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BRADENTON LEASED HOUSING ASSOCIATES III, LLLP

TO

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA

**MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS, LEASES AND PROFITS**

Dated: As of _____ 1, 2017

PERTAINING TO [\$20,500,000] HOUSING FINANCE AUTHORITY
OF MANATEE COUNTY, FLORIDA MULTIFAMILY HOUSING
REVENUE NOTE (RIVER TRACE PROJECTS) SERIES 2017 A

**NOTES AND MORTGAGES OWNED BY THE HOUSING FINANCE AUTHORITY OF
MANATEE COUNTY, FLORIDA, AND ALL TRANSACTIONS AND OPERATIONS
RELATING THERETO ARE EXEMPT FROM DOCUMENTARY STAMP TAX AND
INTANGIBLE TAXES PURSUANT TO SECTION 159.621, FLORIDA STATUTES**

**MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS, LEASES AND PROFITS**

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**MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS, LEASES AND PROFITS**

THIS MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS, LEASES AND PROFITS (this “**Mortgage**”) is made as of _____ 1, 2017, by BRADENTON LEASED HOUSING ASSOCIATES III, LLLP, a Minnesota limited liability limited partnership, having an address at c/o Dominion Development and Acquisition, LLC, 2905 Northwest Boulevard, Suite 150, Plymouth, Minnesota 55441 (the “**Mortgagor**”) in favor of HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA, a public body corporate and politic organized and existing under the laws of the State of Florida, whose address is 4420 S. Washington Avenue, Titusville, Florida 32780 (the “**Mortgagee**”).

W I T N E S S E T H:

The Mortgagor is the owner of a fee estate in certain Premises located in Manatee County, Florida and described in Exhibit A attached hereto (the “**Premises**”).

The Mortgagee has agreed to make a loan to the Mortgagor in the principal amount of up to [Twenty Million Five Hundred Thousand Dollars (\$20,500,000)] (the “**Project Loan**”) from the proceeds of a loan by JPMorgan Chase Bank, N.A. (the “**Funding Lender**”) to the Mortgagee.

The Project Loan will be advanced pursuant to the terms of a Project Loan Agreement between the Mortgagor, the Mortgagee and U.S. Bank National Association, a national banking association (the “**Fiscal Agent**”) dated as of the date hereof (the “**Project Loan Agreement**”) and a Construction Disbursement Agreement between the Funding Lender and the Mortgagor dated as of the date hereof (the “**Construction Disbursement Agreement**”) and will be evidenced by and payable in accordance with the provisions of a Series A Project Note given by the Mortgagor to the Mortgagee dated as of the date hereof (the “**Series A Project Note**”). This Mortgage, the Project Loan Agreement, the Construction Disbursement Agreement, the Series A Project Note and the other documents and instruments evidencing and/or securing the Project Loan being collectively referred to as the “**Loan Documents**”.

Immediately upon the execution and delivery of this Mortgage, the Series A Project Note and the other Loan Documents it is contemplated and intended that the Mortgagee will assign its rights under the Loan Documents (excluding the Mortgagee’s “Reserved Rights” retained under the terms of the Funding Loan Agreement) to the Fiscal Agent for the benefit of the Funding Lender.

NOW THEREFORE, to secure the payment of the Project Loan of the Mortgagor to the Mortgagee pursuant to the Series A Project Note and other Loan Documents, which indebtedness is in the principal sum of [Twenty Million Five Hundred Thousand Dollars (\$20,500,000)], lawful money of the United States of America, to be paid with interest (said reimbursement obligations and all other sums which may or shall become due hereunder being hereinafter collectively referred to as the “**Debt**”), the Mortgagor has mortgaged, given, granted, bargained, sold, aliened, enfeoffed, conveyed, confirmed and assigned, and by these presents does

mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign unto the Mortgagee forever all right, title and interest of the Mortgagor now owned, or hereafter acquired, in and to the following property, rights and interests (such property, rights and interests being hereinafter collectively referred to as the “**Mortgaged Property**”):

(a) the Premises;

(b) all buildings and improvements now or hereafter located on the Premises (the “**Improvements**”);

(c) all of the estate, right, title, claim or demand of any nature whatsoever of the Mortgagor, either in law or in equity, in possession or expectancy, in and to the Mortgaged Property or any part thereof;

(d) all easements, rights-of-way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, mineral rights, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Mortgaged Property (including, without limitation, any and all development rights, air rights or similar or comparable rights of any nature whatsoever now or hereafter appurtenant to the Premises or now or hereafter transferred to the Premises) and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises to the center line thereof;

(e) all machinery, apparatus, equipment, fittings, fixtures and other property of every kind and nature whatsoever and all additions thereto and renewals and replacements thereof, and all substitutions therefor now owned or hereafter acquired by the Mortgagor, or in which the Mortgagor has or shall have an interest, now or hereafter located upon or in, or attached to, any portion of the Mortgaged Property, or appurtenances thereto, and used or usable in connection with the present or future operation and occupancy of the Mortgaged Property and all building equipment, materials and supplies of any nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property and whether stored at the Mortgaged Property or off-site (collectively, the “**Equipment**”), and the right, title and interest of the Mortgagor in and to any of the Equipment which may be subject to any security agreements (as defined in the Uniform Commercial Code of the State of Florida (the “**Uniform Commercial Code**”)), superior in lien to the lien of this Mortgage and all proceeds and products of any of the above;

(f) all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Mortgaged Property, whether from the exercise of the right of eminent domain (including any transfer made in lieu of the exercise of said right), or for any other injury to or decrease in the value of the Mortgaged Property;

(g) all leases and other agreements affecting the use or occupancy of the Mortgaged Property now or hereafter entered into and all guaranties of any of the foregoing (the

“Leases”) and the right to receive and apply the rents, issues and profits of the Mortgaged Property (the “Rents”) to the payment of the Debt;

(h) all right, title and interest of the Mortgagor in and to (i) all contracts from time to time executed by the Mortgagor or any manager or agent on its behalf relating to the ownership, construction, maintenance, repair, operation, occupancy, sale or financing of the Mortgaged Property or any part thereof and all agreements relating to the purchase or lease of any portion of the Mortgaged Property or any property which is adjacent or peripheral to the Mortgaged Property, together with the right to exercise such options and all leases of Equipment, (ii) all consents, licenses, building permits, certificates of occupancy and other governmental approvals relating to construction, completion, occupancy, use or operation of the Mortgaged Property or any part thereof, and (iii) all drawings, plans, specifications and similar or related items relating to the Mortgaged Property;

(i) all trade names, trademarks, logos, copyrights, good will and books and records relating to or used in connection with the operation of the Mortgaged Property or any part thereof; all general intangibles related to the operation of the Mortgaged Property now existing or hereafter arising;

(j) all accounts and revenues arising from the operation of the Mortgaged Property including, without limitation, (i) any right to payment now existing or hereafter arising for rental of hotel rooms or other space or for goods sold or leased or for services rendered, whether or not yet earned by performance, arising from the operation of the Mortgaged Property and (ii) all rights to payment from any consumer credit-charge card organization or entity, including, without limitation, payments arising from the use of the American Express Card, the Visa Card, the Carte Blanche Card, the MasterCard, the Discover Card or any other credit card, including those now existing or hereafter created, substitutions therefor, proceeds thereof (whether cash or non-cash, movable or immovable, tangible or intangible) received upon the sale, exchange, transfer, collection or other disposition or substitution thereof and any and all of the foregoing and proceeds therefrom;

(k) all proceeds, both cash and non-cash, of the foregoing;

(l) all proceeds of and any unearned premiums on any insurance policies covering the Mortgaged Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property;

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

(n) to the extent allowable and assignable under the Internal Revenue Code, all of the Mortgagor’s rights with respect to any federal or state tax credits that may now or

hereafter be available in connection with the Premises and/or the Improvements and the Mortgagor's rights under any now existing or hereafter arising agreements relating to the sale of any such tax credits and any and all proceeds of the foregoing; and

(o) all proceeds of the Subordinate Loans (as such term is defined in the Construction Disbursement Agreement) encumbering the Mortgaged Property.

TO HAVE AND TO HOLD the above granted and described Mortgaged Property unto and to the proper use and benefit of the Mortgagee, and the successors and assigns of the Mortgagee, forever.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, the maximum amount of principal indebtedness secured by this Mortgage at execution or which under any contingency may become secured hereby at any time hereafter is [Twenty Million Five Hundred Thousand Dollars (\$20,500,000)] plus all interest, fees and charges payable in connection therewith (including, but not limited to, all amounts expended by the Mortgagee pursuant to this Mortgage).

AND the Mortgagor covenants and agrees with and represents and warrants to the Mortgagee as follows:

ARTICLE I – COLLATERAL

1.1 Payment of Debt. The Mortgagor will pay the Debt at the time and in the manner provided for its payment in the Series A Project Note and in this Mortgage.

1.2 Warranty of Title; Other Representations and Warranties.

(a) Subject only to those exceptions to title specifically set forth in the title policy issued or to be issued by Old Republic National Title Insurance Company to the Mortgagee and insuring the lien of this Mortgage and the Permitted Encumbrances (as defined in the Construction Disbursement Agreement), the Mortgagor warrants the title to the Premises, the Improvements, the Equipment, and the balance of the Mortgaged Property.

(b) The Mortgagor also represents and warrants that: (i) the Mortgagor is now, and after giving effect to this Mortgage, will be in a solvent condition, (ii) there has been no material adverse change in the financial condition of the Mortgagor or any guarantor of the Debt since the date of the Mortgagor's application for the Project Loan secured hereby, (iii) the Mortgagor is not in default under any note, loan or security agreement to which it is a party, (iv) the execution and delivery of this Mortgage by the Mortgagor does not constitute a "fraudulent conveyance" within the meaning of Title 11 of the United States Code as now constituted or under any other applicable statute, (v) no bankruptcy or insolvency proceedings are pending or contemplated by or against the Mortgagor, and (vi) there are no existing, threatened or pending, actions or proceedings affecting any portion of the Mortgaged Property except for possible negligence actions or proceedings which are fully covered by insurance.

(c) The Mortgagor (and the undersigned representative of the Mortgagor, if any) additionally represents and warrants that: (i) it has full power, authority and legal right to execute this Mortgage, and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on the Mortgagor's part to be performed, and (ii) the Mortgagor is a duly organized and presently existing limited liability limited partnership and this Mortgage has been executed by authority of its general partner.

1.3 Insurance.

(a) The Mortgagor shall furnish to the Mortgagee (with evidence of the payment of premiums therefor), or if the Mortgagor shall fail to do so after the expiration of any applicable notice and grace period, the Mortgagee may obtain at the Mortgagor's expense, insurance as required by the Mortgagee herein. All insurance policies (the "**Policies**") shall be in form and amounts acceptable to Mortgagee and shall (i) be issued by an insurance company licensed to do business in the state where the Premises is located having a minimum rating of A- and financial size of VIII or higher by A.M. Best Co. in Best's Rating Guide, (ii) name the Mortgagee, the Fiscal Agent and JPMorgan Chase Bank, N.A. and any and all subsidiaries as their interests may appear as additional insureds on all liability insurance and as mortgagee and loss payee on All Risk Property insurance, (iii) be endorsed to show that Mortgagor's insurance shall be primary and all insurance carried by the Mortgagee is strictly excess and secondary and shall not contribute to the Mortgagor's insurance, (iv) provide that the Mortgagee is to receive thirty (30) days written notice prior to non-renewal or cancellation, (v) be evidenced by a certificate of insurance to be provided to the Mortgagee and include either policy or binders numbers on an Accord form (with a copy of the All-Risk Property insurance policy delivered to the Mortgagee within thirty (30) days of the date of this Mortgage). Insurance required by the Mortgagee shall include:

(i) All-Risk Property (Special Cause of Loss) Insurance on the Improvements in an amount not less than the full insurable value of a replacement cost basis of the insured Improvements and personal property related thereto (the "**Property Value**"). So long as the Construction Disbursement Agreement shall be in force the policies of fire insurance shall be in the so-called "All Risk Builders' Risk Completed Value Non-Reporting Form," including collapse coverage with no co-insurance requirements. Upon completion of construction of the Improvements the insurance shall be converted to a standard hazard insurance policy with extended coverage and otherwise complying with the provisions of this Mortgage.

(ii) Commercial general liability insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit and \$2,000,000.00 in the aggregate for the policy period, or in whatever higher amounts may be required by the Mortgagee from time to time by notice to the Mortgagor, and extended to cover (A) contractual liability assumed by the Mortgagor with defense provided in addition to policy limits for indemnities of the named insured, (B) if any of the work is subcontracted, independent contractors' liability providing coverage in connection with such portion of the

work which may be subcontracted, (C) a broad form property damage liability, (D) products and completed operations for coverage, such coverage to apply for two years following completion of construction, (E) waiver of subrogation against all parties named as additional insured, (F) severability of interest provision and (G) personal injury in advertisers liability.

