

Prepared by, and after recording return to:
Louisiana Housing Corporation
Attn: Recovery Housing
2415 Quail Dr
Baton Rouge, LA 70808

<p>RENTAL RESTORATION AND DEVELOPMENT PROGRAM PERMANENT MORTGAGE, PLEDGE OF LEASES AND RENTS AND SECURITY AGREEMENT</p> <p>[Borrower]</p>	<p>UNITED STATES OF AMERICA</p> <p>STATE OF LOUISIANA</p> <p>PARISH OF _____</p>
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BE IT KNOWN, that on this th day of _____, 2022, before me, the undersigned Notary Public, duly commissioned and qualified in and for the State and Parish aforesaid, and in the presence of the undersigned competent witnesses, personally came and appeared:

_____, ("**Borrower**"), a _____ organized and existing under the laws of the State of Louisiana, having a taxpayer identification number of _____ and a permanent mailing address of _____ as the borrower and mortgagor, appearing herein through its duly authorized _____.

WHO DECLARED AS FOLLOWS:

Pursuant to the terms and conditions of a Rental Restoration And Development Program Permanent Loan Agreement dated as of _____, 202_ (the “**RRDP Loan Agreement**”), the Borrower executed a Rental Restoration and Development Program Permanent Loan Promissory Note (the “**RRDP Note**”) dated _____, 202_ in the principal amount of _____ AND 00/100 DOLLARS (**\$0.00**) in favor of **LOUISIANA HOUSING CORPORATION** (“**Permanent Lender**”), whose permanent mailing address is **2415 Quail Drive, Baton Rouge, Louisiana 70808** (Taxpayer Identification No.45-4619102).

The RRDP Note has a stated maturity date of _____ years from the initial lease up by an eligible tenant and is payable to the order of the Permanent Lender. The RRDP Note, together with and as a part of the Indebtedness, is secured by this Rental Restoration and Development Program Permanent Mortgage, Pledge of Leases and Rents and Security Agreement (the “**RRDP Mortgage**”). The terms of the RRDP Loan Agreement are incorporated into this RRDP Mortgage as though set forth fully herein. Capitalized terms not otherwise defined herein have the meaning as set forth in the RRDP Loan Agreement.

TO SECURE TO Permanent Lender the repayment of the Indebtedness (including the payment of attorneys' fees), and all renewals, extensions, modifications and refinancings of the Indebtedness, and the performance of the covenants and agreements of Borrower contained in the RRDP Permanent Loan Documents defined herein, Borrower hereby mortgages, hypothecates, pledges and assigns to Permanent Lender the Mortgaged Property, including the Land located in the Parish of [____], State of Louisiana and described in **Exhibit A – Property Description** attached to this RRDP Mortgage. The maximum amount of the Indebtedness outstanding at any time and from time to time that is secured by this RRDP Mortgage shall be limited to an amount equal to the original principal balance of the RRDP Note multiplied by eight, inclusive of principal, interest, late charges, default interest, prepayment premiums, additional advances pursuant to this Mortgage, costs, expenses and attorneys' fees.

Borrower represents and warrants that Borrower is the full owner and lawfully seized of the Mortgaged Property and has the right, power and authority to mortgage, grant, convey and pledge the Mortgaged Property, and that the Mortgaged Property is unencumbered, except as set forth on **Exhibit B – Permitted Encumbrances** attached hereto (“**Permitted Encumbrances**”). Borrower covenants that Borrower will warrant and defend generally the title to, and the ownership and possession of, the Mortgaged Property against all claims and demands, subject to any servitudes, easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy issued to Permanent Lender contemporaneously with the execution and recordation of this RRDP Mortgage and insuring Permanent Lender’s interest in the Mortgaged Property.

Covenants. Borrower and Permanent Lender covenant and agree as follows:

1. DEFINITIONS.

The following terms, when used in this RRDP Mortgage (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 RRDP Mortgage, together with their successors and assigns.

b. “Collateral Agreement” means any separate agreement between Borrower and Permanent Lender for the purpose of establishing replacement reserves for the Mortgaged Property, establishing a fund to assure completion of repairs or improvements specified in that agreement, or assuring reduction of the outstanding principal balance of the Indebtedness if the occupancy of or income from the Mortgaged Property does not increase to a level specified in that agreement, or any other agreement or agreements between Borrower and Permanent Lender which provide for the establishment of any other fund, reserve or account.

c. “Environmental Permit” means any permit, license, or other authorization issued under any Hazardous Materials Law with respect to any activities or businesses conducted on or in relation to the Mortgaged Property.

d. “Event of Default” means the occurrence of any event listed in Section 22.

e. “Fixtures” means all property which is so attached to the Land or the Improvements as to constitute an integral or component part, or a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

f. “Governmental Authority” means any board, commission, department or body of any municipal, parish, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

g. “Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” within the meaning of any Hazardous Materials Law.

h. “Hazardous Materials Laws” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to Borrower or to the Mortgaged Property. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. Section 2601, *et seq.*, the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*, and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, *et seq.*, and their state analogs, and any other environmental laws or hazardous materials laws under the State of Louisiana.

i. “Impositions” and “Imposition Deposits” are defined in Section 7(a).

j. “Improvements” means the buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements and additions.

k. “Indebtedness” means the principal of, interest on, and all other amounts due at any time under, the RRDP Note, this RRDP Mortgage or any other RRDP Permanent Loan Document, including prepayment premiums, late charges, default interest, attorneys’ fees, keeper fees, collection and foreclosure expenses, advances as provided in Section 12 to protect the security of this RRDP Mortgage, and any other sums that Permanent Lender may advance or incur with respect to the Mortgaged Property, or as otherwise provided in this RRDP Mortgage or any other RRDP Permanent Loan Document.

l. “Key Principal” means the natural person(s) or entity identified as such at the foot of this RRDP Mortgage, and any person or entity that becomes a Key Principal after the date of this RRDP Mortgage and that is identified as such in an amendment or supplement to this RRDP Mortgage.

m. “Land” means the immovable property described in **Exhibit A**. The immovable property is located in [] Parish, State of Louisiana.

n. “Leases” means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals.

o. “Loan Servicer” means the entity that from time to time is designated by a Permanent Lender to collect payments and deposits and receive notices under the RRDP Note, this RRDP Mortgage and any other RRDP Permanent Loan Document.

p. “Mortgaged Property” means all of Borrower’s present and future right, title and interest in and to all of the following:

- (i) the Land;
- (ii) the Improvements;
- (iii) the Fixtures;
- (iv) the Personal Property;
- (v) all current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, servitudes, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;
- (vi) all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Borrower obtained the insurance pursuant to Permanent Lender’s requirement;
- (vii) all awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof;
- (viii) all contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personal Property or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations;
- (ix) all proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds, including, without limitation, proceeds pursuant to Louisiana Revised Statutes 9:5386;
- (x) all Rents and Leases;
- (xi) all earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the loan secured by this RRDP Mortgage and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;
- (xii) all Imposition Deposits;

(xiii) 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 RRDP Mortgage is dated);

(xiv) all tenant security deposits which have not been forfeited by any tenant under any Lease;

(xv) 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; and

(xvi) All reserves that are subject to a Collateral Agreement.

q. “O&M Program” is defined in Section 18(a).

r. “Permanent Lender” means Louisiana Housing Corporation.

s. “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 (corporeal) personal (movable) 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 (incorporeal) 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.

t. “Property Jurisdiction” is defined in Section 30(a).

u. “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 Project Based Rental Assistance Contract (“PBRA Contract”), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and deposits forfeited by tenants.

v. “RRDP Loan Agreement” means the RRDP Loan Agreement among the Borrower, the Construction Permanent Lender and the Permanent Lender, dated the date of this Mortgage, as modified, amended, and supplemented in accordance with its terms.

w. “RRDP Mortgage” means this document in its entirety. Rental Restoration And Development Program Mortgage, Pledge of Leases and Rents and Security Agreement.

x. “RRDP Note” means the RRDP Note described in the first paragraph of this RRDP Mortgage, including the Acknowledgment and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability (if any), and all schedules, riders, allonges and addenda, as such RRDP Note may be amended from time to time.

y. “RRDP Permanent Loan Documents” means for the purposes of this RRDP Mortgage, the RRDP Note, the RRDP Loan Agreement, all guaranties, all indemnity agreements required by the RRDP Loan Agreement, and any other documents now or in the future executed by Borrower, Key Principal, any guarantor or any other person securing or evidencing the RRDP Loan evidenced by the RRDP Note, as such documents may be amended from time to time.

z.

aa. “Senior Permanent Lender” means [N/A].

bb. “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.

cc. “Transfer” means: (A) a sale, pledge, transfer or other disposition (whether voluntary, involuntary or by operation of law, and whether on a bond for deed basis or otherwise); (B) the granting, creating or attachment of a lien, encumbrance or security interest (whether voluntary, involuntary or by operation of law, and whether on a bond for deed basis or otherwise); (C) the issuance or other creation of an ownership interest in a legal entity, including a partnership interest, interest in a limited liability company or

corporate stock; (D) the withdrawal, retirement, removal or involuntary resignation of a 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 Mortgage, 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 or partnership in commendam, a joint venture and a registered limited liability partnership, and the term "partner" shall mean a general partner, a limited partner and a joint venturer.

dd. "Uniform Commercial Code" or "UCC" means the Louisiana Commercial Laws, Louisiana 0.

2. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.

This RRDP Mortgage is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subject to a security interest under the Uniform Commercial Code, whether acquired now or in the future, and all products and cash and non-cash proceeds thereof (collectively, "**UCC Collateral**"), and Borrower hereby grants to Permanent Lender a security interest in the UCC Collateral. Borrower hereby authorizes Permanent Lender to file financing statements, continuation statements and financing statement amendments in such form as Permanent Lender may require to perfect or continue the perfection of this security interest and Borrower agrees, if Permanent Lender so requests, to execute and deliver to Permanent Lender such financing statements, continuation statements and amendments. Borrower shall pay all filing costs and all costs and expenses of any record searches for financing statements that Permanent Lender may require. Without the prior written consent of Permanent Lender, Borrower shall not create or permit to exist any other lien or security interest in any of the UCC Collateral. If an Event of Default has occurred and is continuing, Permanent Lender shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this RRDP Mortgage or existing under applicable law. In exercising any remedies, Permanent Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Permanent Lender's other remedies. This RRDP Mortgage constitutes a financing statement with respect to any part of the Mortgaged Property which is or may become a Fixture.

3. PLEDGE OF RENTS; APPOINTMENT OF RECEIVER; PERMANENT LENDER IN POSSESSION.

a. As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally pledges and transfers to Permanent Lender all Rents pursuant to Louisiana Revised Statutes 9:4401 et seq. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and pledge to Permanent Lender of all Rents and to authorize and empower Permanent Lender to collect and receive all Rents without the necessity of further action on the part of Borrower. Promptly upon request by Permanent Lender, Borrower agrees to execute and deliver such further pledges as Permanent Lender may from time to time require. Borrower and Permanent Lender intend this pledge of Rents to be immediately effective and to constitute an absolute present pledge and not an pledge for additional security only. For purposes of giving effect to this absolute pledge of Rents, and for no other purpose, Rents shall not be deemed to be a part of the "Mortgaged Property," as that term is defined in Section 1(s). However, if this present, absolute and unconditional pledge of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents shall be included as a part of the Mortgaged Property and it is the intention of the Borrower that in this circumstance this RRDP Mortgage create and perfect a security interest on Rents in favor of Permanent Lender, which security interest shall be effective as of the date of this RRDP Mortgage.

b. After the occurrence of an Event of Default, Borrower authorizes Permanent Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Permanent Lender, and Borrower shall, upon Borrower's receipt of any Rents from any sources (including, but not limited to subsidy payments under any PBRA Contract), pay the total amount of such receipts to the Permanent Lender. However, until the occurrence of an Event of Default, Permanent Lender hereby grants to Borrower a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Permanent Lender and to apply all Rents to pay the installments of interest and principal then due and payable under the RRDP Note and the other amounts then due and payable under the other RRDP Permanent Loan Documents, including Imposition Deposits, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, Taxes and insurance premiums (to the extent not included in Imposition Deposits), tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Borrower free and clear of, and released from, Permanent Lender's rights with respect to Rents under this RRDP Mortgage. From and after the occurrence of an Event of Default, and without the necessity of Permanent Lender entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Borrower's license to collect Rents shall automatically terminate and Permanent Lender shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Borrower shall pay to Permanent Lender upon

demand all Rents to which Permanent Lender is entitled. At any time on or after the date of Permanent Lender's demand for Rents, Permanent Lender may give, and Borrower hereby irrevocably authorizes Permanent Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Permanent Lender, no tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and no tenant shall be obligated to pay to Borrower any amounts which are actually paid to Permanent Lender in response to such a notice. Any such notice by Permanent Lender shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Borrower shall not interfere with and shall cooperate with Permanent Lender's collection of such Rents.

c. Borrower represents and warrants to Permanent Lender that Borrower has not executed any prior pledge of Rents (other than the Construction Mortgage or Permanent Mortgage), that Borrower has not performed, and Borrower covenants and agrees that it will not perform, any acts and has not executed, and shall not execute, any mortgage (other than the Construction Mortgage or Permanent Mortgage) which would prevent Permanent Lender from exercising its rights under this Section 3, and that at the time of execution of this RRDP Mortgage there has been no anticipation or prepayment of any Rents for more than two months prior to the due dates of such Rents. Borrower shall not collect or accept payment of any Rents more than two months prior to the due dates of such Rents.

d. If an Event of Default has occurred and is continuing, subject to the rights of the Senior Permanent Lender, Permanent Lender may, regardless of the adequacy of Permanent Lender's security or the solvency of Borrower and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Permanent Lender in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the pledge of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this RRDP Mortgage, or for such other purposes as Permanent Lender in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Permanent Lender's security, without regard to Borrower's solvency and without the necessity of giving prior notice (oral or written) to Borrower, Permanent Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Permanent Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this RRDP Mortgage, expressly consents to the appointment of such receiver, including the appointment of a receiver *ex parte* if permitted by applicable law. Permanent Lender or the receiver, as the case may be, shall be entitled to receive a reasonable fee for managing the Mortgaged Property. Immediately upon appointment of a receiver or immediately upon the Permanent Lender's entering upon and taking possession and control of the Mortgaged Property, Borrower shall surrender possession of the Mortgaged Property to Permanent Lender or the receiver, as the case may be, and shall deliver to Permanent Lender or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents. In the event Permanent Lender takes possession and control of the Mortgaged Property, Permanent Lender may exclude Borrower and its representatives from the Mortgaged Property. Borrower acknowledges and agrees that the exercise by Permanent Lender of any of the rights conferred under this Section 3 shall not be construed to make Permanent Lender a mortgagee-in-possession of the Mortgaged Property so long as Permanent Lender has not itself entered into actual possession of the Land and Improvements.

e. If Permanent Lender enters the Mortgaged Property, Permanent Lender shall be liable to account only to Borrower and only for those Rents actually received. Permanent Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Permanent Lender under this Section 3, and Borrower hereby releases and discharges Permanent Lender from any such liability to the fullest extent permitted by law.

f. If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Permanent Lender for such purposes shall become an additional part of the Indebtedness as provided in Section 12.

g. Any entering upon and taking of control of the Mortgaged Property by Permanent Lender or the receiver, as the case may be, and any application of Rents as provided in this RRDP Mortgage shall not cure or waive any Event of Default or invalidate any other right or remedy of Permanent Lender under applicable law or provided for in this RRDP Mortgage.

4. PLEDGE OF LEASES; LEASES AFFECTING THE MORTGAGED PROPERTY.

a. As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally pledges and transfers to Permanent Lender all of Borrower's right, title and interest in, to and under the Leases pursuant to Louisiana Revised Statutes 9:4401 et. seq., including Borrower's right, power and authority to

modify the terms of any such Lease pursuant to LA R.S. 9:4401 et. seq., or extend or terminate any such Lease. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and pledge to Permanent Lender of all of Borrower's right, title and interest in, to and under the Leases. Borrower and Permanent Lender intend this pledge of the Leases to be immediately effective and to constitute an absolute present pledge and not a pledge for additional security only. For purposes of giving effect to this absolute pledge 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(17). However, if this present, absolute and unconditional pledge 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 RRDP Mortgage create and perfect a security interest on the Leases in favor of Permanent Lender, which security interest shall be effective as of the date of this RRDP Mortgage.

b. Until Permanent Lender gives notice to Borrower of Permanent Lender's exercise of its rights under this Section 4, Borrower shall have all rights, power and authority granted to Borrower under any Lease (except as otherwise limited by this Section or any other provision of this RRDP Mortgage), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, the permission given to 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 Permanent Lender, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Permanent Lender a mortgagee-in-possession of the Mortgaged Property so long as Permanent Lender has not itself entered into actual possession of the Land and the Improvements. The acceptance by Permanent Lender of the pledge of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Permanent Lender to take any action under this RRDP Mortgage or to expend any money or to incur any expenses. Permanent Lender shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Mortgaged Property. Prior to Permanent Lender's actual entry into and taking possession of the Mortgaged Property, Permanent Lender shall not: (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property; or (iii) be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this RRDP Mortgage 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 Permanent Lender to Borrower of Permanent Lender's exercise of Permanent Lender's rights under this Section 4 at any time after the occurrence of an Event of Default, and without the necessity of Permanent Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Permanent Lender immediately shall have all rights, powers and authority granted to Borrower under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

e. Borrower shall, promptly upon Permanent Lender's request, deliver to Permanent Lender an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Permanent Lender, shall be for initial terms of at least six months and not more than two years, and shall not include options to purchase. If customary in the applicable market, residential Leases with terms of less than six months may be permitted with Permanent Lender's prior written consent.

