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Indexing Instructions:

STATE OF MISSISSIPPI
COUNTY OF _____

**TAX CREDIT EXCHANGE PROGRAM (1602) RECAPTURE DEED OF TRUST,
ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FIXTURE FILING**

GRANTOR: [DEVELOPMENT OWNER ENTITY], L.P.

Phone: _____

BENEFICIARY: MISSISSIPPI HOME CORPORATION
735 Riverside Drive
Jackson, Mississippi 39202
Phone: 601.718.4642

**THIS DEED OF TRUST SECURES A LOAN OR LINE OF CREDIT
TO BE USED PRIMARILY FOR COMMERCIAL PURPOSES**

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**TAX CREDIT EXCHANGE PROGRAM (1602) RECAPTURE DEED OF TRUST,
ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS TAX CREDIT EXCHANGE PROGRAM (1602) RECAPTURE DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING (the “**Instrument**”) is dated as of the ____ day of _____, 2010, among [Development Owner Entity], L.P., a limited partnership organized and existing under the laws of the State of Mississippi, whose address is _____, _____, Mississippi _____, as grantor (“**Grantor**”), to Matthew P. McLaughlin, Esquire, whose address is 401 East Capitol Street, Suite 200, Jackson, Mississippi 39201, as trustee (“**Trustee**”), for the benefit of Mississippi Home Corporation, a public body corporate and politic, separate and apart from the State of Mississippi, constituting a governmental instrumentality duly created, organized and existing under the laws of the State of Mississippi, whose address is 735 Riverside Drive, Jackson, Mississippi 39202, as beneficiary (together with its successors and assigns “**Beneficiary**”).

Grantor, in consideration of the Subaward and the trust created by this Instrument, irrevocably grants, conveys and assigns to Trustee and Trustee’s successors and assigns, for the benefit and security of Beneficiary, in trust, with power of sale, the Mortgaged Property, including but not limited to the Land located in _____ County, State of Mississippi and described in Exhibit A attached to this Instrument.

TO SECURE TO BENEFICIARY the repayment of the Subaward evidenced by Grantor’s Subaward Agreement payable to Beneficiary dated as of the date of this Instrument and maturing on the ____ day of _____, 2028, in the principal amount of \$ _____, and all renewals, extensions and modifications of the Subaward, and the performance of the covenants and agreements of Grantor contained in the Subaward Documents.

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

WHEREAS, the Grantor has, concurrently herewith, executed and delivered to the Beneficiary its Subaward Agreement, dated as of the date hereof, payable to the order of Beneficiary;

WHEREAS, the Subaward Agreement evidences a grant being made by the Beneficiary to the Grantor, for the purpose of providing financing for Eligible Costs; and

WHEREAS, each and every right, title and interest of Beneficiary and its transferees, successors or assign hereunder is subject and subordinate to the rights, title and interests of _____, a _____ corporation, and its successors and assigns, regarding that certain loan of \$ _____ (the “**Priority Loan**”) to Grantor and all documents executed in connection therewith between said bank and Beneficiary, as evidenced by, *inter alia*, that certain Subordination Agreement by Beneficiary in favor of _____, a _____ corporation, of even date herewith;

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, including the Subaward hereby secured, the receipt and sufficiency of which is hereby acknowledged, the Grantor hereby grants, bargains, sells, warrants and conveys, with the power of sale, to the Trustee, his successors and assigns forever for the benefit and security of the Beneficiary, under and subject to the terms and conditions hereinafter set forth, all of the Grantor’s right, title and interest in and to the Mortgaged Property, including the Land located in the County of _____, State of Mississippi, described in Exhibit A hereto, including all improvements now and hereafter located thereon;

TO HAVE AND TO HOLD, unto the Trustee, and successors in trust, for purposes of securing the following: (a) payment of the Subaward evidenced by the Subaward Agreement, and any and all modifications, extensions and renewals thereof, and the performance of all obligations of the Grantor under the Subaward Agreement; (b) performance and observance by the Grantor of all the terms, covenants and provisions of this Instrument; (c) performance and observance by the parties thereto of all the terms, covenants and provisions of the other Subaward Documents; (d) payment of all sums advanced by the Beneficiary to perform any of the terms, covenants and provisions of this Instrument or any of the other Subaward Documents, or otherwise advanced by the Beneficiary pursuant to the provisions hereof or any of such other documents to protect the property hereby mortgaged and pledged; (e) performance and observance of all the terms, covenants and provisions of any other instrument given to evidence or further secure the payment and performance of any Subaward hereby secured or any obligation secured hereby; and (g) payment of any future or further advances which may be made by the Beneficiary at its sole option to and for the benefit of the Grantor, its successors, assigns and legal representatives;

PROVIDED, HOWEVER, that if the Grantor shall pay the Recapture Amount provided in the Subaward Agreement, and shall pay all other sums herein provided for, or secured hereby, and shall well and truly keep and perform all of the covenants herein contained, then this Instrument shall be released at the cost of the Grantor, otherwise to remain in full force and effect.

Covenants. To protect the security of this Instrument, the Grantor and the Beneficiary covenant and agree as follows:

1. DEFINITIONS. Capitalized terms used but not defined in this Instrument shall have the meanings ascribed to such terms in that certain Tax Credit Exchange Program 1602 Subaward Agreement of even date herewith (“**Subaward Agreement**”). The following terms, when used in this Instrument (including when used in the above recitals), shall have the following meanings:

(a) “**Beneficiary**” means the entity identified as “**Beneficiary**” in the first paragraph of this Instrument and its successors and assigns, or any subsequent holder of the Subaward Agreement.

(b) “**Claim**” is defined in Section 18(l).

(c) “**Condemnation**” is defined in Section 20.

(d) “**Environmental Inspections**” is defined in Section 18(g).

(e) “**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.

(f) “**Event of Default**” means the occurrence of any event listed in Section 22.

(g) “**Fixtures**” means all property which is so attached to the Land or the Improvements as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, 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.

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

(i) “**Grantor**” means all persons or entities identified as “**Grantor**” in the first paragraph of this Instrument, together with their successors and assigns.

(j) “**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 Grantor 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.

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

(l) “**Indemnitees**” is defined in Section 18(j).

(m) “**Land**” means the land described in Exhibit A.

(n) “**Lien**” is defined in Section 16.

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

(p) “**Mortgaged Property**” means all of Grantor’s present and future right, title and interest in and to all of the following:

(1) the Land;

(2) the Improvements;

(3) the Fixtures;

(4) the Personalty;

(5) all current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;

(6) all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Grantor obtained the insurance pursuant to Beneficiary’s requirement;

(7) all awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the

power of eminent domain or otherwise and including any conveyance in lieu thereof;

- (8) all contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Grantor now or in the future, including cash or securities deposited to secure performance by parties of their obligations;
- (9) all proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds;
- (10) all Rents and Leases;
- (11) all earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the loan secured by this Instrument and, if Grantor is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;
- (12) all Imposition Deposits;
- (13) all refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated);
- (14) all tenant security deposits which have not been forfeited by any tenant under any Lease; and
- (15) all names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property.

