PARK AT REGENCY APARTMENTS, LLC,
a Delaware Limited Liability Company,
Petitioner,

vs.

FHFC CASE NO. 005-025/W

FLORIDA HOUSING FINANCE CORPORATION,
Respondent.

PETITION FOR WAIVER OF RULE 67-21.008(1)(g),
FLORIDA ADMINISTRATIVE CODE
FOR FISCAL YEAR 2004

PARK AT REGENCY APARTMENTS, LLC, a Delaware Limited Liability Company
("Petitioner"), by and through its undersigned counsel, and pursuant to Section 120.542, Florida
Statutes ("F.S.") and Rule Chapter 28-104, Florida Administrative Code ("F.A.C."), hereby
petitions the Florida Housing Finance Corporation ("Corporation") for a waiver of Rule 67-
21.008(1)(g), F.A.C., which imposes certain financial reporting requirements on holders of loans
issued by the Corporation under its Multifamily Mortgage Revenue Bond ("MMRB") affordable
housing finance program. In support, Petitioner states the following:

THE PETITIONER

1. The address, telephone number and facsimile number of the Petitioner is:

Park at Regency Apartments, LLC
c/o Investors Management Trust Real Estate Group, Inc.
13400 Ventura Boulevard
Sherman Oaks, CA 91423
Telephone (818)784-4700
Facsimile (818) 784-4788
Petitioner, its principals and affiliates currently own and manage approximately twenty thousand (20,000) units at sixty-five (65) multifamily projects in four (4) states, including twenty-one (21) projects in Florida. Petitioner acquired the Park at Regency Apartments ("Park at Regency") development, which is located in Duval County, Florida, in 2005. Park at Regency previously was named Waterford at Regency Apartments, and was originally financed as Oaks at Regency Apartments through the Corporation’s issuance in 1983 of tax-exempt bonds under the MMRB program for the Oaks at Regency Apartments development.

2. The address, telephone number and facsimile number of Petitioner’s counsel is:

   Cathy M. Sellers
   Broad and Cassel
   215 South Monroe Street, Suite 400
   Tallahassee, FL 32301
   Telephone (850)681-6810 x. 137
   Facsimile (850)521-1443

RULE FROM WHICH WAIVER IS SOUGHT

3. Petitioner requests a waiver of Rule 67-21.008(1)(g), F.A.C., which requires submittal to the Corporation of an annual audited financial statement for developments financed by the Corporation under the MMRB program. Petitioner seeks a waiver from Rule 67-21.008(1)(g) for Fiscal Year 2004. The financial statement reporting requirement applicable to Park at Regency, pursuant to Rule 67-21.008(1)(g), is set forth in Section 14, pages 15-17, of the Multifamily Mortgage and Assignment of Rents and Security Agreement, recorded in the Official Records of Duval County, Florida, Book 11328, page 970 (attached as Exhibit A).
4. Rule 67-21.008(1)(g), F.A.C., implements Sections 420.507 and 420.508, F.S. Section 420.507, F.S., authorizes the Corporation to, among other things, issue bonds for the provision of affordable housing; make conditions respecting the grant of mortgage loans and to enter into regulatory and other agreements and contracts in connection with such loans; and make rules to carry out the purposes of and exercise any power granted by the Florida Housing Finance Corporation Act, Part V of Chapter 420, F.S.1 Section 420.508, F.S., authorizes the Corporation to, among other things, make and participate in the making of, and contract to make or participate in the making of, mortgage loans for permanent or construction financing of development costs of projects subject to specified conditions, and to establish terms of mortgage loans funded pursuant to Part V of Chapter 420, F.S. Pursuant to these provisions, the Corporation has adopted Rule 67-21.008, F.A.C., entitled "Terms and Conditions of MMRB Loans." One of the terms and conditions of MMRB loans is to submit an annual audited financial statement pursuant to Rule 67-21.008(1)(g), F.A.C.

5. As stated above, Petitioner purchased the Park at Regency Apartments (then known as the Waterford at Regency Apartments) in 2004. Since that time, Petitioner has repeatedly attempted to obtain the annual financial statement for Waterford at Regency for Fiscal Year 2004 from Kings Waterford Apartments, LLC ("Seller"), the entity from which Petitioner

1 The Florida Housing Finance Corporation Act is set forth in Sections 420.501 through 420.516 of the Florida Statutes.
purchased Park at Regency.² However, to date, Seller has not cooperated in providing the financial statement to Petitioner, so Petitioner is unable to meet the annual audited financial statement submittal requirement in Rule 67-21.008(1)(g). Accordingly, Petitioner seeks a waiver of Rule 67-21.008(1)(g), F.A.C., for Fiscal Year 2004.

6. The Corporation is authorized by Section 120.542(1), F.S., and Rule Chapter 28-104, F.A.C., to grant waivers to its rule requirements when strict application of such rules would lead to unreasonable, unfair and unintended consequences in particular instances. Waivers shall be granted when the person subject to the rule demonstrates that the application of the rule would: (1) create a substantial hardship or violate principles of fairness,³ and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. §120.542(2), F.S.

7. In this case, strict application of Rule 67-21.008(1)(g), F.A.C., would create a substantial hardship to Petitioner. As discussed above, Petitioner is unable to comply with Rule 67-21.008(1)(g) through no fault of its own. Petitioner repeatedly has attempted to obtain the audited financial statement for Park at Regency (Waterford at Regency) from the Seller, but the Seller has not provided such statement. As a result, Petitioner is physically and legally unable to comply with Rule 67-21.008(1)(g), F.A.C.

8. Moreover, the purposes of Sections 420.507 and 420.508, F.S., will be achieved by other means. These statutes authorize the Corporation to provide affordable housing

² A copy of electronic mail messages from Christopher Hill, Vice President, Principal Transactions for IMT, to the Seller’s representative, evidencing IMT’s attempts to obtain the audited financial statements for properties purchased by IMT, including Park at Regency, is attached as Exhibit D.

³ "Substantial hardship" means a demonstrated economic, technological, legal, or other type of hardship to the person requesting the waiver. "Principles of fairness" are violated when literal application of a rule afflicts a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule. §120.542(2), F.S.
financing through the MMRB program and to adopt rules to administer the loans granted through the MMRB program. The financial reporting requirement in Rule 67-21.008(1)(g), F.A.C., is imposed to assist the Corporation in monitoring the financial capability and creditworthiness of entities to which MMRB loans have been granted and to monitor compliance with the key financial terms and conditions of such loans. In this case, the annual audited financial statements have been submitted for Park at Regency for all, or substantially all, years prior to Fiscal Year 2004, and the required annual audited financial statement will be submitted by Petitioner for Fiscal Year 2005. These statements do and will provide the information to enable the Corporation to monitor Petitioner's continued financial capability and creditworthiness and its compliance with the terms and conditions of the loan. Further, in connection with Petitioner's recent purchase of Park at Regency Apartments, the Corporation was provided with numerous documents concerning Petitioner's financial capability and creditworthiness and Seller's previous compliance with the terms and conditions of the loan. Collectively, these documents demonstrate that the affordable housing provision purposes of Sections 420.507 and 420.508, F.S., are met in this case.

9. Under these circumstances, strict application of Rule 67-21.008(1)(g), F.A.C., to Petitioner would lead to unreasonable, unfair, and unintended results. Accordingly, the requested waiver to Rule 67-21.008(1)(g), F.A.C., should be granted.

