TENNESSEE HOUSING DEVELOPMENT AGENCY
SECTION 1602 LOAN AGREEMENT

This Loan Agreement (the "Agreement") is entered into as of _____, 2010, by and between Click here to enter text. ("Owner") and the Tennessee Housing Development Agency ("THDA").

RECITALS

Owner is receiving funds from THDA under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009, subject to requirements contained in U.S. Treasury Department ("Treasury") "Application and Terms and Conditions: Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009 under the American Recovery and Reinvestment Act of 2009", dated May, 2009, as may be revised or modified from time to time; additional requirements and guidance as may be provided by Treasury from time to time; all other Section 1602 restrictions and program requirements as determined by Treasury, as modified or supplemented from time to time; the THDA Section 1602 Program 2009 Program Description dated July 2, 2009, as may be revised or modified from time to time (the "Program Description"); the THDA 2010 Qualified Allocation Plan (the "QAP"), as may be amended and supplemented from time to time; guidance as may be provided by THDA with respect to Section 1602 Assistance as posted on THDA's website at www.thda.org, as revised or modified from time to time; those restrictive covenants [dated _____, as amended _____, encumbering the Property/or to be recorded against the Property] (the "Restrictive Covenants"); Section 42 of the Internal Revenue Code of 1986, as amended, including without limitation all subsequent tax legislation duly enacted ("Section 42"); United States Treasury Regulations proposed or in effect with respect to Section 42, including revenue procedures, revenue rulings or other published determinations of Treasury Department or the Internal Revenue Service ("IRS") ("Section 42 Regulations" and, together with the Restrictive Covenants, Section 42 and the QAP, the "Tax Credit Program Requirements"); all terms, conditions, requirements, representations and certifications made in or in connection with the Section 1602 Application (as defined below) for the Development (as defined below) including, without limitation, all documents by and between Owner and THDA; and that certain conditional commitment letter dated Click here to enter text., 2010 issued by THDA and accepted by Owner (the "Conditional Commitment Letter and, together with all items referenced in this paragraph, the "Program Requirements"); and

Owner received an award of Section 1602 Assistance pursuant to the Program Description, based on a Section 1602 Application dated Click here to enter text. (the "Section 1602 Application") to construct or rehabilitate Click here to enter text. units of affordable rental housing in the development known as Click here to enter text. (TNClick here to enter text.) located on property in Click here to enter text. County, Tennessee, more particularly described in Exhibit A, which is attached hereto and incorporated herein by this reference (the "Property" and, together with the referenced development, the "Development"; and

THDA has agreed to make Assistance Funds (as defined below) available to Owner for the Development subject to all terms, conditions and requirements of this Agreement, the Program Requirements, and the Tax Credit Program Requirements;

NOW, THEREFORE, in consideration of THDA making the Assistance Funds (as defined below) available to Owner for the Development, Owner agrees as follows:

ARTICLE I
DEVELOPMENT DESCRIPTION

1. Development Name and Address (the "Development")

   Click here to enter text.

   (TNClick here to enter text.)

2. Owner Name and Contact Information (the "Owner")

   Click here to enter text.

3. Unit Information

   Total Number of Units in Development: Click here to enter text.

   Total number of low-income LIHTC-qualified units: Click here to enter text. (the "Tax Credit Units")

4. Section 1602 Assistance

   Amount: $Click here to enter text.

Form: Loan

5. Fees

From the Assistance Funds (as defined in Article II, Paragraph 1 below), THDA will retain an asset management fee and a compliance monitoring fee in the total amount of $Click here to enter text.. Subsequent fees may be due as provided in the QAP and the Program Description.

6. Development Type

[new construction/acquisition/rehabilitation]

7. Development Budget

Final sources and uses statement, including without limitation, total development costs, total amount of Assistance Funds for the Development, total Senior Financing, and all other sources of funds, if any, is as shown on Exhibit B which is attached hereto and incorporated herein by this reference.

8. Private Financing

Senior Lender Name and Contact Information (the "Senior Lender")

Click here to enter text.

Total amount of financing expected from Senior Lender: $Click here to enter text. (the "Senior Financing")

ARTICLE II
AMOUNT/TERMS/USE OF ASSISTANCE FUNDS

1. Amount of Section 1602 Funds

THDA will make Section 1602 funds in the amount of $Click here to enter text. available to Owner for the Development, subject to the availability of funds, all terms and conditions of this Agreement and all Program Requirements (the "Assistance Funds"). The amount of Assistance Funds may not exceed eighty-five percent (85%) of eligible basis as determined at the end of the first year of the credit period. THDA may reduce the amount of Assistance Funds based on the Cost Certification (as defined herein below) or THDA'S final underwriting to prevent over-subsidization of the Development.

2. Terms of the Assistance Funds

The Assistance Funds will be in the form of a loan evidenced by a fifteen (15) year note at 0% interest secured by a deed of trust encumbering the Property and the Development (the "Assistance Note" and the "Assistance Deed of Trust"), with repayment due only upon the occurrence of a Recapture Event (as defined herein) and upon the occurrence of certain events of default under this Agreement, the Assistance Note, and the Assistance Deed of Trust. The amount due under the Assistance Note will be forgiven at the rate of 6.67% for each full year of the Compliance Period, beginning on the first anniversary date of the commencement of the Compliance Period, subject to a determination by THDA, in its sole discretion, that no uncured event of default exists and that no event has occurred, which with the giving of notice or the passage of time, would be such a default.

3. Use of Assistance Funds

Assistance Funds shall be used only to pay or reimburse costs and fees in connection with the Development to the same extent as equity raised from low income housing tax credits under Section 42 ("Eligible Costs"). Owner shall supply documentation as required by THDA, in its sole discretion, with each draw request to demonstrate that Assistance Funds are being used only for Eligible Costs.

4. Limitations under Section 42 of the Internal Revenue Code

The Assistance Funds are awarded in the same manner and subject to the same limitations (including, without limitation, rent, income, use restrictions and compliance monitoring) as required if low-income housing tax credits had been awarded to the Development under Tax Credit Program Requirements, including, without limitation, the QAP. The Development shall comply with all requirements of the QAP.

5. Expenditure and Construction Schedule

   a. Attached hereto, as Exhibit C, which is incorporated herein by this reference, is a detailed construction schedule with timeframes for meeting construction and expenditure timelines (the "Expenditure and Construction Schedule"). Owner shall comply with this Expenditure and Construction Schedule. THDA will use this Expenditure and Construction Schedule to monitor construction of the Development and Assistance Funds expenditure rates to ensure compliance with required expenditure deadlines and all other applicable requirements including, without limitation, any other milestones

identified in the Program Description. No changes to the Expenditure and Construction Schedule may be made without the express written consent of THDA, which consent may be withheld in THDA's sole discretion.

b. 100% of the low-income units in the Development shall be 100% complete and ready for lease-up ("100% Completion of Construction") no later than Click here to enter text. (the "Completion Date"). For purposes of this Agreement, 100% Completion of Construction shall be deemed to occur based upon delivery to THDA of final (not temporary) certificates of occupancy for all units in the Development from the office of the local building inspector in the jurisdiction in which the Development is located in connection with new construction work or delivery to THDA of final (not temporary) certificates of completion for all units in the Development from the office of the local building inspector in the jurisdiction in which the Development is located in connection with rehabilitation of an existing building.

c. Notwithstanding any other provision of this Agreement to the contrary, the deadlines in the Expenditure and Construction Schedule and the Completion Date may be extended by THDA in its sole discretion (but not beyond the outside expenditure and completion deadlines required by Treasury) as a result of a Force Majeure Event (as defined below).