(iii) Umbrella/excess liability in excess of commercial general liability, automobile liability and employer's liability coverages which is at least as broad as these underlying policies with a liability limit of \$10,000,000.00.

(iv) If the Premises, or any portion thereof, is located in a federally designated "special flood hazard area," a flood insurance policy in an amount acceptable to Mortgagee shall be delivered to the Mortgagee. If no portion of the Premises is located in a federally designated "special flood hazard area" such fact shall be substantiated by a certificate in form satisfactory to the Mortgagee from a licensed surveyor, appraiser or professional engineer or other qualified person, party or entity.

(v) If the Mortgagor has any employees, Worker's Compensation and employer's liability insurance in accordance with the applicable laws of the state where the Premises is located or the state in which the Mortgagor is obligated to pay compensation to employees engaged in the performance of the work. The policy limit under employers liability insurance section shall be not less than \$1,000,000.00 for any one accident.

(vi) Such other insurance as the Mortgagee may require, which may include, without limitation, liability insurance and worker's compensation with respect to the General Contractor, errors and omissions insurance with respect to the Architect and any engineers, earthquake insurance, rent abatement and/or business loss.

(b) The Mortgagor shall pay the premiums for the Policies as the same become due and payable. At the request of the Mortgagee, the Mortgagor will deliver the Policies to the Mortgagee. Not later than ten (10) days prior to the expiration date of each of the Policies, the Mortgagor will deliver to the Mortgagee a renewal policy or policies marked "premium paid" or accompanied by other evidence of payment of premium satisfactory to the Mortgagee. If at any time the Mortgagee is not in receipt of written evidence that all insurance required hereunder is in force and effect, the Mortgagee shall have the right without notice to the Mortgagor to take such action as the Mortgagee deems necessary to protect its interest in the Mortgaged Property, including, without limitation, the obtaining of such insurance coverage as the Mortgagee in its sole discretion deems appropriate, and all expenses incurred by the Mortgagee in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by the Mortgagor to the Mortgagee upon demand.

(c) If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other property hazard or casualty, the Mortgagor shall give prompt notice thereof to the Mortgagee and if the cost to repair such damage or destruction exceeds \$50,000.00 or if an Event of Default shall have occurred and be continuing, then the Mortgagor hereby authorizes

and empowers the Mortgagee, at the Mortgagee's option and at the Mortgagee's sole discretion, as attorney-in-fact for the Mortgagor, to make proof of loss, to adjust and compromise any claim under any insurance policy, to appear in and prosecute any action arising from any policy, to collect and receive insurance proceeds and to deduct therefrom the Mortgagee's expenses incurred in the collection process, to endorse any checks, drafts or other instruments representing any proceeds of such insurance, whether payable by reason of loss thereunder or otherwise, and to make any election required or permitted under any insurance policy relating to repair or restoration. Except as otherwise hereinafter specifically provided to the contrary in subsection (i) below, sums paid to the Mortgagee by any insurer may be retained and applied by the Mortgagee toward payment of the Debt, whether or not then due and payable, in such order, priority and proportions as the Mortgagee in its discretion shall deem proper or, at the discretion of the Mortgagee, the same may be paid, either in whole or in part, to the Mortgagor for such purposes as the Mortgagee shall designate. If the Mortgagee shall receive and retain such insurance proceeds, the lien of this Mortgage shall be reduced only by the amount thereof received and retained by the Mortgagee and actually applied by the Mortgagee in reduction of the Debt. The Mortgagee shall not be obligated to see to the proper application of insurance money paid over to the Mortgagor, and if the Mortgagee receives and retains any insurance proceeds, the lien of this Mortgage shall be affected only by a reduction of the amount of said lien by the amount of such insurance money so received and retained by the Mortgagee. Nevertheless, if prior to the receipt by the Mortgagee of any insurance proceeds, the Premises shall have been sold on foreclosure of this Mortgage, as between the Mortgagor and the Mortgagee, the Mortgagee shall have the right to receive said insurance proceeds, and the Mortgagor shall pay over to the Mortgagee said insurance proceeds as, if and when the Mortgagor receives same, to the extent of (i) any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered, and (ii) of the attorney's fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such insurance proceeds. All remaining right, title and interest of the Mortgagor in and to all policies of insurance required by this Paragraph 1.3 shall, with the prior written appraisal of underwriters, if necessary, inure to the benefit of and pass to the successor-in-interest to the Mortgagor or the purchaser or grantee of the Mortgaged Property.

(i) If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other property hazard or casualty, the Mortgagee shall, in accordance with the provisions of this paragraph hereinafter set forth, make the net amount of all insurance proceeds received by the Mortgagee pursuant to the provisions of this Mortgage as a result of such damage or destruction, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same (the "**Net Proceeds**") available for the repair and restoration of the Mortgaged Property, provided that:

(A) no Event of Default (other than such casualty) shall have occurred and shall be continuing under the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or this Mortgage,

- (B) the Mortgagor shall commence the repair and restoration of the Mortgaged Property, as nearly as possible to the condition the Mortgaged Property was in immediately prior to such fire or other casualty, with such alterations as may be approved by the Mortgagee, as soon as reasonably practicable (but in no event later than thirty (30) days after the date of such damage or destruction occurs, subject to force majeure delays) and shall diligently pursue the same to satisfactory completion,
- (C) the Mortgagee shall be satisfied that any operating deficits which will be incurred with respect to the Mortgaged Property as a result of the occurrence of any such fire or other casualty will be covered out of the Net Proceeds, rent loss insurance, or by other funds of the Mortgagor,
- (D) the Mortgagee shall be satisfied that, upon the completion of such repair and restoration of the Mortgaged Property, the gross cash flow and the net cash flow of the Mortgaged Property will be restored to a level sufficient to cover all carrying costs and operating expenses of the Mortgaged Property, including, without limitation, debt service on the Series A Project Note,
- (E) the Mortgagee shall be satisfied that the repair and restoration of the Mortgaged Property will be completed on or before (subject to force majeure delays) the earlier to occur of (w) six (6) months prior to the Conversion Date (as defined in the Funding Loan Agreement) if the casualty occurs during the Construction Phase (as defined in the Construction Disbursement Agreement, (x) six (6) months prior to the maturity date of the Series A Project Note if the casualty occurs after the Construction Term, or (y) six (6) months or such additional reasonable time after the occurrence of such fire or other casualty, or (z) the earliest date required for such completion, if any, under the terms of any junior or subordinate mortgages encumbering the Mortgaged Property.
- (F) the Mortgagor shall cover any Deficiency, as defined in the Construction Disbursement Agreement, caused as a result of such fire or other casualty in the manner and within the time period specified in the Construction Disbursement Agreement, and
- (G) Dominion Holdings I, LLC and Dominion Holdings II, LLC shall execute and deliver to the Mortgagee a completion guaranty in form and substance satisfactory to the Mortgagee and its counsel pursuant to the provisions of which it shall unconditionally guaranty to the Mortgagee, the Fiscal Agent and the Funding Lender the lien-free completion by the Mortgagor of the repair and restoration of the Mortgaged Property in accordance with the provisions of this paragraph.

(ii) The Net Proceeds shall be held by the Funding Lender in a special account and until disbursed in accordance with the provisions of this paragraph, shall constitute additional security for the payment of the Debt. The Net Proceeds together with interest earned thereon, shall be disbursed by the Funding Lender to, or as directed by, the Mortgagor from time to time during the course of the repair and restoration of the Mortgaged Property, upon receipt of evidence satisfactory to the Mortgagee that (i) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the repair and restoration of the Mortgaged Property have been paid for in full, and (ii) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Mortgaged Property arising out of the repair and restoration of the Mortgaged Property which have not either been fully bonded to the satisfaction of the Mortgagee and discharged of record or in the alternative fully insured over to the satisfaction of the Mortgagee by the title company insuring the lien of this Mortgage.

(iii) The repair and restoration of the Mortgaged Property shall be done and completed by the Mortgagor in an expeditious and diligent fashion and in compliance with all applicable governmental laws, rules and regulations (including, without limitation, all applicable Environmental Requirements), and all plans and specifications required in connection with the repair and restoration of the Mortgaged Property shall be subject to prior review and acceptance in all respects by the Mortgagee and by an independent consulting engineer selected by the Mortgagee (hereinafter referred to in this paragraph as the "**Casualty Consultant**"). The Mortgagee shall have the use of such plans and specifications and all permits, licenses and approvals required or obtained in connection with the repair and restoration of the Mortgaged Property. The identity of the contractors, subcontractors and materialmen engaged in the repair and restoration of the Mortgaged Property, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by the Mortgagee and the Casualty Consultant. All costs and expenses incurred by the Mortgagee and/or the Funding Lender in connection with making the Net Proceeds available for the repair and restoration of the Mortgaged Property including, without limitation, reasonable counsel fees and the Casualty Consultant's fees, shall be paid by the Mortgagor.

(iv) In no event shall the Funding Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the repair and restoration of the Mortgaged Property, as certified by the Casualty Consultant, minus the Casualty Retainage. The term "**Casualty Retainage**" as used in this paragraph shall mean an amount equal to (a) 10% of the costs actually incurred for work in place as part of the first 50% of the repair and restoration of the Mortgaged Property, as certified by the Casualty Consultant and (b) 0% of the costs actually incurred for work in place as part of the last 50% of the repair and restoration of the Mortgaged Property, as certified by the Casualty Consultant, it being the intent that the total Casualty Retainage held by Funding Lender upon completion of the repair and restoration of the Mortgaged Property shall be equal to 5% of the costs actually

incurred by Borrower for work in place as part of the repair and restoration of the Mortgaged Property. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary hereinabove set forth in this paragraph, be less than the amount actually held back by the Mortgagor from contractors, subcontractors and materialmen engaged in the making of the repair and restoration of the Mortgaged Property. The Funding Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every thirty (30) days. The Casualty Retainage shall not be released until the Casualty Consultant certifies to the Mortgagee that the repair and restoration of the Mortgaged Property have been completed in accordance with the provisions of this paragraph and that all approvals necessary for the re-occupancy and use of the Mortgaged Property have been obtained from all appropriate governmental and quasi-governmental authorities, and the Mortgagee receives evidence satisfactory to the Mortgagee that the costs of the repair and restoration of the Mortgaged Property have been paid in full or will be paid in full out of the Casualty Retainage or such other funds available to Mortgagor.

(v) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of the Mortgagee, be sufficient to pay in full the balance of the costs which will be incurred in connection with the completion of the repair and restoration of the Mortgaged Property, the Mortgagor shall deposit the deficiency (the **“Net Proceeds Deficiency”**) with the Mortgagee before any further disbursement of the Net Proceeds shall be made, which Net Proceeds Deficiency deposit shall be held by the Mortgagee in an interest bearing special account, and shall be disbursed, together with interest earned thereon, for costs actually incurred in connection with the repair and restoration of the Mortgaged Property on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this paragraph shall constitute additional security for the payment of the Debt. Upon the occurrence of an Event of Default and the continuance beyond any applicable notice and/or cure period, the Mortgagee shall have the right to apply the undisbursed balance of any Net Proceeds Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as the Mortgagee shall deem to be appropriate in its discretion. The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposit, together with interest thereon, after the Casualty Consultant certifies to the Mortgagee that the repair and restoration of the Mortgaged Property have been completed in accordance with the provisions of this paragraph, and the receipt by the Mortgagee of evidence satisfactory to the Mortgagee that all costs incurred in connection with the repair and restoration have been paid in full, shall be remitted by the Mortgagee to the Mortgagor, provided no default shall have occurred and shall be continuing under the Series A Project Note or this Mortgage.

(vi) All costs of the repair and restoration of the Mortgaged Property in excess of the Net Proceeds shall be paid for by the Mortgagor. All insurance proceeds received by the Mortgagee and not required to be disbursed for the repair and restoration of the Mortgaged Property or to otherwise be remitted to the Mortgagor pursuant to the provisions hereof may be retained and applied by the Mortgagee toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as the Mortgagee in its discretion shall deem proper or, at the discretion of the Mortgagee, the

same may be paid, either in whole or in part, to the Mortgagor for such purposes as the Mortgagee shall designate, in its discretion. If the Mortgagee shall receive and retain insurance proceeds, the lien of this Mortgage shall be reduced only by the amount thereof received and retained by the Mortgagee and actually applied by the Mortgagee in reduction of the Debt.

1.4 Payment of Taxes, etc.

(a) The Mortgagor shall pay all taxes, payments in lieu of taxes, assessments, water rates, sewer rents and other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises, now or hereafter levied or assessed against the Mortgaged Property (collectively, the “**Taxes**”) prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof, and, in default thereof, the Mortgagee may, in its sole discretion, but shall not be obligated to, pay same (all such payments to be secured hereby in accordance with Paragraph 2.6 hereof), and the Mortgagor shall reimburse the Mortgagee upon demand for such expenditures. The Mortgagor shall deliver to the Mortgagee, within ten (10) days of request, receipted bills, cancelled checks and other evidence satisfactory to the Mortgagee evidencing the payment of the Taxes prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof.