**ACTION REQUESTED**

10. For the reasons set forth herein, Petitioner respectfully requests the Corporation to grant the requested waiver of Rule 67-21.008(1)(g), F.A.C., for the Park at Regency Apartments for Fiscal Year 2004.
11. A copy of the Petition has been provided to the Joint Administrative Procedures Committee, Room 120, The Holland Building, Tallahassee, FL 32399-1300, as required by Section 120.542(5), F.S.

Respectfully submitted this 20 day of July, 2005.

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Park at Regency Apartments, LLC
MULTIFAMILY MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT
(REIMBURSEMENT)
(FLORIDA)

NOTE TO RECORDER: This Mortgage is exempt from documentary stamp taxes and intangible taxes pursuant to Chapter 129, F.S.
MULTIFAMILY MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (REIMBURSEMENT)

THIS MULTIFAMILY MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (REIMBURSEMENT) ("Instrument") is dated as of the 2nd day of September, 2003, from KINGS WATERFORD APARTMENTS, LLC, a Florida limited liability company and CITY NATIONAL BANK OF FLORIDA successor by merger to City National Bank of Miami, a United States Banking Corporation, as Trustee under the provisions of a certain Trust Agreement known as Trust No. 2401-149 and dated the 27th day of August, 2003, each having an address is c/o Asset Development & Management LLC, 825 Parkway Street, #4, Jupiter, Florida 33477, collectively, as grantor (collectively, "Borrower"), for the benefit of FANNIE MAE, a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. § 1716, et seq., as a beneficiary ("Fannie Mae"), being hereinafter referred to as "Credit Enhancer", as defined in Exhibit B.

This Instrument is granted for the benefit of Credit Enhancer in connection with and to secure inter alia, that certain Reimbursement Agreement dated as of September 2, 2003 and effective as of the date hereof, between Credit Enhancer and Borrower (as the same may be modified, amended, restated or otherwise supplemented from time to time, the "Reimbursement Agreement"), pursuant to which Credit Enhancer has agreed to extend certain credit enhancement and liquidity support to Borrower pursuant to the Credit Enhancement Instrument (as defined in the Reimbursement Agreement) in connection with the Mortgage Loan (as defined in the Reimbursement Agreement) made to Borrower by the Florida Housing Finance Agency, and its successors under the laws of the State of Florida ("Issuer").

Initially-capitalized terms used in this Instrument but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Reimbursement Agreement.

BORROWER, in consideration of the indebtedness herein recited does hereby mortgage, grant, convey and assign to Credit Enhancer, and Credit Enhancer's successors and assigns, all of the Mortgaged Property (as hereinafter defined), including the Land (hereinafter defined) located in Duval County, State of Florida and described in Exhibit A attached to this Instrument.

TO SECURE TO CREDIT ENHANCER (a) payment and performance by Borrower of each and every obligation, covenant and agreement of Borrower contained in the Reimbursement Agreement, including, without limitation, the Facility Fee, the Activity Fee and all amounts due Credit Enhancer as reimbursement for amounts provided by Credit Enhancer under the Credit Enhancement Instrument and all of the other "Obligations" (as defined and more particularly described in the Reimbursement Agreement); (b) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Instrument; (c) the performance of the covenants and agreements of Borrower and the payment of any and all other sums due under this Instrument; and (d) the payment of the covenants and agreements of Borrower of all obligations under Documents (as defined herein) (collectively, the "Obligations" or "Indebtedness").
The principal amount of the Obligations secured hereby shall not exceed the sum of $6,925,000.00, exclusive of interest, fees and other charges that may be due or secured hereunder. The Obligations are currently scheduled to mature on December 1, 2005.

Borrower represents and warrants that Borrower is lawfully seized of the Mortgaged Property and has the right, power and authority to mortgage, grant, convey and assign the Mortgaged Property, and that the Mortgaged Property is unencumbered. Borrower covenants that Borrower will warrant and defend generally the title to the Mortgaged Property against all claims and demands, subject to any easements, covenants, and restrictions and any other matters of record listed in a schedule of exceptions to coverage in any title insurance policy issued to Credit Enhancer contemporaneously with the execution and recording of this Instrument and insuring Credit Enhancer’s interest in the Mortgaged Property.

Covenants. Borrower and Credit Enhancer 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 Fannie Mae 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 any other agreement or agreements between Borrower and Fannie Mae which provide for the establishment of any other fund, reserve or account.

(c) "Credit Enhancer" means the entity identified as "Credit Enhancer" in the first paragraph of this Instrument and its successors and assigns, or any subsequent holder of the Reimbursement Agreement.

(d) "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.

(e) "Event of Default" means the occurrence of any event listed in Section 22.

(f) "Intentionally Omitted".

(g) "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, incubators, 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, sconces, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, pasting, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

(h) "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.

(i) "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.


(k) "Impositions" and "Impostion Deposits" are defined in Section 7(a).

(l) "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.

(m) "Indebtedness" means

(A) the obligations of Borrower to (i) pay, perform and observe all obligations, covenants and agreements of Borrower under the Loan Agreement and all renewals, extensions and modifications of the Loan Agreement and (ii) pay, perform and observe all obligations, covenants and agreements of Borrower to Issuer and its successors and assigns contained in this [REVIEWED]
Instrument, including the payment of all sums advanced by or on behalf of Issuer as provided in Section 12 to protect the security of this Instrument, and

(B) the obligations of Borrower to (i) pay all amounts which become due and payable by Borrower under the Reimbursement Agreement, (ii) perform and observe all other obligations, covenants and agreements of Borrower contained in the Reimbursement Agreement, (iii) pay, perform and observe all obligations, covenants and agreements of Borrower contained in this Instrument, including the payment of all sums advanced by or on behalf of Fannie Mae and its successors and assigns under Section 12 to protect the security of this Instrument, and (iv) pay, perform and observe all obligations, covenants and agreements of Borrower in the Collateral Agreement.

(a) [Intentionally Omitted]

(b) "Key Principal" means the natural person(s) or entity identified as such at the foot of this Instrument, and any person or entity who becomes a Key Principal after the date of this Instrument and is identified as such in an amendment or supplement to this Instrument.

(c) "Land" means the land described in Exhibit A.

(d) "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 or parcel of the Mortgaged Property (including any proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals.

(e) "Loan Documents" means (A) collectively, the Loan Agreement, this Instrument and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Loan, and (B) with respect to the Credit Enhancer, the Reimbursement Agreement, this Instrument, the Collateral Agreement, all guaranties, 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 obligations of Borrower with respect to the Credit Enhancer, in all cases as such documents may be amended, supplemented or restated from time to time. Notwithstanding anything else in this Instrument to the contrary, neither the Pledging Agreement nor the Regulatory Agreement is a Loan Document and neither document is secured by this Instrument.

(f) "Loan Servicer" means the entity that from time to time is designated by Credit Enhancer to collect payments and deposits and receive notices under the Loan Agreement, the Reimbursement Agreement, this Instrument and any Reimbursement Loan Document, and otherwise to service the Loan evidenced by the Loan Agreement for the benefit of Credit Enhancer. Unless Borrower receives notice to the contrary, the Loan Servicer is ARCS Commercial Mortgage Co., L.P.

(g) "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 Personality;
(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 benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;
(6) all proceeds paid or to be paid by any insurer of the Land, the Personality or any other part of the Mortgaged Property, whether or not Borrower obtained the insurance pursuant to Credit Enhancer’s requirement;
(7) all awards, payments and other compensation made or to be made by any person or entity to, for or on account of, the Land, the Personality or any other part of the Mortgaged Property, including condemnation proceedings or any awards or settlements resulting from the total or partial taking of the Land, the Personality 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 Personality 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 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 undisturbed 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.