6. Relationship Among Assistance Funds and Senior Financing

a. THDA acknowledges and agrees that the Assistance Deed of Trust shall be subordinate to the deed of trust executed by Owner in favor of Senior Lender (the "First Deed of Trust") to secure a note in the amount of the Senior Financing (the "First Note") and that the subordination will continue as the First Note and/or First Deed of Trust are amended, modified, extended and/or refinanced from time to time, so long as (i) the maximum principal balance of the Senior Loan is not increased beyond its current maximum and (ii) the revised Senior Loan Documents do not materially and adversely affect the rights of THDA.

b. THDA, Senior Lender and Owner shall enter into an Intercreditor Agreement (the "Intercreditor Agreement") with respect to certain matters including, without limitation, reserves for the Development, developer fees associated with the Development, cost overruns, draw requests and disbursement of Assistance Funds and the Senior Financing.

c. To the extent the Assistance Deed of Trust and/or Intercreditor Agreement set forth further subordination terms [and/or HUD requirements if the Senior Financing is FHA-insured], all such terms are expressly incorporated into this Agreement and all related agreements and shall apply as if expressly set forth herein.

7. Term of Agreement

The term of this Agreement shall equal the [Compliance Period/Extended Use Period] (as defined in the Restrictive Covenants).

8. A closing of Assistance Funds may occur prior to the closing of the Senior Financing, however, no disbursement of Assistance Funds shall occur until the Senior Financing has closed.

ARTICLE III
DISBURSEMENT OF ASSISTANCE FUNDS

1. Disbursement of Assistance Funds hereunder shall be subject in all respects to (a) THDA's receipt of funds from Treasury, as applicable; (b) closing of Senior Financing prior to or concurrently with the closing of the Assistance Funds hereunder, with terms acceptable to THDA in its sole discretion; (c) sufficient funding, from sources other than the Assistance Funds, to complete all construction and/or rehabilitation proposed in connection with the Development, in the event of reductions in Senior Financing and/or cost overruns; and (d) full compliance with this Agreement, the Program Requirements, Tax Credit Program Requirements and the Intercreditor Agreement.

2. THDA shall not make and Owner shall not request disbursements of Assistance Funds until the funds are needed for payment of Eligible Costs. The amount requested and the amount disbursed in any draw shall be for Eligible Costs actually due and owing for services performed or materials received that were not included in a previous draw, as determined by THDA in its sole discretion. Owner shall not request any disbursement in excess of actual Eligible Costs incurred.

3. Assistance Funds shall not be drawn down to be placed into escrow accounts and shall not be advanced in lump sums to or on behalf of Owner. Provided, however, to the extent permitted under Program Requirements, Assistance Funds may be used to fund approved reserves.

4. A disbursement of Assistance Funds may initially by made at closing of the Assistance Funds if the Senior Financing has closed, subject to THDA's most recent draw requirements as posted on the THDA website at www.thda.org. Subsequent disbursements shall be made as construction on the Development progresses, subject to THDA review and approval, in THDA's sole discretion, upon Owner's written requests no more frequently than monthly. Owner shall submit disbursement requests on THDA's forms for payment with supporting documentation as required by THDA in its sole discretion. THDA forms and requirements for disbursement hereunder may be modified at any time, at THDA's sole discretion. At least fifteen (15) business days prior to closing of the Assistance Funds, Owner shall submit to THDA a disbursement request on THDA's form for payment with supporting documentation as required by THDA in its sole discretion.

5. THDA's obligation to fund any draw request shall be contingent upon (a) compliance with all requirements of this Agreement, (b) an inspection of progress to date that is satisfactory to THDA, in its sole discretion, and (c) approval of each draw request by THDA and Senior Lender.

6. In the event Owner has closed on its purchase of the Property on which the Development will be located prior to the date hereof, but has not achieved 100% Completion of Construction, Owner shall provide evidence to THDA of all funding requests submitted to Senior Lender, together with evidence of any disbursements made to Owner by Senior Lender. Owner shall have no right to submit a funding request to THDA for any Eligible Costs disbursed to Owner by Senior Lender at or prior to closing of the Assistance Funds made available hereunder. Notwithstanding the foregoing, Owner may seek reimbursement for Eligible Costs expended by Owner from sources other than Senior Financing and may seek reimbursement for repayment of the Senior Financing, so long as such financing did not result from the issuance of tax-exempt bonds.

7. INTENTIONALLY OMITTED.

8. Owner shall receive the disbursements of Assistance Funds in trust to be applied for the purpose of paying Eligible Costs of the Development.

9. Any disbursement requested or made in excess of the amount specified in Article II, Paragraph 1, or for costs or fees that are not an Eligible Costs, or otherwise in violation of this Agreement, in whole or in part, shall be immediately repaid by Owner to THDA. Owner shall pay all amounts deemed by THDA, in its sole discretion, to not be Eligible Costs from sources other than Assistance Funds.

10. All disbursements shall be made in accordance with the Intercreditor Agreement, between and among THDA, Owner and the Senior Lender.

11. THDA may, at its discretion, disburse Assistance Funds to dual payees or to persons other than Owner, including the closing agent handling the closing of the Assistance Funds made available hereunder; provided, however, THDA shall not do so if Owner provides notice to THDA of the existence of a dispute between Owner and a payee regarding the quality or timeliness of work that is the subject of such disbursement. In the event of such disbursements, THDA shall obtain lien waivers or other appropriate documentation designed to forestall a subsequently arising lien with respect to the work for which disbursements were made. Such disbursements shall be deemed disbursements to Owner, the repayment of which shall be secured by the lien of the Assistance Deed of Trust.

12. THDA may refuse to disburse Assistance Funds where work for which payment has been requested has not been performed in a good and workmanlike manner; where supplies, chattels and fixtures have not been furnished and installed; where property stored on or off site has not been insured and made subject to the prior lien of the Assistance Deed of Trust and where the work otherwise fails to comply with Program Requirements or Tax Credit Program Requirements.

13. THDA may reduce the amount of any disbursement requested by any amount, determined by THDA in its sole discretion, to not be an Eligible Cost. THDA reserves the right to deduct from the amount of any disbursement any amount which is or shall become due and payable by Owner under this Agreement or under any other agreement or contract between Owner and THDA.

14. Owner shall demonstrate sufficient resources to fund cost overruns, if any. Cost overruns will not result in additional Assistance Funds. THDA will not disburse Assistance Funds to Owner if, at any time, there are insufficient funds available from all funding sources to support construction and/or rehabilitation of the Development. Owner shall promptly pay any and all additional funds necessary to complete the Development if Assistance Funds and Senior Financing are not sufficient to achieve 100% Completion of Construction by the Completion Date.

15. The disbursement of Assistance Funds shall not be deemed an approval or acceptance by THDA of the work or materials for which payment has been made. THDA reserves the right to disallow payment of any

item of cost or expense at any time upon later review and upon Owner's final submission of cost certification items.

16. Final disbursement of Assistance Funds shall be made only following 100% Completion of Construction for the Development and subject to the following requirements: (a) Owner is not then in default under any provision of this Agreement, the Program Requirements, or the Tax Credit Program Requirements; (b) the general contractor hired by Owner to construct and/or rehabilitate the Development has complied with all provisions of the Construction Contract to the satisfaction of Owner and THDA, (c) no proceedings have been instituted to enforce a mechanic's or material supplier's lien, unless bonded or insured over, and (d) Owner has provided to THDA all reports and documentation required to be provided to THDA prior to the date of the final draw, (e) Owner has entered into an amendment of the Restrictive Covenants, in a form to be provided by THDA, recorded such amendment in the real property records of the county in which the Development is located, and provided a fully executed copy with evidence of recordation to THDA, (f) Owner has provided to THDA written certification from a certified public accountant for all costs and expenses involved in the Development as directed by THDA to satisfy THDA close out requirements, ("Cost Certification"), and (g) all documentation required for a final draw hereunder have been submitted to and approved by THDA.

17. Owner shall demonstrate, no later than December 31, 2010, or such earlier date as established by THDA in its sole discretion, (a) that 100% of the Assistance Funds for the Development have been expended or (b) that Owner has paid or incurred at least 30% of Owner's total adjusted basis in land and depreciable property that is reasonably expected to be part of the Development and thereafter, Owner shall demonstrate 100% Completion of Construction and 100% expenditure of the Assistance Funds for the Development to THDA by dates and with information established by THDA, in its sole discretion.

