			
Radio Station(s)			
TV Station(s)			
Electronic Media			
Affordable Housing Online	Mixed	Mixed	Mixed
Bulletin Boards			
Brochures, Notices, Flyers			
Letters, Flyers	Mixed	Mixed	Mixed
Other (specify)			
Craigslist	Mixed	Mixed	Mixed

Matched Address

Address	5631 TIDEWATER DR, NORFOLK, VA 23509
MSAMD Code	47260
State Code	51
County Code	710
Tract Code	0021.00
MSAMD Name	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC
State Name	VIRGINIA
County Name	NORFOLK CITY

Census Demographic Data

User Select Tract





2019 FFIEC Geocode Census Report

Address: 5631 TIDEWATER DR, NORFOLK, VA, 23509
 MSA: 47260 - VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC
 State: 51 - VIRGINIA
 County: 710 - NORFOLK CITY
 Tract Code: 0021.00

Summary Census Demographic Information

Tract Income Level	Upper
Underserved or Distressed Tract	No
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$75,800
2019 Estimated Tract Median Family Income	\$134,439
2010 Tract Median Family Income	\$123,750
Tract Median Family Income %	177.36
Tract Population	1471
Tract Minority %	16.45
Tract Minority Population	242
Owner-Occupied Units	431
1- to 4- Family Units	468

Census Income Information

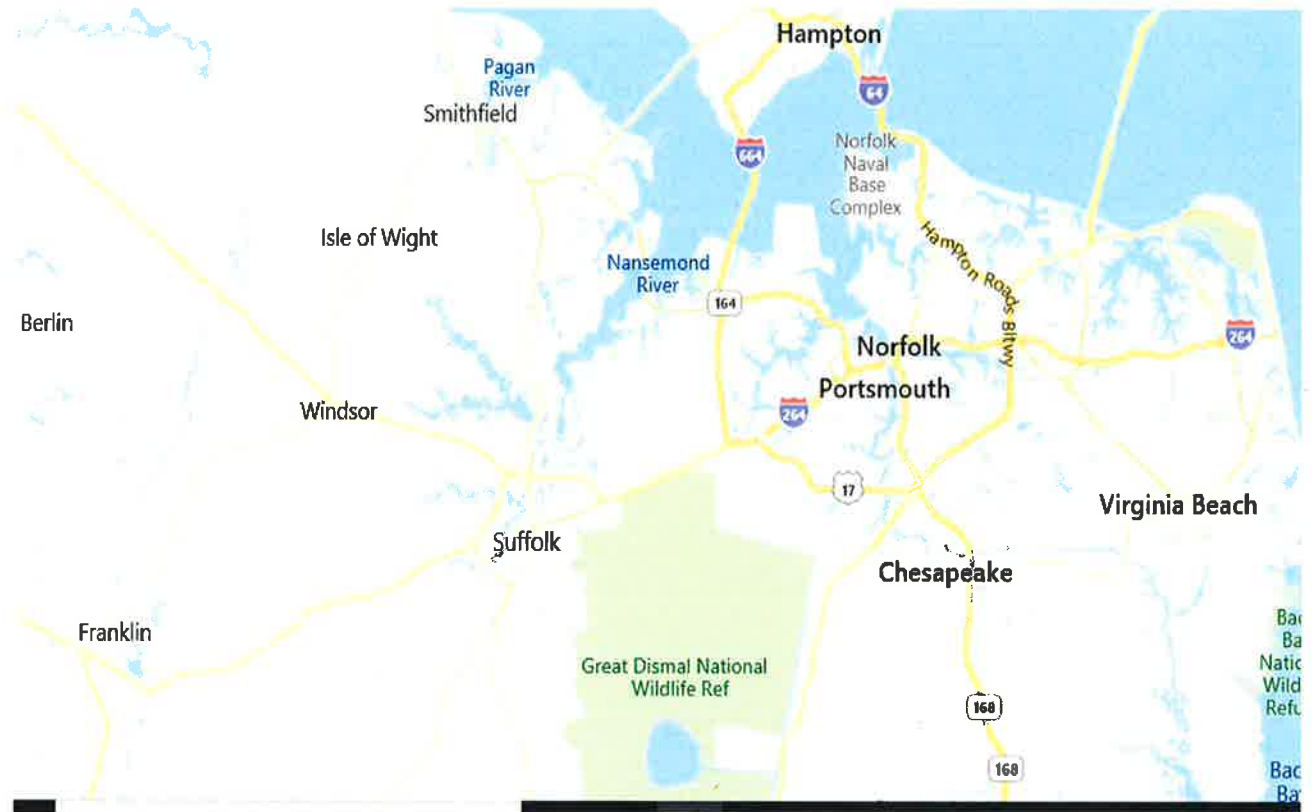
Tract Income Level	Upper
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$69,773
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$75,800
% below Poverty Line	14.62
Tract Median Family Income %	177.36
2010 Tract Median Family Income	\$123,750
2019 Estimated Tract Median Family Income	\$134,439
2010 Tract Median Household Income	\$76,591

Census Population Information

Tract Population	1471
Tract Minority %	16.45
Number of Families	370
Number of Households	642
Non-Hispanic White Population	1229
Tract Minority Population	242
American Indian Population	0
Asian/Hawaiian/Pacific Islander Population	0
Black Population	111
Hispanic Population	58
Other/Two or More Races Population	73

Census Housing Information

Total Housing Units	678
1- to 4- Family Units	468
Median House Age (Years)	48
Owner-Occupied Units	431
Renter Occupied Units	211
Owner Occupied 1- to 4- Family Units	431
Inside Principal City?	YES
Vacant Units	36





DP-1

Profile of General Population and Housing Characteristics: 2010

2010 Demographic Profile Data

NOTE: For more information on confidentiality protection, nonsampling error, and definitions, see <http://www.census.gov/prod/cen2010/doc/dpsf.pdf>.

Geography: ZCTA5 23509

Subject	Number	Percent
SEX AND AGE		
Total population	12,817	100.0
Under 5 years	822	6.4
5 to 9 years	780	6.1
10 to 14 years	801	6.2
15 to 19 years	881	6.9
20 to 24 years	877	6.8
25 to 29 years	867	6.8
30 to 34 years	860	6.7
35 to 39 years	785	6.1
40 to 44 years	814	6.4
45 to 49 years	1,014	7.9
50 to 54 years	1,015	7.9
55 to 59 years	904	7.1
60 to 64 years	699	5.5
65 to 69 years	527	4.1
70 to 74 years	393	3.1
75 to 79 years	290	2.3
80 to 84 years	259	2.0
85 years and over	229	1.8
Median age (years)	38.4	(X)
16 years and over	10,243	79.9
18 years and over	9,855	76.9
21 years and over	9,366	73.1
62 years and over	2,094	16.3
65 years and over	1,698	13.2
Male population	6,190	48.3
Under 5 years	419	3.3
5 to 9 years	402	3.1
10 to 14 years	387	3.0
15 to 19 years	439	3.4
20 to 24 years	457	3.6
25 to 29 years	453	3.5
30 to 34 years	415	3.2
35 to 39 years	383	3.0
40 to 44 years	409	3.2
45 to 49 years	500	3.9
50 to 54 years	473	3.7
55 to 59 years	448	3.5
60 to 64 years	321	2.5