(u) Intentionally Omitted.

(v) "O&M Program" is defined in Section 18(a).

(w) "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.

(x) "Property Jurisdiction" is defined in Section 30(a).

(y) "Reimbursement Agreement" is defined in the Recitals contained on page 1 of this Instrument.

(z) "Reimbursement Loan Documents" when used in this Instrument shall mean, collectively, the following documents: (i) this Instrument, (ii) the Reimbursement Agreement, (iii) Ancillary Collateral Agreements, and Assignment of Management Agreement of even date herewith, and (iv) any other Credit Facility Documents (as defined in the Reimbursement Agreement), as such documents may be amended from time to time.

(aa) "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

(EOA10/14/17)
food, health care and other services provided at the Mortgaged Property, whether now due, past
due, or to become due, and deposits forfeited by tenancy.

(bb) "Senior Bond Mortgage" is defined in Section 7(a).

(cc) "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.

(dd) "Transfer" means (A) a sale, assignment, transfer or other disposition (whether
voluntary, involuntary or by operation of law); (B) the granting, creating or attachment of a lien,
encumbrance or security interest (whether voluntary, involuntary or by operation of law); (C) the
issuance or other creation of an ownership interest in a legal entity, including a partnership
interest, (other than admission of additional limited partners) interest in a limited liability
company or corporate stock; (D) the withdrawal, retirement, removal or involuntary resignation
of a general partner in a partnership or a member or manager in a limited liability company; or
(E) the merger, dissolution, liquidation, or consolidation of a legal entity. "Transfer" does not
include (i) a conveyance of the Mortgaged Property at a judicial or non-judicial foreclosure sale
under this Instrument or (ii) the Mortgaged Property becoming part of a bankruptcy estate by
operation of law under the United States Bankruptcy Code. For purposes of defining the term
"Transfer," the term "partnership" shall mean a general partnership, a limited partnership, a joint
venture and a limited liability partnership, and the term "partner" shall mean a general partner, a
limited partner and a joint venture.

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"). Borrower hereby grants to Credit Enhancer a security interest in the UCC Collateral. Borrower hereby authorizes Credit Enhancer to file financing statements, continuation statements and financing statement
amendments, in such form as Credit Enhancer may require, to perfect or continue the perfection of
this security interest and Borrower agrees, if requested, to sign and deliver to Credit Enhancer 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 Credit Enhancer may require. Without the prior written consent of Credit Enhancer, 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, Credit Enhancer 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, Credit Enhancer may exercise its remedies against the UCC Collateral separately or
together, and in any order, without in any way affecting the availability of Credit Enhancer'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; CREDIT ENHANCER IN POSSESSION.

(a) As part of the consideration for the Indebtedness, and subject to the rights of the holder of the Senior Bond Mortgage, Borrower absolutely and unconditionally assigns and transfers to Credit Enhancer all Rents. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Credit Enhancer of all Rents and to authorize and empower Credit Enhancer to collect and receive all Rents without the necessity of further action on the part of Borrower. Promptly upon request by Credit Enhancer, Borrower agrees to execute and deliver such further assignments as Credit Enhancer may from time to time require. Borrower and Credit Enhancer 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(a). 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 that circumstance this Instrument create and perfect a lien on Rents in favor of Credit Enhancer, which lien shall be effective as of the date of this Instrument.

(b) After the occurrence of an Event of Default, Borrower authorizes Credit Enhancer to collect, sue for and compromise Rents and direct each payment of the Mortgaged Property so pay all Rents to, or as directed by, Credit Enhancer, and Borrower shall, upon Borrower's receipt of any Rents from any source (including, but not limited to, subsidies payments under any Housing Assistance Payments Contract), pay the total amount of such receipts to the Credit Enhancer. However, until the occurrence of an Event of Default, Credit Enhancer hereby grants to Borrower a revocable license to collect and receive all Rents to hold all Rents in trust for the benefit of Credit Enhancer and to apply all Rents to pay for the installation of interest and principal then due and payable under the Loan Agreement and the other amounts then due and payable under the other Loan Documents, including Prepayment 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 an Event of Default is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Borrower free and clear of, and released from, Credit Enhancer's rights with respect to Rents under this Instrument. Rents and after the occurrence of an Event of Default, and without the necessity of Credit Enhancer 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 Credit Enhancer shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Borrower shall pay to Credit Enhancer upon demand all Rents to which Credit Enhancer is entitled. At any time or after the date of Credit Enhancer's demand for Rents, Credit Enhancer may give, and Borrower...
hereby irrevocably authorizes Credit Enhancer to give notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Credit Enhancer, 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 Credit Enhancer in response to such a notice. Any such notice by Credit Enhancer shall be delivered to each tenant personally, by mail or by delivering such demand at each rental unit. Borrower shall not interfere with and shall cooperate with Credit Enhancer's collection of such Rents.

(c) Borrower represents and warrants to Credit Enhancer, 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 Loan Agreement), that Borrower has not permitted, and Borrower covenants and agrees that it will not perform, any act and has not executed, and shall not execute, any instrument which would prevent Credit Enhancer 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 contract 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, Credit Enhancer may, regardless of the adequacy of Credit Enhancer's security or the solvency of Borrower and e-ten in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Credit Enhancer 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 purpose 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 Credit Enhancer in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Credit Enhancer's security, without regard to Borrower's solvent and without the necessity of giving prior notice (oral or written) to Borrower, Credit Enhancer 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 Credit Enhancer 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. Credit Enhancer 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 Credit Enhancer's entering upon and taking possession and control of the Mortgaged Property, the receiver shall surrender possession of the Mortgaged Property to Credit Enhancer or the receiver, as the case may be, and shall deliver to Credit Enhancer or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plats, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents. In the event Credit Enhancer takes possession and control of the Mortgaged Property, Credit Enhancer may evict Borrower
and its representatives from the Mortgaged Property. Borrower acknowledges and agrees that the exercise by Credit Enhancer of any of the rights conferred under this Section 3 shall not be construed to make Credit Enhancer a mortgagee-in-possession of the Mortgaged Property so long as Credit Enhancer has not itself entered into actual possession of the Land and Improvements.

(e) If Credit Enhancer enters the Mortgaged Property, Credit Enhancer shall be liable to account only to Borrower and only for those Rents actually received. Credit Enhancer 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 Credit Enhancer under this Section 3, except those arising from the gross negligence or the willful misconduct of the Credit Enhancer, and Borrower hereby releases and discharges Credit Enhancer 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 Credit Enhancer 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 Credit Enhancer 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 Credit Enhancer 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, and subject to the rights of the holder of the Senior Bond Mortgage, Borrower absolutely and unconditionally assigns and transfers to Credit Enhancer 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 Credit Enhancer of all of Borrower’s right, title and interest in, to and under the Leases. Borrower and Credit Enhancer 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(a). 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 Credit Enhancer, which lien shall be effective as of the date of this Instrument.