ARTICLE IV
FEDERAL REQUIREMENTS

1. Owner shall comply with all applicable federal statutes, rules, regulations or other directives, including without limitation, the following:

   a. Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR Part 100 and the regulations at 24 CFR Part 107 (Equal Opportunity in Housing).

   b. Affirmative Marketing - When marketing units in the Development, Owner shall comply with the affirmative fair housing marketing plan and procedures approved by THDA.

   c. Other Requirements - All other applicable federal, state and local laws, regulations and requirements.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Owner represents and warrants as follows:

1. Owner is a Click here to enter text., duly formed and validly existing and in good standing under the laws of the State of Tennessee [or a Click here to enter text., duly formed and validly existing and in good standing in another state within the United States, and validly qualified to do business and in good standing in the State of Tennessee]. Owner has full power and authority to consummate all transactions contemplated under this Agreement, including without limitation, all necessary acts to finance, construct, administer and operate the Development and to comply with all Program Requirements and Tax Credit Program Requirements.

2. This Agreement has been duly and validly executed and delivered by Owner, and constitutes a valid and legally binding obligation enforceable in accordance with its terms and Owner has duly authorized the applicable principal signatory hereof to execute all necessary documents and bind Owner in all legal matters regarding THDA, this Agreement and the Development.

3. All information set forth in all applications, in responses to the Conditional Commitment Letters and in the supporting documentation provided to THDA to secure the Assistance Funds is true and correct in all material respects, or, in the case of information provided by third parties, Owner has no reason to doubt the accuracy of such information. Owner agrees to provide immediate notice to THDA of any changes or modifications which, in any respect, may affect the ability of Owner to achieve 100% Completion of Construction by the Completion Date or to place the Development in service, or which may raise the costs of construction or rehabilitation beyond the amount set forth on Exhibit B.

4. There is no action, suit or proceeding pending, or, to the best of Owner's knowledge, threatened, against or affecting, the Property, the Development or Owner in any court at law or in equity, or before or by any governmental instrumentality, whether federal, state, county or municipal. Owner shall promptly advise

THDA in writing of all litigation, regardless of amount, affecting the Owner, the Property, or the Development and of all complaints or investigations commenced or filed with or by an federal, state or local governmental authority affecting Owner or its business, the Property or the Development or Owner's construction or operation of the Development or which may impede the construction and placement in service of the Development or impair, in any way, the security to THDA.

5. Any and all federal, state and local income tax returns required to be filed by Owner have been filed, and all taxes reflected upon any such tax returns, all past due taxes, interest and penalties and all estimated payments required to be paid have been paid.

6. Owner has no knowledge of any notice applicable to the Development of violations of any laws, ordinances, codes, requirements or orders of any governmental instrumentality having jurisdiction over the Development.

7. Owner has good and marketable title to an indefeasible [fee simple / leasehold] estate in the Property upon which the Development is located, subject to no lien, charge or encumbrance, except for Permitted Encumbrances (as defined in the Assistance Deed of Trust).

8. Owner has not treated, stored, recycled, disposed of or discharged any hazardous, toxic or polluting substances on or into the Property, and Owner has no actual knowledge of any other person or entity, including, without limitation, any previous owner of the Property, having treated, stored, recycled, disposed of or discharged any hazardous, toxic or polluting substances on or into the Property. Owner has no actual knowledge of any notification having been made with regard to the discharge of hazardous, toxic or polluting substances on or into the Property under the Federal Comprehensive Environmental Response, Compensation and Liability Act or under any other federal or state law pertaining to protection of the environment.

9. Owner has made good faith efforts to secure the maximum amount of Senior Financing for the Development based on potential rents. Owner reaffirms all statements and representations it has made to THDA to demonstrate that it has made this good faith effort and acknowledges that THDA has relied upon its statements and representations in making the determination that Owner is eligible for Assistance Funds.

10. INTENTIONALLY OMITTED.

11. All representations, warranties, covenants, certifications and/or indemnifications made by Owner in any application to THDA for Assistance Funds, or in response to the Conditional Commitment Letter for this Development are true and correct as of the date hereof and are incorporated herein by this reference as if set forth herein verbatim.

ARTICLE VI
OWNER'S COVENANTS

Owner covenants and agrees as follows:

1. Owner shall, at all times, fully and completely comply with (a) all applicable state and local ordinances, laws, rules, regulations; (b) all applicable federal laws, rules and regulations; (c) the Tax Credit Program Requirements; (d) the Program Requirements; and (e) all other requirements of this Agreement.

2. Owner shall maintain its existence as a Click here to enter text. under the laws of the State of Tennessee [or as a Click here to enter text. under the laws of the State of Click here to enter text. that is qualified to do business in the State of Tennessee. General partner(s) or managing member(s) in Owner shall not be removed nor shall their respective interests in Owner be modified in any manner without the prior written consent of THDA, which may be withheld in THDA's reasonable discretion. Limited partner interests or member interests (other than managing member interests) in Owner or any partnership or membership interest within a limited partner or member (other than managing member) of Owner shall be freely transferable and shall not require consent from THDA.

3. Owner shall establish and maintain escrows and reserves as THDA, in its sole discretion, may require and shall pay developer fees only as approved by THDA, in its sole discretion. Notwithstanding the foregoing, to the extent Senior Lender (i) requires escrows and reserves of a type and in an amount satisfactory to THDA, in its sole discretion and/or (ii) provides for the payment of the developer's fee at times and in amounts satisfactory to THDA, in its sole discretion, THDA will not impose additional requirements for escrows, reserves, and/or developer's fees. If not addressed by the Senior Lender or if inadequately addressed, as determined by THDA, in its sole discretion, THDA may impose escrow and reserve requirements and limitations on payment of development fees pursuant to separate written guidelines delivered to Owner. Reserves maintained for the Senior Lender will be credited toward any separate reserve requirement of THDA.

4. Owner shall, at Owner's cost and expense, cause all mechanic's liens, other lien claims, encumbrances and charges against the Development or the Property to be discharged, bonded over or affirmatively insured over.

5. Except for Permitted Encumbrances (as defined in the Assistance Deed of Trust), Owner shall not sell, transfer, assign, convey, further encumber, alienate, hypothecate, grant a security interest in or grant any other interest of any kind in the Property or the Development or any part or parts thereof or any interest therein, except in accordance with this Agreement; provided, however, Owner may enter into agreements necessary or desirable for operation of the Development (such as easements, laundry leases, cell tower leases or cable television leases) to the same extent as allowed by the Senior Lender and THDA shall have the same rights with respect to approval and/or notice as provided to Senior Lender. Owner shall not assign this Agreement or the Assistance Funds or encumber, alienate, hypothecate, grant a security interest in or grant any other interest in this Agreement or the Assistance Funds.

6. Owner shall keep or cause all improvements now existing or hereafter erected on the Development insured against loss by fire, wind, and such other hazards as required by the Senior Lender and approved by THDA, in its sole discretion. If not addressed by the Senior Lender to THDA's sole satisfaction, THDA may deliver separate written guidelines to Owner that set forth the types and amounts of insurance that Owner must maintain for such periods and from such providers as THDA may reasonably require.

7. Owner shall pay, or cause to be paid and discharged, all taxes and utility fees on the Property or the Development and any assessments and payments, usual or unusual, which shall be imposed upon or become due and payable or become a lien upon the Property, unless such amounts are contested by Owner and are bonded or insured over.

8. Owner shall rehabilitate and/or construct all buildings and other improvements comprising the Development promptly and in good and workmanlike manner in conformance with all applicable requirements including, without limitation, all applicable zoning, subdivision, environmental protection, use and building codes, energy conservation standards, historic preservation requirements, laws, regulations and ordinances.

9. Owner shall immediately report to THDA any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the Assistance Funds.

10. Owner shall at all times during the operation of the Development, employ qualified staff or engage a qualified property management company to provide management services for the Development.

11. In consideration for the fees and other benefits Owner receives from the Development and notwithstanding anything contrary in the Restrictive Covenants, Owner shall maintain the restricted uses set out in the Restrictive Covenants for the Development in accordance with the terms of the Restrictive Covenants. [Notwithstanding the foregoing, Owner hereby waives all rights to give the written notice specified in Section 42(h)(6)(I) of the Code and any rights it may have to or under the qualified contract process (if such process is applicable)].