(b) After prior notice to the Mortgagee, the Mortgagor, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Taxes, provided that (i) no Event of Default shall have occurred and shall be continuing under the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or this Mortgage, (ii) the Mortgagor is permitted to do so under the provisions of any mortgage or deed of trust superior in lien to this Mortgage, (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which the Mortgagor or the Mortgaged Property is subject and shall not constitute a default thereunder, (iv) neither the Mortgaged Property nor any part thereof nor any interest therein will in the opinion of the Mortgagee be in danger of being sold, forfeited, terminated, canceled or lost, and (v) the Mortgagor shall have set aside in an interest-bearing account with the Mortgagee, and otherwise in a manner satisfactory to the Mortgagee, adequate cash reserves for the payment of the contested Taxes, together with all interest and penalties thereon, or in the alternative the Mortgagor shall have furnished such security as may be required in the proceeding, or as may otherwise be requested or required by the Mortgagee to insure the payment of the contested Taxes, together with all interest and penalties thereon, and, provided further, that if at any time payment of any tax, assessment or other charge shall become necessary to prevent the delivery of a tax deed conveying the Mortgaged Property or any portion thereof because of non-payment of any such sums, then the Mortgagor shall pay or cause to be paid the sums in sufficient time to prevent the delivery of such tax deed.

(c) If an Event of Default shall occur under the Series A Project Note or this Mortgage either prior to, or after, initiating said proceeding, the Mortgagee shall have the right to

either initiate or continue said proceeding, as the case may be, either in its own name or as agent of the Mortgagor. The Mortgagor shall cooperate with the Mortgagee and make available to the Mortgagee upon demand any and all information, and execute any documents or pleadings, which the Mortgagee may reasonably require. The Mortgagee shall then conduct said proceeding in a manner it deems appropriate, and at its own expense, subject to any right of reimbursement from the Mortgagor in accordance with the provisions of this Mortgage.

1.5 Escrow Fund. At the option of the Funding Lender, Mortgagor shall pay to the Funding Lender on the first day of each calendar month one-twelfth of an amount (the “**Escrow Fund**”) which would be sufficient to pay, on the first day of the month preceding the month in which they become due, the Taxes and the premiums on all Policies (the “**Premiums**”) payable, or estimated by the Mortgagee to be payable, during the ensuing twelve (12) months. The Escrow Fund will be applied to the payment of Taxes and the Premiums which are required to be paid by the Mortgagor pursuant to the provisions of this Mortgage. If the amount of the Escrow Fund shall exceed the amount of the Taxes and the Premiums payable by the Mortgagor pursuant to the provisions of this Mortgage, the Funding Lender shall, in its discretion, (i) return any excess to the Mortgagor, (ii) credit such excess against future payments to be made to the Escrow Fund, or (iii) credit such excess against the Debt in such priority and proportions as the Mortgagee in its sole discretion shall deem proper. In allocating such excess, the Funding Lender may deal with the person shown on the records of the Funding Lender to be the owner of the Mortgaged Property. If the Escrow Fund is not sufficient to pay the Taxes and/or the Premiums, as the same become payable, the Mortgagor shall pay to the Funding Lender, upon request, an amount which the Funding Lender shall estimate as sufficient to make up the deficiency for deposit in the Escrow Fund. Until expended or applied as above provided, any amounts in the Escrow Fund may be commingled with the general funds of the Funding Lender and shall constitute additional security for the Debt and shall not bear interest. Notwithstanding the foregoing provisions of this paragraph, the Funding Lender will not exercise its option to require the establishment of an Escrow Fund in accordance with the provisions of this paragraph unless and until the Mortgagor shall at any time fail to make prompt and timely payment of the Taxes or the Premiums or an Event of Default shall have occurred and be continuing.

1.6 Condemnation. Notwithstanding any taking by any public or quasi public authority through eminent domain or otherwise, the Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in the Series A Project Note and this Mortgage and the Debt shall not be reduced until any award or payment therefor shall have been actually received and applied by the Mortgagee to the discharge of the Debt. Subject to the provisions of this Paragraph 1.6 hereinafter set forth, the Mortgagee may apply the entire amount of any such award or payment so received to the discharge of the Debt whether or not then due and payable in such order, priority and proportions as the Mortgagee in its discretion shall deem proper. The Mortgagee shall not be obligated to see to the proper application of any award or payment paid over to the Mortgagor, and if the Mortgagee receives and retains such award or payment, the lien of this Mortgage shall be affected only by a reduction of the amount of said lien by the amount of such award or payment so received and retained by the Mortgagee. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by the Mortgagee of such award or payment, the Mortgagee shall have the right, whether or not a

deficiency judgment on the Series A Project Note shall have been sought, recovered or denied, to receive such award or payment, or a portion thereof sufficient to pay the Debt, whichever is less, and the Mortgagor shall pay over to the Mortgagee said award or payment as, if and when the Mortgagor receives same, to the extent of any deficiency found to be due upon such sale, with interest thereon, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and of the attorney's fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such award or payment. It is the express intent and agreement of the parties that in the event of any such taking, the Mortgagee shall receive interest at the rate set forth in the Series A Project Note (the "**Note Rate**") up to and including the date of actual payment in full of the Debt, provided that the rate set forth in the Series A Project Note is higher than the statutory rate, and the Mortgagor (or any assignee or successor in interest thereof) shall therefore be responsible to pay to the Mortgagee an amount equal to the entire difference between the amount of interest received by the Mortgagee from the condemning authority (or to which the Mortgagee is entitled under the condemnation interest statute) and the Note Rate from the date of vesting of title in such condemnation to the date of actual payment. The Mortgagor shall file and prosecute its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to the Mortgagee. The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee, in the name of the Mortgagor or otherwise to collect and receipt for any such award or payment and to file and prosecute such claim or claims for such award. Although it is hereby expressly agreed that the same shall not be necessary in any event, the Mortgagor shall, upon demand of the Mortgagee, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to the Mortgagee, free and clear of any encumbrances of any kind or nature whatsoever.

(a) If less than all the Mortgaged Property or any material part thereof is taken by any public or quasi public authority through eminent domain or otherwise, the Mortgagee shall, in accordance with the provisions of this paragraph hereinafter set forth, make the portion of the aggregate award or payment received by the Mortgagee pursuant to the provisions of this Mortgage as a result of such taking which is specifically awarded for the repair and restoration of the portion of the Mortgaged Property not taken or, in the absence of any such specific award, is in the opinion of the Mortgagee necessary to pay for the costs which will be incurred in connection with the repair and restoration of the portion of the Mortgaged Property not taken, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same (the "**Net Restoration Award**") available for the repair and restoration of the Mortgaged Property, provided that:

(i) no Event of Default shall have occurred and shall be continuing under the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or this Mortgage,

(ii) the Mortgagor shall commence the repair and restoration of the Mortgaged Property, as nearly as possible to the condition the Mortgaged Property were in immediately prior to such taking, with such alterations as may be approved by the Mortgagee, as soon as reasonably practicable (but in no event later than thirty (30) days

after the earlier to occur of the date of such taking or the date the condemnation award or payment is settled) and shall diligently pursue the same to satisfactory completion,

(iii) the Mortgagee shall be satisfied that upon the completion of the repair and restoration of the Mortgaged Property the principal balance of the Project Loan will not be in excess of 85% of the appraised value of the portion of the Mortgaged Property remaining subject to the lien of this Mortgage, as determined by an Appraisal satisfactory in all respects to the Mortgagee,

(iv) the Mortgagee shall be satisfied that any operating deficits which will be incurred with respect to the Mortgaged Property as a result of the occurrence of any such taking will be covered out of the Net Restoration Award or by other funds of the Mortgagor,

(v) the Mortgagee shall be satisfied that, upon completion of the repair and restoration of the Mortgaged Property, the gross cash flow and the net cash flow of the Mortgaged Property will be restored to a level sufficient to cover all carrying costs and operating expenses of the Mortgaged Property, including, without limitation, debt service on the Series A Project Note,

(vi) the Mortgagee shall be satisfied that the repair and restoration of the Mortgaged Property will be completed on or before the earlier to occur of (w) six (6) months prior to the Conversion Date if the taking occurs during the Construction Term, (x) two years prior to the maturity date of the Series A Project Note if the taking occurs after the Construction Term, or (y) six months (6) after the occurrence of such taking, or (z) the earliest date required for such completion under the terms of any of the junior or subordinate mortgages encumbering the Mortgaged Property,

(vii) Dominion Holdings I, LLC and Dominion Holdings II, LLC shall execute and deliver to the Mortgagee a completion guaranty in form and substance satisfactory to the Mortgagee and its counsel pursuant to the provisions of which it shall unconditionally guaranty to the Mortgagee, the Fiscal Agent and the Funding Lender the lien-free completion by the Mortgagor of the repair and restoration of the Mortgaged Property in accordance with the provisions of this paragraph.

(b) The Net Restoration Award shall be held by the Funding Lender in a special account, and until disbursed in accordance with the provisions of this paragraph, shall constitute additional security for the payment of the Debt. The Net Restoration Award, together with interest thereon, shall be disbursed by the Funding Lender to, or as directed by, the Mortgagor from time to time during the course of the repair and restoration of the Mortgaged Property, upon receipt of evidence satisfactory to the Mortgagee that (i) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the repair and restoration of the Mortgaged Property have been paid for in full, and (ii) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or other liens or encumbrances of any

nature whatsoever on the Mortgaged Property arising out of the repair and restoration of the Mortgaged Property which have not either been fully bonded to the satisfaction of the Mortgagee and discharged of record or in the alternative fully insured over to the satisfaction of the Mortgagee by the title company insuring the lien of this Mortgage.

(c) The repair and restoration of the Mortgaged Property shall be done and completed by the Mortgagor in an expeditious and diligent fashion and in compliance with all applicable governmental laws, rules and regulations (including, without limitation, all applicable Environmental Requirements), and all plans and specifications required in connection with the repair and restoration of the Mortgaged Property shall be subject to prior review and acceptance in all respects by the Mortgagee and by an independent consulting engineer selected by the Mortgagee (hereinafter referred to in this paragraph as the “**Restoration Consultant**”). The Mortgagee shall have the use of such plans and specifications and all permits, licenses and approvals required or obtained in connection with the repair and restoration of the Mortgaged Property. The identity of the contractors, subcontractors and materialmen engaged in the repair and restoration of the Mortgaged Property, as well as the contracts under which they have been engaged, shall be subject to approval, review and acceptance by the Mortgagee and the Restoration Consultant. All costs and expenses incurred by the Mortgagee in connection with making the Net Restoration Award available for the repair and restoration of the Mortgaged Property including, without limitation, appraisal fees, reasonable counsel fees and the Restoration Consultant’s fees, shall be paid by the Mortgagor.

(d) In no event shall the Mortgagee be obligated to make disbursements of the Net Restoration Award in excess of an amount equal to the costs actually incurred for work in place as part of the repair and restoration of the Mortgaged Property, as certified by the Restoration Consultant, minus the Condemnation Retainage. The term “**Condemnation Retainage**” as used in this paragraph shall mean an amount equal to (a) 10% of the costs actually incurred for work in place as part of the first 50% of the repair and restoration of the Mortgaged Property, as certified by the Restoration Consultant and (b) 0% of the costs actually incurred for work in place as part of the last 50% of the repair and restoration of the Mortgaged Property, as certified by the Restoration Consultant, it being the intent that the total Condemnation Retainage held by Funding Lender upon completion of the repair and restoration of the Mortgaged Property shall be equal to 5% of the costs actually incurred by Borrower for work in place as part of the repair and restoration of the Mortgaged Property. The Condemnation Retainage shall in no event, and notwithstanding anything to the contrary hereinabove set forth in this paragraph, be less than the amount actually held back by the Mortgagor from contractors, subcontractors and materialmen engaged in the making of the repair and restoration of the Mortgaged Property. The Mortgagee shall not be obligated to make disbursements of the Net Restoration Award more frequently than once every thirty (30) days. The Condemnation Retainage shall not be released until the Restoration Consultant certifies that the repair and restoration of the Mortgaged Property have been completed in accordance with this paragraph and that all approvals necessary for the re occupancy and use of the Mortgaged Property have been obtained from all governmental and quasi-governmental authorities, and the Mortgagee receives evidence satisfactory to the Mortgagee that the costs of the repair and

restoration of the Mortgaged Property have been paid in full or will be paid in full out of the Condemnation Retainage or such other funds available to Mortgagor.