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

(r) **“Personalty”** means all equipment, inventory, general intangibles which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, including furniture, furnishings, machinery, building materials, appliances, goods, supplies, tools, books, records (whether in written or electronic form), computer equipment (hardware and software) and other tangible personal property (other than Fixtures) which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, and any operating agreements relating to the Land or the Improvements, and any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements and all other intangible property and rights relating to the operation of, or used in connection with,

the Land or the Improvements, including all governmental permits relating to any activities on the Land.

(s) **“Prior Lien”** is defined in Section 41.

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

(u) **“Remedial Work”** is defined in Section 18(h).

(v) **“Rents”** means all rents, revenues and other income of the Land or the Improvements, including subsidy payments received from any sources (including, but not limited to payments under any Housing Assistance Payments Contract), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and deposits forfeited by tenants.

(w) **“Restoration”** is defined in Section 19(f).

(x) **“Subaward”** means the principal of, interest on, and all other amounts due at any time under, the Subaward Agreement, this Instrument or any other Subaward Document, including prepayment premiums, late charges, default interest, and advances as provided in Section 12 to protect the security of this Instrument.

(y) **“Subaward Agreement”** means the Promissory Subaward Agreement described on page 1 of this Instrument.

(z) **“Subaward Documents”** means the Subaward Agreement, this Instrument, and any other documents now or in the future executed by Grantor or any other person in connection with the loan evidenced by the Subaward Agreement, as such documents may be amended from time to time.

(aa) **“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.

(bb) **“Transfer”** means (1) a sale, assignment, transfer or other disposition (whether voluntary, involuntary or by operation of law); (2) the granting, creating or attachment of a lien, encumbrance or security interest (whether voluntary, involuntary or by operation of law); (3) 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; (4) the withdrawal, retirement, removal or involuntary resignation of a partner in a partnership or a member or manager in a limited liability company; or (5) the merger, dissolution, liquidation, or consolidation of a legal entity. **“Transfer”** does not include (i) a conveyance of the Mortgaged Property at a judicial or non-judicial foreclosure sale under this Instrument; (ii) a conveyance of the Mortgaged Property at a judicial or non-judicial foreclosure sale under the lien in favor of the Priority Lender; or (iii) the Mortgaged Property becoming part of a bankruptcy estate by operation of law under the United States Bankruptcy Code. For purposes of defining the term

“**Transfer**,” the term “**partnership**” shall mean a general partnership, a limited partnership, a joint venture and a limited liability partnership, and the term “**partner**” shall mean a general partner, a limited partner and a joint venturer.

(cc) “**Trustee**” means all persons identified as “Trustee” in the first paragraph of this Instrument, together with their successors and assigns.

(dd) “**UCC Collateral**” is defined in Section 2.

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

3. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; BENEFICIARY IN POSSESSION.

(a) As part of the consideration for the Subaward, Grantor absolutely and unconditionally assigns and transfers to Beneficiary all Rents. It is the intention of Grantor to establish a present, absolute and irrevocable transfer and assignment to Beneficiary of all Rents and to authorize and empower Beneficiary to collect and receive all Rents without the necessity of further action on the part of Grantor. Promptly upon request by Beneficiary, Grantor agrees to execute and deliver such further assignments as Beneficiary may from time to time require. Grantor and Beneficiary intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of Rents, and for no other purpose, Rents shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents shall be included as a part of the Mortgaged Property and it is the intention of the Grantor that in this circumstance this Instrument create and perfect a lien on Rents in favor of Beneficiary, which lien shall be effective as of the date of this Instrument.

(b) After the occurrence of an Event of Default, Grantor authorizes Beneficiary to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Beneficiary, and Grantor shall, upon Grantor's receipt of any Rents from any sources (including, but not limited to subsidy payments under any Housing Assistance Payments Contract), pay the total amount of such receipts to the Beneficiary. However, until the occurrence of an Event of Default, Beneficiary hereby grants to Grantor a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Beneficiary and to apply all Rents to pay the installments of interest and principal then due and payable under the Subaward Agreement and the other amounts then due and payable under the other Subaward 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 Grantor free and clear of, and released from, Beneficiary's rights with respect to Rents under this Instrument. From and after the occurrence of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Grantor's license to collect Rents shall automatically terminate and Beneficiary shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Grantor shall pay to Beneficiary upon demand all Rents to which Beneficiary is entitled. At any time on or after the date of Beneficiary's demand for Rents, Beneficiary may give, and Grantor hereby irrevocably authorizes Beneficiary to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Beneficiary, 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 Grantor any amounts which are actually paid to Beneficiary in response to such a notice. Any such notice by Beneficiary shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Grantor shall not interfere with and shall cooperate with Beneficiary's collection of such Rents.

(c) Except with respect to the Priority Loan, Grantor represents and warrants to Beneficiary that Grantor has not executed any prior assignment of Rents (other than an assignment of Rents securing indebtedness that will be paid off and discharged with the proceeds of the loan evidenced by the Subaward Agreement), that Grantor has not performed, and Grantor covenants and agrees that it will not perform, any acts and has not executed, and shall not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 3, and that at the time of execution of this Instrument there has been no anticipation or prepayment of any Rents for more than two months prior to the due dates of such Rents. Grantor 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, Beneficiary may, regardless of the adequacy of Beneficiary's security or the solvency of Grantor 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 Beneficiary in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management,

operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this Instrument, or for such other purposes as Beneficiary in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Beneficiary's security, without regard to Grantor's solvency and without the necessity of giving prior notice (oral or written) to Grantor, Beneficiary 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 Beneficiary 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, Grantor, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver *ex parte* if permitted by applicable law. Beneficiary 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 Beneficiary's entering upon and taking possession and control of the Mortgaged Property, Grantor shall surrender possession of the Mortgaged Property to Beneficiary or the receiver, as the case may be, and shall deliver to Beneficiary 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 Beneficiary takes possession and control of the Mortgaged Property, Beneficiary may exclude Grantor and its representatives from the Mortgaged Property. Grantor acknowledges and agrees that the exercise by Beneficiary of any of the rights conferred under this Section 3 shall not be construed to make Beneficiary a mortgagee-in-possession of the Mortgaged Property so long as Beneficiary has not itself entered into actual possession of the Land and Improvements.

(e) If Beneficiary enters the Mortgaged Property, Beneficiary shall be liable to account only to Grantor and only for those Rents actually received. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Beneficiary under this Section 3, and Grantor hereby releases and discharges Beneficiary 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 Beneficiary for such purposes shall become an additional part of the Subaward as provided in Section 12.

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

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

(a) As part of the consideration for the Subaward, Grantor absolutely and unconditionally assigns and transfers to Beneficiary all of Grantor's right, title and interest in, to and under the Leases, including Grantor's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease. It is the intention of Grantor to establish a

present, absolute and irrevocable transfer and assignment to Beneficiary of all of Grantor's right, title and interest in, to and under the Leases. Grantor and Beneficiary intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases shall be included as a part of the Mortgaged Property and it is the intention of the Grantor that in this circumstance this Instrument create and perfect a lien on the Leases in favor of Beneficiary, which lien shall be effective as of the date of this Instrument.