(b) Until Credit Enhancer gives notice to Borrower of Credit Enhancer’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)
this Instrument), including the right, power and authority to modify the terms of any Lease or successor to any Lease. Upon the occurrence of an Event of Default, the power and authority 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 Credit Enhancer, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Credit Enhancer a mortgagee-in-possession of the Mortgaged Property so long as Credit Enhancer has not itself entered into actual possession of the Land and the Improvements. The acceptance by Credit Enhancer of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Credit Enhancer to take any action under this Instrument or to expend any money or to incur any expenses. Credit Enhancer shall not be liable in any way for any injury or damage to persons or property sustained by any person or persons, firm of corporation in or about the Mortgaged Property. Prior to Credit Enhancer’s actual entry into and taking possession of the Mortgaged Property, Credit Enhancer 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 Credit Enhancer to Borrower of Credit Enhancer’s exercise of Credit Enhancer’s rights under this Section 4 at any time after the occurrence of an Event of Default, and without the necessity of Credit Enhancer entering into and taking possession of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Credit Enhancer 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 Credit Enhancer’s request, deliver to Credit Enhancer an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Credit Enhancer, unless otherwise determined by Credit Enhancer. Credit Enhancer shall not be required to provide Credit Enhancer’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 Credit Enhancer and Credit Enhancer’s prior written approval of the Lease agreements. 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 Credit Enhancer. Borrower shall, without request by Credit Enhancer, deliver an executed copy of such non-residential Lease to Credit Enhancer 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 Credit Enhancer); (2) the tenant shall attorn to Credit Enhancer and any purchases 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 Credit Enhancer in any manner; (3) the tenant agrees to execute such further evidences of attornment as Credit Enhancer 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, Credit Enhancer or any other purchaser at such foreclosure sale may, at Credit Enhancer'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 Credit Enhancer, pay all Rent payable under the Lease to Credit Enhancer.

(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 REIMBURSEMENT LOAN DOCUMENTS; PREPAYMENT PREMIUM. Borrower shall pay the Indebtedness when due in accordance with the terms of the Loan Agreement and the other Reimbursement Loan Documents and shall perform, observe and comply with all other provisions of the Loan Agreement and the other Reimbursement Loan Documents. Borrower shall pay a prepayment premium in connection with certain prepayments of the Indebtedness, including a payment made after Credit Enhancer's exercise of any right of acceleration of the Indebtedness, as provided in the Reimbursement Agreement.

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 Loan Agreement.

7. DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES.

(a) Subject to that certain Mortgage and Security Agreement from Borrower to the Florida Housing Finance Corporation, (the "Senior Lender") dated as of December 28, 1983, as amended, modified, supplemented or restated from time to time (the "Senior Bond Mortgage"), and without duplication of impositions payable to the Senior Lender pursuant to the Senior Bond Mortgage, commencing on the earlier of (1) the date the first monthly installment of principal or interest, or both, is due under the Loan Agreement, or (2) the date the Loan Agreement is terminated, and continuing until the Indebtedness is paid in full, Borrower shall deposit with Credit Enhancer on the day monthly installments of principal or interest, or both, are due, an amount sufficient to accumulate with Credit Enhancer the entire sum required to pay, in addition to such monthly mortgage tax instalment as may be required by the Senior Bond Mortgage, any taxes, insurance or other charges which are the responsibility of Borrower under the Loan Agreement.
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) any premiums for fire and other hazard insurance, real loss insurance and each other insurer as Credit Enhancer may require under Section 19, (3) Taxes, and (4) amounts for other charges and expenses which Credit Enhancer 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 Credit Enhancer's interests, all as reasonably estimated from time to time by Credit Enhancer. The amounts deposited under the preceding sentence are collectively referred to in this Instrument as the "Impostion Deposits". The obligations of Borrower for which the Impostion Deposits are required are collectively referred to in this Instrument as the "Impostions". The amount of the Impostion Deposits shall be sufficient to enable Credit Enhancer to pay each Impostion before the last date upon which such payment may be made without any penalty or interest charge being added. Credit Enhancer shall maintain records indicating how much of the monthly Impostion Deposits and how much of the aggregate Impostion Deposits held by Credit Enhancer are held for the purpose of paying Taxes, insurance premiums and each other obligation of Borrower for which Impostion Deposits are required. Any waiver by Credit Enhancer of the requirement that Borrower remit Impostion Deposits to Credit Enhancer may be revoked by Credit Enhancer, in Credit Enhancer's discretion, at any time upon notice to Borrower.

(b) Impostion Deposits shall be held in an institution (which may be Credit Enhancer, if Credit Enhancer is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency. Credit Enhancer shall not be obligated to open additional accounts or deposit Impostion Deposits in additional institutions when the amount of the Impostion Deposits exceeds the maximum amount of the federal deposits or accounts or guaranty. Credit Enhancer shall apply the Impostion Deposits to pay Impostions as long as no Event of Default has occurred and is continuing. Unless applicable law requires, Credit Enhancer shall not be required to pay Borrower any interest, earnings or profits on the Impostion Deposits. Borrower hereby pledges and grants to Credit Enhancer a security interest in the Impostion Deposits as additional security for all of Borrower's obligations under this Instrument and the under Loan Documents. Any amounts deposited with Credit Enhancer under this Section 7 shall not be trust funds, nor shall they operate to reduce for indebtedness, unless applied by Credit Enhancer for that purpose under Section 7(e).

(c) If Credit Enhancer receives a bill or invoice for an Impostion, Credit Enhancer shall pay the Impostion from the Impostion Deposits held by Credit Enhancer. Credit Enhancer shall have no obligation to pay any Impostion in the event it exceeds Impostion Deposits held by Credit Enhancer. Credit Enhancer may pay an Impostion 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 Impostion.

(d) If at any time the amount of the Impostion Deposits held by Credit Enhancer for payment of a specific Impostion exceeds the amount reasonably deemed necessary by Credit Enhancer, the excess shall be credited against future installments of Impostion Deposits. If at any time the amount of the Impostion Deposits held by Credit Enhancer for payment of a specific Impostion is less than the amount reasonably estimated by Credit Enhancer to be
necessary, Borrower shall pay to Credit Enhancer the amount of the deficiency within 15 days after notice from Credit Enhancer.

6. If an Event of Default has occurred and is continuing, Credit Enhancer may apply any Imposition Deposits, in any amounts and in any order as Credit Enhancer determines, to Credit Enhancer’s discretion, to pay any Impositions or as a credit against the Indebtedness. Upon payment in full of the Indebtedness, Credit Enhancer shall refund to Borrower any Imposition Deposits held by Credit Enhancer.

8. ANCILLARY COLLATERAL AGREEMENTS. Borrower shall deposit with Credit Enhancer such amounts as may be required by any ancillary Collateral Agreement and shall perform all other obligations of Borrower under such Ancillary Collateral Agreement.

9. APPLICATION OF PAYMENTS. If at any time Credit Enhancer receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, then Credit Enhancer may apply that payment to amounts then due and payable in any manner and in any order determined by Credit Enhancer, in Credit Enhancer’s discretion. Neither Credit Enhancer’s acceptance of an amount which is less than all amounts then due and payable nor Credit Enhancer’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 Reimbursement Agreement 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, fire hazards, zoning and land use, and taxes. 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 lease created by this Instrument or Credit Enhancer’s interest in the Mortgaged Property. Borrower represents and warrants to Credit Enhancer 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 Credit Enhancer, 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 unit to a common area to commercial use, (c) initiate or acquire 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.