f. Borrower shall not lease any portion of the Mortgaged Property for non-residential use except with the prior written consent of Permanent Lender and Permanent Lender's prior written approval of the Lease agreement. Borrower shall not modify the terms of, or extend or terminate, any Lease for non-residential use (including any Lease in existence on the date of this RRDP Mortgage) without the prior written consent of Permanent Lender. Borrower shall, without request by Permanent Lender, deliver an executed copy of each non-residential Lease to Permanent Lender promptly after such Lease is signed. All non-residential Leases, including renewals or extensions of existing Leases, shall specifically provide that (1) such Leases are subordinate to the lien of this RRDP Mortgage (unless waived in writing by Permanent Lender); (2) the tenant shall attorn to Permanent Lender and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a foreclosure sale or by Permanent Lender in any manner; (3) the tenant agrees to execute such further evidences of attornment as Permanent Lender or any purchaser at a foreclosure sale may from time to time request; (4) the Lease shall not be terminated by foreclosure or any other transfer of the Mortgaged Property; (5) after a foreclosure sale of the Mortgaged Property, Permanent Lender or any other purchaser at such foreclosure sale may, at Permanent Lender's or such purchaser's option, accept or terminate such Lease; and (6) the tenant shall, upon receipt after

the occurrence of an Event of Default of a written request from Permanent Lender, pay all Rents payable under the Lease to Permanent Lender.

g. Borrower shall not receive or accept Rent under any Lease (whether residential or non-residential) for more than two months in advance.

5. PAYMENT OF INDEBTEDNESS; PERFORMANCE UNDER RRDP PERMANENT LOAN DOCUMENTS.

Borrower shall pay the Indebtedness when due in accordance with the terms of the RRDP Note and the other RRDP Permanent Loan Documents and shall perform, observe and comply with all other provisions of the RRDP Note and the other RRDP Permanent Loan Documents.

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 RRDP Mortgage is limited in the manner, and to the extent, provided in the RRDP Note.

7. DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES.

a. Except as otherwise provided in the RRDP Permanent Loan Documents, unless waived by Permanent Lender, Borrower shall deposit with Permanent Lender on the day installments of principal or interest, or both, are due under the RRDP Note (or on another day designated in writing by Permanent Lender), until the Indebtedness is paid in full, an additional amount sufficient to accumulate with Permanent Lender the entire sum required to pay, when due (1) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Mortgaged Property, (2) the premiums for fire and other hazard insurance, rent loss insurance and such other insurance as Permanent Lender may require under Section 19, (3) Taxes; (4) replacement reserves in the amount of \$ N/A per month, or \$ N/A during the first year of operation of the Project; and (5) amounts for other charges and expenses which Permanent Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of liens on the Mortgaged Property, or otherwise to protect Permanent Lender's interests, all as reasonably estimated from time to time by Permanent Lender. The amounts deposited under the preceding sentence are collectively referred to in this RRDP Mortgage as the "**Imposition Deposits**". The obligations of Borrower for which the Imposition Deposits are required are collectively referred to in this RRDP Mortgage as "**Impositions**". The amount of the Imposition Deposits shall be sufficient to enable Permanent Lender to pay each Imposition before the last date upon which such payment may be made without any penalty or interest charge being added. Permanent Lender shall maintain records indicating how much of the monthly Imposition Deposits and how much of the aggregate Imposition Deposits held by Permanent Lender are held for the purpose of paying Taxes, insurance premiums and each other obligation of Borrower for which Imposition Deposits are required. Any waiver by Permanent Lender of the requirement that Borrower remit Imposition Deposits to Permanent Lender may be revoked by Permanent Lender, in Permanent Lender's discretion, at any time upon notice to Borrower.

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

c. If Permanent Lender receives a bill or invoice for an Imposition, Permanent Lender shall pay the Imposition from the Imposition Deposits held by Permanent Lender. Permanent Lender shall have no obligation to pay any Imposition to the extent it exceeds Imposition Deposits then held by Permanent Lender. Permanent Lender may pay an Imposition according to any bill, statement or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement or estimate or into the validity of the Imposition.

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

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

f. The replacement reserves set forth in Section 7(a)(4) ("**Replacement Reserves**") shall be used for the payment of costs and expenses incurred by Borrower in connection with fixtures, furniture and equipment, capital improvements, repairs and replacements performed at the Mortgaged Property, including but not limited to, the performance of work to the roofs, chimneys, gutters, downspouts, paving, curbs, ramps, driveways, balconies, porches, patios, exterior walls, exterior doors and doorways, windows, carpets, appliances, fixtures, elevators, and mechanical and HVAC equipment and the replacement of furnishings, fixtures and equipment in the rooms, hallways, lobbies, restaurants, lounges, meeting or banquet rooms, parking facilities and other public areas accessible by the public or tenants for regular use, and such other items as Permanent Lender may approve from time to time in its reasonable discretion (collectively, the "**Repairs**") Commencing on the first month in which the Mortgaged Property is placed in service, and continuing thereafter or the 1st of each month during the 1st year of the Mortgaged Property's operation, Borrower shall pay to Permanent Lender a deposit to the reserve in an amount of \$ N/A. So long as no Event of Default has occurred and is continuing and no circumstance exists, which with the giving of notice, or passage of time, or both, would constitute an Event of Default, (i) all sums in the Replacement Reserve shall be held by Permanent Lender in the Replacement Reserve to pay and/or reimburse Borrower for the costs and expenses of Repairs, and (ii) Permanent Lender shall, so long as no Event of Default has occurred and is continuing and no circumstance exists, which with the giving of notice, or passage of time, or both, would constitute an Event of Default, and to the extent funds are available for such purpose in the Replacement Reserve, disburse to Borrower the amount paid or incurred by Borrower in performing such Repairs within ten (10) days following: (a) the receipt by Permanent Lender of a written request from Borrower for disbursement from the Replacement Reserve and a certification by Borrower to Permanent Lender that the applicable item of Repair has been completed; (b) the delivery to Permanent Lender of invoices, receipts or other evidence verifying the cost of performing the Repairs; and (c) for disbursement requests (i) in excess of \$10,000.00 with respect to any single Repair, or (ii) for any single Repair that is structural in nature, delivery to Permanent Lender of (1) affidavits, lien waivers or other evidence reasonably satisfactory to Permanent Lender showing that all materialmen, laborers, subcontractors and any other parties who might or could claim statutory or common law liens and are furnishing or have furnished materials or labor to the Mortgaged Property have been paid all amounts due for labor and materials furnished to the Mortgaged Property; (2) a certification from an inspecting architect or other third party acceptable to Permanent Lender describing the completed Repairs and verifying the completion of the Repairs and the value of the completed Repairs; and (3) a new (or amended) certificate of occupancy for the portion of the Improvements covered by such Repairs, if said new certificate of occupancy is required by law, or a certification by Borrower that no new certificate of occupancy is required by law. Permanent Lender shall not be required to make advances from the Replacement Reserve more frequently than once in any thirty (30) day period. In making any payment from the Replacement Reserve, Permanent Lender shall be entitled to rely on such request from Borrower, and on any bill, statement, or estimate from any third party, without any inquiry into the accuracy, validity or contestability of any such amount. Interest or other earnings on the funds contained in the Replacement Reserve shall be credited to Borrower. In the event that the amounts on deposit or available in the Replacement Reserve are inadequate to pay the cost of the Repairs, Borrower shall pay the amount of such deficiency in accordance with Section 12.

g. Upon Permanent Lender's prior written consent, to the extent any Impositions are required by a senior mortgage, such amounts deposited in compliance with all requirements pursuant to an agreement with a senior Permanent Lender shall be credited against amounts required under Section 7(a).

8. COLLATERAL AGREEMENTS.

Unless waived by Permanent Lender, Borrower shall deposit with Permanent Lender such amounts as may be required by any Collateral Agreement and shall perform all other obligations of Borrower under each Collateral Agreement.

9. APPLICATION OF PAYMENTS.

If at any time Permanent Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, then Permanent Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Permanent Lender, in Permanent Lender's discretion. Neither Permanent Lender's acceptance of an amount which is less than all amounts then due and payable nor Permanent Lender's application of such payment in the manner authorized shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Indebtedness, Borrower's obligations under this RRDP Mortgage and the RRDP Note shall remain unchanged.