(e) If at any time the Net Restoration Award, in the opinion of the Mortgagee, be sufficient to pay in full the balance of the costs which will be incurred in connection with the completion of the repair and restoration of the Mortgaged Property, the Mortgagor shall deposit the deficiency (the “**Net Award Deficiency**”) with the Mortgagee before any further disbursement of the Net Restoration Award shall be made, which Net Award Deficiency deposit shall be held by the Mortgagee in a special account, and shall be disbursed, together with interest earned thereon, for costs actually incurred in connection with the repair and restoration of the Mortgaged Property on the same conditions applicable to the disbursement of the Net Restoration Award, and, until so disbursed pursuant to this paragraph, shall constitute additional security for the payment of the Debt. Upon the occurrence of an Event of Default, the Mortgagee shall have the right to apply the undisbursed balance of any Net Award Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as the Mortgagee shall deem to be appropriate in its discretion. The balance, if any, of any Net Award Deficiency deposit, together with interest thereon, remaining after the Restoration Consultant certifies to the Mortgagee that the repair and restoration of the Mortgaged Property have been completed in accordance with the provisions of this paragraph, and the receipt by the Mortgagee of evidence satisfactory to the Mortgagee that all costs incurred in connection with the repair and restoration have been paid in full, shall be remitted by the Mortgagee to the Mortgagor, provided no default shall have occurred and shall be continuing under the Series A Project Note or this Mortgage.

(f) All costs of the repair and restoration of the Mortgaged Property in excess of the Net Restoration Award shall be paid for by the Mortgagor. The excess, if any, of the Net Restoration Award after the repair and restoration of the Mortgaged Property as nearly as possible to their former condition and the payment in full of all costs incurred in connection therewith shall be applied by the Mortgagee in reduction of the Debt in such order, priority and proportions as the Mortgagee in its discretion shall deem proper.

1.7 Leases and Rents.

(a) Assignment. Mortgagor hereby absolutely and unconditionally assigns, sells, transfers and conveys all of the right, title and interest in and to all existing leases, tenancies and occupancy agreements, however denominated, affecting all or any portion of the Premises and all renewals, replacements and guaranties thereof along with all rents, income and profits due thereunder to the Mortgagee. This Assignment is absolute in nature and not an assignment for additional security only. The Mortgagee waives the right to enter the Mortgaged Property for the purpose of collecting the Rents, and grants the Mortgagor the right to collect the Rents and to let the Mortgaged Property or any part thereof. The Mortgagor shall hold the Rents, or an amount sufficient to discharge all current sums due on the Debt, in trust for use in payment of the Debt. The right of the Mortgagor to collect the Rents and to let the Mortgaged Property or any part thereof may be revoked by the Mortgagee upon the occurrence of any Event of Default by the Mortgagor under the terms of the Project Loan Agreement, the Construction

Disbursement Agreement or this Mortgage and thereafter the Mortgagee may let the Mortgaged Property, or any part thereof and may retain and apply the Rents toward payment of the Debt in such order, priority and proportions as the Mortgagee, in its discretion, shall deem proper, or toward the operation, maintenance and repair of the Mortgaged Property, and irrespective of whether the Mortgagee shall have commenced a foreclosure of this Mortgage or shall have applied or arranged for the appointment of a receiver. The Mortgagee shall give to the Mortgagor notice of such revocation of the right to let and collect the Rents within a reasonable time thereafter. The Mortgagor shall not, without the consent of the Mortgagee, except in the ordinary course of business, make, or suffer to be made, any Leases or modify any Leases in any material respect or cancel any Leases or accept prepayments of installments of the Rents for a period of more than one (1) month in advance or further assign the whole or any part of the Rents except in connection with the Subordinate Loans. Anything to the contrary notwithstanding, no default shall then exist hereunder beyond the expiration of any applicable notice and/or grace period specified herein within which to cure such default, the Mortgagor shall have the right to make, replace or modify existing residential Leases or to enter into new residential Leases with respect to vacant apartment units on the condition that the Rent payable under the replacement Lease or the new Lease, as the case may be, shall be equal to the lower of market rents or the maximum rent allowable by law, regulation or agreement with a regulatory authority. In addition, the Mortgagor shall commencing on a date six months prior to the Completion Date (as defined in the Construction Disbursement Agreement) and upon request, furnish to the Mortgagee a report of leasing activities (including an itemized rent roll) with respect to the Mortgage Property as provided in the Construction Disbursement Agreement. The Mortgagor shall generally (i) fulfill or perform each and every provision of the Leases on the part of the Mortgagor to be fulfilled or performed, (ii) promptly send copies of all notices of default which the Mortgagor shall send or receive under the Leases to the Mortgagee, and (iii) enforce, short of termination of the Leases, the performance or observance of the provisions thereof by the tenants thereunder. In addition to the rights which the Mortgagee may have herein, upon the occurrence and during the continuance of an Event of Default under this Mortgage, the Mortgagee, at its option, may require the Mortgagor to pay monthly in advance to the Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of the Mortgagor. Upon default in any such payment, the Mortgagor will vacate and surrender possession of the Mortgaged Property to the Mortgagee, or to such receiver, and, in default thereof, the Mortgagor may be evicted by summary proceedings or otherwise. Nothing contained in this paragraph shall be construed as imposing on the Mortgagee any of the obligations of the lessor under the Leases. Nothing contained in this paragraph shall be construed as imposing on the Mortgagee any of the obligations of the lessor under the Leases or of a “mortgagee in possession.”

(b) Perfection of Assignment of Leases and Rents for Bankruptcy Purposes.

The Mortgagor acknowledges and agrees that, upon recordation of this Mortgage the Mortgagee’s interest in the Rents shall be deemed to be fully perfected, “choate” and enforced as to the Mortgagor and all third parties, including and not by way of limitation any subsequently appointed trustee in any case under the U.S. Bankruptcy Code, without the necessity of (i) commencing a foreclosure action with respect to this Mortgage, (ii) furnishing notice to the

Mortgagor or tenants under the Leases, (iii) making formal demand for the Rents, (iv) taking possession of the Premises as a mortgagee-in-possession, (v) obtaining the appointment of a receiver of rents and profits of the Premises, (vi) sequestering or impounding the Rents, or (vii) taking any other affirmative action.

(c) Mortgage to Constitute Security Agreement for Bankruptcy Purposes. For purposes of 11 U.S.C. § 552(b), the Mortgagor and the Mortgagee agree that this Mortgage shall constitute a “security agreement”, that the security interest created by such security agreement extends to property of the Mortgagor acquired before the commencement of a case in bankruptcy and to all amounts paid as rents and that such security interest shall extend to all rents acquired by the estate after the commencement of a case in bankruptcy.

(d) Rents to be Treated as Cash Collateral for Bankruptcy Purposes. The Mortgagor acknowledges and agrees that all Rents shall be deemed to be “Cash Collateral” under Section 363 of the U.S. Bankruptcy Code in the event that the Mortgagor files the voluntary petition in bankruptcy or is made subject to any involuntary bankruptcy proceeding. The Mortgagor may not use Cash Collateral without the consent of the Mortgagee and/or an order of any Bankruptcy Court pursuant to 11 U.S.C. § 363(b)(2) after the filing of any such voluntary petition or during the pendency of any such involuntary petition.

1.8 Books and Records.

(a) The Mortgagor will keep and maintain or will cause to be kept and maintained on a fiscal year basis in accordance with generally accepted accounting principles consistently applied proper and accurate books, records and accounts reflecting all of the financial affairs of the Mortgagor and all items of income and expense in connection with the operation of the Mortgaged Property or in connection with any services, equipment or furnishings provided in connection with the operation of the Mortgaged Property, whether such income or expense be realized by the Mortgagor or by any other person whatsoever excepting lessees unrelated to and unaffiliated with the Mortgagor who have leased from the Mortgagor portions of the Mortgaged Property for the purpose of occupying the same. The Mortgagee shall have the right from time to time upon reasonable notice at all times during normal business hours to examine such books, records and accounts at the office of the Mortgagor or other person maintaining such books, records and accounts and to make copies or extracts thereof as the Mortgagee shall desire.

(b) The Mortgagor will furnish or cause to be furnished to the Mortgagee and the Funding Lender financial information with respect to the Mortgagor and Guarantors in the form and at the times required under the Construction Disbursement Agreement. The Mortgagor shall promptly furnish to the Mortgagee and the Funding Lender, such further detailed information covering the operation of the Mortgaged Property and the financial affairs of the Mortgagor, or any Guarantor (as hereinafter defined), as may be reasonably requested by the Mortgagee or the Funding Lender.

(c) Without the prior written consent of the Mortgagee, the Mortgagor will not: (i) be or become subject at any time to any law, regulation or list of any government agency (including, without limitation, the US Office of Foreign Asset Control List) that prohibits or limits the Mortgagee from making any advance or extension of credit to the Mortgagor or from otherwise conducting business with the Mortgagor, or (ii) fail to provide documentary and other evidence of the Mortgagor's identity as may be requested by the Mortgagee at any time to enable the Mortgagee to verify the Mortgagor's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

1.9 Transfer or Encumbrance of the Mortgaged Property. Except for Permitted Encumbrances and Permitted Transfers (as each is defined in the Construction Disbursement Agreement), no part of the Mortgaged Property nor any interest of any nature whatsoever therein nor any interest of any nature whatsoever in the Mortgagor (whether partnership, stock, equity, membership, beneficial, profit loss or otherwise) shall in any manner, directly or indirectly, be further encumbered, sold, transferred, assigned or conveyed, or permitted to be further encumbered, sold, transferred, assigned or conveyed without the prior written consent of the Mortgagee, which consent in any and all circumstances may be withheld in the sole and absolute discretion of the Mortgagee and which such restricted transfers shall include: (i) except for Permitted Transfers the sale or transfer of general partnership interests in the Mortgagor, (ii) except for Permitted Transfers, the dilution of the present control by issuance of new partnership interests, or (iii) a transfer by any Guarantor of all or substantially all of its assets. The provisions of the foregoing sentence of this paragraph shall apply to each and every such further encumbrance, sale, transfer, assignment or conveyance, regardless of whether or not the Mortgagee has consented to, or waived by its action or inaction its rights hereunder with respect to, any such previous further encumbrance, sale, transfer, assignment or conveyance and irrespective of whether such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason of operation of law or is otherwise made. In addition, the Mortgagor shall not enter into any transaction of merger or consolidation, or liquidate or dissolve itself (or suffer any liquidation or dissolution), or acquire by purchase or otherwise all or substantially all the business or assets or, or any stock or other evidence of beneficial ownership of, any entity; and the Mortgagor shall not dissolve or terminate its existence, or amend the terms of its partnership agreement if the effect of such amendment would decrease the amount or alter the timing and/or use of capital contributions.

1.10 Maintenance of the Mortgaged Property; Compliance With Laws.

(a) The Mortgagor shall cause the Mortgaged Property to be maintained in good condition and repair and will not commit or suffer to be committed any waste of the Mortgaged Property. The Improvements and the Equipment shall not be removed, demolished or materially altered (except for normal replacement of the Equipment or repairs in the ordinary course of business), without the prior written consent of the Mortgagee which consent will not be unreasonably withheld, delayed or conditioned. The Mortgagor shall promptly repair, replace or rebuild any part of the Mortgaged Property which may be damaged or destroyed by fire or other property hazard or casualty (including any fire or other property hazard or casualty for which

insurance was not obtained or obtainable) or which may be affected by any taking by any public or quasi-public authority through eminent domain or otherwise, and shall complete and pay for, within a reasonable time, any structure at any time in the process of construction or repair on the Premises. If such fire or other property hazard or casualty shall be covered by the Policies, the Mortgagor's obligation to repair, replace or rebuild such portion of the Mortgaged Property shall be contingent upon the Mortgagee paying the Mortgagor the proceeds of the Policies, or such portion thereof as shall be sufficient to complete such repair, replacement or rebuilding, whichever is less.

(b) The Mortgagor represents and warrants that the Mortgaged Property is currently in compliance with, and the Mortgagor shall in the future promptly comply with, all existing and future governmental laws, orders, ordinances, rules and regulations affecting the Mortgaged Property, or any portion thereof or the use thereof, including specifically, but not limited to, provisions of the Americans with Disabilities Act. The Mortgagor shall comply with the requirements of all, and shall not modify, amend or terminate any, easements and restrictive covenants which from time to time affect the whole or any portion of the Mortgaged Property. The Mortgagor shall also comply with the requirements of, and to the extent reasonably within the Mortgagor's control, maintain, preserve, enforce and renew, all rights of way, easements, grants, privileges, licenses, franchises and restrictive covenants which from time to time benefit or pertain to the whole or any portion of the Mortgaged Property, and the Mortgagor shall not modify, amend or terminate, or surrender any of its rights under, any of such rights of way, easements, grants, privileges, licenses, franchises or restrictive covenants. The Mortgagor will not, without obtaining the prior written consent of the Mortgagee, initiate, join in or consent to any new private restrictive covenant, zoning ordinance, or other public or private restrictions, limiting or affecting the uses which may be made of the Mortgaged Property or any part thereof. The Mortgagor will not alter the use of the Mortgaged Property without the prior written consent of the Mortgagee.