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12. PROTECTION OF CREDIT ENHANCER'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 is commenced which purports to affect the Mortgaged Property, Credit Enhancer's security or Credit Enhancer's rights under this Instrument, including eminent domain, involuntary, or criminal forfeiture, enforcement of Hazardous Materials Law, fraudulent conveyance or reorganizations or proceedings involving a bankruptcy or receivership, then Credit Enhancer at Credit Enhancer's option may make such appearances, disburse such sums and take such actions as Credit Enhancer reasonably deems necessary to perform such obligations of Borrower and to protect Credit Enhancer's interest, including (1) payment of fees and out-of-pocket expenses of attorneys, accountants, appraisers 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 Credit Enhancer under this Section 12, or under any other provision of this Instrument that were not disbursed 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 in accordance with the Reimbursement Agreement.

(c) Nothing in this Section 12 shall require Credit Enhancer to incur any expense or take any action.

13. INSPECTION. Credit Enhancer, its agents, representatives, and designers 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 office, and upon Credit Enhancer'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 Credit Enhancer.

(b) Borrower shall furnish to Credit Enhancer all of the following:

(1) within 120 days after the end of each fiscal year of Borrower, a statement of income and expenses for Borrower's operation of the Mortgaged Property for that fiscal year, a statement of changes in financial position of Borrower relating to the Mortgaged Property for the fiscal year and, when
requested by Credit Enhancer, a balance sheet showing all assets and liabilities of Borrower relating to the Mortgaged Property as of the end of the fiscal year;

(2) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Credit Enhancer’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 Credit Enhancer;

(3) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Credit Enhancer’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 as such financial institution, along with any authority or release necessary for Credit Enhancer 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 Credit Enhancer’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 Credit Enhancer’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 Credit Enhancer;

(6) upon Credit Enhancer’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 Credit Enhancer, a statement of income and expenses for the Mortgaged Property for the prior month or quarter.

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 Credit Enhancer may reasonably require. Credit Enhancer also may require that any statements, schedules or reports be audited at Borrower’s expense by independent certified public accountants acceptable to Credit Enhancer.
(d) If Borrower fails to provide in a timely manner the statements, schedules and reports required by Section 14(b), Credit Enhancer shall have the right to have Borrower’s books and records audited at Borrower’s expense, by independent certified public accountants selected by Credit Enhancer in order to obtain such statements, schedules and reports, and all related costs and expenses of Credit Enhancer 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 Credit Enhancer upon written demand all books and records relating to the Mortgaged Property or its operation.

(f) Borrower authorizes Credit Enhancer to obtain a credit report on Borrower at any time.

(g) If an Event of Default has occurred and is continuing, Credit Enhancer has not previously required Borrower to furnish a quarterly statement of income and expense for the Mortgaged Property, Credit Enhancer may require Borrower to furnish such a statement within 45 days after the end of each fiscal quarter of Borrower following such Event of Default.

15. TAXES; OPERATING EXPENSES.

(a) Subject to the provisions of Section 15(d) and Section 15(e), Borrower shall pay, or cause to be paid, all Taxes when due and before the addition of any interest, fines, penalties or cost for nonpayment.

(b) Subject to the provisions of Section 15(c), Borrower shall pay the expenses of operating, maintaining and repairing the Mortgaged Property (including insurance premiums, utilities, repairs and replacements) before the last date upon which such each 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 Credit Enhancer 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 Impostion Deposits are held by Credit Enhancer for the purpose of paying that specific imposition. If an Event of Default exists, Credit Enhancer may exercise any rights Credit Enhancer may have with respect to Impostion Deposits without regard to whether Impostions are then due and payable. Credit Enhancer shall have no liability to Borrower for failing to pay any Impostions to the extent that a new Event of Default has occurred and is continuing, insufficient Impostion Deposits are held by Credit Enhancer at the time an Impostion becomes due and payable or Borrower has failed to provide Credit Enhancer 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 adequacy or validity of any Impostion other than insurance premiums, if (1) Borrower notifies Credit Enhancer of the commencement or expected commencement of such proceedings, (2) the Mortgaged Property is not in danger of being sold (10/25/94).

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or forfeited, (3) Borrower deposits with Credit Enhancer reserves sufficient to pay the contested imposition, if requested by Credit Enhancer, and (4) Borrower furnishes whatever additional security is required in the proceedings or is reasonably requested by Credit Enhancer, which may include the delivery to Credit Enhancer of the reserves established by Borrower to pay the contested imposition.

(c) Borrower shall promptly deliver to Credit Enhancer a copy of all notices of, and invoices for, Impositions, and if Borrower pays any Imposition directly, Borrower shall promptly furnish to Credit Enhancer 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 Liens of this Instrument and the Senior Bond Mortgage (as terminated defined)) 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 Credit Enhancer 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 Personality 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 Credit Enhancer under a contract approved by Credit Enhancer in writing, and (6) shall give notice to Credit Enhancer of all, unless otherwise directed in writing by Credit Enhancer, shall appoint in and defend any action, or proceeding purporting to affect the Mortgaged Property, Credit Enhancer’s security or Credit Enhancer’s right 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 Personality.

(b) If, in connection with the making of the Loan evidenced by the Loan Agreement or as any later date, Credit Enhancer 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, Credit Enhancer shall have the right to approve such new property manager and the written contract for the management of the Mortgaged such new property manager enter into an Assignment of Management Agreement on a form approved by Credit Enhancer. If required by Credit Enhancer (whether before or after an Event of Default), Borrower will cause any Affiliate or Borrower to whom fees are payable for the

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management of the Mortgaged Property to enter into an agreement with Credit Enhancer, in a form approved by Credit Enhancer, providing for subordination of these fees and such other provisions as Credit Enhancer 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 interest, 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 interest).

18. ENVIRONMENTAL HAZARDS.

(a) Except for matters covered by a written program of operations and maintenance approved in writing by Credit Enhancer (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 sale 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 area, so long as all of the
(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 use 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 issue 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 Credit Enhancer’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 Credit Enhancer. Any such out-of-pocket costs of Credit Enhancer 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 Credit Enhancer that, except as previously disclosed by Borrower to Credit Enhancer 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 Credit Enhancer 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 Credit Enhancer in writing, that tank complies with all requirements of Hazardous Materials Laws; and
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.

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(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 Loan Agreement, until the indebtedness has been paid in full.

(f) Borrower shall promptly notify Credit Enhancer 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 any 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;

(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 Loan Agreement, or any other Loan Document.

(g) Borrower shall pay promptly the costs of any environmental inspections, tests or audits ("Environmental Inspections") required by Credit Enhancer in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Credit Enhancer's consent to any Transfer under Section 21, or required by Credit Enhancer following a reasonable determination by Credit Enhancer that Prohibited Activities or Conditions may exist. Any such costs incurred by Credit Enhancer (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 [X99979174]
Indebtedness as provided in Section 12. The results of all Environmental Inspections made by Credit Enhancer shall at all times remain the property of Credit Enhancer and Credit Enhancer shall have no obligation to disclose or otherwise make available to Borrower or any other party such results or any other information obtained by Credit Enhancer in connection with its Environmental Inspections provided, however, Credit Enhancer shall disclose or otherwise make available to Borrower such results obtained by Credit Enhancer in connection with its Environmental Inspections provided Borrower has paid to Credit Enhancer the cost of the Environmental Inspections. Credit Enhancer hereby reserves the right, and Borrower hereby expressly authorizes Credit Enhancer, to make available to any party, including any prospective bidders at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by Credit Enhancer with respect to the Mortgaged Property. Borrower consents to Credit Enhancer notifying any party (either as part of a notice of sale or otherwise) of the results of any of Credit Enhancer’s Environmental Inspections. Borrower acknowledges that Credit Enhancer 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 Credit Enhancer 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 Credit Enhancer 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 Credit Enhancer’s Environmental Inspections.