(b) Until Beneficiary gives notice to Grantor of Beneficiary's exercise of its rights under this Section 4, Grantor shall have all rights, power and authority granted to Grantor under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, the permission given to Grantor pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall automatically terminate. Grantor shall comply with and observe Grantor's obligations under all Leases, including Grantor's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) Grantor acknowledges and agrees that the exercise by Beneficiary, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Beneficiary a mortgagee-in-possession of the Mortgaged Property so long as Beneficiary has not itself entered into actual possession of the Land and the Improvements. The acceptance by Beneficiary of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Beneficiary to take any action under this Instrument or to expend any money or to incur any expenses. Beneficiary 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 Beneficiary's actual entry into and taking possession of the Mortgaged Property, Beneficiary shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property; or (iii) be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Grantor 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 Grantor, prior to such actual entry and taking of possession.

(d) Upon delivery of notice by Beneficiary to Grantor of Beneficiary's exercise of Beneficiary's rights under this Section 4 at any time after the occurrence of an Event of Default, and without the necessity of Beneficiary 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, Beneficiary immediately shall have all rights, powers and authority granted to Grantor 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) Grantor shall, promptly upon Beneficiary's request, deliver to Beneficiary an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Beneficiary, shall be for initial terms of at least six months and not more than two (2) 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 Beneficiary's prior written consent.

(f) Grantor shall not receive or accept Rent under any Lease for more than two months in advance.

5. PAYMENT OF SUBAWARD; PERFORMANCE UNDER SUBAWARD DOCUMENTS. Grantor shall pay the Subaward when due in accordance with the terms of the Subaward Agreement and the other Subaward Documents and shall perform, observe and comply with all other provisions of the Subaward Agreement and the other Subaward Documents.

6. EXCULPATION. Grantor's and the partners of Grantor personal liability for payment of the Subaward and for performance of the other obligations to be performed by it under this Instrument is limited in the manner, and to the extent, provided in the Subaward Agreement, including, without limitation, Section 9 of the Subaward Agreement.

7. DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES.

(a) To the extent required by Beneficiary, and provided that Grantor is not required to make comparable deposits to or for the benefit of the Priority Lender, Grantor shall deposit with Beneficiary on the day monthly installments of principal or interest, or both, are due under the Subaward Agreement (or on another day designated in writing by Beneficiary), until the Subaward is paid in full, an additional amount sufficient to accumulate with Beneficiary the entire sum required to pay, when due (1) the premiums for fire and other hazard insurance, rent loss insurance and such other insurance as Beneficiary may require under Section 19, (2) Taxes, and (3) amounts for other charges and expenses which Beneficiary 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 Beneficiary's interests, all as reasonably estimated from time to time by Beneficiary. The amounts deposited under the preceding sentence are collectively referred to in this Instrument as the "**Imposition Deposits**". The obligations of Grantor for which the Imposition Deposits are required are collectively referred to in this Instrument as "**Impositions**". The amount of the Imposition Deposits shall be sufficient to enable Beneficiary to pay each Imposition before the last date upon which such payment may be made without any penalty or interest charge being added. Beneficiary shall maintain records indicating how much of the monthly Imposition Deposits and how much of the aggregate Imposition Deposits held by Beneficiary are held for the purpose of paying Taxes, insurance premiums and each other obligation of Grantor for which Imposition Deposits are required. Any waiver by Beneficiary of the requirement that Grantor remit Imposition Deposits to Beneficiary may be revoked by Beneficiary, in Beneficiary's discretion, at any time upon notice to Grantor.

(b) Imposition Deposits shall be held in an institution (which may be Beneficiary, if Beneficiary is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency. Beneficiary 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. Beneficiary shall apply the Imposition Deposits to pay Impositions so long as no Event of Default has occurred and is continuing. Unless applicable law requires, Beneficiary shall not be required to pay Grantor any interest, earnings or profits on the Imposition Deposits. Grantor hereby pledges and grants to Beneficiary a security interest in the Imposition Deposits as additional security for all of Grantor's obligations under this Instrument and the other Subaward Documents. Any amounts deposited with Beneficiary under this Section 7 shall not be trust funds, nor shall they operate to reduce the Subaward, unless applied by Beneficiary for that purpose under Section 7(e).

(c) If Beneficiary receives a bill or invoice for an Imposition, Beneficiary shall pay the Imposition from the Imposition Deposits held by Beneficiary. Beneficiary shall have no obligation to pay any Imposition to the extent it exceeds Imposition Deposits then held by Beneficiary. Beneficiary 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 Beneficiary for payment of a specific Imposition exceeds the amount reasonably deemed necessary by Beneficiary, the excess shall be credited against future installments of Imposition Deposits. If at any time the amount of the Imposition Deposits held by Beneficiary for payment of a specific Imposition is less than the amount reasonably estimated by Beneficiary to be necessary, Grantor shall pay to Beneficiary the amount of the deficiency within fifteen (15) days after notice from Beneficiary.

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

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9. APPLICATION OF PAYMENTS. If at any time Beneficiary receives, from Grantor or otherwise, any amount applicable to the Subaward which is less than all amounts due and payable at such time, then Beneficiary may apply that payment to amounts then due and payable in any manner and in any order determined by Beneficiary, in Beneficiary's discretion. Neither Beneficiary's acceptance of an amount which is less than all amounts then due and payable nor Beneficiary'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 Subaward, Grantor's obligations under this Instrument and the Subaward Agreement shall remain unchanged.

10. COMPLIANCE WITH LAWS. Grantor shall comply with all laws, ordinances, regulations and requirements of any Governmental Authority, including but not limited to ARRA and the Environmental Laws, 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. Grantor also shall comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits. Grantor shall at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 10. Grantor shall take appropriate measures to prevent, and shall not engage in or knowingly permit, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Mortgaged Property, or otherwise materially impair the lien created by this Instrument or Beneficiary's interest in the Mortgaged Property. Grantor represents and warrants to Beneficiary that no portion of the Mortgaged Property has been or will be purchased with the proceeds of any illegal activity.

Notwithstanding anything contained herein to the contrary, Grantor shall do all of the following for the entire term of that certain Land Use Restriction Agreement which is on file with the Chancery Clerk in the county where the Land is situated (regardless of whether the Subaward Agreement is paid in full prior to such date): (a) operate and maintain the Mortgaged Property in accordance with the Mississippi Home Corporation Qualified Allocation Plan; (b) to the extent required by § 42 of the Internal Revenue Code of 1986, as amended and the Treasury Regulations thereunder, Grantor will obtain, complete and maintain on file a certification of each prospective tenant of its income, using a form acceptable to the Beneficiary; and (c) make a good faith effort to verify that the income information provided by a prospective tenant is accurate by taking one or more the following steps as part of the verification process: (1) obtain a pay stub for the recent pay period, (2) obtain an income tax return for the recent tax year, (3) conduct a credit report or similar search, (4) obtain and income verification from the prospective tenant's current employer, (5) obtain an income verification from the Social Security Administration if the prospective tenant receives assistance from such agency, or the like, or (6) if unemployed, obtain another form of independent verification.