10. COMPLIANCE WITH LAWS.

Borrower shall comply with all laws, ordinances, regulations and requirements of any Governmental Authority and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, regulations, requirements and covenants pertaining to health and safety, construction of improvements on the Mortgaged Property, fair housing, zoning and land use, and Leases. Borrower also shall comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits. Borrower shall at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 10. Borrower shall take appropriate measures to prevent, and shall not engage in or knowingly permit, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Mortgaged Property, or otherwise materially impair the lien created by this RRDP Mortgage or Permanent Lender's interest in the Mortgaged Property. Borrower represents and warrants to Permanent Lender that no portion of the Mortgaged Property has been or will be purchased with the proceeds of any illegal activity.

11. USE OF PROPERTY.

Unless required by applicable law, Borrower shall not (a) except for any change in use approved by Permanent Lender, allow changes in the use for which all or any part of the Mortgaged Property is being used at the time this RRDP Mortgage was executed, (b) convert any individual dwelling units or common areas to commercial use, (c) initiate or acquiesce in a change in the zoning classification of the Mortgaged Property, or (d) establish any condominium or cooperative regime with respect to the Mortgaged Property.

12. PROTECTION OF PERMANENT LENDER'S SECURITY.

a. If Borrower fails to perform any of its obligations under this RRDP Mortgage or any other RRDP Permanent Loan Document, or if any action or proceeding is commenced which purports to affect the Mortgaged Property, Permanent Lender's security or Permanent Lender's rights under this Mortgage, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Permanent Lender at Permanent Lender's option may make such appearances, disburse such sums and take such actions as Permanent Lender reasonably deems necessary to perform such obligations of Borrower and to protect Permanent Lender's interest, including (1) payment of fees and out-of-pocket expenses of attorneys, accountants, inspectors and consultants, (2) entry upon the Mortgaged Property to make repairs or secure the Mortgaged Property, (3) procurement of the insurance required by Section 19, and (4) payment of amounts which Borrower has failed to pay under Sections 15 and 17.

b. Any amounts disbursed by Permanent Lender under this Section 12, or under any other provision of this RRDP Mortgage that treats such disbursement as being made under this Section 12, shall be added to, and become part of, the principal component of the Indebtedness, shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the "**Default Rate**", as defined in the RRDP Note.

c. Nothing in this Section 12 shall require Permanent Lender to incur any expense or take any action.

13. INSPECTION.

Permanent Lender, its agents, representatives, and designees may make or cause to be made entries upon and inspections of the Mortgaged Property (including environmental inspections and tests) during normal business hours, or at any other reasonable time.

14. BOOKS AND RECORDS; FINANCIAL REPORTING.

a. Borrower shall keep and maintain at all times at the Mortgaged Property or the management agent's offices, and upon Permanent Lender's request, shall make available at the Mortgaged Property, complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property, and copies of all written contracts, Leases, and other Mortgages which affect the Mortgaged Property. The books, records, contracts, Leases and other Mortgages shall be subject to examination and inspection at any reasonable time by Permanent Lender.

b. At Permanent Lender's request, Borrower shall furnish to Permanent Lender the following:

(i) within one hundred and twenty (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 that fiscal year and, when requested by Permanent Lender, a balance sheet showing all assets and liabilities of Borrower relating to the Mortgaged Property as of the end of that fiscal year;

(ii) within one hundred and twenty (120) days after the end of each fiscal year of Borrower, and at any other time upon Permanent Lender's request, a rent schedule for the Mortgaged Property showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by Permanent Lender;

(iii) within one hundred and twenty (120) days after the end of each fiscal year of Borrower, and at any other time upon Permanent Lender's request, an accounting of all security deposits held pursuant to all Leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Permanent Lender to access information regarding such accounts;

(iv) within one hundred and twenty (120) days after the end of each fiscal year of Borrower, and at any other time upon Permanent Lender's request, a statement that identifies all owners of any interest in Borrower and the interest held by each, if Borrower is a corporation, all officers and directors of Borrower, and if Borrower is a limited liability company, all managers who are not members;

(v) 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 Permanent Lender;

(vi) 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

(vii) a statement of income and expenses for the Mortgaged Property for the prior month or quarter.

c. Each of the statements, schedules and reports required by Section 14(b) shall be certified to be complete and accurate by an individual having authority to bind Borrower, and shall be in such form and contain such detail as Permanent Lender may reasonably require. Permanent Lender also may require that any statements, schedules or reports be audited at Borrower's expense by independent certified public accountants acceptable to Permanent Lender.

d. If Borrower fails to provide in a timely manner the statements, schedules and reports required by Section 14(b), Permanent Lender shall have the right to have Borrower's books and records audited, at Borrower's expense, by independent certified public accountants selected by Permanent Lender in order to obtain such statements, schedules and reports, and all related costs and expenses of Permanent Lender shall become immediately due and payable and shall become an additional part of the Indebtedness as provided in Section 12.

e. If an Event of Default has occurred and is continuing, Borrower shall deliver to Permanent Lender upon written demand all books and records relating to the Mortgaged Property or its operation.

f. Borrower authorizes Permanent Lender to obtain a credit report on Borrower at any time.

g. If an Event of Default has occurred and Permanent Lender has not previously required Borrower to furnish a quarterly statement of income and expenses for the Mortgaged Property, Permanent Lender 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(c) and Section 15(d), Borrower shall pay, or cause to be paid, all Taxes when due and before the addition of any interest, fine, penalty or cost for nonpayment.

b. Subject to the provisions of Section 15(c), Borrower shall pay the expenses of operating, managing, maintaining and repairing the Mortgaged Property (including insurance premiums, utilities, repairs and replacements) before the last date upon which each such payment may be made without any penalty or interest charge being added.

c. As long as no Event of Default exists and Borrower has timely delivered to Permanent Lender any bills or premium notices that it has received, Borrower shall not be obligated to pay Taxes, insurance premiums or any other individual Imposition to the extent that sufficient Imposition Deposits are held by Permanent Lender for the purpose of paying that specific Imposition. If an Event of Default exists, Permanent Lender may exercise any rights Permanent Lender may have with respect to Imposition Deposits without regard to whether Impositions are then due and payable. Permanent Lender shall have no liability to Borrower for failing to pay any Impositions to the extent that any Event of Default has occurred and is continuing, insufficient Imposition Deposits are held by Permanent Lender at the time an Imposition becomes due and payable or Borrower has failed to provide Permanent Lender with bills and premium notices as provided above.

d. Borrower, at its own expense, may contest by appropriate legal proceedings, conducted diligently and in good faith, the amount or validity of any Imposition other than insurance premiums, if (1) Borrower notifies Permanent Lender of the commencement or expected commencement of such proceedings, (2) the Mortgaged Property is not in danger of being sold or forfeited, (3) Borrower deposits with Permanent Lender reserves sufficient to pay the contested Imposition, if requested by Permanent Lender, and (4) Borrower furnishes whatever additional security is required in the proceedings or is reasonably requested by Permanent Lender, which may include the delivery to Permanent Lender of the reserves established by Borrower to pay the contested Imposition.

e. Borrower shall promptly deliver to Permanent Lender a copy of all notices of, and invoices for, Impositions, and if Borrower pays any Imposition directly, Borrower shall promptly furnish to Permanent Lender receipts evidencing such payments.

16. LIENS; ENCUMBRANCES.

Borrower acknowledges that, to the extent provided in Section 21, the grant, creation or existence of any mortgage, deed of trust, deed to secure debt, security interest or other lien, privilege or encumbrance (a “**Lien**”) on the Mortgaged Property (other than the lien of this RRDP Mortgage or the lien of the Permanent Mortgage, or the Permitted Encumbrances) or on certain ownership interests in Borrower, whether voluntary, involuntary or by operation of law, and whether or not such Lien has priority over the lien of this Mortgage, 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 Permanent Lender may approve in writing, whether or not insurance proceeds or condemnation awards are available to cover any costs of such restoration or repair, (4) shall keep the Mortgaged Property in good repair, including the replacement of Personalty and Fixtures with items of equal or better function and quality, (5) shall provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Permanent Lender under a contract approved by Permanent Lender in writing, and (6) shall give notice to Permanent Lender of and, unless otherwise directed in writing by Permanent Lender, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Permanent Lender’s security or Permanent Lender’s rights under this Mortgage. Borrower shall not (and shall not permit any tenant or other person to) remove, demolish or alter the Mortgaged Property or any part of the Mortgaged Property except in connection with the replacement of tangible Personalty.

b. If, in connection with the making of the loan evidenced by the Note or at any later date, Permanent Lender waives in writing the requirement of Section 17(a)(5) above that Borrower enter into a written contract for management of the Mortgaged Property and if, after the date of this Mortgage, Borrower intends to change the management of the Mortgaged Property, Permanent Lender shall have the right to approve such new property manager and the written contract for the management of the Mortgaged Property and require that Borrower and such new property manager enter into an Pledge of Management Agreement on a form approved by Permanent Lender. If required by Permanent Lender (whether before or after an Event of Default), Borrower will cause any Affiliate of Borrower to whom fees are payable for the management of the Mortgaged Property to enter into an agreement with Permanent Lender, in a form approved by Permanent Lender, providing for subordination of those fees and such other provisions as Permanent Lender may require. “**Affiliate of Borrower**” means any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which has a Controlling Interest in, the Borrower (the term “**control**” “**controlled by**”, “**under common control with**”, or “**controlling interest**” means (i) the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial or other interests of a company (or other entity) and includes the definition of “**control**” in 24 CFR 401.310(a)(2); or (ii) the power to vote, directly or indirectly, 25 percent or more of any class of the voting stock of a company; or (iii) the ability to direct in any manner the election of a majority of a company’s (or other entity’s) directors, trustees or members; or (iv) the ability to exercise a controlling influence over the company’s or entity’s

management and policies. For purposes of this definition, a general partner of a limited partnership is presumed to be in control of that partnership, and a managing member of a limited liability company is presumed to be in control of that limited liability company.).