Subject	Number	Percent
65 to 69 years	237	1.8
70 to 74 years	176	1.4
75 to 79 years	122	1.0
80 to 84 years	86	0.7
85 years and over	63	0.5
Median age (years)	36.6	(X)
16 years and over	4,904	38.3
18 years and over	4,709	36.7
21 years and over	4,453	34.7
62 years and over	862	6.7
65 years and over	684	5.3
Female population	6,627	51.7
Under 5 years	403	3.1
5 to 9 years	378	2.9
10 to 14 years	414	3.2
15 to 19 years	442	3.4
20 to 24 years	420	3.3
25 to 29 years	414	3.2
30 to 34 years	445	3.5
35 to 39 years	402	3.1
40 to 44 years	405	3.2
45 to 49 years	514	4.0
50 to 54 years	542	4.2
55 to 59 years	456	3.6
60 to 64 years	378	2.9
65 to 69 years	290	2.3
70 to 74 years	217	1.7
75 to 79 years	168	1.3
80 to 84 years	173	1.3
85 years and over	166	1.3
Median age (years)	39.9	(X)
16 years and over	5,339	41.7
18 years and over	5,146	40.1
21 years and over	4,913	38.3
62 years and over	1,232	9.6
65 years and over	1,014	7.9
RACE		
Total population	12,817	100.0
One Race	12,392	96.7
White	5,474	42.7
Black or African American	6,412	50.0
American Indian and Alaska Native	58	0.5
Asian	182	1.4
Asian Indian	20	0.2
Chinese	31	0.2
Filipino	77	0.6
Japanese	5	0.0
Korean	11	0.1
Vietnamese	14	0.1
Other Asian [1]	24	0.2
Native Hawaiian and Other Pacific Islander	9	0.1
Native Hawaiian	1	0.0
Guamanian or Chamorro	2	0.0
Samoan	4	0.0

Subject	Number	Percent
Other Pacific Islander [2]	2	0.0
Some Other Race	257	2.0
Two or More Races	425	3.3
White; American Indian and Alaska Native [3]	59	0.5
White; Asian [3]	50	0.4
White; Black or African American [3]	133	1.0
White; Some Other Race [3]	29	0.2
Race alone or in combination with one or more other races: [4]		
White	5,793	45.2
Black or African American	6,669	52.0
American Indian and Alaska Native	219	1.7
Asian	268	2.1
Native Hawaiian and Other Pacific Islander	19	0.1
Some Other Race	325	2.5
HISPANIC OR LATINO		
Total population	12,817	100.0
Hispanic or Latino (of any race)	685	5.3
Mexican	254	2.0
Puerto Rican	180	1.4
Cuban	32	0.2
Other Hispanic or Latino [5]	219	1.7
Not Hispanic or Latino	12,132	94.7
HISPANIC OR LATINO AND RACE		
Total population	12,817	100.0
Hispanic or Latino	685	5.3
White alone	280	2.2
Black or African American alone	63	0.5
American Indian and Alaska Native alone	13	0.1
Asian alone	5	0.0
Native Hawaiian and Other Pacific Islander alone	0	0.0
Some Other Race alone	244	1.9
Two or More Races	80	0.6
Not Hispanic or Latino	12,132	94.7
White alone	5,194	40.5
Black or African American alone	6,349	49.5
American Indian and Alaska Native alone	45	0.4
Asian alone	177	1.4
Native Hawaiian and Other Pacific Islander alone	9	0.1
Some Other Race alone	13	0.1
Two or More Races	345	2.7
RELATIONSHIP		
Total population	12,817	100.0
In households	12,623	98.5
Householder	4,991	38.9
Spouse [6]	1,879	14.7
Child	3,608	28.2
Own child under 18 years	2,395	18.7
Other relatives	1,107	8.6
Under 18 years	489	3.8
65 years and over	104	0.8
Nonrelatives	1,038	8.1
Under 18 years	76	0.6
65 years and over	55	0.4
Unmarried partner	366	2.9
In group quarters	194	1.5

Subject	Number	Percent
Institutionalized population	59	0.5
Male	15	0.1
Female	44	0.3
Noninstitutionalized population	135	1.1
Male	121	0.9
Female	14	0.1
HOUSEHOLDS BY TYPE		
Total households	4,991	100.0
Family households (families) [7]	3,125	62.6
With own children under 18 years	1,321	26.5
Husband-wife family	1,879	37.6
With own children under 18 years	751	15.0
Male householder, no wife present	268	5.4
With own children under 18 years	102	2.0
Female householder, no husband present	978	19.6
With own children under 18 years	468	9.4
Nonfamily households [7]	1,866	37.4
Householder living alone	1,466	29.4
Male	654	13.1
65 years and over	175	3.5
Female	812	16.3
65 years and over	398	8.0
Households with individuals under 18 years	1,604	32.1
Households with individuals 65 years and over	1,322	26.5
Average household size	2.53	(X)
Average family size [7]	3.11	(X)
HOUSING OCCUPANCY		
Total housing units	5,459	100.0
Occupied housing units	4,991	91.4
Vacant housing units	468	8.6
For rent	161	2.9
Rented, not occupied	6	0.1
For sale only	119	2.2
Sold, not occupied	21	0.4
For seasonal, recreational, or occasional use	10	0.2
All other vacants	151	2.8
Homeowner vacancy rate (percent) [8]	3.7	(X)
Rental vacancy rate (percent) [9]	7.7	(X)
HOUSING TENURE		
Occupied housing units	4,991	100.0
Owner-occupied housing units	3,071	61.5
Population in owner-occupied housing units	7,884	(X)
Average household size of owner-occupied units	2.57	(X)
Renter-occupied housing units	1,920	38.5
Population in renter-occupied housing units	4,739	(X)
Average household size of renter-occupied units	2.47	(X)

X Not applicable.

[1] Other Asian alone, or two or more Asian categories.

[2] Other Pacific Islander alone, or two or more Native Hawaiian and Other Pacific Islander categories.

[3] One of the four most commonly reported multiple-race combinations nationwide in Census 2000.

[4] In combination with one or more of the other races listed. The six numbers may add to more than the total population, and the six

percentages may add to more than 100 percent because individuals may report more than one race.

[5] This category is composed of people whose origins are from the Dominican Republic, Spain, and Spanish-speaking Central or South American countries. It also includes general origin responses such as "Latino" or "Hispanic."

[6] "Spouse" represents spouse of the householder. It does not reflect all spouses in a household. Responses of "same-sex spouse" were edited during processing to "unmarried partner."

[7] "Family households" consist of a householder and one or more other people related to the householder by birth, marriage, or adoption. They do not include same-sex married couples even if the marriage was performed in a state issuing marriage certificates for same-sex couples. Same-sex couple households are included in the family households category if there is at least one additional person related to the householder by birth or adoption. Same-sex couple households with no relatives of the householder present are tabulated in nonfamily households. "Nonfamily households" consist of people living alone and households which do not have any members related to the householder.

[8] The homeowner vacancy rate is the proportion of the homeowner inventory that is vacant "for sale." It is computed by dividing the total number of vacant units "for sale only" by the sum of owner-occupied units, vacant units that are "for sale only," and vacant units that have been sold but not yet occupied; and then multiplying by 100.

[9] The rental vacancy rate is the proportion of the rental inventory that is vacant "for rent." It is computed by dividing the total number of vacant units "for rent" by the sum of the renter-occupied units, vacant units that are "for rent," and vacant units that have been rented but not yet occupied; and then multiplying by 100.

Source: U.S. Census Bureau, 2010 Census.



DP-1

Profile of General Population and Housing Characteristics: 2010

2010 Demographic Profile Data

NOTE: For more information on confidentiality protection, nonsampling error, and definitions, see <http://www.census.gov/prod/cen2010/doc/dpsf.pdf>.