1.11 Environmental Provisions.

(a) For the purposes of this paragraph the following terms shall have the following meanings: (i) the term "**Hazardous Material**" shall mean any material or substance that, whether by its nature or use, is now or hereafter defined or regulated as a hazardous waste, hazardous substance, pollutant or contaminant under any Environmental Requirement, or which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous or which is or contains petroleum, gasoline, diesel fuel, another petroleum hydrocarbon product, asbestos, asbestos-containing materials or polychlorinated biphenyls, (ii) the term "Environmental Requirements" shall collectively mean all present and future laws, statutes, common law, ordinances, rules, regulations, orders, codes, licenses, permits, decrees, judgments, directives or the equivalent of or by any Governmental Authority and relating to or addressing the protection of the environment or human health, and (iii) the term "**Governmental Authority**" shall mean the Federal government, or any state or other political subdivision thereof, or any agency, court or body of the Federal government, any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions.

(b) The Mortgagor hereby represents and warrants to the Mortgagee that to the best of Mortgagor's knowledge after diligent inquiry, except as specifically set forth in the Phase I Environmental Site Assessment prepared by Real Estate Advisory, LLC dated April 19, 2017, the Asbestos Operations & Maintenance Plan prepared by Real Estate Advisory, LLC dated February 28, 2017, the Moisture Management Plan prepared by Real Estate Advisory, LLC dated February 28, 2017 and the Report of Geotechnical Engineering Services prepared by S&ME dated January 17, 2017 (i) no Hazardous Material is currently located at, on, in, under or about the Mortgaged Property, (ii) no Hazardous Material is currently located at, on, in, under or about the Mortgaged Property in a manner which violates any Environmental Requirement, or which requires cleanup or corrective action of any kind under any Environmental Requirement, (iii) no releasing, emitting, discharging, leaching, dumping, disposing or transporting of any Hazardous Material from the Mortgaged Property onto any other property or from any other property onto or into the Mortgaged Property has occurred or is occurring in violation of any Environmental Requirement, (iv) no notice of violation, non-compliance, liability or potential liability, lien, complaint, suit, order or other notice with respect to the Mortgaged Property is presently outstanding under any Environmental Requirement, nor does the Mortgagor have knowledge or reason to believe that any such notice will be received or is being threatened, and (v) the Mortgaged Property and the operation thereof are in full compliance with all Environmental Requirements.

(c) The Mortgagor shall comply, and shall require all tenants or other occupants of the Mortgaged Property to comply, in all respects with all Environmental Requirements, and will not generate, store, handle, process, dispose of or otherwise use, and will not permit any tenant or other occupant of the Mortgaged Property to generate, store, handle, process, dispose of or otherwise use, Hazardous Materials at, in, on, or about the Mortgaged Property in a manner that would lead to the imposition on the Mortgagor, the Mortgagee or the Mortgaged Property of any liability or lien of any nature whatsoever under any Environmental Requirement. The Mortgagor shall deliver to the Mortgagee any and all environmental reports prepared during the term of this Mortgage, which may, to the extent applicable, include, but not be limited to, asbestos closeout reports, remedial action plans, health and safety plans, remedial action completion reports, approvals for remedial action plans, approvals for health and safety plans, approvals for remedial action completion reports, lead based paint sampling reports, and lead based paint abatement closeout reports. The Mortgagor shall notify the Mortgagee promptly in the event of any spill or other release of any Hazardous Material at, in, on, under or about the Mortgaged Property which is required to be reported to a Governmental Authority under any Environmental Requirement, will promptly forward to the Mortgagee copies of any notices received by the Mortgagor relating to alleged violations of any Environmental Requirement and will promptly pay when due any fine or assessment against the Mortgagee, the Mortgagor or the Mortgaged Property relating to any Environmental Requirement. If at any time it is determined that the operation or use of the Mortgaged Property is in violation of any applicable Environmental Requirement or that there are Hazardous Materials which violate any applicable Environmental Requirement or require cleanup or corrective action, the Mortgagor shall, within thirty (30) days after receipt of notice thereof from any Governmental Authority or from the Mortgagee, take, at the Mortgagor's sole cost and expense, such actions as may be necessary to fully comply in all respects with all Environmental Requirements, provided, however, that if

such compliance cannot reasonably be completed within such thirty (30) day period, the Mortgagor shall commence such necessary action within such thirty (30) day period and shall thereafter diligently and expeditiously proceed to fully comply in all respects and in a timely fashion with all Environmental Requirements.

(d) In the event that radon mitigation is required to be implemented, pursuant to any Environmental Requirements, the Mortgagor further covenants and agrees to conduct radon sampling in the Improvements on the Premises. In the event that such radon sampling results reveal that levels of radon in the Improvements on the Premises are in excess of the United States Environmental Protection Agency threshold, the Mortgagor covenants and agrees to undertake measures necessary to reduce radon levels in the Improvements at the Premises and bring the Premises into compliance with applicable Environmental Laws.

(e) In the event that the Mortgagor is covered by a commercial general liability insurance policy which contains an exclusion, or otherwise does not provide coverage, for loss or damage caused by mold, dangerous fungi, bacterial or microbial matter contamination or pathogenic organisms that reproduce through the release of spores or the splitting of cells (collectively, **“Mold”**) or a property insurance policy which contains an exclusion, or otherwise does not provide coverage, for loss or damage caused by Mold, in connection with another covered peril (e.g., Mold in connection with water damage caused by a storm or fire), Mortgagor shall (i) obtain a policy that provides such coverage; or (ii) demonstrate to the reasonable satisfaction of the Mortgagee, in their sole discretion, that the potential risk for loss or damage caused by Mold at the Mortgaged Property is minimal because of precautionary measures or techniques to be utilized in the construction or rehabilitation of the Improvements, including without limitation, the use of vapor barriers or other liners to limit moisture intrusion and the growth and reproduction of Mold; or (iii) implement a pro-active moisture management and Mold control program (the **“Moisture Management Program”**) for the Improvements at the Mortgaged Property to prevent the occurrence of Mold at, on or under the Mortgaged Property. The Moisture Management Program shall include, at a minimum: (a) periodic inspections of the Improvements at the Mortgaged Property for Mold, (b) prompt removal and cleanup of any Mold in a manner consistent with applicable Environmental Laws and best industry practices and utilizing an experienced remediation contractor acceptable to and approved by Mortgagee or pursuant to a plan approved by the Mortgagee, and (c) in the event that the Mold identified at the Improvements at the Mortgaged Property cannot be promptly removed or cleaned from any impacted building materials (e.g., porous materials such as carpeting, certain types of ceiling materials, wallboard, sheetrock or drywall, etc.), fixtures and/or equipment, prompt removal of all impacted building materials, fixtures and/or equipment from the Mortgaged Property, all in accordance with the procedures set forth in the United States Environmental Protection Agency’s (**“EPA”**) guide entitled **“Mold Remediation in Schools and Commercial Buildings”**, EPA No. 402-K-01-001, dated March 2001, applicable Environmental Laws and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by Mortgagee or pursuant to a plan approved by Mortgagee. The Mortgagor further covenants and agrees that, in connection with any Mold remediation or cleanup undertaken by or on behalf of the Mortgagor hereunder, the source(s), any contributing factors, and any areas conducive to growth (e.g., leaking pipes, water damage, water infiltration or

penetration, faulty or inadequate construction or building materials, building humidity, sub-performing HVAC systems, etc.) at the Improvements at the Mortgaged Property shall be promptly identified and remediated, cleared, repaired and restored, as appropriate, to prevent the occurrence or re-occurrence of any Mold.

(f) If the Mortgagor fails to timely take, or to diligently and expeditiously proceed to complete in a timely fashion, any such action described in this paragraph 1.11, the Mortgagee may, in its sole and absolute discretion, make advances or payments toward the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by the Mortgagee (including, without limitation, reasonable counsel fees and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums advanced or paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from the Mortgagor and shall bear interest at the Default Rate from the date any such sums are so advanced or paid by the Mortgagee until the date any such sums are repaid by the Mortgagor to the Mortgagee. The Mortgagor will execute and deliver, promptly upon request, such instruments as the Mortgagee may deem useful or necessary to permit the Mortgagee to take any such action, and such additional notes and mortgages, as the Mortgagee may require to secure all sums so advanced or paid by the Mortgagee. If a lien is filed against the Mortgaged Property by any Governmental Authority resulting from the need to expend or the actual expending of monies arising from an action or omission, whether intentional or unintentional, of the Mortgagor or for which the Mortgagor is responsible, resulting from the releasing, spilling, leaking, leaching, pumping, emitting, pouring, emptying or dumping of any Hazardous Material into the waters or onto land, then the Mortgagor will, within thirty (30) days from the date that the Mortgagor is first given notice that such lien has been placed against the Mortgaged Property (or within such shorter period of time as may be specified by the Mortgagee if such Governmental Authority has commenced steps to cause the Mortgaged Property to be sold pursuant to such lien), either (a) pay the claim and remove the lien, or (b) furnish a cash deposit, bond, or such other security with respect thereto as is satisfactory in all respects to the Mortgagee and is sufficient to effect a complete discharge of such lien on the Mortgaged Property.

(g) The Mortgagee may, at its option, if the Mortgagee reasonably believes that a Hazardous Material or other environmental condition on the Mortgaged Property violates or threatens to violate any Environmental Requirement, cause an environmental audit of the Mortgaged Property or portions thereof to be conducted to confirm the Mortgagor's compliance with the provisions of this paragraph, and the Mortgagor shall cooperate in all reasonable ways with the Mortgagee connection with any such audit. If such audit discloses that a violation of or a liability under an Environmental Requirement exists or if such audit was required or prescribed by law, regulation or governmental or quasi-governmental authority, the Mortgagor shall pay all costs and expenses incurred in connection with such audit.

(h) If this Mortgage is foreclosed, or if the Mortgaged Property is sold pursuant to the provisions of this Mortgage, or if the Mortgagor tenders a deed or assignment in lieu of foreclosure or sale, the Mortgagor shall deliver the Mortgaged Property to the purchaser

at foreclosure or sale or to the Mortgagee, its nominee, or wholly-owned subsidiary, as the case may be, in a condition that complies in all respects with all Environmental Requirements.

(i) The Mortgagor will defend, indemnify, and hold harmless the Mortgagee and its respective participants, employees, agents, officers, and directors (**“Indemnified Parties”**), from and against all actual or threatened liabilities, claims, actions, demands, causes of action, judgments, orders, inquiries, investigations, studies or notices relating to any Hazardous Material, any Environmental Requirement including without limitation those arising as a result of strict liability, whether under an Environmental Requirement or otherwise, and those arising out of negligence of the Indemnified Party (collectively referred to as **“Environmental Claims”**) (including foreseeable and unforeseeable consequential damages), losses, fines, penalties, judgments, awards, settlements and costs and expenses (including, without limitation, reasonable attorney’s fees, expert’s, engineer’s and consultant’s fees and costs and expenses of investigation, testing, remediation and dispute resolution) (collectively referred to as **“Environmental Costs”**) that directly or indirectly arise out of or relate in any way to: (i) any investigation, cleanup, remediation, removal, or restoration work of site conditions of the Mortgaged Property relating to Hazardous Material (whether on the Mortgaged Property or any other property); (ii) any resulting damages, harm, or injuries to the person or property of any third parties or to any natural resources involving Hazardous Material relating to the Mortgaged Property; (iii) any actual or alleged past or present disposal, generation, manufacture, presence, processing, production, Release, storage, transportation, treatment, or use of any Hazardous Material on, under, or about the Mortgaged Property; (iv) any actual or alleged presence of any Hazardous Material on the Mortgaged Property; (v) any actual or alleged past or present violation of any Environmental Requirement relating to the Mortgaged Property; (vi) any actual or alleged past or present migration of any Hazardous Material from the Mortgaged Property to any other property, whether adjoining, in the vicinity, or otherwise, or migration of any Hazardous Material onto the Mortgaged Property from any other property, whether adjoining, in the vicinity, or otherwise; (vii) any lien on any part of the Mortgaged Property under any Environmental Requirement; (viii) any Environmental Claim by any federal, state, or local governmental agency and any claim that any Indemnified Party is liable for any such asserted Environmental Claim allegedly because it is an “owner” or “operator” of the Mortgaged Property under any Environmental Requirement; (ix) any Environmental Claim asserted against any Indemnified Party by any person other than a governmental agency, including any person who may purchase or lease all or any portion of the Mortgaged Property from Indemnitor, from any Indemnified Party, or from any other purchaser or lessee; any person who may at any time have any interest in all or any portion of the Mortgaged Property; any person who may at any time be responsible for any cleanup costs or other Environmental Claims relating to the Mortgaged Property; and any person claiming to have been injured in any way as a result of exposure to any Hazardous Material relating to the Mortgaged Property; (x) any Environmental Claim which any Indemnified Party reasonably believes at any time may be incurred to comply with any law, judgment, order, regulation, or regulatory directive relating to Hazardous Substances and the Mortgaged Property, or which any Indemnified Party reasonably believes at any time may be incurred to protect the public health or safety; (xi) any Environmental Claim resulting from currently existing conditions in, on, around, or materially affecting the Mortgaged Property, whether known or unknown by Indemnitor or the Indemnified Parties at the time this

Agreement is executed, and any such Environmental Claim resulting from the activities of Indemnitor, Indemnitor's tenants, or any other person, in, on, around, or materially affecting the Mortgaged Property; or (xii) breach of any representation or warranty by or covenant of Mortgagor in this Mortgage. Provided, however, that such Environmental Claim does not result solely from the actions of Indemnified Parties taken after such parties have taken title to, or possession of the Premises, provided that, such Environmental Claims shall not arise from or be accumulated with any condition of the Premises, which condition was not caused by an Indemnified Party.