18. ENVIRONMENTAL HAZARDS.

a. Except for matters covered by a written program of operations and maintenance approved in writing by Permanent Lender (an “**O&M Program**”) or matters described in Section 18(b), Borrower shall not cause or permit any of the following:

- (i)** the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials on or under the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;
- (ii)** the transportation of any Hazardous Materials to, from, or across the Mortgaged Property;
- (iii)** any occurrence or condition on the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws; or
- (iv)** 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 (i) through (iv) above are referred to collectively in this Section 18 as “**Prohibited Activities or Conditions**”.

b. Prohibited Activities and Conditions shall not include the safe and lawful use and storage of quantities of (1) pre-packaged supplies, cleaning materials and petroleum products customarily used in the operation and maintenance of comparable multifamily properties, (2) cleaning materials, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Mortgaged Property; and (3) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Mortgaged Property’s parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws.

c. Borrower shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date of this Mortgage) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Borrower shall not lease or allow the sublease or use of all or any portion of the Mortgaged Property to any tenant or subtenant for nonresidential use by any user that, in the ordinary course of its business, would cause or permit any Prohibited Activity or Condition.

d. If an O&M Program has been established with respect to Hazardous Materials, Borrower shall comply in a timely manner with, and cause all employees, agents, and contractors of Borrower and any other persons present on the Mortgaged Property to comply with the O&M Program. All costs of performance of Borrower’s obligations under any O&M Program shall be paid by Borrower, and Permanent Lender’s out-of-pocket costs incurred in connection with the monitoring and review of the O&M Program and Borrower’s performance shall be paid by Borrower upon demand by Permanent Lender. Any such out-of-pocket costs of Permanent Lender which Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12.

e. Borrower represents and warrants to Permanent Lender that, except as previously disclosed by Borrower to Permanent Lender in writing:

- (i)** Borrower has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;
- (ii)** to the best of Borrower’s knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed;
- (iii)** except to the extent previously disclosed by Borrower to Permanent Lender in writing, the Mortgaged Property does not now contain any underground storage tanks, and, to the best of Borrower’s knowledge after reasonable and diligent inquiry, the Mortgaged Property has not contained any underground storage tanks in the past. If there is an underground storage tank located

on the Mortgaged Property which has been previously disclosed by Borrower to Permanent Lender in writing, that tank complies with all requirements of Hazardous Materials Laws;

(iv) 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;

(v) 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;

(vi) 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

(vii) Borrower has not received any complaint, order, notice of violation or other communication from any Governmental Authority with regard to air emissions, water discharges, noise emissions or Hazardous Materials, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property.

The representations and warranties in this Section 18 shall be continuing representations and warranties that shall be deemed to be made by Borrower throughout the term of the loan evidenced by the Note, until the Indebtedness has been paid in full.

f. Borrower shall promptly notify Permanent Lender in writing upon the occurrence of any of the following events:

(i) Borrower's discovery of any Prohibited Activity or Condition;

(ii) Borrower's receipt of or knowledge of any complaint, order, notice of violation or other communication from any Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property; and

(iii) 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 Mortgage, the Note, or any other Loan Document.

g. Borrower shall pay promptly the costs of any environmental inspections, tests or audits ("**Environmental Inspections**") required by Permanent Lender in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Permanent Lender's consent to any Transfer under Section 21, or required by Permanent Lender following a reasonable determination by Permanent Lender that Prohibited Activities or Conditions may exist. Any such costs incurred by Permanent Lender (including the fees and out-of-pocket costs of attorneys and technical consultants whether incurred in connection with any judicial or administrative process or otherwise) which Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12. The results of all Environmental Inspections made by Permanent Lender shall at all times remain the property of Permanent Lender and Permanent Lender shall have no obligation to disclose or otherwise make available to Borrower or any other party such results or any other information obtained by Permanent Lender in connection with its Environmental Inspections. Permanent Lender hereby reserves the right, and Borrower hereby expressly authorizes Permanent Lender, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by Permanent Lender with respect to the Mortgaged Property. Borrower consents to Permanent Lender notifying any party (either as part of a notice of sale or otherwise) of the results of any of Permanent Lender's Environmental Inspections. Borrower acknowledges that Permanent Lender cannot control or otherwise assure the truthfulness or accuracy of the results of any of its Environmental Inspections and that the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount which a party may bid at such sale. Borrower agrees that Permanent Lender shall have no liability whatsoever as a result of delivering the results of any of its Environmental Inspections to any third party, and Borrower hereby releases and forever discharges Permanent Lender from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any of Permanent Lender's Environmental Inspections.

h. If any investigation, site monitoring, containment, clean-up, restoration or other remedial work (“**Remedial Work**”) is necessary to comply with any Hazardous Materials Law or order of any Governmental Authority that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, Borrower shall, by the earlier of (1) the applicable deadline required by Hazardous Materials Law or (2) 30 days after notice from Permanent Lender demanding such action, begin performing the Remedial Work, and thereafter diligently prosecute it to completion, and shall in any event complete the work by the time required by applicable Hazardous Materials Law. If Borrower fails to begin on a timely basis or diligently prosecute any required Remedial Work, Permanent Lender may, at its option, cause the Remedial Work to be completed, in which case Borrower shall reimburse Permanent Lender on demand for the cost of doing so. Any reimbursement due from Borrower to Permanent Lender shall become part of the Indebtedness as provided in Section 12.

i. Borrower shall cooperate with any inquiry by any Governmental Authority and shall comply with any governmental or judicial order which arises from any alleged Prohibited Activity or Condition.

j. Borrower shall indemnify, hold harmless and defend (i) Permanent Lender, (ii) any prior owner or holder of the Note, (iii) the Loan Servicer, (iv) any prior Loan Servicer, (v) the officers, directors, shareholders, partners, employees and trustees of any of the foregoing, and (vi) the heirs, legal representatives, successors and assigns of each of the foregoing (collectively, the “**Indemnitees**”) from and against all proceedings, claims, damages, penalties and costs (whether initiated or sought by Governmental Authorities or private parties), including fees and out-of-pocket expenses of attorneys and expert witnesses, investigatory fees, and remediation costs, whether incurred in connection with any judicial or administrative process or otherwise, arising directly or indirectly from any of the following:

- (i) any breach of any representation or warranty of Borrower in this Section 18;
- (ii) any failure by Borrower to perform any of its obligations under this Section 18;
- (iii) the existence or alleged existence of any Prohibited Activity or Condition;
- (iv) the presence or alleged presence of Hazardous Materials on or under the Mortgaged Property or any property of Borrower that is adjacent to the Mortgaged Property; and
- (v) the actual or alleged violation of any Hazardous Materials Law.

k. Counsel selected by Borrower to defend Indemnitees shall be subject to the approval of those Indemnitees. However, any Indemnitee may elect to defend any claim or legal or administrative proceeding at the Borrower’s expense.

l. Borrower shall not, without the prior written consent of those Indemnitees who are named as parties to a claim or legal or administrative proceeding (a “**Claim**”), settle or compromise the Claim if the settlement (1) results in the entry of any judgment that does not include as an unconditional term the delivery by the claimant or plaintiff to Permanent Lender of a written release of those Indemnitees, satisfactory in form and substance to Permanent Lender; or (2) may materially and adversely affect Permanent Lender, as determined by Permanent Lender in its discretion.

m. LHC agrees that the indemnity under this Section 18 shall be limited to the assets of Borrower and Permanent Lender shall not seek to recover any deficiency from any natural persons who are general partners of Borrower.