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

12. PROTECTION OF BENEFICIARY'S SECURITY.

(a) If Grantor fails to perform any of its obligations under this Instrument or any other Subaward Document, or if any action or proceeding is commenced which purports to affect the Mortgaged Property, Beneficiary's security or Beneficiary's rights under this Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Beneficiary at Beneficiary's option may make such appearances, disburse such sums and take such actions as Beneficiary reasonably deems necessary to perform such obligations of Grantor and to protect Beneficiary'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 Grantor has failed to pay under Sections 15 and 17.

(b) Any amounts disbursed by Beneficiary under this Section 12, or under any other provision of this Instrument that treats such disbursement as being made under this Section 12, shall be added to, and become part of, the principal component of the Subaward, 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 Subaward Agreement.

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

13. INSPECTION. During normal business hours, Beneficiary, HUD and the HUD Inspector General and their agents, representatives, and designees may make or cause to be made entries upon and inspections of the Mortgaged Property (including environmental inspections and tests), as set forth in the Subaward Agreement.

14. BOOKS AND RECORDS; FINANCIAL REPORTING.

(a) Grantor shall keep and maintain at all times at the Mortgaged Property or the management agent’s offices, and upon Beneficiary’s request shall make available at the Mortgaged Property, complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property, and copies of all written contracts, Leases, and other instruments which affect the Mortgaged Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection at any reasonable time by Beneficiary, HUD, and the HUD Inspector General and their agents, representatives and designees, as set forth in the Subaward Agreement.

(b) Grantor shall furnish to Beneficiary all Financial Statements and reports in accordance with the terms and conditions of the Subaward Agreement.

(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 Grantor, and shall be in such form and contain such detail as Beneficiary may reasonably require. Beneficiary also may require that any statements, schedules or reports be audited at Grantor’s expense by independent certified public accountants acceptable to Beneficiary.

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

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

(f) Grantor authorizes Beneficiary to obtain a credit report on Grantor at any time.

15. TAXES; OPERATING EXPENSES.

(a) Subject to the provisions of Section 15(c) and Section 15(d), Grantor 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), Grantor 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 Grantor has timely delivered to Beneficiary any bills or premium notices that it has received, Grantor shall not be obligated to pay Taxes, insurance premiums or any other individual Imposition to the extent that sufficient Imposition Deposits are held by Beneficiary for the purpose of paying that specific Imposition. If an Event of Default exists, Beneficiary may exercise any rights Beneficiary may have with respect to Imposition Deposits without regard to whether Impositions are then due and payable. Beneficiary shall have no liability to Grantor 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 Beneficiary at the time an Imposition becomes due and payable or Grantor has failed to provide Beneficiary with bills and premium notices as provided above.

(d) Grantor, 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) Grantor notifies Beneficiary of the commencement or expected commencement of such proceedings, (2) the Mortgaged Property is not in danger of being sold or forfeited, (3) Grantor deposits with Beneficiary reserves sufficient to pay the contested Imposition, if requested by Beneficiary, and (4) Grantor furnishes whatever additional security is required in the proceedings or is reasonably requested by Beneficiary, which may include the delivery to Beneficiary of the reserves established by Grantor to pay the contested Imposition.

(e) Grantor shall promptly deliver to Beneficiary a copy of all notices of, and invoices for, Impositions, and if Grantor pays any Imposition directly, Grantor shall promptly furnish to Beneficiary receipts evidencing such payments.

16. LIENS; ENCUMBRANCES. Grantor acknowledges that, to the extent provided in Section 21, other than the Permitted Encumbrances, the grant, creation or existence of any mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance (a “**Lien**”) on the Mortgaged Property (other than the lien of this Instrument) or on certain ownership interests in Grantor, whether voluntary, involuntary or by operation of law, and whether or not such Lien has priority over the lien of this Instrument, is a Transfer which constitutes an Event of Default.

17. PRESERVATION, MANAGEMENT AND MAINTENANCE OF MORTGAGED PROPERTY.

(a) Grantor (1) shall not commit waste or permit impairment or deterioration of the Mortgaged Property, reasonable wear and tear excepted, (2) shall not abandon the Mortgaged Property, (3) to the extent required by the Priority Lender, 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 Beneficiary 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 Beneficiary and approved by Beneficiary in writing, and (6) shall give notice to Beneficiary of and, unless otherwise directed in writing by Beneficiary, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Beneficiary's security or Beneficiary's rights under this Instrument. Grantor 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, after the date of this Instrument, Grantor intends to change the management of the Mortgaged Property, Beneficiary shall have the right to approve such new property manager and the written contract for the management of the Mortgaged Property, such approval not to be unreasonably withheld, conditioned or delayed, and require that Grantor and such new property manager enter into an Assignment of Management Agreement on a form approved by Beneficiary. If required by Beneficiary (whether before or after an Event of Default), Grantor will cause any Affiliate of Grantor to whom fees are payable for the management of the Mortgaged Property to enter into an agreement with Beneficiary, in a form approved by Beneficiary, providing for subordination of those fees and such other provisions as Beneficiary may require; provided, however, that any such subordination agreement shall allow payment of management fees to the Property Manager unless an Event of Default has occurred and is continuing. "**Affiliate of Grantor**" means any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls Grantor (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

18. ENVIRONMENTAL HAZARDS.

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

- (1) the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials

on or under the Mortgaged Property or any other property of Grantor that is adjacent to the Mortgaged Property;

- (2) the transportation of any Hazardous Materials to, from, or across the Mortgaged Property;
- (3) any occurrence or condition on the Mortgaged Property or any other property of Grantor that is adjacent to the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws; or
- (4) any violation of or noncompliance with the terms of any Environmental Permit with respect to the Mortgaged Property or any property of Grantor that is adjacent to the Mortgaged Property.

The matters described in clauses (1) through (4) above are referred to collectively in this Section 18 as “**Prohibited Activities or Conditions**”.

(b) Prohibited Activities or 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 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) Grantor shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date of this Instrument) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Grantor 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, Grantor shall comply in a timely manner with, and cause all employees, agents, and contractors of Grantor and any other persons present on the Mortgaged Property to comply with the O&M Program. All costs of performance of Grantor’s obligations under any O&M Program shall be paid by Grantor, and Beneficiary’s out-of-pocket costs incurred in connection with the monitoring and review of the O&M Program and Grantor’s performance shall be paid by Grantor upon demand by Beneficiary. Any such out-of-pocket costs of Beneficiary which Grantor fails to pay promptly shall become an additional part of the Subaward as provided in Section 12.