Geography: Norfolk city, Virginia

Subject	Number	Percent
SEX AND AGE		
Total population	242,803	100.0
Under 5 years	16,494	6.8
5 to 9 years	14,047	5.8
10 to 14 years	12,326	5.1
15 to 19 years	18,487	7.6
20 to 24 years	37,369	15.4
25 to 29 years	24,107	9.9
30 to 34 years	17,379	7.2
35 to 39 years	14,384	5.9
40 to 44 years	13,398	5.5
45 to 49 years	14,806	6.1
50 to 54 years	15,031	6.2
55 to 59 years	12,503	5.1
60 to 64 years	9,676	4.0
65 to 69 years	6,643	2.7
70 to 74 years	4,823	2.0
75 to 79 years	4,178	1.7
80 to 84 years	3,640	1.5
85 years and over	3,512	1.4
Median age (years)	29.7	(X)
16 years and over	197,512	81.3
18 years and over	192,191	79.2
21 years and over	173,354	71.4
62 years and over	28,267	11.6
65 years and over	22,796	9.4
Male population		
Under 5 years	8,433	3.5
5 to 9 years	7,085	2.9
10 to 14 years	6,197	2.6
15 to 19 years	9,582	3.9
20 to 24 years	22,882	9.4
25 to 29 years	13,529	5.6
30 to 34 years	9,327	3.8
35 to 39 years	7,788	3.2
40 to 44 years	6,832	2.8
45 to 49 years	7,293	3.0
50 to 54 years	7,165	3.0
55 to 59 years	5,929	2.4
60 to 64 years	4,553	1.9

Subject	Number	Percent
65 to 69 years	2,960	1.2
70 to 74 years	2,076	0.9
75 to 79 years	1,620	0.7
80 to 84 years	1,344	0.6
85 years and over	1,202	0.5
Median age (years)	28.0	(X)
16 years and over	102,901	42.4
18 years and over	100,220	41.3
21 years and over	89,752	37.0
62 years and over	11,733	4.8
65 years and over	9,202	3.8
Female population	117,006	48.2
Under 5 years	8,061	3.3
5 to 9 years	6,962	2.9
10 to 14 years	6,129	2.5
15 to 19 years	8,905	3.7
20 to 24 years	14,487	6.0
25 to 29 years	10,578	4.4
30 to 34 years	8,052	3.3
35 to 39 years	6,596	2.7
40 to 44 years	6,566	2.7
45 to 49 years	7,513	3.1
50 to 54 years	7,866	3.2
55 to 59 years	6,574	2.7
60 to 64 years	5,123	2.1
65 to 69 years	3,683	1.5
70 to 74 years	2,747	1.1
75 to 79 years	2,558	1.1
80 to 84 years	2,296	0.9
85 years and over	2,310	1.0
Median age (years)	31.9	(X)
16 years and over	94,611	39.0
18 years and over	91,971	37.9
21 years and over	83,602	34.4
62 years and over	16,534	6.8
65 years and over	13,594	5.6
RACE		
Total population	242,803	100.0
One Race	233,978	96.4
White	114,304	47.1
Black or African American	104,672	43.1
American Indian and Alaska Native	1,200	0.5
Asian	7,999	3.3
Asian Indian	765	0.3
Chinese	894	0.4
Filipino	4,716	1.9
Japanese	176	0.1
Korean	352	0.1
Vietnamese	418	0.2
Other Asian [1]	678	0.3
Native Hawaiian and Other Pacific Islander	396	0.2
Native Hawaiian	56	0.0
Guamanian or Chamorro	114	0.0
Samoan	93	0.0

Subject	Number	Percent
Other Pacific Islander [2]	133	0.1
Some Other Race	5,407	2.2
Two or More Races	8,825	3.6
White; American Indian and Alaska Native [3]	986	0.4
White; Asian [3]	1,559	0.6
White; Black or African American [3]	2,574	1.1
White; Some Other Race [3]	538	0.2
Race alone or in combination with one or more other races: [4]		
White	121,016	49.8
Black or African American	109,734	45.2
American Indian and Alaska Native	3,594	1.5
Asian	10,738	4.4
Native Hawaiian and Other Pacific Islander	911	0.4
Some Other Race	6,798	2.8
HISPANIC OR LATINO		
Total population	242,803	100.0
Hispanic or Latino (of any race)	16,144	6.6
Mexican	5,432	2.2
Puerto Rican	4,387	1.8
Cuban	623	0.3
Other Hispanic or Latino [5]	5,702	2.3
Not Hispanic or Latino	226,659	93.4
HISPANIC OR LATINO AND RACE		
Total population	242,803	100.0
Hispanic or Latino	16,144	6.6
White alone	6,841	2.8
Black or African American alone	2,220	0.9
American Indian and Alaska Native alone	265	0.1
Asian alone	138	0.1
Native Hawaiian and Other Pacific Islander alone	37	0.0
Some Other Race alone	4,936	2.0
Two or More Races	1,707	0.7
Not Hispanic or Latino	226,659	93.4
White alone	107,463	44.3
Black or African American alone	102,452	42.2
American Indian and Alaska Native alone	935	0.4
Asian alone	7,861	3.2
Native Hawaiian and Other Pacific Islander alone	359	0.1
Some Other Race alone	471	0.2
Two or More Races	7,118	2.9
RELATIONSHIP		
Total population	242,803	100.0
In households	210,023	86.5
Householder	86,485	35.6
Spouse [6]	29,572	12.2
Child	58,478	24.1
Own child under 18 years	42,273	17.4
Other relatives	16,484	6.8
Under 18 years	7,072	2.9
65 years and over	1,551	0.6
Nonrelatives	19,004	7.8
Under 18 years	1,104	0.5
65 years and over	471	0.2
Unmarried partner	6,456	2.7
In group quarters	32,780	13.5

Subject	Number	Percent
Institutionalized population	2,746	1.1
Male	1,949	0.8
Female	797	0.3
Noninstitutionalized population	30,034	12.4
Male	22,795	9.4
Female	7,239	3.0
HOUSEHOLDS BY TYPE		
Total households	86,485	100.0
Family households (families) [7]	50,756	58.7
With own children under 18 years	23,367	27.0
Husband-wife family	29,572	34.2
With own children under 18 years	11,821	13.7
Male householder, no wife present	4,535	5.2
With own children under 18 years	2,035	2.4
Female householder, no husband present	16,649	19.3
With own children under 18 years	9,511	11.0
Nonfamily households [7]	35,729	41.3
Householder living alone	26,854	31.1
Male	12,543	14.5
65 years and over	2,278	2.6
Female	14,311	16.5
65 years and over	5,231	6.0
Households with individuals under 18 years	27,363	31.6
Households with individuals 65 years and over	17,519	20.3
Average household size	2.43	(X)
Average family size [7]	3.06	(X)
HOUSING OCCUPANCY		
Total housing units	95,018	100.0
Occupied housing units	86,485	91.0
Vacant housing units	8,533	9.0
For rent	4,382	4.6
Rented, not occupied	200	0.2
For sale only	1,547	1.6
Sold, not occupied	201	0.2
For seasonal, recreational, or occasional use	482	0.5
All other vacants	1,721	1.8
Homeowner vacancy rate (percent) [8]	3.8	(X)
Rental vacancy rate (percent) [9]	8.5	(X)
HOUSING TENURE		
Occupied housing units	86,485	100.0
Owner-occupied housing units	39,252	45.4
Population in owner-occupied housing units	97,870	(X)
Average household size of owner-occupied units	2.49	(X)
Renter-occupied housing units	47,233	54.6
Population in renter-occupied housing units	112,153	(X)
Average household size of renter-occupied units	2.37	(X)

X Not applicable.

[1] Other Asian alone, or two or more Asian categories.

[2] Other Pacific Islander alone, or two or more Native Hawaiian and Other Pacific Islander categories.

[3] One of the four most commonly reported multiple-race combinations nationwide in Census 2000.

[4] In combination with one or more of the other races listed. The six numbers may add to more than the total population, and the six

percentages may add to more than 100 percent because individuals may report more than one race.

[5] This category is composed of people whose origins are from the Dominican Republic, Spain, and Spanish-speaking Central or South American countries. It also includes general origin responses such as "Latino" or "Hispanic."

[6] "Spouse" represents spouse of the householder. It does not reflect all spouses in a household. Responses of "same-sex spouse" were edited during processing to "unmarried partner."

[7] "Family households" consist of a householder and one or more other people related to the householder by birth, marriage, or adoption. They do not include same-sex married couples even if the marriage was performed in a state issuing marriage certificates for same-sex couples. Same-sex couple households are included in the family households category if there is at least one additional person related to the householder by birth or adoption. Same-sex couple households with no relatives of the householder present are tabulated in nonfamily households. "Nonfamily households" consist of people living alone and households which do not have any members related to the householder.

[8] The homeowner vacancy rate is the proportion of the homeowner inventory that is vacant "for sale." It is computed by dividing the total number of vacant units "for sale only" by the sum of owner-occupied units, vacant units that are "for sale only," and vacant units that have been sold but not yet occupied; and then multiplying by 100.

[9] The rental vacancy rate is the proportion of the rental inventory that is vacant "for rent." It is computed by dividing the total number of vacant units "for rent" by the sum of the renter-occupied units, vacant units that are "for rent," and vacant units that have been rented but not yet occupied; and then multiplying by 100.