n. Borrower shall, at its own cost and expense, do all of the following:

- (i) pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnites in any legal or administrative proceeding incident to any matters against which Indemnites are entitled to be indemnified under this Section 18;
- (ii) 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
- (iii) reimburse Indemnites 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 Indemnites of their rights under this Section 18, or in monitoring and participating in any legal or administrative proceeding.

o. In any circumstances in which the indemnity under this Section 18 applies, Permanent Lender may employ its own legal counsel and consultants to prosecute, defend or negotiate any claim or legal or administrative proceeding and Permanent Lender, with the prior written consent of Borrower (which shall not be unreasonably withheld, delayed or conditioned), may settle or compromise any action or legal or administrative proceeding. Borrower shall reimburse Permanent Lender upon demand for all costs and

expenses incurred by Permanent Lender, including all costs of settlements entered into in good faith, and the fees and out-of-pocket expenses of such attorneys and consultants.

p. The provisions of this Section 18 shall be in addition to any and all other obligations and liabilities that Borrower may have under applicable law or under other Loan Documents, and each Indemnitee shall be entitled to indemnification under this Section 18 without regard to whether Permanent Lender or that Indemnitee has exercised any rights against the Mortgaged Property or any other security, pursued any rights against any guarantor, or pursued any other rights available under the Loan Documents or applicable law. If Borrower consists of more than one person or entity, the obligation of those persons or entities to indemnify the Indemnitees under this Section 18 shall be solidary. The obligation of Borrower to indemnify the Indemnitees under this Section 18 shall survive any repayment or discharge of the Indebtedness, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Mortgage.

19. PROPERTY AND LIABILITY INSURANCE.

a. Borrower shall keep the Improvements insured at all times against such hazards as Permanent Lender may from time to time require, which insurance shall include but not be limited to coverage against loss by fire and allied perils, general boiler and machinery coverage, and business income coverage. Permanent Lender's insurance requirements may change from time to time throughout the term of the Indebtedness. If Permanent Lender so requires, such insurance shall also include sinkhole insurance, mine subsidence insurance, earthquake insurance, and, if the Mortgaged Property does not conform to applicable zoning or land use laws, building ordinance or law coverage. If any of the Improvements is located in an area identified by the Federal Emergency Management Agency (or any successor to that agency) as an area having special flood hazards, and if flood insurance is available in that area, Borrower shall insure such Improvements against loss by flood.

b. All premiums on insurance policies required under Section 19(a) shall be paid in the manner provided in Section 7, unless Permanent Lender has designated in writing another method of payment. All such policies shall also be in a form approved by Permanent Lender. All policies of property damage insurance shall include a non-contributing, non-reporting mortgage clause in favor of, and in a form approved by, Permanent Lender. Permanent Lender shall have the right to hold the original policies or duplicate original policies of all insurance required by Section 19(a). Borrower shall promptly deliver to Permanent Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums. At least 30 days prior to the expiration date of a policy, Borrower shall deliver to Permanent Lender the original (or a duplicate original) of a renewal policy in form satisfactory to Permanent Lender.

c. Borrower shall maintain at all times commercial general liability insurance, workers' compensation insurance and such other liability, errors and omissions and fidelity insurance coverage as Permanent Lender may from time to time require.

d. All insurance policies and renewals of insurance policies required by this Section 19 shall be in such amounts and for such periods as Permanent Lender may from time to time require, and shall be issued by insurance companies satisfactory to Permanent Lender.

e. Borrower shall comply with all insurance requirements and shall not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage that this RRDP Mortgage requires Borrower to maintain.

f. In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to Permanent Lender. Borrower hereby authorizes and appoints Permanent Lender as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claims under policies of property damage insurance, to appear in and prosecute any action arising from such property damage insurance policies, to collect and receive the proceeds of property damage insurance, and to deduct from such proceeds Permanent Lender's expenses incurred in the collection of such proceeds. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 19 shall require Permanent Lender to incur any expense or take any action. Permanent Lender may, at Permanent Lender's option, (1) hold the balance of such proceeds to be used to reimburse Borrower for the cost of restoring and repairing the Mortgaged Property to the equivalent of its original condition or to a condition approved by Permanent Lender (the "**Restoration**"), or (2) apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due. To the extent Permanent Lender determines to apply insurance proceeds to Restoration, Permanent Lender shall do so in accordance with Permanent Lender's then-current policies relating to the restoration of casualty damage on similar multifamily properties.

g. LHC 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) Permanent Lender determines, in its reasonable discretion, that there will be sufficient funds to

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

h. If the Mortgaged Property is sold at a foreclosure sale or Permanent Lender acquires title to the Mortgaged Property, Permanent Lender shall automatically succeed to all rights of Borrower in and to any insurance policies and unearned insurance premiums and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

i. Notwithstanding anything to the contrary provided herein, all rights and/or authority to Permanent Lender herein shall be subject to the rights granted to the Senior Permanent Lender.

20. CONDEMNATION.

a. Borrower shall promptly notify Permanent Lender of any action or proceeding relating to any condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect (a "**Condemnation**"). Borrower shall appear in and prosecute or defend any action or proceeding relating to any Condemnation unless otherwise directed by Permanent Lender in writing. Borrower authorizes and appoints Permanent Lender as attorney-in-fact for Borrower to commence, appear in and prosecute, in Permanent Lender's or Borrower's name, any action or proceeding relating to any Condemnation and to settle or compromise any claim in connection with any Condemnation. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 20 shall require Permanent Lender to incur any expense or take any action. Borrower hereby transfers and assigns to Permanent Lender all right, title and interest of Borrower in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

b. LHC may apply such awards or proceeds, after the deduction of Permanent Lender's expenses incurred in the collection of such amounts, at Permanent Lender's option, to the restoration or repair of the Mortgaged Property or to the payment of the Indebtedness, with the balance, if any, to Borrower. Unless Permanent Lender otherwise agrees in writing, any application of any awards or proceeds to the Indebtedness shall not extend or postpone the due date of any installments referred to in the Note, Section 7 of this RRDP Mortgage or any Collateral Agreement, or change the amount of such installments. Borrower agrees to execute such further evidence of pledge of any awards or proceeds as Permanent Lender may require.

c. Notwithstanding anything to the contrary provided herein, all rights and/or authority to Permanent Lender herein shall be subject to the rights granted to the Senior Permanent Lender.

21. TRANSFERS OF THE MORTGAGED PROPERTY OR INTERESTS IN BORROWER.

(a) Subject to the terms of this Section 21, repayment in full of the Indebtedness is due on sale and/or on refinancing of the Mortgaged Property in a manner inconsistent with the RRDP Loan Agreement, including without limitation payment of all principal and accrued and unpaid interest, absent Permanent Lender's written waiver. Permanent Lender may, in its sole discretion, allow the transferee to assume the remaining Indebtedness.

(b) Notwithstanding the foregoing to the contrary, in the case of a transfer of the Mortgaged Property, the Borrower hereby covenants and agrees not to sell, transfer or otherwise dispose of the Mortgaged Property, or any portion thereof, without obtaining the prior written consent of Permanent Lender, which consent shall be in Permanent Lender's sole discretion. Permanent Lender may, in its sole discretion, allow the transferee to assume the remaining Indebtedness.

22. EVENTS OF DEFAULT.

The occurrence of any one or more of the following shall constitute an Event of Default under this Mortgage:

a. any failure by Borrower to pay or deposit when due any amount required by the Note(s), this RRDP Mortgage or any other Loan Document;

b. any failure by Borrower to maintain the insurance coverage required by Section 19;

- c. any failure by Borrower to comply with the provisions of Section 33;
- d. fraud or material misrepresentation or material omission by Borrower, or any of its officers, directors, trustees, general partners or managers, Key Principal or any guarantor in connection with (A) the application for or creation of the Indebtedness, (B) any financial statement, rent roll, or other report or information provided to Permanent Lender during the term of the Indebtedness, or (C) any request for Permanent Lender'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 Permanent Lender's reasonable judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this RRDP Mortgage or Permanent Lender's interest in the Mortgaged Property;
- g. any failure by Borrower to perform any of its obligations under this RRDP Mortgage (other than those specified in Sections 22(a) through (f)), as and when required, which continues for a period of 30 days after notice of such failure by Permanent Lender to Borrower, but no such notice or grace period shall apply in the case of any such failure which could, in Permanent Lender's judgment, absent immediate exercise by Permanent Lender of a right or remedy under this Mortgage, result in harm to Permanent Lender, impairment of the Note(s) or this RRDP Mortgage or any other security given under any other Loan Document;
- h. any failure by Borrower to perform any of its obligations as and when required under any RRDP Permanent Loan Document other than this RRDP Mortgage which continues beyond the applicable cure period, if any, specified in that Loan Document; and
- i. any exercise by the holder of any other debt mortgage 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 mortgage immediately due and payable.
- j. Right to Cure: Borrower shall have ten (10) days after the receipt of written notice to cure any monetary default herein, and thirty (30) days after the receipt of written notice to cure any non-monetary default herein. Permanent Lender agrees to provide written notice of an Event of Default to any investor listed in Paragraph 10.7 of the Loan Agreement and/or Section 31 of this RRDP Mortgage and to allow said investor the opportunity, but not the obligation, to cure any default of Borrower on behalf of Borrower to the same extent as Borrower. Borrower agrees that Permanent Lender shall be entitled to rely upon and to accept any offer of cure made by any such investor. Notwithstanding any of the forgoing provisions to the contrary, if Borrower has failed to cure any default within five (5) days prior to the expiration of any applicable cure period, Permanent Lender may, at its sole option, cure such default, provided, however, that Permanent Lender shall be under no duty or obligation to do so.