(j) Except as expressly provided in the Environmental Indemnity Agreement by the Mortgagor and the Guarantors in favor of the Funding Lender dated as of the date of this instrument, the obligations and liabilities of the Mortgagor under this paragraph 1.11 shall survive and continue in full force and effect and shall not be terminated, discharged or released, in whole or in part, irrespective of whether the Debt has been paid in full and irrespective of any foreclosure of this Instrument, sale of the Mortgaged Property pursuant to the provisions of this Instrument or acceptance by the Mortgagee, its nominee or affiliate of a deed or assignment in lieu of foreclosure or sale and irrespective of any other fact or circumstance of any nature whatsoever.

1.12 Other Security for the Debt. The Mortgagor shall observe and perform all of the terms, covenants and provisions contained in the Series A Project Note, the Project Loan Agreement and the Construction Disbursement Agreement and in all other mortgages and other instruments or documents evidencing, securing or guaranteeing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement, this Mortgage or the loan evidenced and secured thereby or hereby.

1.13 Right of Entry. The Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times.

1.14 Performance of Other Agreements. The Mortgagor shall observe and perform each and every term to be observed or performed by the Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

1.15 Future Advances. This Mortgage shall secure any additional loans as well as any and all present or future advances and readvances under the Series A Project Note, the Project Loan Agreement made by the Mortgagee to or for the benefit of the Mortgagor or the Mortgaged Property prior to the payment in full of the Debt (whether such advances are obligatory or are made at the option of the Mortgagee, or otherwise).

ARTICLE II - DEFAULTS AND REMEDIES

2.1 Events of Default. The Debt shall become due at the option of the Mortgagee upon the occurrence of any one or more of the following events (each of which is hereby deemed and referred to as an "**Event of Default**") provided, however, that the occurrence of an event

described in subparagraphs (m), (n) or (o) below shall result in an automatic acceleration of the Debt:

(a) if any portion of the Debt is not paid within ten (10) days of the due date or if the Debt is not paid in full on maturity;

(b) if, except as specifically provided to the contrary in paragraph 1.4 hereof, the Mortgagor shall fail to pay within thirty (30) days of notice and demand by the Mortgagee, any installment of any assessment against the Mortgaged Property for local improvements heretofore or hereafter levied, which assessment is or may become payable in annual or periodic installments and is a lien on the Mortgaged Property provided that such installment is due and payable at the time of such notice and demand;

(c) if any Federal tax lien is filed against the Mortgagor or the Mortgaged Property and the same is not discharged of record within thirty (30) days after the same is filed;

(d) if (except as specifically provided to the contrary in paragraph 1.9 above) without the consent of the Mortgagee (which consent in any and all circumstances may be withheld in the sole and absolute discretion of the Mortgagee) any part of the Mortgaged Property or any interest of any nature whatsoever therein or any interest of any nature whatsoever in the Mortgagor or its general partner is in any manner, by operation of law or otherwise, whether directly or indirectly, further encumbered, sold, transferred, assigned or conveyed, and irrespective of whether any such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason or operation of law or is otherwise made;

(e) if without the consent of the Mortgagee, any Improvement or the Equipment (except for the normal replacement and repair of the Equipment) is removed, demolished or materially altered, or if the Mortgaged Property is not kept in reasonably good condition and repair and such condition is not remedied within thirty (30) days after notice from the Mortgagee, provided that if such default cannot reasonably be cured within such thirty (30) day period and the Mortgagor shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require the Mortgagor in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of sixty (60) days;

(f) if the Mortgagor shall fail to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction over the Mortgaged Property within three (3) months from the issuance thereof, or the time period set forth therein, whichever is less;

(g) if the Mortgagor shall be in default with respect to its obligations under paragraph 1.11 of this Mortgage beyond any applicable grace period and/or after the giving of any applicable notice as stated in paragraph 1.11;

(h) if the Policies are not kept in full force and effect, or if the Policies are not delivered to the Mortgagee within ten (10) days of request;

(i) if the Mortgagor shall fail to pay the Mortgagee within ten (10) days of demand for all Premiums and/or Taxes paid by the Mortgagee pursuant to this Mortgage, together with any late payment charge and interest thereon calculated at the Default Rate;

(j) if (except as specifically provided to the contrary in paragraph 1.7 above) without the consent of the Mortgagee any Leases are made, cancelled or modified or if the Mortgagor shall consent to any assignment thereof or subletting thereunder or if any portion of the Rents is paid for a period of more than one (1) month in advance (exclusive of deposits) or if any of the Rents are further assigned;

(k) if any representation or warranty of the Mortgagor, or of any person or entity (herein referred to as a **“Guarantor”**) guaranteeing payment of the Debt or any portion thereof, or guaranteeing performance by the Mortgagor of any of the terms of this Mortgage made herein or in any such guaranty (the **“Guaranty”**), or in any certificate, report, financial statement or other instrument furnished in connection with the making of the Project Loan Agreement, the Construction Disbursement Agreement, this Mortgage, or any such Guaranty, shall prove false or misleading in any material respect when made;

(l) if the Mortgagor or any Guarantor shall make an assignment for the benefit of creditors;

(m) if a court of competent jurisdiction enters a decree or order for relief with respect to the Mortgagor or any Guarantor under Title 11 of the United States Code as now constituted or hereafter amended or under any other applicable Federal or state bankruptcy law or other similar law, or if such court enters a decree or order appointing a receiver, liquidator, assignee, trustee, sequestrator (or similar official) of the Mortgagor or any Guarantor, or of any substantial part of their respective properties, or if such court decrees or orders the winding up or liquidation of the affairs of the Mortgagor or any Guarantor and the same shall continue unstayed and in effect for a period of sixty (60) or more days;

(n) if the Mortgagor or any Guarantor files a petition or a confirming or consenting answer or consent seeking relief under Title 11 of the United States Code as now constituted or hereafter amended, or under any other applicable Federal or state bankruptcy law or other similar law, or if the Mortgagor or any Guarantor consents to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Mortgagor or any Guarantor, or of any substantial part of their respective properties, or if the Mortgagor or any Guarantor fails generally to pay their respective debts as such debts become due, or if the Mortgagor or any Guarantor takes any action in furtherance of any action described in this subparagraph;

(o) if the Mortgagor or other person shall be in default beyond any applicable notice and/or grace period under the terms, covenants or conditions under the Loan Documents;

(p) if the Mortgagor shall be in default beyond any applicable notice and/or grace period under any mortgage or deed of trust covering any part of the Mortgaged Property whether superior or inferior in lien to this Mortgage, and including, without limitation, any such mortgage or deed of trust now or hereafter held by the Mortgagee;

(q) if the Mortgaged Property shall become subject (i) to any tax lien, other than a lien for local real estate taxes and assessments not due and payable, or (ii) to any lis pendens, notice of pendency, stop order, notice of intention to file mechanic's or materialman's lien, mechanic's or materialman's lien or other lien of any nature whatsoever and the same shall not either be discharged of record, bonded and/or insured over to the satisfaction of the Mortgagee by the title company insuring the lien of this Mortgage within a period of thirty (30) days after the same is filed or recorded, and irrespective of whether the same is superior or subordinate in lien or other priority to the lien of this Mortgage and irrespective of whether the same constitutes a perfected or inchoate lien or encumbrance on the Mortgaged Property or is only a matter of record or notice;

(r) if the Mortgagor shall continue to be in default under any of the other terms, covenants or conditions of this Mortgage for ten (10) days after the due date therefor in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from the Mortgagee in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and the Mortgagor shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require the Mortgagor in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of sixty (60) days and that nothing contained in this paragraph shall be construed as having the effect of extending the Completion Date (as defined in the Construction Disbursement Agreement);

(s) if without the prior written consent of the Mortgagee, the Mortgagor shall grant or shall permit to exist any pledge, lien, charge, security interest or other encumbrance with respect to any of its assets, except in favor of Mortgagee or Permitted Encumbrances (as defined in the Construction Disbursement Agreement); or

(t) if one or more judgments, decrees or orders for the payment of money in excess of \$50,000.00 in the aggregate shall be rendered against the Mortgagor, its general partner or \$100,000 against any Guarantor, and except as disclosed in the litigation letters dated the date of this Instrument and delivered to the Mortgagee, such judgment, decree or order shall continue unsatisfied for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal.

(u) if without the prior written consent of the Mortgagee, the Mortgagor (i) acquires any real or personal property other than the Mortgaged Property and assets (such as accounts) related to the operation or maintenance of the Mortgaged Property or (ii) operates any business other than the management and operating of the Mortgaged Property; or

(v) any Event of Default (as defined in the Construction Disbursement Agreement or the Project Loan Agreement) shall occur.

2.2 Appointment of Receiver. The Mortgagee, in any action to foreclose this Mortgage or upon the actual or threatened waste to any part of the Mortgaged Property or upon the occurrence of any default hereunder, shall be at liberty, without notice, to apply for the appointment of a receiver of the Rents, and shall be entitled to the appointment of such receiver as a matter of right, without regard to the value of the Mortgaged Property as security for the Debt, or the solvency or insolvency of any person then liable for the payment of the Debt.

2.3 Security Agreement; Financing Statement. This Mortgage constitutes both a real property mortgage and a “security agreement,” within the meaning of the Uniform Commercial Code, and the Mortgaged Property includes both real and personal property and all other rights and interest, whether tangible or intangible in nature, of the Mortgagor in the Mortgaged Property. The Mortgagor by executing and delivering this Mortgage has granted to the Mortgagee, as security for the Debt, a security interest in the Equipment. Upon the occurrence of an Event of Default, the Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Equipment or any part thereof, and to take such other measures as the Mortgagee may deem necessary for the care, protection and preservation of the Equipment. Upon request or demand of the Mortgagee, the Mortgagor shall at its expense assemble the Equipment and make it available to the Mortgagee at a convenient place acceptable to the Mortgagee. The Mortgagor shall pay to the Mortgagee on demand any and all expenses, including reasonable legal expenses and attorneys’ fees, incurred or paid by the Mortgagee in protecting its interest in the Equipment and in enforcing its rights hereunder with respect to the Equipment. Any notice of sale, disposition or other intended action by the Mortgagee with respect to the Equipment sent to the Mortgagor in accordance with the provisions of this Mortgage at least ten (10) days prior to the date of any such sale, disposition or other action, shall constitute reasonable notice to the Mortgagor, and the method of sale or disposition or other intended action set forth or specified in such notice shall conclusively be deemed to be commercially reasonable within the meaning of the Uniform Commercial Code unless objected to in writing by the Mortgagor within seven (7) days after receipt by the Mortgagor of such notice. The proceeds of any sale or disposition of the Equipment, or any part thereof, may be applied by the Mortgagee to the payment of the Debt in such order, priority and proportions as the Mortgagee in its discretion shall deem proper. If any change shall occur in the Mortgagor’s name, the Mortgagor shall promptly cause to be filed at its own expense, new financing statements as required under the Uniform Commercial Code to replace those on file in favor of the Mortgagee. This Mortgage shall also serve as a financing statement as provided in the Uniform Commercial Code.

2.4 Recovery of Sums Required To Be Paid. The Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure,

or any other action, for a default or defaults by the Mortgagor existing at the time such earlier action was commenced.

2.5 Actions and Proceedings. The Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of the Mortgagor, which the Mortgagee, in its discretion, determines should be brought to protect its interest in the Mortgaged Property.

2.6 Right to Cure Defaults. Upon the occurrence of any default hereunder beyond any applicable notice and cure period, the Mortgagee may, at its discretion, remedy the same and for such purpose shall have the right to enter upon the Mortgaged Property or any portion thereof without thereby becoming liable to the Mortgagor or any person in possession thereof holding under or claiming under or through the Mortgagor, it being understood and agreed that nothing contained in this Mortgage shall in any manner obligate the Mortgagee to remedy any default hereunder. If the Mortgagee shall remedy such a default or appear in, defend, or bring any action or proceeding to protect its interest in the Mortgaged Property or to foreclose this Mortgage or collect the Debt, the costs and expenses thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph, shall be paid by the Mortgagor to the Mortgagee upon demand. All such costs and expenses incurred by the Mortgagee in remedying such default or in appearing in, defending, or bringing any such action or proceeding shall be paid by the Mortgagor to the Mortgagee upon demand, with interest (calculated for the actual number of days elapsed on the basis of a 360-day year) at a rate per annum equal to 3% plus the rate of interest being charged under the Series A Project Note (herein referred to as the "**Default Rate**") provided, however, that the Default Rate shall in no event exceed the maximum interest rate which the Mortgagor may by law pay, for the period after notice from the Mortgagee that such costs or expenses were incurred to the date of payment to the Mortgagee. To the extent any of the aforementioned costs or expenses paid by the Mortgagee after default in payment thereof by the Mortgagor shall constitute payment of (i) taxes, charges or assessments which may be imposed by law upon the Mortgaged Property, (ii) premiums on insurance policies covering the Mortgaged Property, (iii) expenses incurred in upholding the lien of this Mortgage, including, but not limited to, the costs and expenses of any litigation to collect the indebtedness secured by this Mortgage or to prosecute, defend, protect or preserve the rights and the lien created by this Mortgage, or (iv) any amount, cost or charge to which the Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, and in each such event, such costs, expenses and amounts, together with interest thereon at the Default Rate, shall be added to the indebtedness secured by this Mortgage and shall be secured by this Mortgage.