Source: U.S. Census Bureau, 2010 Census.



S1810

DISABILITY CHARACTERISTICS

2013-2017 American Community Survey 5-Year Estimates

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Technical Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities, and towns and estimates of housing units for states and counties.

Subject	ZCTA5 23509				
	Total		With a disability		Percent with a disability
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total civilian noninstitutionalized population	13,435	+/-528	1,663	+/-225	12.4%
SEX					
Male	6,353	+/-409	784	+/-160	12.3%
Female	7,082	+/-392	879	+/-142	12.4%
RACE AND HISPANIC OR LATINO ORIGIN					
White alone	5,476	+/-450	566	+/-114	10.3%
Black or African American alone	6,829	+/-624	960	+/-193	14.1%
American Indian and Alaska Native alone	58	+/-46	23	+/-26	39.7%
Asian alone	251	+/-103	39	+/-32	15.5%
Native Hawaiian and Other Pacific Islander alone	9	+/-10	0	+/-19	0.0%
Some other race alone	286	+/-174	0	+/-19	0.0%
Two or more races	526	+/-167	75	+/-53	14.3%
White alone, not Hispanic or Latino	5,246	+/-423	550	+/-113	10.5%
Hispanic or Latino (of any race)	667	+/-225	16	+/-20	2.4%
AGE					
Under 5 years	826	+/-181	0	+/-19	0.0%
5 to 17 years	2,102	+/-266	97	+/-44	4.6%
18 to 34 years	3,398	+/-361	201	+/-74	5.9%
35 to 64 years	5,406	+/-295	796	+/-168	14.7%
65 to 74 years	1,030	+/-142	261	+/-76	25.3%
75 years and over	673	+/-102	308	+/-71	45.8%
DISABILITY TYPE BY DETAILED AGE					
With a hearing difficulty	(X)	(X)	333	+/-81	2.5%
Population under 18 years	2,928	+/-289	30	+/-27	1.0%
Population under 5 years	826	+/-181	0	+/-19	0.0%
Population 5 to 17 years	2,102	+/-266	30	+/-27	1.4%
Population 18 to 64 years	8,804	+/-463	157	+/-72	1.8%
Population 18 to 34 years	3,398	+/-361	33	+/-34	1.0%
Population 35 to 64 years	5,406	+/-295	124	+/-59	2.3%

Subject	ZCTA5 23509				
	Total		With a disability		Percent with a disability
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Population 65 years and over	1,703	+/-153	146	+/-49	8.6%
Population 65 to 74 years	1,030	+/-142	66	+/-36	6.4%
Population 75 years and over	673	+/-102	80	+/-34	11.9%
With a vision difficulty	(X)	(X)	348	+/-89	2.6%
Population under 18 years	2,928	+/-289	11	+/-13	0.4%
Population under 5 years	826	+/-181	0	+/-19	0.0%
Population 5 to 17 years	2,102	+/-266	11	+/-13	0.5%
Population 18 to 64 years	8,804	+/-463	245	+/-78	2.8%
Population 18 to 34 years	3,398	+/-361	45	+/-29	1.3%
Population 35 to 64 years	5,406	+/-295	200	+/-71	3.7%
Population 65 years and over	1,703	+/-153	92	+/-37	5.4%
Population 65 to 74 years	1,030	+/-142	46	+/-25	4.5%
Population 75 years and over	673	+/-102	46	+/-31	6.8%
With a cognitive difficulty	(X)	(X)	555	+/-117	4.4%
Population under 18 years	2,102	+/-266	55	+/-34	2.6%
Population 18 to 64 years	8,804	+/-463	362	+/-85	4.1%
Population 18 to 34 years	3,398	+/-361	137	+/-58	4.0%
Population 35 to 64 years	5,406	+/-295	225	+/-61	4.2%
Population 65 years and over	1,703	+/-153	138	+/-51	8.1%
Population 65 to 74 years	1,030	+/-142	46	+/-27	4.5%
Population 75 years and over	673	+/-102	92	+/-44	13.7%
With an ambulatory difficulty	(X)	(X)	982	+/-163	7.8%
Population under 18 years	2,102	+/-266	0	+/-19	0.0%
Population 18 to 64 years	8,804	+/-463	572	+/-141	6.5%
Population 18 to 34 years	3,398	+/-361	22	+/-19	0.6%
Population 35 to 64 years	5,406	+/-295	550	+/-141	10.2%
Population 65 years and over	1,703	+/-153	410	+/-84	24.1%
Population 65 to 74 years	1,030	+/-142	190	+/-69	18.4%
Population 75 years and over	673	+/-102	220	+/-64	32.7%
With a self-care difficulty	(X)	(X)	284	+/-71	2.3%
Population under 18 years	2,102	+/-266	24	+/-18	1.1%
Population 18 to 64 years	8,804	+/-463	112	+/-50	1.3%
Population 18 to 34 years	3,398	+/-361	17	+/-23	0.5%
Population 35 to 64 years	5,406	+/-295	95	+/-43	1.8%
Population 65 years and over	1,703	+/-153	148	+/-53	8.7%
Population 65 to 74 years	1,030	+/-142	63	+/-47	6.1%
Population 75 years and over	673	+/-102	85	+/-36	12.6%
With an independent living difficulty	(X)	(X)	675	+/-145	6.4%
Population 18 to 64 years	8,804	+/-463	380	+/-123	4.3%
Population 18 to 34 years	3,398	+/-361	35	+/-26	1.0%
Population 35 to 64 years	5,406	+/-295	345	+/-119	6.4%
Population 65 years and over	1,703	+/-153	295	+/-81	17.3%
Population 65 to 74 years	1,030	+/-142	138	+/-60	13.4%
Population 75 years and over	673	+/-102	157	+/-51	23.3%

Subject	ZCTA5 23509
	Percent with a disability
	Margin of Error
Total civilian noninstitutionalized population	+/-1.6
SEX	
Male	+/-2.3
Female	+/-1.9
RACE AND HISPANIC OR LATINO ORIGIN	
White alone	+/-2.1
Black or African American alone	+/-2.5
American Indian and Alaska Native alone	+/-36.1
Asian alone	+/-11.9
Native Hawaiian and Other Pacific Islander alone	+/-98.9
Some other race alone	+/-10.7
Two or more races	+/-9.4
White alone, not Hispanic or Latino	+/-2.2
Hispanic or Latino (of any race)	+/-2.9
AGE	
Under 5 years	+/-3.9
5 to 17 years	+/-2.2
18 to 34 years	+/-2.2
35 to 64 years	+/-2.8
65 to 74 years	+/-6.0
75 years and over	+/-9.3
DISABILITY TYPE BY DETAILED AGE	
With a hearing difficulty	+/-0.6
Population under 18 years	+/-0.9
Population under 5 years	+/-3.9
Population 5 to 17 years	+/-1.3
Population 18 to 64 years	+/-0.8
Population 18 to 34 years	+/-1.0
Population 35 to 64 years	+/-1.1
Population 65 years and over	+/-2.7
Population 65 to 74 years	+/-3.3
Population 75 years and over	+/-5.1
With a vision difficulty	+/-0.7
Population under 18 years	+/-0.4
Population under 5 years	+/-3.9
Population 5 to 17 years	+/-0.6
Population 18 to 64 years	+/-0.9
Population 18 to 34 years	+/-0.9
Population 35 to 64 years	+/-1.3
Population 65 years and over	+/-2.2
Population 65 to 74 years	+/-2.6
Population 75 years and over	+/-4.4
With a cognitive difficulty	+/-0.9
Population under 18 years	+/-1.7
Population 18 to 64 years	+/-1.0
Population 18 to 34 years	+/-1.7
Population 35 to 64 years	+/-1.2
Population 65 years and over	+/-3.0
Population 65 to 74 years	+/-2.6
Population 75 years and over	+/-6.5
With an ambulatory difficulty	+/-1.3
Population under 18 years	+/-1.5
Population 18 to 64 years	+/-1.6
Population 18 to 34 years	+/-0.6

Subject	ZCTA5 23509
	Percent with a disability
	Margin of Error
Population 35 to 64 years	+/-2.5
Population 65 years and over	+/-4.4
Population 65 to 74 years	+/-5.7
Population 75 years and over	+/-8.7
With a self-care difficulty	+/-0.6
Population under 18 years	+/-0.9
Population 18 to 64 years	+/-0.6
Population 18 to 34 years	+/-0.7
Population 35 to 64 years	+/-0.8
Population 65 years and over	+/-2.9
Population 65 to 74 years	+/-4.3
Population 75 years and over	+/-5.1
With an independent living difficulty	+/-1.3
Population 18 to 64 years	+/-1.4
Population 18 to 34 years	+/-0.8
Population 35 to 64 years	+/-2.1
Population 65 years and over	+/-4.4
Population 65 to 74 years	+/-5.1
Population 75 years and over	+/-7.1

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

The Census Bureau introduced a new set of disability questions in the 2008 ACS questionnaire. Accordingly, comparisons of disability data from 2008 or later with data from prior years are not recommended. For more information on these questions and their evaluation in the 2006 ACS Content Test, see the Evaluation Report Covering Disability.