(b) If any investigation, site monitoring, or any Hazardous Materials Law or order of any Governmental Authority that has acquired jurisdiction over the Mortgaged Property as the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, Borrower shall, by the earlier of Hazardous Materials Law or (2) 30 days after notice, 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, Credit Enhancer may, in its option, cause the Remedial Work to be completed, in which case Borrower shall reimburse Credit Enhancer for the cost of doing so. Any reimbursement due from Borrower to Credit Enhancer 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) Credit Enhancer, (ii) any prior owner or holder of the Loan Agreement, (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, investigative 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 Indemnities shall be subject to the approval of those Indemnities. However, any Indemnitee may elect to defend any claim or legal or administrative proceeding at the Borrower’s expense.

(i) Borrower shall not, without the prior written consent of those Indemnities 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 unqualified term the delivery by the claimant or plaintiff to Credit Enhancer of a written release of those Indemnities, satisfactory in form and substance to Credit Enhancer; or (2) may materially and adversely affect Credit Enhancer, as determined by Credit Enhancer in its discretion.

(m) Credit Enhancer agrees that the indemnity under this Section 18 shall be limited to the assets of Borrower and Credit Enhancer shall not seek to recover any deficiency from any natural persons who are 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 Indemnities in any legal or administrative proceeding incident to any matters against which Indemnites are entitled to be indemnified under this Section 18;
(2) reimburse Indemnites for any expenses paid or incurred in connection with any matters against which Indemnites are entitled to be indemnified under this Section 18, and
(3) reimburse Indemnities 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 Indemnities of their rights under this Section 18, or in monitoring and participating in any legal or administrative proceeding.

(c) In any circumstances in which the indemnity under this Section 18 applies, Credit Enhancer may, at its own legal counsel and consultants to prosecute, defend or negotiate any claim or legal or administrative proceeding and Credit Enhancer, 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 Credit Enhancer upon demand for all costs and expenses incurred by Credit Enhancer, including all costs of settlements entered into in good faith, and the reasonable 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 Reimbursement Loan Documents, and each Indemnitee shall be entitled to indemnification under this Section 18 without regard to whether Credit Enhancer 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 Reimbursement 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 Indemnities under this Section 18 shall be joint and several. The obligation of Borrower to indemnify the Indemnities 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.

(k) Borrower shall keep the Improvements insured at all times against such hazards as Credit Enhancer 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. Credit Enhancer’s insurance requirements may change from time to time throughout the term of the Indebtedness. If Credit Enhancer so requires, each insurance shall also include sinkhole 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(k) shall be paid in the manner provided in Section 7, unless Credit Enhancer has designated in writing another method of payment. All such policies shall also be in a form approved by Credit Enhancer. All policies of property damage insurance shall include a non-contributing, non-reporting mortgage (MCC/MCC).
clause in favor of, and to a form approved by, Credit Enhancer. Credit Enhancer shall have the right to hold the original policies or duplicates of original policies of all insurance required by Section 19(a). Borrower shall promptly deliver to Credit Enhancer 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 Credit Enhancer the original (or a duplicate original) of a renewal policy in form satisfactory to Credit Enhancer.

(e) Borrower shall maintain at all times commercial general liability insurance, workers' compensation insurance and such other liability, errors and omissions and fidelity insurance coverages as Credit Enhancer may from time to time require.

(f) All insurance policies and renewals of insurance policies required by this Section 19 shall be in such amounts and for such periods as Credit Enhancer may from time to time require, and shall be issued by insurance companies satisfactory to Credit Enhancer.

(g) 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.

(h) In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to Credit Enhancer. Subject to the rights of the Senior Lender, Borrower hereby authorizes and appoints Credit Enhancer as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claims under policies and prosecute any action arising from such property damage insurance, to appear in any damage insurance policies, to collect and receive the proceeds of property damage insurance, and to deduct from such proceeds Credit Enhancer'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 Credit Enhancer to incur any expense or take any action. Credit Enhancer may, at Credit Enhancer's option, (1) hold reimbursement Borrower for the cost of restoring and making it equivalent of its original condition or to a condition approved by Credit Enhancer (the "Restoration"), or (2) apply the balance of such proceeds to be used to repaying the Mortgaged Property to the extent Credit Enhancer determines to apply insurance proceeds to Restoration, Credit Enhancer shall do so in accordance with Credit Enhancer's then-current policies relating to the restoration of casualty damage to similar multifamily properties.

(i) Credit Enhancer 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) Credit Enhancer determines, in its discretion, that there will be sufficient funds to complete the Restoration; (3) Credit Enhancer determines, in its discretion, that the rental income from the Mortgaged Property after completion of the Restoration will be sufficient to meet all operating costs and other expenses, Impound Deposits, deposits to reserves and loan repayment obligations relating to the Mortgaged Property; (4) Credit Enhancer determines, in its discretion, that the Restoration will
be completed before the earlier of (A) one year before the maturity date of the Loan Agreement or (B) one year after the date of the loss or casualty; and (5) upon Credit Enhancer’s request, Borrower provides Credit Enhancer evidence of the availability during and after the Restoration of the insurance required to be maintained by Borrower pursuant to this Section 19.

(b) If the Mortgaged Property is sold as a foreclosure sale or Credit Enhancer acquires title to the Mortgaged Property, Credit Enhancer 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 Credit Enhancer of any action or proceeding relating to any condemnation of 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 Credit Enhancer in writing. Borrower authorizes and appoints Credit Enhancer as attorney-in-fact for Borrower in connection, appear in and prosecute, in Credit Enhancer’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 Credit Enhancer to incur any expense or take any action. Subject to the rights of Senior Lender, Borrower hereby transfers and assigns to Credit Enhancer all right, title and interest of Borrower in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

(b) Subject to the rights of the Senior Lender, Credit Enhancer may apply such awards or proceeds, after the deduction of Credit Enhancer’s expenses incurred in the collection of such amounts, at Credit Enhancer’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 Credit Enhancer otherwise agrees in writing, any application of any award or proceeds to the Indebtedness shall not exceed or postpone the due date of any monthly installments referred to in the Loan Agreement, Section 7 of this Instrument or any Ancillary Collateral Agreement or other Reimbursement Loan Documents, or change the amount of such installments. Borrower agrees to execute such further evidence of assignment of any award or proceeds as Credit Enhancer 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;

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(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 Key Principal's ownership interests (other than limited partnership interests) in Borrower, or in any other entity which owns, directly or indirectly through one or more intermediate entities, an ownership interest in 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; and

(7) a conversion of Borrower from one type of legal entity into another type of legal entity, whether or not there is a Transfer.

Credit Enhancer 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.

(8) The occurrence of any of the following events shall not constitute an Event of Default under this Instrument, notwithstanding any provision of Section 21(g) to the contrary:

(1) a Transfer to which Credit Enhancer has consented;

(2) a Transfer that occurs by devise, descent, 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 chattels or warehouse 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 Credit Enhancer;

(5) the grant of an easement, if before the grant Credit Enhancer determines that the easement will not materially affect the operation or value of the Mortgaged Property or Credit Enhancer's interest in the Mortgaged Property, and Borrower pays to Credit Enhancer, upon demand, all costs
and expenses incurred by Credit Enhancer in connection with reviewing Borrower’s request; and

(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 Credit Enhancer’s satisfaction within 30 days of the date of creation.