12. In the event that at any time after the closing date any further action is reasonably necessary to carry out the purposes of this Agreement, the Owner shall take such further action (including the execution and delivery of such further instruments and documents) as THDA may reasonably request, at the sole cost and expense of the Owner (unless otherwise specified herein).

13. Owner covenants and agrees to be obligated to achieve 100% Completion of Construction as follows:

    a. The Owner shall achieve 100% Completion of Construction of the Development, including, without limitation, any required or recommended environmental remediation, or cause the same to be completed in a good and workmanlike manner, in accordance with the Plans and Specifications (as defined in the Application), free and clear of all defects and mechanics', materialmen's, or similar liens. Further the Owner shall equip the Development or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including, without limitation, refrigerators and ranges, all in accordance with the Loan Documents and the Development Documents, and shall provide for, or cause to be provided for, all other actions and performance required to arrive at 100% Completion of Construction in conformity with the Loan Documents and Senior Loan Documents and shall meet all requirements for obtaining and maintaining all necessary certificates of occupancy and use permits for all the units in the Development. Except as expressly allowed herein or in any of the Loan Documents, any change in the designation of the Contractor or the Architect for the Development or any modification of the Development Documents will require the consent of THDA, in its sole discretion. In addition, the Owner shall cause to be completed and provided to THDA in a timely manner monthly construction and lease-up status reports in the form

requested by THDA from time to time. Further, the Owner will submit to THDA and the construction inspector all monthly draws and all change orders, for their review and for the approval of THDA concurrently with the Senior Lender(s). The Owner will also provide to THDA any and all documentation required by THDA, in its sole discretion, related to a draw of Assistance Funds, including both interim and final draws.

b. The funds anticipated to be available to fund Development costs during construction and thereafter during the Stabilization Period (as defined below) are as follows: (i) Assistance Funds available hereunder; (ii) proceeds of the Senior Financing; (iii) any insurance proceeds arising out of casualties payable during the Stabilization Period, if any; and (iv) net rental income during the Stabilization Period (the funds referenced in (i), (ii), (iii) and (iv) are referred to herein, collectively, as the "Development Proceeds"). If the Development Proceeds are insufficient to:

1. Complete the full construction and/or rehabilitation of the Development, and all buildings, units and common area thereof (together with any and all applicable site work, off-site work, infrastructure work, demolition, environmental abatement and landscaping) of the Development, pursuant to this Article VI, Section 13, or cause the same to be completed in accordance with the Plans and Specifications, in a good and workmanlike manner, free and clear of all defects and mechanics', materialmen's, or similar liens, and equip the Development or cause the same to be equipped, all in accordance with the Loan Documents and the Development Documents;

2. Achieve 100% Completion of Construction by the Completion Date;

3. Pay all Operating Deficits for a period commencing on the date of this Agreement and ending upon achievement of the required Debt Service Coverage (as such is required in the Senior Loan Documents, and if a Debt Service Coverage is not required under the Senior Loan Documents, THDA will notify the Owner of the required Debt Service Coverage) with respect to the units, substituting a three-consecutive month reporting period, in lieu of a twelve-month reporting period and with expenses, on an accrual basis, calculated based on the greater of actual expenses or projected expenses as set forth in the projections ("Stabilization Period"), including, without limitation, the payment or accrual in the ordinary course of business of all Partnership expenses and payment of all accrued operating deficits, and the funding of all Partnership reserves to the extent required by the Loan Documents and the Senior Loan Documents or hereunder (provided that for purposes of calculating the required Debt Service Coverage for this subparagraph (5), such income and expense numbers need not he supported by an audit);

4. Pay and satisfy all conditions to closing and funding, or conversion, of all permanent loans and repayment in full, and release of all collateral security for, all construction and bridge financing of the Development, other than construction Loans which have been converted to permanent Loans; and

5. Pay or provide for all amounts necessary to correct latent defects occurring after the 100% Completion Date, including all obligations, expenses, costs, liabilities, or expenditures in respect thereof, applicable to the period prior to the 100% Completion Date;

(all of the above requirements being sometimes referred to collectively hereinafter as the "Development Completion Requirements"), then, the Owner shall pay all funds necessary to accomplish the Development Completion Requirements.

Further, if 100% Completion of Construction occurs without full utilization of the Senior Financing and the Assistance Funds, any construction cost savings and or unspent construction contingency funds shall be held in reserve and used, with the consent of THDA, in its sole discretion, for Eligible Costs.

c. The Owner's obligations under this Article VI, Section 13 shall be guaranteed by the Guarantor, pursuant to the Guaranty, a form of which is attached as Exhibit __ to this Agreement.

ARTICLE VII
CONDITIONS PRECEDENT TO LOAN CLOSING

1. THDA shall not be obligated to close the loan evidencing the Assistance Funds until the following conditions are satisfied:

a. Evidence satisfactory to THDA, in its sole discretion, that all requirements, terms, covenants, conditions or obligations contained in this Agreement, the Program Description, the Conditional Commitment Letter, the Program Requirements, the Tax Credit Program Requirements, the Restrictive Covenants, the First Note, the First Deed of Trust, or any agreement with Senior Lender or other person or entity providing funding for the Development (together with the Loan Documents,

collectively the "Development Documents") that must be met prior to a closing, have been met or will be met prior to a closing of the Assistance Funds hereunder.

b. Evidence satisfactory to THDA, in its sole discretion, that the Senior Financing, both in amounts as specified herein and upon terms approved by THDA, closed prior to or will close simultaneously with a closing of Assistance Funds hereunder.

c. No change in the amount of Senior Financing or, in the event of a reduction in Senior Financing, evidence satisfactory to THDA, in its sole discretion, that sufficient funds are available from sources other than Assistance Funds to meet the Development Budget set forth in Article I, Section 7 above.

d. Execution of the Intercreditor Agreement between and among THDA, Owner and Senior Lender.

e. Other conditions as THDA deems necessary, in its sole discretion.

2. In connection with the closing of the Assistance Funds, the following documents must be fully executed and recorded, if necessary:

a. This Agreement

b. Assistance Note

c. Assistance Deed of Trust

d. Owner's Closing Certificate

e. General Partner/Managing Member Closing Certificate

f. Intercreditor Agreement among Owner, Senior Lender and THDA

g. HUD Subordination Agreement, if applicable

h. Loan Closing Statement

i. Guaranties

j. Other documents as THDA may require (Collectively, the documents referenced in this Article VII, Section 2 are referred to as the "Loan Documents").

ARTICLE VIII
RECORDKEEPING/REPORTING/AUDITS

1. Owner shall provide a report including the following data, within, seven (7) calendar days following execution of this Agreement:

a. Name of Owner

b. Name of Development

c. Brief description of Development

d. Location of Development – city, county, State, zip code

e. Number of construction jobs created

f. Number of construction jobs retained

g. Number of non-construction jobs created

h. Number of non-construction jobs retained

i. Number of total housing units newly constructed

j. Number of total housing units rehabilitated

k. Number of low-income housing units newly constructed

l. Number of low-income housing units rehabilitated

2. Owner shall submit any other reports and data as THDA deems necessary, in its sole discretion, to enable THDA to comply with federal reporting requirements. FAILURE TO PROVIDE REPORTS REQUIRED BY THIS SECTION IN THE TIMEFRAME SET BY THDA MAY RESULT IN SUSPENSION OF ANY ONGOING DISBURSEMENTS BY THDA AND MAY RESULT IN TERMINATION OF THIS AGREEMENT.

3. Owner shall provide quarterly financial reports on Development operation as THDA deems necessary, in its sole discretion.

4. THDA will post on its website at www.thda.org information about the format, frequency, duration of submission and other requirements as may be established, from time to time, by HUD, Treasury, OMB and/or the State.

5. Owner shall maintain and preserve all documentation, books, documents, papers, contracts, and other records (written, electronic and otherwise) that support the Assistance Funds disbursed hereunder, that relate to this Agreement, the Owner, and the Development, and that demonstrate Owner has complied with the terms and conditions of this Agreement, the Program Requirements and the Tax Credit Program Requirements for a period of three (3) full years following completion or termination of this Agreement. Owner shall maintain all such records in accordance with the Accounting Manual for the Recipients of Grant Funds in the State of Tennessee, published by the Tennessee Comptroller of the Treasury. Financial statements for Owner and/or the Development shall be prepared in accordance with generally accepted accounting principles by a qualified independent auditor in accordance with the Tax Credit Program Requirements and shall be submitted as THDA may require.