(e) Grantor represents and warrants to Beneficiary that, except as previously disclosed by Grantor to Beneficiary in writing:

- (1) Grantor has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;
- (2) to the best of Grantor's knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed;
- (3) except to the extent previously disclosed by Grantor to Beneficiary in writing, the Mortgaged Property does not now contain any underground storage tanks, and, to the best of Grantor's knowledge after reasonable and diligent inquiry, the Mortgaged Property has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Property which has been previously disclosed by Grantor to Beneficiary in writing, that tank complies with all requirements of Hazardous Materials Laws;
- (4) Grantor has complied with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Grantor has obtained all Environmental Permits required for the operation of the Mortgaged Property in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;
- (5) no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit;
- (6) there are no actions, suits, claims or proceedings pending or, to the best of Grantor's knowledge after reasonable and diligent inquiry, threatened that involve the Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition; and
- (7) Grantor 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 Grantor 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 Grantor throughout the term of the loan evidenced by the Subaward Agreement, until the Subaward has been paid in full.

(f) Grantor shall promptly notify Beneficiary in writing upon the occurrence of any of the following events:

- (1) Grantor's discovery of any Prohibited Activity or Condition;
- (2) Grantor'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 Grantor that is adjacent to the Mortgaged Property; and
- (3) any representation or warranty in this Section 18 becomes untrue after the date of this Agreement.

Any such notice given by Grantor shall not relieve Grantor of, or result in a waiver of, any obligation under this Instrument, the Subaward Agreement, or any other Subaward Document.

(g) Grantor shall pay promptly the costs of any environmental inspections, tests or audits ("**Environmental Inspections**") required by Beneficiary in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Beneficiary's consent to any Transfer under Section 21, or required by Beneficiary following a reasonable determination by Beneficiary that Prohibited Activities or Conditions may exist. Any such costs incurred by Beneficiary (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 Grantor fails to pay promptly shall become an additional part of the Subaward as provided in Section 12. The results of all Environmental Inspections made by Beneficiary shall at all times remain the property of Beneficiary and Beneficiary shall have no obligation to disclose or otherwise make available to Grantor or any other party such results or any other information obtained by Beneficiary in connection with its Environmental Inspections. Beneficiary hereby reserves the right, and Grantor hereby expressly authorizes Beneficiary, 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 Beneficiary with respect to the Mortgaged Property. Grantor consents to Beneficiary notifying any party (either as part of a notice of sale or otherwise) of the results of any of Beneficiary's Environmental Inspections. Grantor acknowledges that Beneficiary 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. Grantor agrees that Beneficiary shall have no liability whatsoever as a result of delivering the results of any of its Environmental Inspections to any third party, and Grantor hereby releases and forever discharges Beneficiary 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 Beneficiary'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, Grantor shall, by the earlier of (1) the applicable deadline required by Hazardous Materials Law or (2) thirty (30) days after notice from Beneficiary 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 Grantor fails to begin on a timely basis or diligently prosecute any required Remedial Work, Beneficiary may, at its option, cause the Remedial Work to be completed, in which case Grantor shall reimburse Beneficiary on demand for the cost of doing so. Any reimbursement due from Grantor to Beneficiary shall become part of the Subaward as provided in Section 12.

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

- (1) any breach of any representation or warranty of Grantor in this Section 18;
- (2) any failure by Grantor to perform any of its obligations under this Section 18;
- (3) the existence or alleged existence of any Prohibited Activity or Condition;
- (4) the presence or alleged presence of Hazardous Materials on or under the Mortgaged Property or any property of Grantor that is adjacent to the Mortgaged Property; and
- (5) the actual or alleged violation of any Hazardous Materials Law.

(k) Counsel selected by Grantor 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 Grantor’s expense.

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

(m) Beneficiary agrees that the indemnity under this Section 18 shall be limited to the assets of Grantor and Beneficiary shall not seek to recover any deficiency from any general partners of Grantor or any other partners of Grantor.

(n) Grantor shall, at its own cost and expense, do all of the following:

- (1) pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Section 18;
- (2) reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Section 18; and
- (3) reimburse Indemnitees for any and all expenses, including fees and out-of-pocket expenses of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Section 18, or in monitoring and participating in any legal or administrative proceeding.

(o) In any circumstances in which the indemnity under this Section 18 applies, Beneficiary may employ its own legal counsel and consultants to prosecute, defend or negotiate any claim or legal or administrative proceeding and Beneficiary, with the prior written consent of Grantor (which shall not be unreasonably withheld, delayed or conditioned), may settle or compromise any action or legal or administrative proceeding. Grantor shall reimburse Beneficiary upon demand for all costs and expenses incurred by Beneficiary, 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 Grantor may have under applicable law or under other Subaward Documents, and each Indemnitee shall be entitled to indemnification under this Section 18 without regard to whether Beneficiary 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 Subaward Documents or applicable law. If Grantor consists of more than one person or entity, the obligation of those persons or entities to indemnify the Indemnitees under this Section 18 shall be joint and several. The obligation of Grantor to indemnify the Indemnitees under this Section 18 shall survive any repayment or discharge of the Subaward, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Instrument.

19. PROPERTY AND LIABILITY INSURANCE.

(a) Grantor shall keep the Improvements insured at all times against such hazards as Beneficiary may from time to time reasonably 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. Beneficiary's insurance requirements may change

from time to time throughout the term of the Subaward. If Beneficiary 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, Grantor 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 Beneficiary has designated in writing another method of payment. All such policies shall also be in a form approved by Beneficiary. All policies of property damage insurance shall include a non-contributing, non-reporting mortgage clause in favor of, and in a form approved by, Beneficiary. Subject to the rights of the Priority Lender, Beneficiary shall have the right to hold the original policies or duplicate original policies of all insurance required by Section 19(a). Grantor shall promptly deliver to Beneficiary a copy of all renewal and other notices received by Grantor with respect to the policies and all receipts for paid premiums. At least thirty (30) days prior to the expiration date of a policy, Grantor shall deliver to Beneficiary the original (or a duplicate original) of a renewal policy in form satisfactory to Beneficiary.

(c) Grantor shall maintain at all times the insurance required by the Subaward Agreement and any other insurance as Beneficiary may from time to time reasonably 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 Beneficiary may from time to time reasonably require, and shall be issued by insurance companies reasonably satisfactory to Beneficiary.

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

(f) In the event of loss, Grantor shall give immediate written notice to the insurance carrier and to Beneficiary. Grantor hereby authorizes and appoints Beneficiary as attorney-in-fact for Grantor 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 Beneficiary'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 Beneficiary to incur any expense or take any action. Beneficiary may, at Beneficiary's option, (1) hold the balance of such proceeds to be used to reimburse Grantor for the cost of restoring and repairing the Mortgaged Property to the equivalent of its original condition or to a condition approved by Beneficiary (the "**Restoration**"), or (2) apply the balance of such proceeds to the payment of the Subaward, whether or not then due. To the extent Beneficiary determines to apply insurance proceeds to Restoration, Beneficiary shall do so in accordance with Beneficiary's then-current policies relating to the restoration of casualty damage on similar properties. Beneficiary's rights pursuant to this Section 19(f) are subject to the rights of the Priority Lender.