While the 2013-2017 American Community Survey (ACS) data generally reflect the February 2013 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.

Estimates of urban and rural populations, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2010 data. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Explanation of Symbols:

1. An '***' entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
2. An '-' entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
3. An '-' following a median estimate means the median falls in the lowest interval of an open-ended distribution.
4. An '+' following a median estimate means the median falls in the upper interval of an open-ended distribution.
5. An '***' entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
6. An '*****' entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.
7. An 'N' entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.
8. An '(X)' means that the estimate is not applicable or not available.

Lakewood Plaza
Community Contacts

Agency/Company Name	Street Address	City, State, Zip Code	Contact Name	Contact Phone	Target Audience
Vacolao	703 Concord Ave	Charlottesville VA	Andre Hash	434-984-4655	Hispanic
PATH Outreach	225 W Onney Road	Norfolk VA 23510		757-823-1600	Mixed
Eggleston	1161 Ingleside Rd, Suite A	Norfolk VA 23518	Dave Belote	757-963-8393	Disabled
The Union Mission Ministries	5100 East Virginia Beach Blvd.	Norfolk VA 23502	John Gray Jr	757-627-8686	Mixed
Prime Plus Senior Center	7300 Newport Ave., #100	Norfolk VA 23505	Bob Batcher	757-625-5857	Mixed
Virginia Offices for the Aging Services	1610 Forest Ave., #100	Henrico VA 23229	Kathryn Hayfield	804-662-9333	Mixed
Chickahominy Indians Eastern Division	2895 Mount Pleasant Rd	Providence Forge VA	Doris Austin	804-966-7815	American Indian
Norfolk Chinese Baptist Church	6919 Granby Street	Norfolk VA 23505	Brother Gene Hou	757-683-3728	Asian
Asian Pacific American Heritage Organization	4857 Baxter Road	Virginia Beach VA 23462	Crs Orpilla	757-453-3088	Asian Pacific
Virginia Asian Chamber of Commerce	14214 Wahington Hwy	Ashland VA 23005	Tinh D. Phan	804-344-1540	Asian
Catholic Charities	5361-A Virginia Beach Rd	Virginia Beach VA 23462	Tracy Fick	757-456-2366	Mixed

Sample Outreach Letter

Dear Sir or Madam:

I would like to introduce you to Lakewood Plaza Apartments, located at 5631 Tidewater Drive, Norfolk VA 23509.

Lakewood Plaza Apartments is a gracious and friendly place for individuals 62 or older who are on a limited income. The property is located within easy access to shopping, doctors, dentists, parks and the airport. Downtown Norfolk is an easy bus ride from the bus stop located on the street in front of the building.

Applicants must meet age and income eligibility requirements. The applicant household must pass criminal, sex offender and credit background checks.

We are requesting that you distribute the enclosed flyer at your organization that provides information about the property.

Thank you for your assistance in providing outreach for our property.

Sincerely,

Property Manager

Enclosure: Flyer



Sample Outreach - Spanish

Estimado señor o señora:

Me gustaría presentaries a Lakewood Plaza Apartments, ubicado 5631 Tidewater Drive, Norfolk VA 23509.

Lakewood Plaza Apartments es un lugar elegante y amigable para las personas de 62 años de edad o mayores que tienen un ingreso limitado. La propiedad está situada cerca de tiendas, médicos, dentistas, parques y el aeropuerto. El centro de Norfolk está a un fácil trayecto en autobús y la parada del autobús está situada en la calle frente al edificio.

Los solicitantes deben cumplir con los requisitos de edad e ingresos de elegibilidad. El hogar solicitante debe pasar las verificaciones de antecedentes penales, sexuales y de crédito.

Le pedimos que distribuya el folleto adjunto en su organización que proporciona información sobre la propiedad.

Gracias por su ayuda en la prestación de alcance para nuestra propiedad.

Sinceramente

Gerente de la propiedad
Carcasa: Flyer



NOW LEASING

Lakewood Plaza Apartments

5631 Tidewater Drive
Norfolk, Virginia

Affordable Housing for residents with limited income



Eligibility:

- Age restriction
- Income qualified
- Background check qualified

Amenities

- Elevator Building
- Balcony or Patios
- On-Site Laundry
- Community Room
- Outdoor Patio
- Off-Street Parking
- Convenient Location

Ahora Alquilando

Lakewood Plaza Apartments

5631 Tidewater Drive
Norfolk, Virginia

Vivienda Asequible para residents con bajos ingresos



Eligibilidad:

- Calificación de acuerdo a sus ingresos
- Verificación de antecedentes
- Restricción de edad

Comodidades

- Elevador
- Una sala de uso comun
- Patio compartido al aire libre
- Lavanderia
- Unidades con balcon o patio
- Espacios para estacionarse en la calle
- Ubicacion conveniente



Building Managed By



EVERCREE

Health & Safety Services, LLC



312.234.9400



ERES Fair Housing Orientation

Evergreen Real Estate Services, LLC

Fair Housing Orientation

Spring, 2018

ERES Fair Housing Orientation

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ERES Fair Housing Orientation

Section 1: Overview

Fair Housing compliance is a critical aspect of property management and Evergreen Real Estate Services, LLC (ERES) is committed to assuring that all employees understand and adhere to Fair Housing regulations "in spirit" and in actions. Fair Housing laws impact both affordable and market rate housing and every job level at our properties and at corporate office.

Toward that end, ERES provides Fair Housing education and training at every employee's orientation and annually, thereafter. Employees are encouraged to ask questions of their supervisors to better understand Fair Housing and to discuss various Fair Housing scenarios and issues at the properties.

Section 2: Essentials of the Fair Housing Act (Protected Classes)

Fair Housing applies to Owners, Management Agents, Managers and all other employees at the property. It is unlawful to:

- Refuse to rent to protected classes (Note: There are limited exceptions described below)
- Discriminate in lease terms and conditions of the apartment and amenities
- Misrepresent availability of housing and steer applicants to specific sections of the property based on their "protected class"
- Refuse to consider requests for "reasonable accommodations"
- Treat service or emotional support animals as "pets"
- Print or publish marketing materials or advertising that indicates preferences
- Fail to stop tenants from discriminating against protected classes
- Allow tenants to harass other tenants (hostile environment)

Fair Housing regulations started in 1866 with the Civil Right Act. Subsequent regulations followed and are described below:

- **Civil Rights Act of 1866** – This act prohibits discrimination in the purchase or rental of housing based on race. There are no exceptions to this law and it relates to all forms of house sales and rentals.
- **Title VII of the Civil Rights Act of 1964** – This section of the act prohibits discrimination in all federal funded housing programs.
- **Fair Housing Act of 1968** – This act prohibits discrimination in the rental of any dwelling based on race, color, religion or national origin. This includes:
 - 1) Misrepresenting the availability of an apartment
 - 2) Steering minorities away from housing or a specific apartment
 - 3) Applying different, more stringent criteria to members of a minority class
 - 4) Segregating members of minorities to certain sections of a property
 - 5) Using only one race of models in advertising

Note: An amendment in 1972 required the use of an equal housing opportunity poster

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- **Rehabilitation Act of 1973** – This act prohibits discrimination against persons with disabilities in federally assisted housing programs.
- **Housing and Community Development Act of 1974** – This act prohibits discrimination in the rental of any dwelling based on sex.
- **Fair Housing Act of 1988** – This act prohibits discrimination in the rental of any dwelling based on disability and familial status. The act, also, requires “reasonable accommodations” be made to afford persons with disabilities an equal right to use and enjoy a dwelling or property. It does NOT, however, require fundamental program alterations or modifications that impose an undue financial and administrative burden.