6. OWNER ACKNOWLEDGES THAT THDA MAY AMEND THESE REPORTING AND RECORD KEEPING REQUIREMENTS FROM TIME TO TIME AND AGREES THAT ANY SUCH AMENDMENTS MADE TO REPORTING AND RECORD KEEPING REQUIREMENTS SHALL APPLY TO OWNER, THE DEVELOPMENT, AND THE FUNDING PROVIDED HEREUNDER UPON NOTICE FROM THDA, GIVEN AS SPECIFIED HEREIN.

7. Owner acknowledges that all information provided to THDA by or concerning the Development, Owner, or funding provided hereunder is subject to disclosure under the Tennessee Open Records law.

ARTICLE IX
RIGHT OF ACCESS AND INSPECTION

1. Owner shall provide THDA and any representatives it may engage the right of entry and free access to the Development before, during and after the construction period, at any reasonable time, to inspect all work done, labor performed and materials furnished in and about the Development. Although THDA may, from time to time, inspect the progress of the work and determine the quality of its workmanship and materials going into the Development, Owner, upon its own responsibility, has selected architects, contractors, subcontractors, materials, and labor, or will make its own arrangements for the same and Owner acknowledges that THDA has no responsibility therefor or liability in connection therewith.

2. Owner shall provide THDA and its representatives, U.S. Treasury, the cognizant Treasury inspector general, the Comptroller General of the United States, the State, the Tennessee Comptroller of the Treasury or any of their respective authorized representatives, full access to Owner's facilities, the Development and to any pertinent books, documents, papers, contracts, plans, specifications, drawings and/or other records (written, electronic and otherwise) relating to Owner, the Development, and the Assistance Funds for monitoring, inspection, evaluation, and/or to make audits, examinations, excerpts, transcripts, and/or copies.

3. Owner shall make all audit, accounting or financial analysis work papers, notes and other documents available for review by THDA and its representatives, U.S. Treasury, the cognizant Treasury inspector general, the Comptroller General of the United States, the State, the Tennessee Comptroller of the Treasury or any of their respective authorized representatives, upon request, during normal working hours either while this Agreement is in progress or subsequent to the completion of this Agreement.

ARTICLE X
EVENTS OF DEFAULT

1. The occurrence of any one or more of the following shall constitute an event of default hereunder ("Event of Default"):

   a. A Recapture Event occurs. A Recapture Event occurs if, at any time during the Compliance Period, the applicable fraction of a building in the Development falls below the greater of (a) the percentage of Section 1602 funds that comprise the eligible basis of that building or (b) the minimum set-aside elected for the building. A recapture event also occurs when the applicable fraction for a building is lower than the percentage of Section 1602 funds that comprise the eligible basis of the building and the applicable fraction for a building in the Development falls below the greater of (a) the applicable fraction specified for the building in the Restrictive Covenants or (b) the minimum set-aside elected for the building.

b. Failure to expend Assistance Funds only for costs that are Eligible Costs.

c. Failure to achieve 100% Completion of Construction by the Completion Date.

d. Failure to place the Development in service in compliance with Tax Credit Program Requirements.

e. Failure to immediately repay Assistance Funds if, at the end of the first year of the credit period, the Assistance Funds disbursed exceed eighty-five percent (85%) of eligible basis as determined by THDA, in its sole discretion.

f. Failure to make any payment, when due, under the Assistance Note.

g. Owner fails to perform, observe or meet any material requirement, term, covenant, condition or obligation (other than an obligation to repay some or all of the Assistance Funds made available hereunder) contained in this Agreement, the Assistance Note, the Assistance Deed of Trust, the Program Description, the Conditional Commitment Letter, the Program Requirements, the Tax Credit Program Requirements, the Restrictive Covenants, the Reservation Notice, the First Note, the First Deed of Trust, any agreement with Senior Lender, or any other agreement through which financial assistance is to be provided to assist in the construction and/or rehabilitation or operation of the Development, as determined in THDA's sole discretion, and such failure is not remedied or corrected within any applicable cure period, if any.

h. If at any time, any representation or warranty made by Owner shall be incorrect, in any material respect, as of the time made, or if at any time, any representation or warranty made by Owner shall become incorrect, in any material respect, due to changed circumstances allowed under this Agreement, and Owner does not notify THDA of such change in circumstance within ten (10) business days from such change.

i. Any disbursement is not accepted and applied to an Eligible Cost by Owner within three (3) days after THDA has drawn funds from Treasury, provided that THDA disbursed such funds to or on behalf of Owner.

j. If at any time, title to any part of the Development is not satisfactory to THDA by reason of any lien, encumbrance or other defect (even though the same may have existed at the time of any prior disbursement), except for Permitted Encumbrances (as defined in the Assistance Deed of Trust) and Owner has failed to commence and proceed diligently to correct such lien, encumbrance or other defect within ten (10) days after notice to Owner, or if the title insurance company shall fail or refuse to insure any disbursement to be secured by the Deed of Trust as a valid second lien on the Development, subject only to those matters affecting title as may be approved by THDA in its sole discretion.

k. Owner assigns this Agreement or any advance to be made hereunder or any interest in either, or if the Development or any part thereof or interest therein is conveyed, assigned, pledged or encumbered (except for Permitted Encumbrances as defined in the Assistance Deed of Trust) in any way other than as herein provided without the prior written consent of THDA.

l. If the improvements are partially or totally damaged or destroyed by fire or any other casualty or eminent domain proceedings result in condemnation of all or any part of the Development before Completion of Construction and the restoration thereof cannot be expected to be completed so that the Development will be completed on or before the Completion Date; provided, however, so long as Owner is not otherwise in default under this Agreement and establishes to THDA's reasonable satisfaction that sufficient funds exist (including the Assistance Funds) to restore the Development, Owner shall rebuild the Development and extend the Completion Date (but not beyond the outside expenditure and completion deadlines imposed by Treasury).

m. If there is any cessation of construction of the Development for any period in excess of fourteen (14) successive calendar days, unless the cessation of construction shall have been caused by conditions beyond the control of Owner, including, without limitation, acts of God or the elements, fire, strikes, labor disputes, delays in delivery of material and disruption of shipping (each a "Force Majeure Event") and the conditions of each of subparagraphs (i), (ii), and (iii) below shall have been satisfied:

   (i) Owner shall have made adequate provision, reasonably acceptable to THDA, for the protection of materials stored on site and for the protection of the Development, to the extent then constructed and/or rehabilitated, against deterioration and against other loss or damage and theft;

(ii) Owner shall have furnished to THDA satisfactory evidence that such cessation of construction will not adversely affect or jeopardize the rights of Owner under contracts relating to the construction of the Development; and

(iii) From time to time, upon THDA's request therefore during any such cessation of construction, Owner shall furnish to THDA satisfactory evidence that, notwithstanding such cessation of construction, Completion of Construction can be accomplished on or before the Completion Date.

n. Except as specifically agreed to by THDA, in its sole discretion, if (i) Owner executes any chattel mortgage or other security agreement on any materials, fixtures or articles used in the construction and/or rehabilitation or operation of the Development or on articles of personal property located therein, or (ii) any such materials, fixtures or articles are not in accordance with the Development construction documents or are purchased pursuant to any conditional sales contract or other security agreement or otherwise so that the ownership thereof will not vest unconditionally in Owner free from encumbrances, or (iii) Owner does not furnish to THDA, upon request, the contracts, bills of sale, statements, receipted vouchers and agreements, or any of them, under which Owner claims title to such materials, fixtures or articles.

o. Any statements, details, budgets or revisions submitted by Owner to THDA indicate, in THDA's sole discretion, that the estimated cost of construction or rehabilitation of the Development is in excess of the amount of funds available to Owner to complete and pay for such construction or rehabilitation and Owner is unable to provide sufficient information to THDA, within fourteen (14) days after notice provided as specified herein, to demonstrate that additional funding, as required by THDA in its reasonable discretion, is available to Owner for the Development.

p. Owner fails to comply with any requirement of any governmental entity having jurisdiction over the Development (the "Government Authority") by the later to occur of the last day of the time period provided by the Governmental Authority or within fourteen (14) days after notice of such requirement shall have been given to Owner by such Governmental Authority, or fails to furnish to THDA, upon request, official reports made by any such Governmental Authority.

q. A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee for any of its property is filed by Owner, or a petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee of any of its property is filed against Owner which is not dismissed within sixty (60) days, or a receiver or trustee of any property of Owner is appointed and is not discharged within sixty (60) days, or Owner makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts, or Owner is adjudged insolvent by any State or Federal court of competent jurisdiction, or an attachment of execution is levied against any substantial portion of the property of Owner which is not discharged within sixty (60) days.