(g) Beneficiary shall not exercise its option to apply insurance proceeds to the payment of the Subaward if all of the following conditions are met: (1) no Event of Default (other than an Event of Default caused by the casualty 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) Beneficiary determines, in its reasonable discretion, that there will be sufficient funds to complete the Restoration; (3) Beneficiary determines, in its reasonable 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) Beneficiary determines, in its reasonable discretion, that the Restoration will be completed before the earlier of (A) two (2) years before the maturity date of the Subaward Agreement or (B) two (2) years after the date of the loss or casualty; and (5) upon Beneficiary's request, Grantor provides Beneficiary evidence of the availability during and after the Restoration of the insurance required to be maintained by Grantor pursuant to this Section 19.

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

20. CONDEMNATION.

(a) Grantor shall promptly notify Beneficiary 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**"). Grantor shall appear in and prosecute or defend any action or proceeding relating to any Condemnation unless otherwise directed by Beneficiary in writing. Grantor authorizes and appoints Beneficiary as attorney-in-fact for Grantor to commence, appear in and prosecute, in Beneficiary's or Grantor'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 Beneficiary to incur any expense or take any action. If an Event of Default has occurred or is continuing, Grantor hereby transfers and assigns to Beneficiary all right, title and interest of Grantor 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) If an Event of Default has occurred or is continuing, Beneficiary may apply such awards or proceeds, after the deduction of Beneficiary's expenses incurred in the collection of such amounts to the restoration or repair of the Mortgaged Property or to the payment of the Subaward, with the balance, if any, to Grantor. Unless Beneficiary otherwise agrees in writing, any application of any awards or proceeds to the Subaward shall not extend or postpone the due date of any monthly installments referred to in the Subaward Agreement, Section 7 of this Instrument, or change the amount of such installments. Grantor agrees to execute such further evidence of assignment of any awards or proceeds as Beneficiary may require.

(c) Beneficiary's rights under this Section 20 are subject to the rights of the Priority Lender.

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

(a) The occurrence of any of the following events shall constitute an Event of Default under this Instrument:

- (1) a Transfer of all or any part of the Mortgaged Property or any interest in the Mortgaged Property;
- (2) a Transfer of a Controlling Interest in Grantor (other than a Transfer that is permitted or required pursuant to the terms and conditions of that certain Limited Partnership Agreement of Grantor);
- (3) a Transfer of a Controlling Interest in any entity which owns, directly or indirectly through one or more intermediate entities, a Controlling Interest in Grantor;
- (4) if Grantor is a trust, the termination or revocation of such trust;
- (5) a conversion of Grantor from one type of legal entity into another type of legal entity, whether or not there is a Transfer; and

Beneficiary shall not be required to demonstrate any actual impairment of its security or any increased risk of default in order to exercise any of its remedies with respect to an Event of Default under this Section 21.

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

- (1) a Transfer to which Beneficiary has consented;
- (2) a Transfer that occurs by devise, descent, or by operation of law upon the death of a natural person;
- (3) the grant of a leasehold interest in an individual dwelling unit for a term of two (2) years or less;
- (4) a Transfer of obsolete or worn out Personalty or Fixtures that are contemporaneously replaced by items of equal or better function and quality, which are free of liens, encumbrances and security interests other than those created by the Subaward Documents or consented to by Beneficiary;

- (5) the grant of an easement, if before the grant Beneficiary determines that the easement will not materially affect the operation or value of the Mortgaged Property or Beneficiary's interest in the Mortgaged Property, and Grantor pays to Beneficiary, upon demand, all costs and expenses incurred by Beneficiary in connection with reviewing Grantor's request; and
- (6) the creation of a tax lien or a mechanic's, materialman's or judgment lien against the Mortgaged Property which is bonded off, released of record or otherwise remedied to Beneficiary's satisfaction within thirty (30) days of the date of creation.

(c) Beneficiary shall consent, to a Transfer that would otherwise violate this Section 21 if, prior to the Transfer, Grantor has satisfied each of the following requirements:

- (1) the submission to Beneficiary of all information required by Beneficiary to make the determination required by this Section 21(c);
- (2) the absence of any Event of Default;
- (3) the transferee meets all of the eligibility, credit, management and other standards (including any standards with respect to previous relationships between Beneficiary and the transferee and the organization of the transferee) customarily applied by Beneficiary at the time of the proposed Transfer to the approval of Grantors in connection with the origination or purchase of similar mortgages, deeds of trust or deeds to secure debt on properties;
- (4) the Mortgaged Property, at the time of the proposed Transfer, meets all standards as to its physical condition that are customarily applied by Beneficiary at the time of the proposed Transfer to the approval of properties in connection with the origination or purchase of similar mortgages on properties; and
- (5) in the case of a Transfer of all or any part of the Mortgaged Property, or direct or indirect ownership interests in Grantor or in any entity which owns, directly or indirectly through one or more intermediate entities, Grantor, if transferor or any other person has obligations under any Subaward Document, the execution by the transferee or one or more individuals or entities acceptable to Beneficiary of an assumption agreement that is acceptable to Beneficiary and that, among other things, requires the transferee to perform all obligations of transferor or such person set forth in such Subaward Document, and may require that the transferee comply with any provisions of this Instrument or any other Subaward Document which previously may have been waived by Beneficiary.

(d) For purposes of this Section, the following terms shall have the meanings set forth below:

- (1) “**Initial Owners**” means, with respect to Grantor or any other entity, the persons or entities who on the date of the Subaward Agreement own in the aggregate 100% of the ownership interests in Grantor or that entity.
- (2) A Transfer of a “**Controlling Interest**” shall mean, with respect to any entity, the following:
 - (i) if such entity is a general partnership or a joint venture, a Transfer of any general partnership interest or joint venture interest which would cause the Initial Owners to own less than 51% of all general partnership or joint venture interests in such entity;
 - (ii) if such entity is a limited partnership, a Transfer of any general partnership interest or of any general or limited partnership interest which would cause the Initial Owners to own less than 51% of all partnership interests in such entity;
 - (iii) if such entity is a limited liability company or a limited liability partnership, a Transfer of any membership or other ownership interest which would cause the Initial Owners to own less than 51% of all membership or other ownership interests in such entity;
 - (iv) if such entity is a corporation (other than a Publicly-Held Corporation) with only one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than 51% of voting stock in such corporation;
 - (v) if such entity is a corporation (other than a Publicly-Held Corporation) with more than one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than a sufficient number of shares of voting stock having the power to elect the majority of directors of such corporation; and
 - (vi) if such entity is a trust, the removal, appointment or substitution of a trustee of such trust other than (A) in the case of a land trust, or (B) if the trustee of such trust after such removal, appointment or substitution is a trustee identified in the trust agreement approved by Beneficiary.