Section 504 - Another section of the Fair Housing Act of 1988 activated Section 504 of the Rehabilitation Act of 1973. This provision said that “No otherwise qualified disabled individual...shall, solely by reason of his disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance or under any program or activity conducted by an Executive agency...” This provision required affordable housing properties to conduct an internal assessment to identify all physical, administrative and programmatic barriers that would limit the disabled from enjoying all amenities and features of the property. From this assessment properties were to create a 504 Plan to bring the property into physical, administrative and programmatic compliance allowing disabled to fully occupy the apartment and enjoy the amenities available to non-disabled residents.

Managers are required to re-examine the 504 Plan annually to assess progress in meeting regulatory requirements and to monitor any improvements and reasonable accommodations that were made during the previous year.

The definition of “disability” is any physical or mental impairment that substantially limits one or more of a person’s “major life activities”, such as caring for one’s self, performing manual tasks, walking, seeing, hearing, speaking, breathing or learning. If a person has a record of such impairment or is regarded as having such impairment, the person is considered “disabled”, even if no current impairment exists. Disability includes (but is not limited to) mental retardation, mental illness, cerebral palsy, cancer, heart disease, alcoholism, AIDS and being HIV positive. It should be noted that if a person’s sole impairment is alcoholism or drug addiction, the person is not considered disabled for some affordable housing programs, i.e. HUD 202. The definition, also, does not include current, illegal use of a controlled substances or being a transvestite.

- **Americans with Disability Act of 1990** – This act requires that all common areas of the property be accessible to disabled persons and that the property allow “reasonable accommodations” (see below – Section V).
- **Housing and Community Development Act of 1992** – This act amended and extended a number of laws related to housing assistance, home ownership, low income housing and housing for the elderly and disability. Related to Fair Housing, this act reduces tenant preference for families in substandard housing.

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- **Disparate Impact/Discriminatory Effect Rules** – These rules became effective in March 2013. Disparate impact is defined as those acts that actually or predictably result in a disparate impact on a group of persons because of their protected class. This is a policy or practice that appears to be neutral, but may have an adverse impact. Examples include: Steering prospective tenants, discouraging an applicant from renting and exaggerating the problems or failure to point out the good features of a unit.

Exceptions:

There are minimal exceptions to the above regulations and those exceptions are:

- Religious Organizations – Housing can be restricted to persons who belong to a religious community as long as there is no discrimination within that religious group.
- Private Clubs – Similar to the exception above, private clubs may restrict housing or services to members.
- Owner-Occupied 4 Units or Less (Mrs. Murphy's exemption)
Owner of up to 3 homes at one time
- Exemption to "familial status" is permitted for housing that serves a senior population. However, senior housing must meet the following criteria – Housing that is developed through the federal or state government specifically designed for elderly persons; housing that restricts occupancy to 62 years of age or older or housing that restricts occupancy to 55 years of age or older. It should be noted that in housing serving 55+ there must be facilities and/or services that are specifically designed for seniors and at least 80% of the units are occupied by at least one person 55 or older.

Fair Housing Regulations in State of Illinois, Counties and Local Communities:

States, counties and local communities have enacted additional protected classes as part of their Fair Housing regulations. It is important for Managers and Leasing Agents to understand those additional regulations.

- Illinois Human Rights Act – This act added Marital Status, Ancestry, Age, Unfavorable Military Discharge, Sexual Orientation and Order of Protection to the already existing federal laws.
- Cook County Human Rights Ordinance – This ordinance added Parental Status and Source of Income to the already existing federal and State of Illinois protected classes.
- Chicago Human Rights Ordinance – This ordinance "mirrors" the Cook County Human Rights Ordinance.

Section 3: Affirmative Fair Housing Marketing Plan (AFHM Plan)

Each property must have an AFHM Plan that identifies those least likely to apply and outlines how the property will conduct marketing to reach out to those groups and encourage them to apply. These Plans are written prior to initial lease-up and must be up-dated every 5 years at a minimum and more often, if conditions warrant. All leasing staff should be familiar with the AFHM Plan.

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Managers require approval from the VP of Property Management to close their waiting lists. Should a waiting list be closed and need to be re-opened, outreach as identified on the AFHM Plan must be conducted as part of re-opening the waiting list.

Managers are asked to send community letters annually to those agencies who serve those least likely to apply in order to remind them that the property is available. Documentation of those outreach efforts should be maintained at the site for inspection. Advertising that is done should be in conformance with the AFHM Plan and the requirements listed in Section IV below.

Section 4: Advertising

Properties advertise or market a property through a variety of vehicles including Signs, Newspaper, Internet, Direct Mail, Brochures/Flyers, Press Releases and personal statements made by leasing and management staff. All forms of advertising/marketing are covered by Fair Housing regulations.

All marketing must include the sponsoring broker's business name (Evergreen Real Estate Services, LLC), contact information for the property, and disclosure of the licensee's name. The Fair Housing logos must be included in all outreach. No blind ads are acceptable.

All advertising, signs or other marketing collateral materials must be approved by the ERES Managing Broker prior to placement.

Section 5: Reasonable Accommodations

The most common Fair Housing complaint received by HUD relates to a landlord's failure to grant a reasonable accommodation request. Managers must be careful when listening to applicant and resident requests to determine whether or not these requests are actually requests for reasonable accommodations. The "rule of thumb" is never to say "no" until you determine whether the person is requesting a reasonable accommodation. And if you are unsure, ask the person making the request. As of 1/1/2018, all Reasonable Accommodation requests, the forms, and the resolutions **MUST**, also, be scanned to the Director of Compliance for record-keeping purposes.

ERES sites must let applicants and residents know that that the Management Office considers requests for reasonable accommodations and what the ERES policy is concerning these requests. A summary of the ERES policy has been developed and should be attached to all applications being sent or picked-up and should be given to residents at move-in and at each annual certification or lease renewal signing.

Requests must be associated with a disability as defined above and there should be a connection between the request that is being made and the disability. Verification of reasonable accommodation request should be documented by the appropriate professional. However, in cases where the disability is evident and the request being made clearly improves the tenant's use of the property, Managers are not required to obtain 3rd party verification. An example of this is a person in a wheelchair requesting additional grab bars or a door in the tub so that he/she can shower. Other requests where the disability is not evident must be verified.

While not an inclusive list, some typical reasonable accommodation requests include transfer to another unit, reserved parking space closer to the building, installation of grab bars, ramps, or door bells on the apartment doors, live-in care attendants, and a service animal. Requests do not have to be made in

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writing, but it is always good for the Manager to document the request, in writing, and obtain confirmation from the person making the request that what is on paper is correct. This eliminates misunderstanding as to what exactly is being requested. Reasonable accommodation requests should be handled immediately with minimal delay. Delays often result in the person filing a Discrimination Complaint.

Affordable properties are required to pay for reasonable accommodations unless it results in an undue financial hardship on the property. In almost all cases, there would not be a sufficient financial hardship to justify rejecting the request. Properties are, also, not required to approve a reasonable accommodation that would change or alter the fundamental services or programs offered by the property. For example, if the property does not provide housekeeping services and the resident asks for a reasonable accommodation to allow a maintenance person to clean the apartment because of a physical disability, this is not something that has to be granted. The property does not offer cleaning services for any tenant. However, the property would have to allow the resident to secure the services of an outside agency for cleaning.

Market rate properties are not required to pay for reasonable accommodations – but they must allow residents to pay for these accommodations themselves. The property can require that the resident, also, cover the cost of returning the property to its original condition.