2. Notwithstanding any provision hereof to the contrary, no Event of Default shall be deemed to occur unless and until THDA provides notice to Owner, as specified in Article XIII, Section 4 herein, of the Event of Default and Owner fails to cure the Event of Default within thirty (30) days after the date of such notice from THDA, or, if the Event of Default cannot reasonably be cured within thirty (30) days, Owner fails to commence cure of the Event of Default within ten (10) days of the date of the notice from THDA and/or fails to diligently pursue cure of the Event of Default.

ARTICLE XI
ENFORCEMENT/REMEDIES IN THE EVENT OF DEFAULT

1. If a Recapture Event (as specified in Article X Section 1a, herein) occurs, THDA may, in its sole discretion, declare the indebtedness evidenced by the Assistance Note and secured by the Assistance Deed of Trust immediately due and payable and foreclose under the Assistance Deed of Trust if the indebtedness is not paid. OWNER ACKNOWLEDGES THAT THE REPAYMENT OBLIGATION TRIGGERED BY THE OCCURRENCE OF A RECAPTURE EVENT IS A DEBT OWED TO THE UNITED STATES PAYABLE TO THE GENERAL FUND OF THE TREASURY AND IS ENFORCEABLE BY ALL AVAILABLE MEANS AGAINST ANY AND ALL ASSETS OF OWNER.

2. If an Event of Default is deemed to occur under this Agreement, as specified in Article X, Sections 1b, 1c, 1d, 1e, or 1h herein, THDA may, in its sole discretion, take any one or more of the following actions:

a. Temporarily halt disbursements until the Event of Default is corrected. Notwithstanding the foregoing, THDA may make any disbursement if any such Event of Default exists without thereby waiving the

right to demand payment of the indebtedness and to foreclose and without becoming liable to make any other or further disbursement hereunder.

b. Disallow all or any part of the cost of any activity or action that is not an Eligible Cost and in connection therewith, Owner shall, immediately upon demand, reimburse THDA any funds used for other than Eligible Costs. If not paid, an action will arise immediately for collection of any funds spent by Owner for other than Eligible Costs and will include fees and costs associated with enforcement and collection of such funds by THDA.

c. Suspend or terminate, in whole or in part, this Agreement or funding made available hereunder, in which case, all obligations of THDA under this Agreement, at THDA's option, shall cease. Notwithstanding the foregoing, Owner shall not be relieved of liability to THDA.

d. Require repayment of the full amount of Assistance Funds disbursed to the date of the Event of Default described in Article X, Sections 1b, 1c, 1d, 1e, or 1h, hereof; provided, however, such repayment obligation shall be nonrecourse against Owner and its [partner(s)/member(s)].

e. Declare the indebtedness evidenced by the Assistance Note and secured by the Assistance Deed of Trust immediately due and payable and foreclose under the Assistance Deed of Trust, provided, however, such repayment obligation shall be nonrecourse against Owner and its [partner(s)/ members(s)].

f. Withhold Assistance Funds from other developments involving entities or individuals related to the general partner or managing member of Owner or the developer of the Development.

g. Change the structure of the ownership entity (including adding or removing parties).

h. Replace the management company.

i. Enforce guarantees.

j. Take any and all other legal remedies as may be available including, without limitation, seeking specific performance.

3. If any other Event of Default has been deemed to occur under this Agreement, THDA may, in its sole discretion, take any one or more of the following actions:

a. Temporarily halt disbursements until the Event of Default is corrected. Notwithstanding the foregoing, THDA may make any disbursement if any such Event of Default exists without thereby waiving the right to demand payment of the indebtedness and to foreclose and without becoming liable to make any other or further disbursement hereunder.

b. Disallow all or any part of the cost of any activity or action that is not an Eligible Cost and in connection therewith, Owner shall, immediately upon demand, reimburse THDA any funds used for other than Eligible Costs. If not paid, an action will arise immediately for collection of any funds spent by Owner for other than Eligible Costs and will include fees and costs associated with enforcement and collection of such funds by THDA.

c. Suspend or terminate, in whole or in part, this Agreement or funding made available hereunder, in which case, all obligations of THDA under this Agreement, at THDA's option, shall cease. Notwithstanding the foregoing, Owner shall not be relieved of liability to THDA.

d. Withhold Assistance Funds from other developments involving entities or individuals related to the general partner or managing member of Owner or the developer of the Development.

e. Change the structure of the ownership entity (including adding or removing parties).

f. Replace the management company.

g. Enforce guarantees.

h. Take any and all other legal remedies as may be available including, without limitation, seeking specific performance.

4. Owner's [general and limited partner(s)/members and managing members] shall have the right, but not the obligation to cure defaults hereunder in the same manner as Owner.

ARTICLE XII
ASSET MANAGEMENT/COMPLIANCE MONITORING

1. Owner acknowledges that THDA must perform asset management functions so as to ensure compliance with Program Requirements and Tax Credit Program Requirements and to assure the long-term viability of

the Development. Owner covenants to assist THDA and to provide information, materials and documentation, as THDA determines necessary, in THDA's sole discretion, to fulfill obligations THDA may have in connection with performing asset management functions.

2. Owner acknowledges that THDA must perform financial management functions so as to ensure compliance with Program Requirements and Tax Credit Program Requirements and to assure the long-term viability of the Development. Owner covenants to assist THDA and to provide information, materials and documentation, as THDA determines necessary, in THDA's sole discretion, to fulfill obligations THDA may have in connection with performing financial management functions.

3. Owner shall at all times expend and account for Assistance Funds in accordance with federal and state laws and procedures for expending and accounting to permit preparation of required reports and to support the application of funding expenditures adequate to establish that such Assistance Funds have not been used in violation of the restrictions and prohibitions of applicable statutes. Effective control and accountability must be maintained for all Assistance Funds.

4. Owner shall at all times maintain program, financial, and accounting records sufficient to demonstrate that Assistance Funds were used in compliance with the Program Requirements, the Tax Credit Program Requirements and any other applicable requirements.

5. Owner shall pay reasonable fees as THDA, in its sole discretion, may determine in connection with required asset management and financial management functions and set forth in a fee schedule to be provided by THDA.

ARTICLE XIII
GENERAL CONDITIONS

The following conditions shall be applicable throughout the term of this Agreement:

1. If THDA, at any time during construction, reasonably determines that there is any conflict resulting from any identity of interest by and between Owner and a construction party, including, but not limited to a determination that the Development construction is, in any way, likely to be delayed or will unreasonably escalate in price, THDA may, in its sole discretion, require Owner to terminate the related party, employ an independent construction manager, or take whatever other or additional action THDA deems necessary to ensure the timely and satisfactory Completion of Construction by the Completion Date and Assistance Funds shall not be available to pay costs attendant thereto.

2. No disbursement of Assistance Funds hereunder shall constitute a waiver of any of the conditions of THDA's obligation to make further advances nor, in the event Owner is unable to satisfy any such condition, shall any waiver of such condition have the effect of precluding THDA from thereafter declaring such inability to be an Event of Default as herein provided.

3. All conditions of the obligation of THDA to make disbursements hereunder are imposed solely and exclusively for the benefit of THDA and its assigns and no other person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that THDA will refuse to make advances in the absence of strict compliance with any or all thereof and no other person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by THDA at any time if in its sole discretion it deems it advisable to do so.