- (3) “**Publicly-Held Corporation**” shall mean a corporation the outstanding voting stock of which is registered under Section 12(b) or 12(g) of the Securities and Exchange Act of 1934, as amended.

(e) Notwithstanding anything contained in this Instrument or in any of the other Subaward Documents to the contrary, the occurrence of any of the following events shall not constitute an Event of Default or other type of default under this Instrument or any of the other Subaward Documents or require the consent of the Beneficiary: (i) the Transfer of any limited partnership interest or nonmanaging member interest in the Grantor, (ii) the Transfer of any direct or indirect beneficial or other ownership interest in any entity which owns, directly or indirectly through one or more intermediate entities, an interest in the Grantor and (iii) any Transfer of any general partner interest in the Grantor that is permitted or required pursuant to the terms and conditions of the Limited Partnership Agreement of Grantor.

22. EVENTS OF DEFAULT. The occurrence of any one or more of the following shall constitute an Event of Default under this Instrument:

- (a) a Recapture Event;
- (b) any failure by Grantor to pay or deposit when due any amount required by the Subaward Agreement, this Instrument or any other Subaward Document;
- (c) any failure by Grantor to maintain the insurance coverage required by Section 19;
- (d) any failure by Grantor to comply with the provisions of Section 32;
- (e) fraud or material misrepresentation or material omission by Grantor, or any of its officers, directors, trustees, general partners or managers, or any guarantor in connection with (A) the application for or creation of the Subaward, (B) any financial statement, rent roll, or other report or information provided to Beneficiary during the term of the Subaward, or (C) any request for Beneficiary’s consent to any proposed action;
- (f) any Event of Default under Section 21;
- (g) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Beneficiary’s reasonable judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Instrument or Beneficiary’s interest in the Mortgaged Property;
- (h) any failure by Grantor to perform any of its obligations under this Instrument (other than those specified in Sections 22(a) through (f)), as and when required, which continues for a period of thirty (30) days after notice of such failure by Beneficiary to Grantor, but no such notice or grace period shall apply in the case of any such failure which could, in Beneficiary’s judgment, absent immediate exercise by Beneficiary of a right or remedy under this Instrument, result in harm to Beneficiary, impairment of the Subaward Agreement or this Instrument or any other security given under any other Subaward Document;

(i) any failure by Grantor to perform any of its obligations as and when required under any Subaward Document or any other act or omission of Grantor constituting an Event of Default under any other Subaward Document; and

(j) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust or deed to secure debt on the Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable, or commencement of foreclosure proceedings with respect to any mortgage or deed of trust on the Mortgaged Property;

(k) Notwithstanding anything contained herein to the contrary, if there shall occur an Event of Default under this Instrument or any other Subaward Document, Beneficiary hereby agrees to the following: (i) to provide notice (in the manner prescribed herein) of the Event of Default to the Tax Credit Investor, and (ii) the Tax Credit Investor shall have the right, but not the obligation, to cure any Event of Default existing under this Subaward Agreement, which right must be exercised by the later of (a) the cure period provided for in this Subaward Agreement, or (b) thirty (30) days after receipt of notice from Beneficiary of such Event of Default by the Tax Credit Investor.

23. REMEDIES CUMULATIVE. Each right and remedy provided in this Instrument is distinct from all other rights or remedies under this Instrument or any other Subaward 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) Beneficiary may (but shall not be obligated to) agree with Grantor, 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 Subaward; reduce the payments due under this Instrument, the Subaward Agreement, or any other Subaward Document; release anyone liable for the payment of any amounts under this Instrument, the Subaward Agreement, or any other Subaward Document; accept a renewal of the Subaward Agreement; modify the terms and time of payment of the Subaward; 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 Subaward Agreement or change the amount of the monthly installments payable under the Subaward Agreement; and otherwise modify this Instrument, the Subaward Agreement, or any other Subaward Document.

(b) Any forbearance by Beneficiary in exercising any right or remedy under the Subaward Agreement, this Instrument, or any other Subaward 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 Beneficiary of payment of all or any part of the Subaward after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Beneficiary's right to require prompt payment when due of all other payments on account of the Subaward or to exercise any remedies for any failure to make prompt payment. Enforcement by Beneficiary of any security for the Subaward shall not constitute an election by Beneficiary of remedies so as to preclude the exercise of any other right available to Beneficiary.

Beneficiary's receipt of any awards or proceeds under Sections 19 and 20 shall not operate to cure or waive any Event of Default.

25. INTENTIONALLY LEFT BLANK.

26. WAIVER OF STATUTE OF LIMITATIONS. Grantor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce any Subaward Document.

27. WAIVER OF MARSHALING. Notwithstanding the existence of any other security interests in the Mortgaged Property held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Instrument, the Subaward Agreement, any other Subaward Document or applicable law. Beneficiary shall have the right to determine the order in which any or all portions of the Subaward are satisfied from the proceeds realized upon the exercise of such remedies. Grantor and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Instrument waives any and all right to require the marshaling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Instrument.

28. FURTHER ASSURANCES. Grantor shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements, transfers and assurances as Beneficiary may require from time to time in order to better assure, grant, and convey to Beneficiary the rights intended to be granted, now or in the future, to Beneficiary under this Instrument and the Subaward Documents.

29. ESTOPPEL CERTIFICATES. Within ten (10) Business Days following a request by Beneficiary, Grantor shall provide to Beneficiary a duly acknowledged written statement confirming (i) that the Subaward Documents are unmodified and in full force and effect (or, if there have been modifications, that the Subaward Documents are in full force and effect as modified and setting forth such modifications, (ii) the amount of the outstanding principal balance of the Loan, (iii) the date to which interest under the Subaward Agreement has been paid, (iv) that Grantor is not in default in paying the Subaward or in performing or observing any of the covenants or agreements contained in this Instrument or any of the other Subaward Documents (or, if Grantor is in default, describing such default in reasonable detail), (v) whether or not there are then existing any setoffs or defenses known to Grantor against the enforcement of any right or remedy of Beneficiary under the Subaward Documents and (vi) any additional facts requested by Beneficiary. Within ten (10) Business Days following a written request by Grantor, Beneficiary shall provide to Grantor (i) a duly acknowledged written statement setting forth the amount of the outstanding principal balance of the Loan, (ii) the date to which interest has been paid and (iii) whether Beneficiary has provided Grantor with written notice of any Event of Default. Compliance by Beneficiary with the requirements herein shall be for informational purposes only and shall not be deemed to be a waiver of any rights or remedies of Beneficiary hereunder or under any other Subaward Document.

30. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.

(a) This Instrument, and any Subaward 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) Grantor agrees that any controversy arising under or in relation to the Subaward Agreement, this Instrument, or any other Subaward 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 Subaward Agreement, any security for the Subaward, or any other Subaward Document. Grantor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

31. NOTICE.

(a) All notices, demands and other communications (“**notice**”) under or concerning this Instrument shall be in writing. Each notice shall be addressed to the intended recipient at its address set forth in the Subaward 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 Beneficiary is not open for business.