(6) Credit Enhancer shall consent, without any adjustment to the rate at which the Indebtedness secured by this Instrument bears interest or to any other economic terms of the Indebtedness, 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 Credit Enhancer of all information required by Credit Enhancer 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 Credit Enhancer and the transferee and the organization of the transferee) customarily applied by Credit Enhancer at the time of the proposed Transfer to the approval of borrowers in connection with the origination or purchase of similar mortgages, deeds of trust or deeds to secure debts on multifamily properties;

(4) the Mortgaged Property, at the time of the proposed Transfer, meets all standards as to its physical condition that are customarily applied by Credit Enhancer at the time of the proposed Transfer to the approval of properties in connection with the origination or purchase of similar mortgages on multifamily properties;

(5) in the case of a Transfer of all or any part of the Mortgaged Property, or direct or indirect ownership interests in Borrower or Key Principal (if an entity), if transferee or any other person has obligations under any Loan Document, the execution by the transferee or one or more individuals or entities acceptable to Credit Enhancer of an assumption agreement (including, if applicable, an Acknowledgement and Agreement of Key Principal to Personal Liability for Exceptions to Non-Resource Liability) that is acceptable to Credit Enhancer and that, among other things, requires the transferee to perform all obligations of transferee or such policy 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 Credit Enhancer;
if a guaranty has been executed and delivered in connection with the Loan Agreement, this Instrument or any of the other Loan Documents, the Borrower causes one or more individuals or entities acceptable to Credit Enhancer to execute and deliver to Credit Enhancer a guaranty in a form acceptable to Credit Enhancer; and

(7) Credit Enhancer's receipt of all of the following:

(i) a non-refundable review fee in the amount of $1,000 and a transfer fee equal to 1 percent of the outstanding Indebtedness immediately prior to the Transfer.

(ii) In addition, Borrower shall be required to reimburse Credit Enhancer for all of Credit Enhancer's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, to the extent such expenses exceed $3,000.

(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 Loan Agreement owns in the aggregate 100% of the ownership interests in Borrower or that entity.

(2) A Transfer of a "Controlling Interest" shall mean, 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 Transfer of any general partnership interest;

(iii) if such entity is a limited liability company or a limited liability partnership, 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;

(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, 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 Credit Enhancer.

(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.

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 Reimbursement Agreement, this Instrument or any other Reimbursement 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 Credit Enhancer during the term of the Indebtedness, or (C) any request for Credit Enhancer's consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement;

(e) any Event of Default under Section 21;

(f) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Credit Enhancer's reasonable judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Instrument or Credit Enhancer'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 32(c) through (f), as and when required, which continues for a period of 30 days after notice of such failure by Credit Enhancer to Borrower, but no such notice or grace period shall apply in the case of any such failure which could, in Credit Enhancer's judgment, absent immediate exercise by Credit Enhancer of a right or remedy under

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this Instrument, result in harm to Credit Enhancer; impairment of the Loan Agreement or this Instrument or any other security given under any other Loan Document;

(b) any failure by Borrower to perform any of its obligations as and when required under any Reimbursement Loan Document other than this Instrument which continues beyond the applicable cure period, if any, specified in that Reimbursement 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 Reimbursement 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.

(i) Credit Enhancer 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 Loan Agreement, or any other Reimbursement Loan Document; release any security held by the holder of any amounts under this Instrument, the Loan Agreement, or any other Reimbursement Loan Document; accept a renewal of the Loan Agreement; 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 Loan Agreement or change the amount of the monthly installments payable under the Loan Agreement; and otherwise modify this Instrument, the Loan Agreement, or any other Reimbursement Loan Document.

(b) Any forbearance by Credit Enhancer in exercising any right or remedy under the Reimbursement Agreement, the Loan Agreement, this Instrument, or any other Reimbursement 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 Credit Enhancer 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 Credit Enhancer'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 Credit Enhancer of any security for the Indebtedness shall not constitute an election by Credit Enhancer of remedies so as to preclude the exercise of any other right available to Credit Enhancer. Credit Enhancer's receipt of any waivers 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 (including)
for in any Reimbursement Loan Document, whether considered separately or together with other charges levied in connection with any other Reimbursement 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 amount, if any, previously paid to Credit Enhancer in excess of the permitted amounts shall be applied by Credit Enhancer to reduce the principal of the indebtedness. For the purpose of determining whether any applicable law limits 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 constitutes interest, shall be deemed to be allocated and spread over the stated term of the Reimbursement Agreement. 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 Reimbursement Agreement.

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 thisInstrument or to any action brought to enforce any Reimbursement Loan Document.

27. WAIVER OF MARSHALLING. Notwithstanding the existence of any other security interests in the Mortgaged Property held by Credit Enhancer or by any other party, Credit Enhancer 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 Loan Agreement, any other Reimbursement Loan Document or applicable law. Credit Enhancer shall have the right to determine the order in which any or all persons of the indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. If 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 in an entity 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 Credit Enhancer may require from time to time in order to better assure, grant, and convey to Credit Enhancer the rights intended to be granted, now or in the future, to Credit Enhancer under this Instrument and the Reimbursement Loan Documents.

29. ESTOPPEL CERTIFICATE. Within 10 days after a request from Credit Enhancer, Borrower shall deliver to Credit Enhancer: a written statement, signed and acknowledged by Borrower, certifying to Credit Enhancer or any person designated by Credit Enhancer, as of the date of such statement, (i) that the Reimbursement Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Reimbursement Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Loan Agreement; (iii) the date to which interest under the Loan Agreement 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 Reimbursement 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 Credit Enhancer under the Reimbursement Loan Documents; and (vi) any additional facts requested by Credit Enhancer.

31. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.

(a) This Instrument, and any Reimbursement 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 Loan Agreement, this Instrument, or any other Reimbursement 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 Loan Agreement, any security for the Indebtedness, or any other Reimbursement 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 ("notices") 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 Credit Enhancer 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 Loan Agreement 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 LOAN AGREEMENT. CHANGE IN SERVICER. The Loan Agreement or a partial interest in the Loan Agreement (together with this Instrument and the other Reimbursement 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 Loan Agreement. 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, and shall not operate any business other than the management and operation of the Mortgaged Property; and (b) 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 pass to, the respective successors and assigns of Credit Enhancer and Borrower.

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 Credit Enhancer and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Credit Enhancer and Borrower.

(b) No creditor, assignee or any person shall be a third party beneficiary of this Instrument or any other Reimbursement Loan Document. Without limiting the generality of the preceding sentence, (1) any arrangement (a "Servicing Arrangement") between the Credit Enhancer 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. The 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 Loan Agreement, 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 Credit Enhancer shall govern.

40. DISCLOSURE OF INFORMATION. Credit Enhancer 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 mortgage, 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 Credit Enhancer (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 incorrect or inaccurate.

42. SUBROGATION. If, and to the extent that, the proceeds of the loan evidenced by the Loan Agreement 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 Credit Enhancer at Borrower’s request, and Credit Enhancer 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; WAIVER OF PERMISSIVE COUNTERCLAIMS. At any time during the existence of an Event of Default, Credit Enhancer, at Credit Enhancer’s option, may declare the indebtedness to be immediately due and payable without further demand, and may foreclose this Instrument by judicial proceeding and may invoke any other remedies permitted by Florida law or provided in this Instrument or in any other Loan Document. Credit Enhancer shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including reasonable attorneys’ fees, costs of documentary evidence, abstracts and title reports. Borrower waives any and all rights to file or pursue (cont.)
permit the counterparty in connection with any judicial action brought by Credit Enhancer under this Instrument, the Loan Agreement or any other Loan Document.