23. REMEDIES CUMULATIVE.

Each right and remedy provided in this RRDP Mortgage is distinct from all other rights or remedies under this RRDP Mortgage or any other RRDP Permanent Loan Document or afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.

24. FORBEARANCE.

a. LHC 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 Mortgage, the Note, or any other Loan Document; release anyone liable for the payment of any amounts under this Mortgage, the Note, or any other Loan Document; accept a renewal of the Note; modify the terms and time of payment of the Indebtedness; join in any extension or subordination agreement; release any Mortgaged Property; take or release other or additional security; modify the rate of interest or period of amortization of the Note or change the amount of the monthly installments payable under the Note; and otherwise modify this Mortgage, the Note, or any other Loan Document.

b. Any forbearance by Permanent Lender in exercising any right or remedy under the Note, this Mortgage, or any other RRDP Permanent 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 Permanent Lender of payment of all or any part of the Indebtedness after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Permanent Lender's right to require prompt payment when due of all other payments on account of the Indebtedness or to exercise any remedies for any failure to make prompt payment. Enforcement by Permanent Lender of any security for the Indebtedness shall not constitute

an election by Permanent Lender of remedies so as to preclude the exercise of any other right available to Permanent Lender. Permanent Lender's receipt of any awards or proceeds under Sections 19 and 20 shall not operate to cure or waive any Event of Default.

25. LOAN CHARGES.

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

26. WAIVER OF STATUTE OF LIMITATIONS.

Borrower hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this RRDP Mortgage or to any action brought to enforce any Loan Document.

27. WAIVER OF MARSHALLING.

Notwithstanding the existence of any other security interests in the Mortgaged Property held by Permanent Lender or by any other party, Permanent Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Mortgage, the Note, any other RRDP Permanent Loan Document or applicable law. Permanent Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this RRDP Mortgage waives any and all right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Mortgage.

28. FURTHER ASSURANCES.

Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, pledges, estoppel certificates, financing statements, transfers and assurances as Permanent Lender may require from time to time in order to better assure, grant, and convey to Permanent Lender the rights intended to be granted, now or in the future, to Permanent Lender under this RRDP Mortgage and the Loan Documents.

29. ESTOPPEL CERTIFICATE.

Within 10 days after a request from Permanent Lender, Borrower shall deliver to Permanent Lender a written statement, signed and acknowledged by Borrower, certifying to Permanent Lender or any person designated by Permanent Lender, as of the date of such statement, (i) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Note; (iii) the date to which interest under the Note has been paid; (iv) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this RRDP Mortgage or any of the other Loan Documents (or, if the Borrower is in default, describing such default in reasonable detail); (v) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Permanent Lender under the Loan Documents; and (vi) any additional facts requested by Permanent Lender.

30. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.

a. This RRDP Mortgage, and any RRDP Permanent 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 RRDP Note, this RRDP Mortgage, or any other RRDP Permanent Loan Document shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Note, any security for the Indebtedness, or any other RRDP Permanent Loan Document. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

31. NOTICE.

a. All notices, demands and other communications (“**notice**”) under or concerning this RRDP Mortgage shall be in writing. Each notice shall be addressed to the intended recipient at its address set forth in this RRDP Mortgage and/or RRDP Loan Agreement, 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 Permanent Lender is not open for business.

b. Any party to this RRDP Mortgage 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 RRDP Note and any other RRDP Permanent Loan Document which does not specify how notices are to be given shall be given in accordance with this Section 31.

d. Notwithstanding the foregoing, Permanent Lender agrees to provide written notice of an Event of Default under the RRDP Permanent Loan Documents to any investor listed in Paragraph 10.7 of the RRDP Loan Agreement.

32. SALE OF RRDP NOTE.

The RRDP Note or a partial interest in the RLNRP Note (together with this RRDP Mortgage and the other RLNRP Loan Documents) may not be sold without prior notice to Borrower.

33. SINGLE ASSET BORROWER.

Until the Indebtedness is paid in full, Borrower (a) shall not acquire any real or personal property other than the Mortgaged Property and personal property related to the operation and maintenance of the Mortgaged Property; (b) shall not operate any business other than the management and operation of the Mortgaged Property; and (c) shall not maintain its assets in a way difficult to segregate and identify.

CDI owns other affordable housing properties in its own name financed by LHC/LHFA, some but not all of which have Bank first mortgages.

34. SUCCESSORS AND ASSIGNS BOUND.

This RRDP Mortgage shall bind, and the rights granted by this RRDP Mortgage shall inure to, the respective successors and assigns of Permanent Lender and Borrower. However, a Transfer not permitted by Section 21 shall be an Event of Default.

35. JOINT AND SEVERAL LIABILITY.

If more than one person or entity signs this RRDP Mortgage as Borrower, the obligations of such persons and entities shall be solidary.

36. RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY.

(a) The relationship between Permanent Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this RRDP Mortgage shall create any other relationship between Permanent Lender and Borrower.

(b) No creditor of any party to this RRDP Mortgage and no other person shall be a third party beneficiary of this RRDP Mortgage or any other Loan Document. Without limiting the generality of the

preceding sentence, (1) any arrangement (a “**Servicing Arrangement**”) between the Permanent Lender and any Loan Servicer for loss sharing or interim advancement of funds shall constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness, (2) Borrower shall not be a third party beneficiary of any Servicing Arrangement, and (3) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

37. SEVERABILITY; AMENDMENTS.

The invalidity or unenforceability of any provision of this RRDP Mortgage shall not affect the validity or enforceability of any other provision, and all other provisions shall remain in full force and effect. This RRDP Mortgage contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Mortgage. This RRDP Mortgage 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 RRDP Mortgage are for convenience only and shall be disregarded in construing this Mortgage. Any reference in this RRDP Mortgage to an “Exhibit” or a “Section” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this RRDP Mortgage or to a Section of this Mortgage. All Exhibits attached to or referred to in this RRDP Mortgage are incorporated by reference into this Mortgage. Any reference in this RRDP Mortgage 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 Mortgage, the term “including” means “including, but not limited to.”

39. LOAN SERVICING.

All actions regarding the servicing of the loan evidenced by the Note, including the collection of payments, the giving and receipt of notice, inspections of the Property, inspections of books and records, and the granting of consents and approvals, may be taken by the Loan Servicer unless Borrower receives notice to the contrary. If Borrower receives conflicting notices regarding the identity of the Loan Servicer or any other subject, any such notice from Permanent Lender shall govern.

40. DISCLOSURE OF INFORMATION.

LHC may furnish information regarding Borrower or the Mortgaged Property to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase or securitization of the Indebtedness, including trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.