4. (a) All consents, demands or other communications required or contemplated by this Agreement shall be in writing and shall be made by one of the following methods: (i) certified, first class mail, return receipt requested and postage prepaid; (ii) overnight courier service with an asset tracking system; (iii) facsimile transmission to the fax numbers listed below, (iv) electronic mail transmission to the e-mail addresses listed below; or (v) at such other addresses the parties hereto may designate in writing:

   To THDA: Tennessee Housing Development Agency
   404 James Robertson Parkway, Suite 1200
   Nashville, TN 37243-0900
   Attention: Ed Yandell
   Phone: (615) 815-2142
   Fax: (615) 564-2700
   E-mail: eyandell@thda.org

   To Owner: [redacted]

   All consents, demands, or other communications from THDA to Owner shall be considered effectively given as of the date sent via one of the methods specified above. In addition, notices, instructions or other

communications from THDA to Owner shall be deemed given when posted by THDA on its website at www.thda.org.

All communications from Owner to THDA shall be deemed given when received by THDA at the address specified above.

(b) In the event Senior Lender is not required to provide to THDA copies of notices sent to Borrower in connection with the Senior Financing, Borrower shall, within five (5) business days from the receipt thereof provide THDA with copies of all such notices from or on behalf of Senior Lender and from or on behalf of any insurers or guarantors of the Senior Financing, if any within.

5. Inspections and approvals related to the Development, and the workmanship and materials used therein impose no responsibility or liability of any nature whatsoever on THDA. THDA's sole obligation hereunder is to disburse Assistance Funds if and to the extent required by this Agreement.

6. All rights, powers and remedies herein given to THDA are cumulative and not alternative and are in addition to all statutes or rules of law; any forbearance or delay by THDA in exercising the same shall not be deemed to be a waiver thereof, and the exercise of any right or partial exercise thereof shall not preclude the further exercise thereof, and the same shall continue in full force and effect until specifically waived by an instrument in writing executed by THDA. All representations and covenants by Owner shall survive the making of disbursements of Assistance Funds and the provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

7. Owner agrees that the Assistance Note and the Assistance Deed of Trust shall be made subject to all the terms, covenants, conditions, obligations, stipulations, and agreements contained in this Agreement to the same extent and effect as if fully set forth in and made a part of the Assistance Note and the Assistance Deed of Trust, and Owner and THDA agree that this Agreement is made subject to all the terms, covenants, conditions, obligations, stipulations and agreements contained in the Assistance Note and the Assistance Deed of Trust to the same extent and effect as if fully set forth herein and made a part of this Agreement.

8. THDA may assign this Agreement and the Assistance Note and the Assistance Deed of Trust to any other person, firm or corporation provided that all of the provisions of this Agreement shall continue to apply to the Assistance Note and the Assistance Deed of Trust. In the event of such assignment, it shall be deemed to be a compliance by THDA with this Agreement and to have been made in pursuance of this Agreement and not to be a modification hereof and the advances made by any such assignee shall be evidenced and secured by the Assistance Note and the Assistance Deed of Trust.

9. This Agreement may not be assigned or transferred by Owner by operation of law or otherwise and Owner may not delegate its duties hereunder without the prior written consent of THDA. Any approval of an assignment and/or reimbursement of payment to any third party on behalf of Owner shall not establish any legal relationship between THDA and the other third party, and under no circumstances shall THDA be held liable for any act or omission pursuant to such an assignment.

10. Notwithstanding anything to the contrary contained herein or elsewhere, the Assistance Funds made available hereunder, evidenced by the Assistance Note and secured by the Assistance Deed of Trust are with full recourse against Owner and any assets of Owner in the event of a Recapture Event.

11. This Agreement is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Agreement supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral. This Agreement may be amended only by a written amendment executed by all parties hereto. Notwithstanding the foregoing, THDA reserves the right to amend, modify, change, clarify, or interpret this Agreement or any other requirement applicable to Owner and the Development as determined necessary by THDA, in its sole discretion, to meet applicable federal requirements by posting such information to the THDA website at www.thda.org or by otherwise providing notice as specified herein. OWNER ACKNOWLEDGES AND AGREES THAT FROM AND AFTER THE DATE OF SUCH POSTING OR OTHER NOTICE AS PROVIDED HEREIN, ALL SUCH AMENDMENTS, MODIFICATIONS, CHANGES, CLARIFICATIONS, OR INTERPRETATIONS MADE BY THDA SHALL APPLY TO OWNER AND/OR THE DEVELOPMENT AS IF INCLUDED HEREIN AS OF THE DATE HEREOF.

12. Owner warrants that no part of amounts disbursed or paid under this Agreement shall be paid directly or indirectly to an employee or official of THDA or of the State as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to Owner in connection with the loan evidenced by the Assistance Note and secured by the Assistance Deed of Trust and/or any work contemplated or performed relative to this Agreement.

13. The undersigned certifies to the best of his or her knowledge that no Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement. Owner acknowledges and agrees that the certifications made in this paragraph are material representations of fact upon which reliance was placed when this transaction was made or entered into.

14. The undersigned certifies to the best of his or her knowledge that if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form–LLL, ''Disclosure Form to Report Lobbying,'' in accordance with its instructions. Owner acknowledges and agrees that the certifications made in this paragraph are material representations of fact upon which reliance was placed when this transaction was made or entered into.

15. Owner acknowledges and agrees that language in paragraphs 13 and 14 above shall be included in all documents related to the Development as THDA may direct in its sole discretion and all certifications and disclosures related to the Development, as required by THDA in its sole discretion, shall be made.

16. Owner hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Agreement or in the employment practices of Owner on the grounds of handicap and/or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal or State constitutional, or statutory law. Owner shall, upon request, show proof of efforts to prevent discrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

17. Failure by any party to this Agreement to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision.

18. The parties hereto, in the performance of this Agreement, shall not be deemed to be acting as employees, partners, joint venturers, or associates of one another. THDA and Owner expressly acknowledge that they are independent contracting entities and that nothing in this Agreement shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever. Owner, being an independent contractor and not an employee of THDA, agrees to carry adequate public liability and other appropriate forms of insurance, including appropriate forms of insurance on Owner's employees, and to pay all applicable taxes incident to this Agreement.

19. THDA shall have no liability with respect to the Development or Owner or any party connected with the Development or Owner except as specifically provided in this Agreement.

20. This Agreement and all matters relating thereto shall be governed by, construed, and interpreted in accordance with the laws of the State of Tennessee. Owner acknowledges and agrees that any rights or claims against THDA or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under Tennessee Code Annotated, Sections 9-8-101 through 9-8-407.

21. If any terms and conditions of this Agreement are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Agreement are declared severable.

22. Section and Article headings are for reference purposes only and shall not be construed as part of this Agreement.

23. The Agreement is subject to the availability of Assistance Funds. In the event that Assistance Funds are not available, THDA reserves the right to terminate this Agreement upon written notice to the Owner. Such termination shall not be deemed a breach of this Agreement by THDA. Upon such termination, Owner shall have no right to recover from THDA any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

24. The provisions of this Agreement are intended to comply with the applicable Tax Credit Program Requirements and Program Requirements, as the same may be amended or interpreted from time to time by regulation or public pronouncement from HUD, Treasury or the IRS. If any provision of this Agreement is inconsistent with any provisions of Tax Credit Program Requirements, Program Requirements, or official interpretations thereof, then such inconsistent provision(s) shall be construed and applied in a manner so as to comply with the applicable Tax Credit Program Requirements and Program Requirements.

25. Owner shall indemnify and hold harmless THDA and THDA's directors, officers, agents, and employees from and against any and all claims, liabilities, damages, losses, injuries, costs, expenses, losses and causes of action, of every kind whatsoever, that are paid incurred, suffered by or asserted against THDA, as a direct or indirect result of its provision of Assistance Funds and/or tax credits to support the construction and operation of the Development or which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of Owner, its employees, or any person acting for or on its or their behalf relating to this Agreement. Owner further agrees it shall pay all costs, including court costs, and all fees, including reasonable attorney fees for THDA, incurred to enforce the terms of this Agreement or otherwise enforce the obligations of Owner to THDA.