44. RELEASE. Upon payment of the indebtedness, Credit Enhancer shall release this Instrument. Borrower shall pay Credit Enhancer’s reasonable costs incurred in releasing this Instrument.

45. FUTURE ADVANCES. Credit Enhancer may from time to time, in Credit Enhancer’s discretion, make optional future or additional advances (collectively, “Future Advances”) to the Borrower, except that at no time shall the unpaid principal balance of all including Future Advances, be greater than an amount equal to two hundred percent (200%) of the original principal amount of the Loan Agreement as set forth on the first page of this Instrument plus accrued interest and amounts disbursed by Credit Enhancer under Section 12 or any other provision of this Instrument that bears a disposition by Credit Enhancer at being made under Section 12. All Future Advances shall be made, if at all, within twenty (20) years after the date of this Instrument, or within such lesser period that may in the future be provided by law as a prerequisite for the sufficiency of annual or record notice of Future Advances as against the rights of creditors or subsequent purchasers for value. Borrower shall, immediately upon request by Credit Enhancer, execute and deliver to Credit Enhancer a promissory Loan Agreement evidencing each Future Advance together with a notice of such Future Advance in recordable form. All promissory Loan Agreements evidencing Future Advances shall be secured, pari passu, by the lien of this Instrument, and each reference in this Instrument to the Loan Agreement shall be deemed to be a reference to all promissory Loan Agreements evidencing Future Advances.

46. WAIVER OF TRIAL BY JURY. BORROWER AND CREDIT ENHANCER 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 CREDIT ENHANCER 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.

47. REGULATORY AGREEMENT AND REIMBURSEMENT AGREEMENT.

(a) The Credit Enhancer acknowledges and agrees that the operation of the Mortgaged Property will be subject to that certain Land Use Restriction Agreement dated as of December 23, 1981, as amended, supplemented or restated, and executed by the Florida Housing Finance Corporation (the “Regulatory Agreement”), regulating the use or manner of operation of the Mortgaged Property.

(b) Borrower covenants and agrees, for the benefit of Credit Enhancer, to perform its obligations under Credit Enhancer under the Reimbursement Agreement. Any terms and conditions (see agreement)
48. VARIABLE RATE OBLIGATIONS. The Loan Agreement is subject to
interest rate adjustment from time to time as provided therein.

[NO FURTHER TEXT ON THIS PAGE]
49. SUBORDINATION. This Instrument and the lien created hereby are subordinate in all respects to the Senior Bond Mortgage and the lien created thereby.

ATTACHED EXHIBITS. The following Exhibits are attached to this Instrument:

- Exhibit A  Description of the Land (required)
- Exhibit B  Modifications to Instrument
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.

WITNESS:

[Signature]
Name (Print): [Name]

[Signature]
Name (Print): [Name]

BORROWER:

KINGS WATERFORD APARTMENTS, LLC, a Florida limited liability company

By: [Signature]
Name: Ronald R. Fieldstone
Title: Manager

BORROWER:

CITY NATIONAL BANK OF FLORIDA

successor by merger to City National Bank of Miami, as Trustee

By: [Signature]
Name: William A. Shilling
Title: Executive Vice President and Officer and General Counsel

A United States Banking Corporation, as Trustee under the provisions of a certain Trust Agreement known as Trust No. J1561-1987, and dated the 27th day of August, 2003

CITY NATIONAL BANK OF FLORIDA EXECUTES THIS INSTRUMENT SOLELY AS TRUSTER UNDER LAND TRUST NO. J1561-1987, DATED AUGUST 27, 2003 AND NOT INDIVIDUALLY AND NO PERSONAL JUDGMENT OR DECREE SHALL EVER BE Sought OR OBTAINED AGAINST THE SAID BANK BY REASON OF THIS INSTRUMENT

[Signature]
Page 10
I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the state aforesaid and in the county aforesaid to take acknowledgments, personally appeared RONALD R. FIELDSTONE, to me known and known to be the person described in and who executed the foregoing instrument as the MANAGER of KINGS WATERFORD APARTMENTS, LLC, a Florida limited liability company, on behalf of such limited liability company, did acknowledge the foregoing instrument to be the act and deed of said limited liability company.

Witness my hand and official seal in the county and state last aforesaid, this 25 day of August, 2003.

[NOTARIAL SEAL]

Print Name:
Notary Public, State of
My Commission expires:

Personally Known OR □ Produced Identification
Type of Identification Presented:
STATE OF FLORIDA, County:

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the state aforesaid and in the county aforesaid to take acknowledgments, personally appeared WILLIAM J. SHOCKETT, to me known and known to be the person described in and who executed the foregoing instrument as the EXECUTIVE VICE PRESIDENT AND OFFICER AND GENERAL COUNSEL of CITY NATIONAL BANK OF FLORIDA successor by merger to City National Bank of Miami, a United States Banking Corporation, as Trustee under the provisions of a certain Trust Agreement known as Trust No. 2441-1407, and dated the 7th day of August, 2003 and, on behalf of such corporation, did acknowledge the foregoing instrument to be the act and deed of said corporation.

Witness my hand and official seal in the county and state last aforesaid, this 27th day of August, 2003.

[NOTARIAL SEAL]

Print Name:

Notary Public, State of:

My Commission expires:

☐ Personally Known OR ☐ Produced Identification

Type of Identification Produced:
Cathy Sellers

From: Christopher Hill [chrish@imtreg.com]
Sent: Wednesday, July 13, 2005 5:17 PM
To: Cathy Sellers
Subject: FW: 2004 Audited Financials - First Housing

---

From: Jim Miller [mailto:jmiller@landmarkresidentialapts.com]
Sent: Wednesday, May 11, 2005 7:04 AM
To: Christopher Hill
Subject: RE: 2004 Audited Financials - First Housing

Chris –
I am being told from our auditors that they only prepared audited financials for Mandarin and Wood Forest. He is sending them to me and I will fax over them once I receive them.

Jim
813.868.0721, ext 225

---

From: Christopher Hill [mailto:chrish@imtreg.com]
Sent: Tuesday, May 10, 2005 11:23 PM
To: Jim Miller
Subject: RE: 2004 Audited Financials - First Housing

Hi Jim,

I just received another request for the audited financial statements from First Housing - can you please update me on the status of this?

Thank you,

Christopher Hill

Investors Management Trust
Real Estate Group, Inc.
Vice President, Principal Transactions
13400 Ventura Boulevard
Sherman Oaks, CA 91423
Ph (818) 784-4700 ext. 230
Fx (818) 784-0785
christopherh@imtreg.com

---

From: Jim Miller [mailto:jmiller@landmarkresidentialapts.com]
Sent: Tuesday, April 12, 2005 3:20 PM
To: Christopher Hill, JOEL SANDERS
Subject: RE: 2004 Audited Financials - First Housing

Joel –

7/15/2005
I spoke to Beth Driggs and she indicated that you guys prepared a certified compilation review of these properties last year. I know you just finished the K1s, is this something you have scheduled to do for them?
Please advise.

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Sincerely,

Christopher Hill

Investors Management Trust
13400 Ventura Blvd.
Sherman Oaks, CA 91423
Ph (818) 784-4700, Fax (818) 784-4788
E-mail: christopherh@imtreg.com

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christopherh@imtreg.com

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EXHIBIT B
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christopherr@imtreg.com

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