41. NO CHANGE IN FACTS OR CIRCUMSTANCES.

All information in the application for the loan submitted to Permanent Lender (the “**Application**”) and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan Application are complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

42. SUBROGATION.

If, and to the extent that, the proceeds of the loan evidenced by the Note are used to pay, satisfy or discharge any obligation of Borrower for the payment of money that is secured by a pre-existing mortgage, deed of trust or other lien encumbering the Mortgaged Property (a “**Prior Lien**”), such loan proceeds shall be deemed to have been advanced by Permanent Lender at Borrower’s request, and Permanent Lender shall automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

43. ACCELERATION; FORECLOSURE; CONFESSION OF JUDGMENT.

a. At any time during the existence of an Event of Default, Permanent Lender, at Permanent Lender’s option, may accelerate the maturity of and declare the Indebtedness to be immediately due and payable, and may cause the Mortgaged Property and UCC Collateral to be immediately seized and sold, in whole, in part, or separately, whether in term of court or in vacation, under ordinary or executory process, in accordance with applicable Louisiana law, to the highest bidder for cash, with or without appraisal, and without the necessity of making additional demand upon or notifying Borrower or placing Borrower in default, all of which are expressly waived.

b. For purposes of foreclosure under the Louisiana executory process procedures, Borrower confesses judgment and acknowledges to be indebted to and in favor of Permanent Lender up to the full amount of the Indebtedness, including principal, interest, prepayment premiums, late charges, default interest, costs, expenses, collection attorneys' fees, and any additional sums that Permanent Lender may advance as provided under this Mortgage.

c. To the extent permitted under applicable Louisiana law, Borrower additionally waives: (i) the benefit of appraisal as provided in Articles 2332, 2336, 2723 and 2724 of the Louisiana Code of Civil Procedure, and all other laws with regard to appraisal upon judicial sale; (ii) the demand and three (3) days' delay as provided under Articles 2639 and 2721 of the Louisiana Code of Civil Procedure; (iii) the notice of seizure as provided under Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (iv) the three (3) days' delay provided under Articles 2331 and 2722 of the Louisiana Code of Civil Procedure; and (v) all other benefits provided under Articles 2331, 2722 and 2723 of the Louisiana Code of Civil Procedure and all other articles not specifically mentioned above. Borrower agrees that Permanent Lender shall have all of the additional enforcement rights and remedies of a secured party under the Louisiana Commercial Laws (Louisiana Revised Statutes, Title 10) and under the Uniform Commercial Code of any applicable state with respect to the UCC Collateral wherever located. Borrower further agrees that any declarations of fact made under an authentic act before a Notary Public in the presence of two witnesses, by a person declaring such facts to lie within his or her knowledge, shall constitute authentic evidence for purposes of executory process and also for purposes of Louisiana Revised Statutes, Title 9, Sections 3509.1 and 3504(b)(6), and Title 10, Section 9-508.

d. However, notwithstanding anything to the contrary in this RRDP Mortgage or in the Loan Documents, the obligations under this RRDP Mortgage or the Loan Documents are and are intended to be nonrecourse to Borrower, except for the express exceptions included within said documents.

e. Upon the occurrence of an Event of Default hereunder, then the pledge of leases and rents granted in this RRDP Mortgage shall automatically become absolute as provided in Louisiana Revised Statutes 9:4401, et seq., and Permanent Lender, without in any way waiving such default, at its option, upon notice and without regard to the adequacy of the security for the Indebtedness or to whether it has exercised any of its other rights or remedies hereunder, shall have the right to directly collect and receive all Rents and any other proceeds and/or payments arising under or in any way accruing under the Leases assigned herein, as such amounts become due and payable and to apply the same to the Indebtedness as provided herein.

44. RELEASE.

Upon payment of the Indebtedness in full, Borrower may request Permanent Lender in writing to provide Borrower with the Note marked "Canceled," or alternatively, at Permanent Lender's option, with a certificate sufficient to permit Borrower to cancel this RRDP Mortgage from the public records. Borrower agrees that Permanent Lender may delay providing the foregoing to Borrower for up to 30 days following receipt of Borrower's written request. If Borrower requests Permanent Lender to perform the necessary services to cancel this RRDP Mortgage from the public records, Borrower agrees to pay Permanent Lender's reasonable costs incurred in connection with such cancellation.

45. WAIVER OF HOMESTEAD.

Borrower and Borrower's spouse, if any, waive all homestead and other exemptions from seizure with respect to the Mortgaged Property and the UCC Collateral.

46. ATTORNEYS' FEES.

Whenever referred to in this Mortgage, other than in Section 43, "attorneys' fees" shall mean reasonable attorneys' fees under Louisiana law.

47. MORTGAGE AND CONVEYANCE CERTIFICATES.

The production of mortgage and conveyance certificates is waived by Permanent Lender and Borrower, who release me, Notary, from all liability for nonproduction.

48. KEEPER OF MORTGAGED PROPERTY.

Pursuant to the provisions of Louisiana Revised Statutes, Title 9, Section 5136, Borrower and Permanent Lender covenant and agree that Permanent Lender shall have the right to designate a keeper of the Mortgaged Property at the time any seizure of the Mortgaged Property is affected and that Permanent Lender may designate itself or its employees, agents or independent contractors as such keeper. Borrower agrees that the reasonable fees of such a keeper shall be treated as a disbursement made under Section 12 and shall be

secured by this Mortgage. At no time has or will Borrower occupy the Mortgaged Property, or any portion of the Mortgaged Property, as its home.

49. WAIVER OF TRIAL BY JURY.

BORROWER AND Permanent Lender EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS RRDP MORTGAGE OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND PERMANENT LENDER THAT IS TRIABLE OF RIGHT BY A JURY, AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. HOWEVER, NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS MORTGAGE, OR IN ANY OTHER LOAN DOCUMENT, IS TO BE CONSTRUED AS WAIVING PERMANENT LENDER'S OR THE STATE'S RIGHT TO CLAIM SOVEREIGN IMMUNITY PURSUANT TO THE LAWS OR THE CONSTITUTION OF EITHER THE STATE OF LOUISIANA OR THE UNITED STATES OF AMERICA.

50. MULTIPLE INDEBTEDNESS MORTGAGE. This Instrument has been executed by Borrower pursuant to Article 3298 of the Louisiana Civil Code for the purpose of securing the Indebtedness that may now be existing and/or that may arise in the future as provided herein, with the preferences and priorities provided under applicable Louisiana law. However, nothing under this Instrument shall be construed as limiting the duration of this Instrument or the purpose or purposes for which the Indebtedness may be requested or extended.

51. ACCEPTANCE PRESUMED. The acceptance of this RRDP Mortgage by Permanent Lender and the consent by Permanent Lender to the terms and conditions of this RRDP Mortgage are presumed and, under the provisions of Louisiana Civil Code Article 3289, Permanent Lender has not been required to sign this RRDP Mortgage.

52. CERTAIN TERMS. As used in this RRDP Mortgage: the terms "real property" and "real estate" shall be deemed to include immovable property; the term "fee estate" shall include full ownership; the term "personal property" shall be deemed to include movable property; the term "tangible property" shall be deemed to include incorporeal property; the term "easements" shall be deemed to include servitudes; the term "buildings" shall be deemed to include other constructions; the phrase "covenant running with the land" and other words of similar import shall be deemed to include a real right or a recorded lease of immovable property; the term "county" shall be deemed to mean parish; the term "joint and several liability" shall be deemed to include in solido liability; the terms "deed in lieu of foreclosure," "conveyance in lieu of foreclosure" and words of similar import shall include a dation en paiement; references to the Uniform Commercial Code shall include the Louisiana Commercial Laws, Louisiana Revised Statutes 10:1-101 et seq.; and references to a "receiver" or words of similar import shall include a keeper appointed pursuant to Louisiana Revised Statutes 9:5136 et seq.

53. SUBORDINATE MORTGAGE. Permanent Lender and Borrower acknowledge and agree that this Mortgage is subordinate in all respects including without limitation lien and priority of payment to the lien and right of payment of the Construction Mortgage and Permanent Mortgage, as the same may be modified, renewed, amended or extended. Permanent Lender agrees to execute such Subordination Agreement as the Construction or Permanent Lender may reasonably request.

54. COUNTERPARTS.

This RRDP Mortgage may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

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

Exhibit A	Description of the Land (required).
Exhibit B	Permitted Encumbrances

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGES FOLLOW]

THUS DONE AND PASSED in the place and on the day and in the month and year hereinabove first written, in multiple originals, in the presence of the undersigned two competent witnesses who hereunto signed their names with Borrower and me, Notary, after due reading of the whole.

WITNESSES:

By: _____
Print Name: _____

By: _____
Print Name: _____

[BORROWER]

By: _____
Name: _____
Title: _____

NOTARY PUBLIC

Print Name: _____
Bar Roll/Notary No.: _____
My Commission Expires: _____

To execute and deliver one or more mortgages and other security agreements in favor of Permanent Lender to secure the prompt and punctual payment and satisfaction of the aforesaid Indebtedness, under which said representative may grant a continuing lien or security interest in the property and/or the rights of the Borrower, which mortgages and other security agreements may contain waivers of appraisalment, confessions of judgment, authorizations of foreclosure under Louisiana executory process procedures, and other waivers of procedural rights and defenses, all of which are specifically consented to by the members/managers/board of directors of the Borrower.

CERTIFICATE

The undersigned hereby certifies that he/she is the manager of _____ (the “**Company**”), the _____ of Louisiana, and does hereby certify that the attached is a true and correct copy of the Resolutions/Consent of the Members of the Company adopted by the members of the Company on _____, 202 .

Borrower: _____
Name: _____
Title: _____

EXHIBIT A
DESCRIPTION OF THE LAND

EXHIBIT B
PERMITTED ENCUMBRANCES

The exceptions set forth in Schedule B-II of that certain Commitment for Title Insurance bearing File No. LHC00-_____, prepared by _____ as agent for _____, having an effective date of _____, 202 .

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