2.7 Late Payment Charge. If any payment under the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or this Mortgage is not paid within ten (10) days after the date on which it is due, the Mortgagor shall pay to the Mortgagee upon demand, in addition to any interest, if any, payable pursuant to Paragraph 2.6 above, an amount equal to 3% of such unpaid installment or \$25.00, whichever is greater, up to the maximum amount of \$1,500.00 per late charge to compensate the Mortgagee for administrative expenses and other costs of delinquent payments. This late charge may be assessed without

notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to the Mortgagee.

2.8 Sole Discretion of Mortgagee. Except as may otherwise be expressly provided to the contrary, wherever pursuant to the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement, this Mortgage, or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the Project Loan secured hereby, the Mortgagee exercises any right given to it to consent or not consent, or to approve or disapprove, or any arrangement or term is to be satisfactory to the Mortgagee, the decision of the Mortgagee to consent or not consent, or to approve or disapprove, or to decide that arrangements or terms are satisfactory or not satisfactory, shall be in the sole and absolute discretion of the Mortgagee and shall be final and conclusive.

2.9 Non-Waiver. The failure of the Mortgagee to insist upon strict performance of any term of this Mortgage shall not be deemed to be a waiver of any term of this Mortgage. No delay or omission by the Mortgagee to exercise any right, power or remedy accruing under this Mortgage shall be construed to be a waiver of any default or acquiescence therein. A waiver in one or more instances to exercise any right, power or remedy accruing hereunder shall apply only to the particular instance or instances, and at the particular time or times only, and no such waiver shall be deemed a continuing waiver, but every term, covenant, provision or condition establishing such right, power or remedy shall survive and continue to remain in full force and effect. The Mortgagor shall not be relieved of the Mortgagor's obligation to pay the Debt at the time and in the manner provided for its payment in the Series A Project Note and this Mortgage by reason of (i) failure of the Mortgagee to comply with any request of the Mortgagor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, (ii) the release, regardless of consideration, of the whole or any part of the Mortgaged Property or any other security for the Debt, or (iii) any agreement or stipulation between the Mortgagee and any subsequent owner or owners of the Mortgaged Property or other person extending the time of payment or otherwise modifying or supplementing the terms of the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement, this Mortgage or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, without first having obtained the consent of the Mortgagor, and in the latter event, the Mortgagor shall continue to be obligated to pay the Debt at the time and in the manner provided in the Series A Project Note and this Mortgage, as so extended, modified and supplemented, unless expressly released and discharged from such obligation by the Mortgagee in writing. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Mortgaged Property, the Mortgagee may release any person at any time liable for the payment of the Debt or any portion thereof or any part of the security held for the Debt and may extend the time of payment or otherwise modify the terms of the Series A Project Note or this Mortgage, including, without limitation, a modification of the interest rate payable on the principal balance of the Series A Project Note or the obligations under the Project Loan Agreement or the Construction

Disbursement Agreement, without in any manner impairing or affecting this Mortgage or the lien hereof or the priority of this Mortgage, as so extended and modified, as security for the Debt over any such subordinate lien, encumbrance, right, title or interest. The Mortgagee may resort for the payment of the Debt to any other security held by the Mortgagee in such order and manner as the Mortgagee, in its discretion, may elect. The Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of the Mortgagee thereafter to foreclose this Mortgage. The Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law or equity. The rights of the Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of the Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

2.10 Absolute and Unconditional Obligation. The Mortgagor acknowledges that the Mortgagor's obligation to pay the Debt in accordance with the provisions of the Series A Project Note and this Mortgage is and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to the Series A Project Note or this Mortgage or the obligation of the Mortgagor thereunder to pay the Debt or the obligations of any other person relating to the Series A Project Note or this Mortgage or the obligations of the Mortgagor under this Mortgage or otherwise with respect to the Project Loan secured hereby, and the Mortgagor absolutely, unconditionally and irrevocably waives any and all right to assert any defense, setoff (except for payments made), counterclaim or crossclaim of any nature whatsoever with respect to the obligation of the Mortgagor to pay the Debt in accordance with the provisions of the Series A Project Note and this Mortgage or the obligations of any other person relating to the Series A Project Note or this Mortgage or obligations of the Mortgagor under the Series A Project Note or this Mortgage or otherwise with respect to the Project Loan secured hereby in any action or proceeding brought by the Mortgagee to collect the Debt, or any portion thereof, or to enforce, foreclose and realize upon the lien and security interest created by this Mortgage or any other document or instrument securing repayment of the Debt, in whole or in part. (Provided, however, that the foregoing shall not be deemed a waiver of the Mortgagor's right to plead payment or satisfaction of the Debt or to assert any compulsory counterclaim or cross claim maintained in a court of the United States, or of the State of Florida if such counterclaim or cross claim is compelled under local law or rule of procedure, nor shall the foregoing be deemed a waiver of the Mortgagor's right to assert any claim which would constitute a defense, setoff, counterclaim or crossclaim of any nature whatsoever against the Mortgagee in any separate action or proceeding).

2.11 Offsets, Counterclaims and Defenses. Any assignee of this Mortgage and the Series A Project Note shall take the same free and clear of all offsets (except for payments made), counterclaims (except compulsory counterclaims) or defenses of any nature whatsoever which the Mortgagor may have against any assignor of this Mortgage and the Series A Project Note, and no such offset, counterclaim or defense shall be interposed or asserted by the Mortgagor in any action or proceeding brought by any such assignee upon this Mortgage or the

Series A Project Note and any such right to interpose or assert any such offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Mortgagor.

2.12 Waiver of Statutory Rights. The Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called “Moratorium Laws,” now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws to the full extent that the Mortgagor may do so under applicable law. The Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien of this Mortgage and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. The Mortgagor hereby waives for itself and all who may claim through or under it, and to the full extent the Mortgagor may do so under applicable law, any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage or granted under any statute now existing or hereafter enacted.

2.13 Sale of Mortgaged Property. If this Mortgage is foreclosed, the Mortgaged Property, or any interest therein, may, at the discretion of the Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner.

ARTICLE III – MISCELLANEOUS

3.1 Notice. Any notice, request, demand, statement, authorization, approval or consent made hereunder shall be in writing and shall be hand delivered or sent by Federal Express, or other reputable courier service (with signature required), or by postage prepaid registered or certified mail, return receipt requested, and shall be deemed given when received (or refused as indicated on the receipt) and addressed as follows:

If to the Mortgagor:

Bradenton Leased Housing Associates III, LLLP
c/o Dominion Development and Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, Minnesota 55441
Attention: Christopher P. Barnes

With copies to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: John M. Stern, Esq.

Broad & Cassel
390 North Orange Avenue
Orlando, Florida 32801
Attention: David Leon, L.L.C.

RBC Tax Credit Equity, LLC
600 Superior Avenue, Suite 2300
Cleveland, Ohio 44114
Attention: President and General Counsel

and

Nixon Peabody LLP
100 Summer Street
Boston, Massachusetts 02110
Attention: Roger W. Holmes, Esq.

If to the Mortgagee:

Housing Finance Authority of Miami-Dade County (Florida)
4420 S. Washington Avenue
Titusville, Florida 32780
Attention: Angela A. Abbott, Esq.

With copies to:

JPMorgan Chase Bank, N.A.
Community Development Banking
10 South Dearborn Street
Mail Code: IL1-0953
Chicago, Illinois 60603
Attention: John D. Bernhard, Executive Director

and

JPMorgan Chase Bank, N.A.
4 New York Plaza, 21st Floor
Mail Code NY1-E089
New York, New York 10004
Attention: Michael R. Zients, Esq.
Executive Director and Assistant General Counsel

It being understood and agreed that each party will use reasonable efforts to send copies of any notices to the addresses marked "with a copy to" hereinabove set forth, provided, however, that

failure to deliver such copy or copies shall have no consequence whatsoever as to any notice made to any of the other parties hereto.

Each party may designate a change of address by notice to the other party, given at least fifteen (15) days before such change of address is to become effective.

3.2 Waiver of Notice. The Mortgagor shall not be entitled to any notices of any nature whatsoever from the Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by the Mortgagee to the Mortgagor, and other than notices expressly required to be provided under applicable law, the Mortgagor hereby expressly waives the right to receive any notice from the Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by the Mortgagee to the Mortgagor.

3.3 Estoppel Certificates. The Mortgagor, within ten (10) days after request by the Mortgagee and at its expense, will furnish the Mortgagee with a statement, duly acknowledged and certified, setting forth the amount of the Debt and the offsets or defenses thereto, if any.

3.4 Changes in Laws Regarding Taxation. In the event of the passage after the date of this Mortgage of any law of the State of Florida deducting from the value of real property for the purpose of taxation any lien or encumbrance thereon or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes or the manner of collection of any such taxes, and imposing a tax, either directly or indirectly, on this Mortgage, the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or the Debt, the Mortgagor shall, if permitted by law, pay any tax imposed as a result of any such law within the statutory period or within fifteen (15) days after demand by the Mortgagee, whichever is less, provided, however, that if, in the opinion of the attorneys for the Mortgagee, the Mortgagor is not permitted by law to pay such taxes, the Mortgagee shall have the right, at its option, to declare the Debt due and payable on a date specified in a prior notice to the Mortgagor of not less than sixty (60) days.

3.5 No Credits on Account of the Debt. The Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes assessed against the Mortgaged Property or any part thereof and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property, or any part thereof, by reason of this Mortgage or the Debt. If at any time this Mortgage shall secure less than all of the principal amount of the Debt, it is expressly agreed that any repayment of the principal amount of the Debt shall not reduce the amount of the lien of this Mortgage until the lien amount shall equal the principal amount of the Debt outstanding.

3.6 Documentary Stamps. If at any time the United States of America, any state thereof, or any governmental subdivision of any such state, shall require revenue, intangible, documentary or other stamps to be affixed to the Series A Project Note or this Mortgage, the Mortgagor will, upon demand, pay for the same, with interest and penalties thereon, if any.

3.7 Filing of Mortgage, etc. The Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage and any extension, modification, renewal or replacement hereof, and any security instrument creating a lien or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect, preserve and perfect the lien hereof upon, and the interest of the Mortgagee in, the Mortgaged Property. The Mortgagor will pay all title insurance fees and charges, filing, registration and recording fees, and all expenses incident to the preparation, execution and acknowledgement of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property, and any instrument of further assurance, and all Federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance. Except as may be limited by the Project Loan, the Mortgagor shall hold harmless and indemnify the Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

3.8 Further Acts, etc. The Mortgagor will, at the cost of the Mortgagor, and without expense to the Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as the Mortgagee shall, from time to time, reasonably require for the better assuring, conveying, assigning, transferring and confirming unto the Mortgagee the property and rights hereby mortgaged or intended now or hereafter so to be, or which the Mortgagor may be or may hereafter become bound to convey or assign to the Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage and, on demand, will execute and deliver and hereby authorizes the Mortgagee to execute in the name of the Mortgagor to the extent the Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments, to evidence more effectively the lien hereof upon the Mortgaged Property.

3.9 Usury Laws. This Mortgage, the Series A Project Note and the other Project Loan Documents are subject to the express condition that at no time shall the Mortgagor be obligated or required to pay interest on the principal balance due under the Series A Project Note at a rate which could subject the holder of the Series A Project Note to either civil or criminal liability as a result of being in excess of the maximum interest rate which the Mortgagor is permitted by law to contract or agree to pay. If by the terms of this Mortgage or the Series A Project Note, the Mortgagor is at any time required or obligated to pay interest on the principal balance due under the Series A Project Note at a rate in excess of such maximum rate, the rate of interest under the Series A Project Note shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Series A Project Note.

3.10 Brokerage. The Mortgagor covenants and agrees that no brokerage commission or other fee, commission or compensation is to be paid by the Mortgagee on account of the Project Loan or other financing obligations evidenced by the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement and/or secured by this Mortgage and the Mortgagor agrees to indemnify the Mortgagee against any claims for any of the same.