All reasonable accommodations that are approved should be documented in the 504 Plan Up-date so that the property can prove a proactive stance related to Fair Housing.

Service Animals:

Service Animals include assistance animals and companion (emotional support) animals. The person requesting approval to have a service animal must have a disability within the meaning of the law and have a documented connection between the animal and the disability – and the animal must be medically helpful to the person. Documentation of disability and the connection between the animal and the person can be given by physicians, psychiatrists, psychologists, social workers, counselors or other professionals who are working with the person requesting the service animal.

Service animals are not subject to breed, size and weight limitations and they must be given access to all areas of the property where a person might go. Not all service animals are specially trained to perform their function. Fees for service animals must NOT be charged. Pet deposits are for “pets”, not service animals.

Service animals may only be denied if they pose a direct threat to the health and safety of others; if they have caused substantial damage to the property that cannot be reduced or eliminated by another reasonable accommodation; or if the animal poses an administrative burden or fundamentally alters the nature of the housing provider. It is unlikely that a service animal will meet any of the above provisions, but Managers may consult with the VP of Property Management if they think that this is the case with a particular service animal.

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Medical Marijuana

Given the recent changes in state laws allowing the use of medical marijuana, some residents are requesting a change to the ERES and HUD policy of not permitting the use of marijuana or other illegal drugs on site. Currently, HUD is not willing to change its policy regardless of whether the marijuana use is based on a reasonable accommodation. HUD is firm about not allowing Management Agents to admit someone using medical marijuana, but HUD does allow Management Agents to permit usage by existing residents.

ERES has approved a policy allow residents to use medical marijuana as long as:

- 1) The resident has an approved medical prescription for the marijuana – this is up-dated, as needed.
- 2) The resident agrees to only use the medical marijuana in his/her apartment and does not share it with anyone else.
- 3) The resident takes all steps necessary to eliminate the odor from transferring out of the apartment.

Approval for a reasonable accommodation related to medical marijuana must be made by the VP of Property Management and the Executive VP.

Confidentiality

It is critical that all applicant and tenant information be maintained in a confidential manner and not shared with other employees or residents. Management Office “gossip” regarding tenants is strictly forbidden and disciplinary action will be taken should this occur.

Section 6: Admissions (Tenant Selection Plan and Rejections)

Each property must have an approved Tenant Selection Plan that identifies eligibility and screening requirements for all applicants, as well as outlines the admission process. All applicants must be treated the same and reasonable accommodations must be available if an applicant needs an accommodation in order to apply as other applicants. All administrative staff must be very familiar with the Tenant Selection Plan and must make it available to anyone who requests a copy.

Section 7: Fair Housing Discrimination Complaint

When an applicant or tenant feels that he/she has been discriminated against, that person is able to file a Discrimination Complaint either at the federal level (HUD), state level, i.e. Illinois Human Rights Commission, or locally. This is a relatively easy process for claimants but results in a very complicated and tedious process for those being charged with discrimination. It sometimes seems as if the person/entity being charged is “guilty until proven innocent”. Discrimination does not have to be intentional – it merely has to result in discriminatory behavior or actions. Because of this, ERES utilizes an attorney when defending against Discrimination Complaints and often refers the Discrimination Complaint to the insurance company for defense.

It should be remembered that individual staff people can be included in Discrimination Complaints and would be vulnerable for violations, fines, etc. As an employee of ERES, the staff person’s defense is

ERES Fair Housing Orientation

covered by ERES. However, if the employee is found guilty or willingly discriminated, insurance may not cover violation fees. Employees may be terminated if they are found to have knowingly discriminated or violated Fair Housing regulations.

Staff should always "error on the side of caution" and seek guidance and advice from a supervisor if there is a potential for fair housing issues to arise when interacting with applicants, the public or residents. Managers must never deny a request for reasonable accommodation without prior approval from the VP of Property Management and the Executive Vice President.

Documentation is the key to proving what actually occurred in any situation – so Managers should take the time needed to maintain written notes about requests or problems at the property. Sometimes Discrimination Complaints are filed by residents who are angry about something that occurred at the property, i.e. lease violation notice, pending eviction or other problem. The regulatory agency investigates every Discrimination Complaint thoroughly, regardless of who files the complaint or why it was filed. The regulatory agency will, also, investigate other aspects of property operations – not just the specific issue being claimed. For example, if a resident filed a Discrimination Complaint because the Manager would not grant a request for nearby parking due to a disability, the regulatory agency will look at procedures for granting reasonable accommodations, as well as how the property handles admissions, waiting list and other operating tasks. They will not limit the investigation to a narrow scope.

Tips for Avoiding Discrimination Complaints and Defending Against Them:

- 1) Treat all people politely and with respect – do not embarrass, roll your eyes, make joking or sarcastic comments and **DO NOT PLAY FAVORITES**.
- 2) Don't skip over people on the waiting list unless there is clear documentation as to why it was done and it is in accordance with eligibility policies and HUD guidelines.
- 3) Do not make racial or ethnic slurs, use gender or ethnic nicknames or make gender or ethnic jokes
- 4) Avoid sexual jokes and suggestive behavior, actions or comments
- 5) View all applicant and resident requests as potential "reasonable accommodations" – never reject a request without asking yourself and the person if they are actually requesting a change based on a disability – if there is any question, contact our supervisor for guidance
- 6) Keep a log of all lease violations, including minor problems (date/name/situation)
- 7) Document all neighbor complaints and request complaining neighbor to sign the complaint summary
- 8) Document all discussions of problems with a tenant
- 9) Take pictures, if appropriate to document problems
- 10) If the tenant is disabled, explore whether reasonable accommodations may resolve the issue

Section 8: Fair Housing Resolutions

Violations of Fair Housing can result in State of Illinois fines and/or loss of real estate license (IDFPR). Individuals can be assessed on their own. First time violations cannot exceed \$16,000. A subsequent violation can result in a maximum fine of \$37,500 and 2 or more violations can result in a maximum of \$65,000. Every state licensing department differs related to the fines.

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However, the most costly part of a Discrimination Complaint is the cost imposed during the Conciliation function. If it is an insurance claim, the insurance company pays for any costs over the deductible (\$10,000) – but the property pays the deductible. If, however, ERES is found “guilty” of discrimination, the insurance will not cover the actual settlement costs. Some of these costs can be as much as \$100,000 plus. ERES would have to pay these costs and could not transfer them to the property.

ERES has never been found guilty of discrimination and wants to maintain that “clean” record. That is one of the reasons why the training of all employees related to Fair Housing is so important.

Section 9: Do’s and Don’ts in Applying Fair Housing Laws

Some samples of actions that can be taken related to Fair Housing and actions that cannot be taken are listed below:

Waiting List:

DO -

- 1) Assign places on the waiting list on a first come, first serve basis (taking into account HUD and approved owner preferences listed in the Tenant Selection Plan)
- 2) Notify applicants when a suitable unit is expected to become available
- 3) Periodically update the waiting list, removing applicants who do not express continued interest
- 4) Make reasonable accommodations if needed during the application process

DON’T –

- 1) Keep persons with a disability at the bottom of the waiting list
- 2) Keep separate waiting list for persons with disabilities, members of racial or religious minorities (Note: This is not to be confused with giving preference to disabled when accessible apartments are available.)
- 3) Skip over a disabled person when a non-accessible unit becomes available
- 4) Discourage anyone from applying – do not try to assess eligibility or suitability over the phone if asked by an applicant – just sent the application

Tenant Selection Plans and Process:

DO –

- 1) Include a non-discrimination statement
- 2) Include home visits if it is part of the screening process
- 3) Interview current and previous landlords
- 4) Have written tenant selection criteria and apply them uniformly
- 5) Ask the same questions of all applicants during the interview
- 6) Follow-up on “red flags”
- 7) Verify information provided
- 8) Consider mitigating circumstances when considering an applicant’s admission

DON’T –

- 1) Make exceptions to age based criteria for anyone
- 2) Require applicants with visible disabilities to “jump through additional hoops” to document disability, i.e. person in a wheelchair

ERES Fair Housing Orientation

- 3) Skip portions of the screening process for non-disabled applicants
- 4) Apply overly stringent criminal background screening (check Tenant Selection Plan)
- 5) Base a rejection on the inability to "live independently"
- 6) Ask questions about the disability or about health problems, medications and physician visits
- 7) Steer applicants to other housing properties – if asked, refer the applicant to federal, state or local listings
- 8) Answer questions regarding safety at the property or other types of tenants living at the property
- 9) Segregate tenants of a particular protected class from other tenants related to apartment location
- 10) Give special tests or make special requirements of a disabled applicant, i.e. egress in case of fire, etc.
- 11) Confuse service or emotional support animals with "pets"

Section 10: Scenarios

Attached are various scenarios related to Fair Housing issues. These can be used for discussion purposes during weekly staff meetings.