(b) Any party to this Instrument may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 31. Each party agrees that it will not refuse or reject delivery of any notice given in accordance with this Section 31, that it will acknowledge, in writing, the receipt of any notice upon request by the other party and that any notice rejected or refused by it shall be deemed for purposes of this Section 31 to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

(c) Any notice under the Subaward Agreement and any other Subaward Document which does not specify how notices are to be given shall be given in accordance with this Section 31.

(d) Any party giving notice under or concerning this Instrument shall simultaneously provide a copy of such notice to the Priority Lender and the Tax Credit Investor and their counsel at the following addresses:

The Priority Lender and the Tax Credit Investor may change such addresses in accordance with Section 31(b).

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

33. SUCCESSORS AND ASSIGNS BOUND. This Instrument shall bind, and the rights granted by this Instrument shall inure to, the respective successors and assigns of Beneficiary and Grantor. However, a Transfer not permitted by Section 21 shall be an Event of Default.

34. JOINT AND SEVERAL LIABILITY. If more than one person or entity signs this Instrument as Grantor, the obligations of such persons and entities shall be joint and several.

35. RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY.

(a) The relationship between Beneficiary and Grantor shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Beneficiary and Grantor.

(b) No creditor of any party to this Instrument and no other person shall be a third party beneficiary of this Instrument or any other Subaward Document.

36. SEVERABILITY; AMENDMENTS. The invalidity or unenforceability of any provision of this Instrument shall not affect the validity or enforceability of any other provision, and all other provisions shall remain in full force and effect. This Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Instrument. This Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought.

37. CONSTRUCTION. The captions and headings of the sections of this Instrument are for convenience only and shall be disregarded in construing this Instrument. Any reference in this Instrument to an “Exhibit” or a “Section” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Instrument or to a Section of this Instrument. All Exhibits attached to or referred to in this Instrument are incorporated by reference into this Instrument. Any reference in this Instrument to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time. Use of the singular in this Agreement includes the plural and use of the plural includes the singular. As used in this Instrument, the term “including” means “including, but not limited to.”

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

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

40. NO CHANGE IN FACTS OR CIRCUMSTANCES. All information in the Exchange Application and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Exchange Application is complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

41. SUBROGATION. If, and to the extent that, the proceeds of the loan evidenced by the Subaward Agreement are used to pay, satisfy or discharge any obligation of Grantor 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 Beneficiary at Grantor's request, and Beneficiary shall automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

42. ACCELERATION; REMEDIES. At any time during the existence of an Event of Default, Beneficiary, at Beneficiary's option, may declare the Subaward to be immediately due and payable without further demand, and may invoke the power of sale and any other remedies permitted by applicable law or provided in this Instrument or in any other Subaward Document. Grantor acknowledges that the power of sale granted in this Instrument may be exercised by Beneficiary without prior judicial hearing. Beneficiary shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees, costs of documentary evidence, abstracts and title reports.

If Beneficiary directs the Trustee to invoke the power of sale, Beneficiary shall send to Grantor, in the manner provided in Section 31, notice of Beneficiary's election to cause the Mortgaged Property to be sold. Trustee shall give notice of sale and shall sell the Mortgaged Property according to the laws of the State of Mississippi to the highest and best bidder during legal hours, at any front door of the county courthouse of the county in which the Mortgaged Property is situated after having advertised for three consecutive weeks preceding the sale in a newspaper published in the county where the Mortgaged Property is situated, or if none is so published, then in some newspaper having general circulation therein, and by posting notice for the same time at the courthouse of the same county or in accordance with such other laws of the

State of Mississippi governing sales of land under deeds of trust in force at the time the publication of said notice has begun. The advertisement and the notice shall disclose the original Grantor in this Instrument. Grantor waives the provisions of Miss. Code Ann. § 89-1-55 as far as this section restricts the right of Trustee to offer at sale more than 160 acres at a time, and Trustee may offer the Mortgaged Property as a whole, regardless of how it is described. If the Mortgaged Property is situated in two or more counties or in two judicial districts of the same county, then the Trustee shall have power, in case the Trustee is directed to foreclose under this Instrument, to select in which county, or judicial district, the sale of all the Mortgaged Property shall be made, and the selection shall be binding upon the Grantor and the Beneficiary and all persons claiming through or under them, whether by contract or by law. Should the Beneficiary be a corporation or an unincorporated association, then any officer thereof may declare the Grantor to be in default as provided herein and request the Trustee to sell the Mortgaged Property. The Trustee may sell the Mortgaged Property at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as the Beneficiary may determine. The Trustee may postpone sale of all or any parcel of the Mortgaged Property by public announcement subject to the provisions of Miss. Code Ann. § 11-5-99 which sets forth the procedural requirements for the continuation of a sale. The Beneficiary or Beneficiary's designee may purchase the Mortgaged Property at any sale.

Trustee shall deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Mortgaged Property so sold without any express or implied covenant or warranty. The recitals in Trustee's deed shall be prima facie evidence of the truth of the statements made in those recitals. Trustee shall apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including Trustee's fees not to exceed 5% of the gross sales price, attorneys' fees and costs of title evidence; (b) to the Subaward in such order as Beneficiary, in Beneficiary's discretion, directs; and (c) the excess, if any, to the person or persons legally entitled to it.

43. RELEASE. Upon payment of the Subaward, Beneficiary or Trustee shall cancel this Instrument. If Trustee is requested to cancel this Instrument, the Subaward Agreement shall be surrendered to Trustee. Grantor shall pay Beneficiary's reasonable costs incurred in canceling this Instrument.

44. SUBSTITUTE TRUSTEE. Beneficiary, at Beneficiary's option, may from time to time remove Trustee and appoint a successor trustee by instrument recorded in the county in which this Instrument is recorded. Without conveyance of the Mortgaged Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee in this Instrument and by applicable law.

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

Exhibit A Description of the Land (required).

IN WITNESS WHEREOF, Grantor has signed and delivered this Instrument or has caused this Instrument to be signed and delivered by its duly authorized representative.

GRANTOR:

[DEVELOPMENT OWNER ENTITY], L.P., a Mississippi limited partnership

BY: _____, a Mississippi limited liability company, its General Partner

BY: _____, a Mississippi corporation, its Member

BY: _____

ACKNOWLEDGEMENT

STATE OF MISSISSIPPI

COUNTY OF HINDS

Personally appeared before me, the undersigned authority in and for the said county and state, on this the ____day of _____, 2010, within my jurisdiction, the within named _____, who acknowledged that he is the _____ of _____, a Mississippi corporation, that is the member of _____, a Mississippi limited liability company, that is the general partner of [Development Owner Entity], L.P., a Mississippi limited partnership and that for and on behalf of the said company as the general partner of said limited partnership, and as the act and deed of said company as the general partner of said limited partnership, and as the act and deed of said limited partnership, he/she executed the above and foregoing instrument, after first having been duly authorized so to do.

NOTARY PUBLIC

My Commission Expires:

[S E A L]

EXHIBIT A
LEGAL DESCRIPTION