3.11 Indemnity. Anything in this Mortgage, the Series A Project Note or the other Loan Documents to the contrary notwithstanding, the Mortgagor shall indemnify and hold the Mortgagee harmless and defend the Mortgagee at the Mortgagor's sole cost and expense against any loss or liability, cost or expense (including, without limitation, title insurance premiums and charges and reasonable attorneys' fees and disbursements of the Mortgagee's counsel, whether in-house staff, retained firms or otherwise), and all claims, actions, procedures and suits arising out of or in connection with (i) any ongoing matters arising out of the transaction contemplated hereby, the Debt, this Mortgage, the Project Loan Agreement, the Construction Disbursement Agreement, the Series A Project Note or any other Loan Documents and/or the Mortgaged Property, including, but not limited to, all costs of reappraisal of the Mortgaged Property or any part thereof, whether required by law, regulation, the Mortgagee or any governmental or quasi-governmental authority, (ii) any amendment to, or restructuring of, the Debt and this Mortgage, the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or any of the other Loan Documents, (iii) any and all lawful action that may be taken by the Mortgagee in connection with the enforcement of the provisions of this Mortgage, the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or any of the other Loan Documents, whether or not suit is filed in connection with the same, or in connection with the Mortgagor, any Guarantor and/or any partner, joint venturer or shareholder thereof becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding and (iv) the past, current and/or future sale or offering for sale of partnership interests in the Mortgagor, including, without limitation, liabilities under any applicable securities or blue sky laws. All sums expended by the Mortgagee shall be payable on demand and, until reimbursed by the Mortgagor pursuant hereto, shall be deemed additional principal of the Debt and secured hereby and shall bear interest at the Default Rate. The obligations of the Mortgagor under this paragraph shall, notwithstanding any exculpatory or other provisions of any nature whatsoever set forth in the Loan Documents, constitute the personal recourse undertakings, obligations and liabilities of the Mortgagor.

3.12 No Oral Change. This Mortgage may only be modified, amended or changed by an agreement in writing signed by the Mortgagor and the Mortgagee, and may only be released, discharged or satisfied of record by an agreement in writing signed by the Mortgagee. No waiver of any term, covenant or provision of this Mortgage shall be effective unless given in writing by the Mortgagee and if so given by the Mortgagee shall only be effective in the specific instance in which given. The Mortgagor acknowledges that the Series A Project Note, the Construction Disbursement Agreement, the Project Loan Agreement, this Mortgage and the other Loan Documents executed and delivered in connection therewith or otherwise in connection with the loan secured thereby set forth the entire agreement and understanding of the Mortgagor and the Mortgagee with respect to the Project Loan secured hereby and that no oral or other agreements, understanding, representation or warranties exist with respect to the Project

Loan secured hereby other than those set forth in the Series A Project Note, this Mortgage, the Construction Disbursement Agreement, the Project Loan Agreement and such other executed and delivered documents and instruments.

3.13 Enforceability. This Mortgage was negotiated in the State of Florida, which State the parties agree has a substantial relationship to the parties and to the underlying transaction embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity and performance, this Mortgage and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Florida applicable to contracts made and performed in such State and any applicable laws of the United States of America, except with respect to the provisions hereof which relate to the realization upon the security covered by this Mortgage, in which case such provisions shall be governed by the State in which the Mortgaged Property is located, it being understood that, to the fullest extent permitted by the law of such State, the law of the State of Florida shall govern the validity and enforceability of this Mortgage, the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement, and other documents executed and delivered in connection with the Debt, and the obligations arising hereunder and thereunder. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be unenforceable or prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such unenforceability, prohibition or invalidity, without invalidating the remaining provisions of this Mortgage.

3.14 Relationship. The relationship of the Mortgagee to the Mortgagor hereunder is strictly and solely that of lender and borrower and mortgagor and mortgagee and nothing contained in the Series A Project Note, this Mortgage, the Project Loan Agreement, the Construction Disbursement Agreement or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise in connection with the Project Loan secured hereby is intended to create, or shall in any event or under any circumstances be construed as creating, a partnership, joint venture, tenancy-in-common, joint tenancy or other relationship of any nature whatsoever between the Mortgagee and the Mortgagor other than mortgagor and mortgagee and as lender and borrower.

3.15 Liability. If more than one person signs this Mortgage as Mortgagor, the obligations and liabilities of each such person hereunder shall be joint and several.

3.16 Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided in this Mortgage, words used in this Mortgage shall be used interchangeably in singular or plural form and the word “**Appraisal**” shall mean a written statement setting forth an opinion of the market value of the Premises and the Improvements, including the contributory value of the low income housing tax credits that (a) has been independently and impartially prepared by a qualified appraiser directly engaged by the Mortgagee or its agent, (b) complies with all applicable federal and state laws and regulations dealing with appraisals or valuations of real property, and (c) has been reviewed as to form and content and approved by the Mortgagee in its reasonable judgment; the word “**Mortgagor**” shall

mean each of the Mortgagor and any subsequent owner or owners of the Mortgaged Property or any part thereof or interest therein; the word **“Mortgagee”** shall mean the Mortgagee or any subsequent holder of the Series A Project Note; the word **“Series A Project Note”** shall mean the Series A Project Note, any amendment, extension, modification, restatement or replacement thereof or any other evidence of indebtedness secured by this Mortgage and any and all modifications, amendments, extensions, renewals, restatements, consolidations and/or replacements thereof; the word **“Guarantor”** shall, in addition to the meaning ascribed to it in Paragraph 2.1(l) hereof, include their respective heirs, executors, administrators, legal representatives, successors and assigns; the word **“person”** shall include an individual, corporation, partnership, trust, limited liability company, unincorporated association, government, governmental authority, or other entity; the words **“Project Loan Agreement”** shall mean the Project Loan Agreement and any and all modifications, amendments and/or replacement thereof; **“Construction Disbursement Agreement”** shall mean the Construction Disbursement Agreement and any and all modifications, amendments and/or replacement thereof; **“Mortgaged Property”** shall include any portion of the Mortgaged Property or interest therein; and the word **“Debt”** shall mean all sums secured by this Mortgage; and the word **“default”** shall mean the occurrence of any default by the Mortgagor or other person in the observance or performance of any of the terms, covenants or provisions of the Series A Project Note, the Project Loan Agreement, the Construction Disbursement Agreement or this Mortgage on the part of the Mortgagor or such other person to be observed or performed without regard to whether such default constitutes or would constitute upon notice or lapse of time, or both, an Event of Default under this Mortgage. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

3.17 Headings, etc. The headings and captions of various paragraphs of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

3.18 Funding Lender and Servicer.

(a) The Mortgagor hereby acknowledges and agrees that all consents, elections, approvals, waivers, acceptances and determinations to be provided hereunder and under the Loan Documents by the Fiscal Agent (whether in its capacity as Fiscal Agent under the Project Loan Agreement or as assignee of the Mortgagee), shall be at the direction of the Funding Lender and shall not be valid unless directed by the Funding Lender. The Mortgagor further agrees that all references herein and in the Loan Documents to the “Mortgagee” shall also refer to the Funding Lender and that any action or right which shall or may be taken or exercised by the Mortgagee may be taken or exercised by the Funding Lender with the same force and effect as if taken by the Mortgagee, including, without limitation, the collection of payments, the holding of escrows, the giving of notice, inspection of the Mortgaged Property, inspections of books and records, the request for documents or information, and the granting of consents and approvals. The Mortgagor further agrees that all notices, books, records, requests for consent, documents or other information to be delivered to the Mortgagee hereunder or under the Loan

Documents shall also be simultaneously delivered to such Funding Lender at the address provided for notices in the Construction Disbursement Agreement.

(b) The Mortgagor further acknowledges that the Funding Lender may from time to time appoint a Servicer or a replacement servicer to collect payments and deposits, to receive notices and to otherwise service the Project Loan.

3.19 Reasonableness. If at any time the Mortgagor believes that the Mortgagee has not acted reasonably in granting or withholding any approval or consent under the Series A Project Note, this Mortgage, the Project Loan Agreement, the Construction Disbursement Agreement or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the loan secured hereby, as to which approval or consent either (i) the Mortgagee has expressly agreed to act reasonably, or (ii) absent such agreement, a court of law having jurisdiction over the subject matter would nonetheless require the Mortgagee to act reasonably, then the Mortgagor's sole remedy shall be to seek injunctive relief or specific performance, and no action for monetary damages or punitive damages shall in any event or under any circumstance be maintained by the Mortgagor against the Mortgagee.

3.20 Patriot Act. The Mortgagee hereby notifies the Mortgagor that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Act**"), it is required to obtain, verify and record information that identifies the Mortgagor, which information includes the name and address of the Mortgagor and other information that will allow the Mortgagee to identify the Mortgagor in accordance with the Act.

3.21 Inapplicable Provisions. If any term, covenant or condition of this Mortgage shall be held to be invalid, illegal or unenforceable in any respect, this Mortgage shall be construed without such provision.

3.22 Appraisal. The Mortgagee shall have the right to order new Appraisals of the Premises and the Improvements from time to time. Each Appraisal is subject to review and approval by the Mortgagee. The Mortgagor agrees upon demand to pay the Mortgagee the costs and expense for such Appraisals and a fee for the Mortgagee to review each Appraisal. The Mortgagor's obligation to pay such costs and expense shall be limited to circumstances when the Appraisal is ordered, at the occurrence of an Event of Default or is required by applicable law or regulation.

3.23 Information Waiver. The Mortgagor agrees that the Mortgagee may provide any information or knowledge the Mortgagee may have about the Mortgagor or about any matter relating to this Mortgage or the Loan Documents to JPMorgan Chase & Co., or any of its subsidiaries or affiliates or their successors, or to any one or more purchasers or potential purchasers of all or any part of the Debt and/or the Loan Documents.

3.24 Subrogation. If, to the extent that, the proceeds of the Project Loan evidenced by the Series A Project Note are used to pay, satisfy or discharge any obligation of the Mortgagor 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 the Mortgagee at the Mortgagor's request, and the Mortgagee shall automatically, without further action on its part, be subrogated to the rights, including lien priority, of the owner or the holder of the obligations secured by the Prior Lien, whether or not the Prior Lien is released.

3.25 Waiver of Special Damages. To the full extent permitted by applicable law, the Mortgagor shall not assert, and hereby waives, any claim against the Mortgagee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Mortgage, or any agreement or instrument contemplated hereby, the Series A Project Note, or the use of the proceeds thereof.

3.26 WAIVER OF JURY TRIAL. THE MORTGAGOR AND (BY ACCEPTANCE OF THIS MORTGAGE) THE MORTGAGEE HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WAIVE, TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A JURY TRIAL IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MORTGAGE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). THE MORTGAGOR AND THE MORTGAGEE (A) CERTIFY THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER AS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS MORTGAGE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

[Signature Page Follows]

Doc #02-526268.2

EXHIBIT A
(Description of Premises)

Parcel 1:

Lots 1, 2 and 4, of FAIR OAKS, of the SW 1/4 of the NW 1/4 of Section 32, Township 34 South, Range 18 East, of the Tallahassee Meridian; as per Plat thereof, recorded in Plat Book 1, Page 171, of the Public Records of Manatee County, Florida.

LESS: Lands lying within the former East and West railway right-of-way described in Deed Book 403, Page 217.

Parcel 2:

Commencing at the NE corner of Lot 3 of the SW 1/4 of the NW 1/4 of Section 32, Township 34 South, Range 18 East of the Tallahassee Meridian, of the subdivision of FAIR OAKS, as recorded in Plat Book 1, Page 171, of the Public Records of Manatee County Florida, thence Westerly 322.50 feet to the NE corner of lands conveyed by Deed recorded in Official Records Book 707, Page 476, of said Public Records thence South 330.00 feet to the South boundary line of said Lot 3 and the SE corner of abutting lands conveyed to Laurence R. Riddick, thence Easterly 322.50 feet to the SE corner of said Lot 3, thence Northerly 330.00 feet to the Point of Beginning.

Parcel 3:

The South 165.00 feet of the West one-half of Lot 3 of the SW 1/4 of the NW 1/4 of Section 32, Township 34 South, Range 18 East of the Tallahassee Meridian, a subdivision of FAIR OAKS as recorded in Plat Book 1, Page 171, of the Public Records of Manatee County, Florida. LESS: Right-of-way of 27th Street East described in Order of Taking recorded in Official Records Book 275, Page 402.

Parcel 4:

Lots 1 through 32, inclusive, Block A, and Lots 1 through 8, inclusive, Block B, Manatee Pond Subdivision, according to the map or plat thereof, as recorded in Plat Book 29, Pages 98, 99 and 100, of the Public Records of Manatee County, Florida.

Parcel 5:

The North 165 feet of the West One-half (1/2) of Lot 3 of the SW 1/4 of the NW 1/4 of Section 32, Township 34 South, Range 18 East, at the Tallahassee Meridian, a Subdivision of Fair Oaks, as recorded in Plat Book 1, Page 171, of the Public Records of Manatee County, Florida; LESS road right of way off the West side of said properties.