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**INDUCEMENT
RESOLUTION**

**INDUCEMENT RESOLUTION OF THE
NORFOLK REDEVELOPMENT AND HOUSING AUTHORITY
REGARDING THE ISSUANCE OF ITS RESIDENTIAL RENTAL HOUSING
REVENUE BONDS FOR THE ACQUISITION, RENOVATION AND
REHABILITATION OF THE LAKEWOOD PLAZA APARTMENTS
LOCATED IN THE CITY OF NORFOLK, VIRGINIA**

WHEREAS, there has been described to the Norfolk Redevelopment and Housing Authority (the "Issuer") the plan of EREG Housing Preservation, LLC, d/b/a Evergreen Real Estate Group ("Evergreen"), whose address is 566 W. Lake Street, Suite 400, Chicago, Illinois 60661, for the issuance by the Issuer of its Residential Rental Housing Revenue Bonds (Lakewood Plaza Apartments Project) (the "Bonds"), in an aggregate principal amount not to exceed \$35,000,000, the proceeds of which would be loaned to an affiliate of Evergreen, anticipated to be Lakewood Plaza Apartments LLC (the "Borrower"), to finance (i) a portion of the cost of acquiring, renovating and rehabilitating an affordable housing development project for tenants 62 years of age or older known as Lakewood Plaza Apartments, located in the City of Norfolk, Virginia (the "City"), at 5631 Tidewater Drive, Norfolk, Virginia 23509, and consisting of a 200 unit, high rise apartment building and related facilities (the "Project"), (ii) costs of issuance of the Bonds, (iii) costs of capitalized interest during the construction of the Project and for a limited period thereafter, (iv) the payment of limited working capital, and (v) the creation of any required reserves (collectively, the "Plan of Finance");

WHEREAS, Evergreen has represented that the Project will be established and maintained as a "qualified residential rental project" within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Issuer is empowered, pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 of the Code of Virginia of 1950, as amended (the "Act"), to issue its bonds and make loans for the purpose, among others, of assisting in the rehabilitation by private sponsors of multifamily residential rental housing projects such as the Project, located within the territorial boundaries of the City;

WHEREAS, the Borrower has requested that the Issuer agree to issue the Bonds and loan the Borrower the proceeds from the sale of the Bonds to assist the Borrower in undertaking the Plan of Finance as permitted under the Act; and

WHEREAS, a public hearing has been held with respect to the Project and the Bonds in accordance with Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE NORFOLK REDEVELOPMENT AND HOUSING AUTHORITY THAT:

1. It is hereby found and determined that the issuance of the Bonds and the use of the proceeds thereof to undertake the Project and the Plan of Finance furthers the public purposes of the Act by promoting the provision of decent, safe and sanitary housing for persons of low and

moderate income in the City. It is hereby found and determined that the facilities comprising the Project will constitute a "housing project" as that term is defined in the Act.

2. The Issuer hereby agrees to cooperate with the Borrower in the implementation of the Plan of Finance and, subject to the Issuer's final approval of the terms and conditions of the Bonds and the documents to be executed and delivered in connection therewith, which would occur at a future meeting of the Issuer, the Issuer agrees to undertake the issuance of the Bonds in a principal amount of up to \$35,000,000, and to loan the proceeds of the Bonds to the Borrower upon terms and conditions to be agreed upon by the Issuer and the Borrower.

3. It having been represented to the Issuer that it is necessary for the Borrower to proceed immediately with certain expenditures in connection with the Project and the Plan of Finance, the Issuer hereby agrees that the Borrower may proceed with plans, enter into contracts for acquisition, construction and equipping, and take such other steps as it may deem appropriate in connection with the Project and the Plan of Finance and, subject to the limitations of the Code and the Treasury Regulations promulgated thereunder, the Borrower may be reimbursed from the proceeds of the Bonds for all costs so incurred by it, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Issuer, without its consent, to the payment of any moneys or the performance of any acts in connection with the Project or the Plan of Finance.

4. The Issuer hereby agrees to the recommendation of the Borrower that Butler Snow LLP, be appointed as bond counsel and hereby appoints such firm to supervise the proceedings and approve the issuance of the Bonds.

5. The Issuer hereby agrees, if requested, to accept the recommendation of the Borrower with respect to the appointment of any underwriter or placement agent for Bonds pursuant to the terms to be mutually agreed upon.

6. All costs and expenses in connection with the financing and the acquisition and rehabilitation of the Project, including the fees and expenses of bond counsel, counsel for the Issuer, counsel for the Borrower, and counsel for any underwriter or placement agent of the Bonds shall be paid from the proceeds of the Bonds (but only to the extent permitted by applicable law) or by the Borrower. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Issuer shall have no responsibility therefor. If the Bonds are issued the Borrower shall pay to the Issuer an annual administrative fee equal to 0.00125 times the then-outstanding principal amount of the Bonds on the issue date of the Bonds and on each anniversary date thereof for so long as the Bonds are outstanding.

7. In adopting this Resolution the Issuer intends to evidence its "official intent" to reimburse the Project expenditures with proceeds from the issuance of the Bonds within the meaning of Section 1.150-2 of the Treasury Regulations, including, without limitation, such expenditures with respect to the Project as are incurred prior to the issuance of the Bonds but not more than sixty (60) days before the date of this Resolution.

8. The Bonds shall be limited obligations of the Issuer and shall be payable solely out of revenues, receipts and payments specifically pledged therefor. Neither the commissioners, officers, agents or employees of the Issuer, past, present and future, nor any person executing the Bonds, shall be personally liable on the Bonds by reason of the issuance thereof. The Bonds shall not be deemed to constitute a general obligation debt or a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Issuer and the City, and neither the Commonwealth of Virginia nor any such political subdivision thereof shall be personally liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than the special funds and sources provided therefor. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia, or any political subdivision thereof, shall be pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

9. Any obligation of the Issuer to exercise its powers in the City to issue the Bonds as requested by the Borrower is contingent upon the satisfaction of all legal requirements and the Issuer shall not be liable and hereby disclaims all liability to the Borrower for any damages, direct or consequential, resulting from the Issuer's failure to issue Bonds for the Project for any reason, including but not limited to, the failure of the City Council of the City (the "City Council") to approve the issuance of the Bonds.

10. The Issuer hereby recommends that the City Council approve the issuance of the Bonds and hereby directs the Chairman or Vice Chairman of the Issuer to submit to the City Council a reasonably detailed summary of the comments, if any, expressed at the public hearing, the fiscal impact statement required by Virginia law, a conflict of interests certificate in a form approved by counsel to the Issuer, and a copy of this Resolution.

11. No Bonds may be issued pursuant to this Resolution until such time as (a) the issuance of the Bonds has been approved by City Council, and (b) the final terms and details of the Bonds have been approved by subsequent resolution of the Issuer.

12. The officers of the Issuer, any of whom may act, are authorized to execute and deliver any applications and letters of support for state ceiling allocations of volume cap authority for the Bonds and to take all such further actions as they may be advised are necessary in connection with the approval of the Bonds.

13. All other acts of the officers of the Issuer which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Bonds are hereby approved and confirmed.

14. This Resolution shall take effect immediately upon its adoption.

The undersigned Secretary of the Norfolk Redevelopment and Housing Authority (the "Issuer") hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the Issuer's commissioners present and voting at a meeting duly called and held on July 16, 2020, in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the Issuer this 16th day of July 2020.

**NORFOLK REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____

Secretary