26. Owner expressly agrees to indemnify, defend and hold harmless THDA from any and all environmental liabilities, claims, damages, injuries, costs, expenses and losses, of every kind whatsoever, that are paid, incurred, suffered by or asserted against THDA, as a direct or indirect result of the presence of any hazardous substance on the Property or the escape, seepage, leakage, spillage, discharge, emission or release thereof on the Property.

27. In the event of any suit or claim, threatened or filed against the Property, the Development, Owner, and/or THDA in connection with the Property and/or the Development, Owner shall give THDA immediate notice thereof and shall provide all assistance required by THDA in THDA's defense. THDA shall give Owner written notice of any such claim or suit, and Owner shall have full right and obligation to conduct Owner's own defense thereof. Nothing contained herein shall be deemed to accord to Owner, through its attorney(s), the right to represent THDA in any legal matter, such rights being governed by Tennessee Code Annotated, Section 8-6-106.

28. Owner certifies, to the best of its knowledge and belief, that Owner, Owner's principals and Owner's contractor:

    a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;

    b. have not within a three (3) year period preceding this Agreement been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

    c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and

    d. have not within a three (3) year period preceding this Agreement had one or more public transactions (Federal, State, or Local) terminated for cause or default.

29. Notwithstanding anything contained herein to the contrary, THDA may exercise all rights, powers and remedies under this Loan Agreement as provided under the Section 1602 Program and any laws, regulations, interpretations, and guidance related thereto or issued in connection therewith by the United States Department of Treasury, all as may be supplemented, amended or modified from time to time.

30. Owner and the undersigned acknowledge that Tennessee Code Annotated, Section 13-23-133, makes it a Class E felony for any person to knowingly make, utter or publish a false statement of substance for the purpose of influencing THDA to allow participation in any of its programs, including the Low Income Housing Tax Credit Program, and the Section 1602 Program. Owner and the undersigned further acknowledge that all statements, representations, warranties, covenants and agreements contained in and documentation or materials submitted in connection with Owner, the Development, under the Tax Credit Program Requirements or under the Program Requirements are statements of substance made for the purpose of influencing THDA to provide Assistance Funds to the Development.

31. This Agreement may be executed in various counterparts each of which shall be an original but all of which shall constitute one instrument.

32. Time is of the essence of this Agreement.

ARTICLE XIV
SPECIAL PROVISIONS REQUIRED BY THE STATE OF TENNESSEE

This Agreement provides a loan of Assistance Funds to Owner that is funded in whole or in part under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, (Recovery Act). Owner shall ensure that all applicable requirements, including but not limited to those set forth herein, of the Recovery Act are met and that Owner provides information to THDA as required.

Owner shall comply with the following, to the extent applicable to Assistance Funds:

1. Federal Grant Award Documents, as applicable.

2. Executive Office of the President, Office of Management and Budget (OMB) Guidelines as posted at www.whitehouse.gov/omb/recovery_default/, as well as OMB Circulars, including but not limited to A-102 and A-133 as posted at www.whitehouse.gov/omb/financial_offm_circulars/.

3. Office of Tennessee Recovery Act Management Directives.

4. The Recovery Act, including but not limited to the following sections of that Act:

   a. Section 1512 – Reporting and Registration Requirements. Owner shall report on use of Recovery Act funds provided through this Agreement. Information from these reports will be made available to the public.

   b. Section 1553 – Recovery Act Whistleblower Protections. An employee of any non-Federal employer receiving covered funds under the Recovery Act may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Accountability and Transparency Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or other person working for the employer who has the authority to investigate, discover or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee believes is evidence of one or more of the following related to the implementation or use of covered funds:

      (1) gross mismanagement,

      (2) gross waste,

      (3) substantial and specific danger to public health or safety,

      (4) abuse of authority, or

      (5) violation of law, rule, or regulation (including those pertaining to the competition for or negotiation of a contract).

      Non-enforceability of Certain Provisions Waiving Rights and Remedies or Requiring Arbitration: Except as provided in a collective bargaining agreement, the rights and remedies provided to aggrieved employees by this section may not be waived by any agreement, policy, form, or condition of employment, including any predispute arbitration agreement. No predispute arbitration agreement shall be valid or enforceable if it requires arbitration of a dispute arising out of this section.

      Requirement to Post Notice of Rights and Remedies: Owner and any subcontractor shall post notice of the rights and remedies as required under Section 1553. (Refer to Section 1553 of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 located at www.recovery.gov, for specific requirements of this section and prescribed language for the notices.)

   c. Section 902 – Access Of Government Accountability Office. Owner shall provide that the Comptroller General and his representatives are authorized:

      (1) to examine any records of Owner or any of its subcontractors, that directly pertain to, and involve transactions relating to, this Agreement or a subcontract; and

      (2) to interview any officer or employee of Owner or any of its subcontractors regarding such transactions.

   d. Section 1514 – Inspector General Reviews. Any inspector general of a federal department or executive agency shall review, as appropriate, any concerns raised by the public about specific investments using

funds made available in the Recovery Act. Any findings of such reviews not related to an ongoing criminal proceeding shall be relayed immediately to the head of the department or agency concerned. In addition, the findings of such reviews, along with any audits conducted by any inspector general of funds made available in the Recovery Act, shall be posted on the inspector general's website and linked to the website established by Recovery Act Section 1526, except that portions of reports may be redacted to the extent the portions would disclose information that is protected from public disclosure under sections 552 and 552a of title 5, United States Code.

e. Section 1515 – Access of Offices of Inspector General to Certain Records and Employers. With respect to this Agreement, any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), is authorized:

(1) to examine any records, of Owner or any of its subcontractors, that pertain to and involve transactions relating or pursuant to this Agreement; and

(2) to interview any officer or employee of Owner or any subcontractors regarding such transactions.

f. "Buy American" provisions do not apply.

5. Owner agrees to comply with any modifications or additional requirements that may be imposed by law and future guidance and clarifications of Recovery Act requirements.

6. If Owner enters into one or more subcontracts in connection with construction or rehabilitation of the Development under this Agreement, each subcontract shall contain provisions specifically imposing on the subcontractor all applicable requirements set forth in this Article XV.

ARTICLE XV
PAYMENT AND PERFORMANCE BOND

1. The Owner shall obtain (at its cost), and provide THDA a copy of, a Payment and Performance Bond for proper performance and completion of construction of the Development, in an amount equivalent to ____ percent (___%) of the construction contract price (_____ ($_____) (the "Bond").

2. The Owner shall deliver the Bond to THDA within _____ (____) days of the closing of the THDA Loan. The Bond shall be issued by a United States financial or insurance institution approved by THDA.

3. The Owner shall ensure that the Bond is valid and enforceable until 100% Completion of Construction. The terms of the Bond shall specify an expiration that is beyond the Completion Date. If the Completion Date is extended as provided herein, then within _____ (____) days prior to the Completion Date, the Owner shall extend the validity of the Bond until the Development achieves 100% Construction Completion, or otherwise for a period of time satisfactory to THDA in its sole discretion.

4. THDA shall be entitled to make a claim under the Bond, upon the occurrence of any of the following events as determined by THDA in its sole discretion:

a. failure by the Owner to extend the validity of the Bond as described in the preceding paragraph, in which event THDA may claim the full amount of the Bond;

b. failure by the Owner to pay THDA an amount due under this Agreement or under any other document evidencing the loan made with Assistance Funds;

c. failure by the Owner to remedy a default within thirty (30) days after receiving THDA's notice requesting the default be cured; or

d. circumstances which trigger a Recapture Event, as defined herein.

5. THDA shall return the Performance Bond to the Owner within _____ (___) days after the Owner has achieved 100% Construction Completion.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto, with intent to be legally bound hereby, have caused this Agreement to be executed on the day and year first above written.

THDA:

Tennessee Housing Development Agency

By: _____

Name: Ed Yandell
Title: Director of Multifamily Development

IN WITNESS WHEREOF, the parties hereto, with intent to be legally bound hereby, have caused this Agreement to be executed on the day and year first above written.

OWNER: